

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

19 – 20 October 2011

Question No: SBT 313 - 315

Topic: PPB Advisory

Hansard Page: Written

Senator Williams asked:

There was an article some time ago which highlighted the spending by PPB Advisory which is the receiver of Burrup Fertilizers. They allegedly collected \$5.1 million in fees for the June half, spent \$50,000 buying I pads and racked up travel and accommodation bills worth hundreds of thousands of dollars in just 5 months. PPB incurred \$4.5 million in legal fees and spent more than \$500,000 on overseas and domestic travel and accommodation

313. Has any complaint been lodged with ASIC about this spending?

314. Does ASIC believe the spending was excessive?

315. Does ASIC take an interest in such matters even though no complaint may have been made?

Answer:

313. A review of ASIC's internal complaint management system reveals that ASIC received no complaints regarding this matter.

314. ASIC is aware of the media report referred to regarding the receivers and managers' expenses and remuneration in the Burrup Fertilizers Pty Ltd external administration. ASIC notes that a secured lender appointed receivers and managers under a registered mortgage debenture and real property security. Expenditure, including remuneration, is a matter as between the secured creditor and their appointed receivers and managers. ASIC notes that a court may, upon application, examine a receiver and manager's conduct including remuneration. Also, a person aggrieved by a receiver and manager's decision can apply for a court's review of that decision.

315. As the media report notes, ASIC actively participated in proceedings in the *One-Tel* matter concerning remuneration claimed by the special purpose liquidator. Also, ASIC's current priorities include monitoring whether external administrators comply with the remuneration disclosure requirements under the *Corporations Act 2001* such that creditors receive sufficient disclosure on which to base a decision to accept or reject a registered liquidator's remuneration claim. In some instances where ASIC reviews the disclosure provided to creditors, ASIC may also question registered liquidators on whether they undertook work that was necessary and proper.