

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates 29, 30 & 31 May 2007

**Question: bet 69 (ASIC)**

**Topic: Appointment of a Liquidator to a Transport Logistics Company**

**Hansard Page: E108**

**Senator SHERRY asked:**

And I do note that there was a restraining order preventing the operator from leaving or attempting to leave Australia. It does not give an indication of the quantity of money involved. You might just take that on notice for the next hearing. Another case that caught my eye was the appointment of a liquidator. That in itself did not catch my eye but in a release of 4 May you said you had appointed a liquidator to a transport logistics company, On Ground Logistics, in order to ensure that the approximately 13 employees who were owed about \$180,000 would then be able to receive their entitlements under GEERS, General Employee Entitlement and Redundancy Scheme. It seemed to me that is a fairly unusual reason to appoint a liquidator, to literally force the payment. Can you tell me what the rationale was behind that?

**Mr Cooper**—I will have to take that one on notice. That case is not one I am familiar with I am afraid.

**Answer:**

The decision to make an application for the liquidation of On Ground Logistics was made following a request for assistance from the former Receiver and Manager of On Ground Logistics, as the company had no assets and the Receiver and Manager had identified outstanding employee entitlements.

In order to be eligible for assistance under the General Employee Entitlements and Redundancy Scheme (GEERS) administered by the Commonwealth Government, individuals must be former employees of a company in liquidation. On 30 May 2005, a receiver was appointed over all the assets of On Ground Logistics. That receivership terminated on 21 December 2006. The end of a receivership does not, however, result in the company being put into liquidation. In February 2007 the former Receiver and Manager contacted ASIC and noted that former employees were owed a sum of approximately \$126,000. The Receiver and Manager requested our assistance in addressing the claims of the employees of the company.

The Receiver and Manager had no specific duty to unsecured creditors and the relevant director, Mr Ben Ryan, was made bankrupt and therefore was unable to

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates 29, 30 & 31 May 2007

petition the court for a winding up of the company. ASIC agreed to make the application to wind up the company to enable former employees to access GEERS. That application was supported by Mr Ryan.