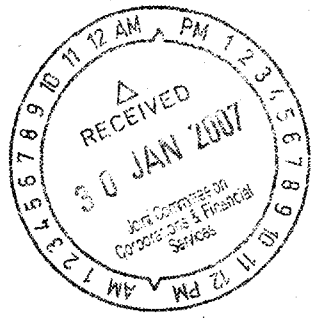
24 January 2007



Mr David Sullivan
Secretary
Parliamentary Joint Statutory Committee
Corporations & Financial Services
PO Box 6100
Parliament House, Canberra, ACT 2600

Dear Sir

Re: Insolvency Reform

I refer to our telephone conversation of 24 January 2007, about the current insolvency reforms being proposed by your committee.

I enclose all correspondence to date which covers my concerns.

I reiterate that I have worked within the Insolvency Profession, and can therefore offer a unique perspective on various matters.

Please note that I have also forwarded a package to The Hon. John Howard MP, Prime Minister of Australia, such is my concern for these issues.

I welcome the opportunity to be involved in this debate further. I can be contacted during business hours on Again I ask that my personal details are kept confidential.

Yours faithfully

7 January 2007

Mr Matthew Brine
Manager
Governance & Insolvency Unit
Corporations & Financial Services Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir

Re: Insolvency Reform

Thank you for your letter of 21 December 2006 acknowledging receipt of my concerns about insolvency reform. I hope that you were able to have a break over the Christmas / New Year period.

In your letter you thanked me for my 'interest' in the legislative proposals. My concern with such a comment is that 'interest' is it all that it will be.

You would have gauged from my previous correspondence how passionate I am about the current injustices surrounding unfair preferences; it goes a lot further than just 'interest.'

I ask the government to consider this section of the legislation very carefully, and ascertain whether the spirit of the law is being upheld. I believe that the law is being abused by professionals who should know better.

What assurances can you provide that my submission will be treated as more that just 'interest?' Of particular concern is that the current proposals have considered unfair preferences in very little detail.

In the meantime, threatening letters will continue to be sent to creditors, and insolvency practitioners will continue to see unfair preferences as a revenue source. This MUST stop.

I welcome the opportunity to be involved in this debate further. I can be contacted during business hours on . Again I ask that my personal details are kept confidential.

Yours faithfully

Australian Government

The Treasury

21 December, 2006

Dear

INSOLVENCY REFORM

Thank you for your letter of 6 December 2006 concerning responses to your previous letters through Senator Chapman and your suggestions for reform to the insolvency system. You have requested that your letters be treated as submissions on the corporate insolvency reform package released on 13 November 2006.

Your letters will be treated as submissions on the corporate insolvency reform package. Thank you for your interest in these legislative proposals.

Yours sincerely

Matthew Brine
Manager
Governance & Insolvency Unit
Corporations & Financial Services Division

6 December 2006

The Hon. Chris Pearce
PO Box 6022
Parliament House
CANBERRA ACT 2600

Dear Sir

Re: Insolvency Reform

You have received two previous letters from me, through Senator Chapman. All previous correspondence is enclosed. With the Insolvency Legislation currently available for public comment, I wish to resubmit both of these letters as my submission.

I trust that the Government will take a step back from the current long standing arrangements, and again review whether the current system is equitable, particularly to creditors who act and trade in good faith.

I also trust that the Government will not resort to 'long standing principles' as a basis of proceeding in the future, but honour their commitment and indeed do a stocktake of the current system.

I do not believe that you addressed the concerns of my first letter adequately, in particular about uncommercial transactions, and administrator opinions. If creditor opinions have not been sought in the review process, then I believe the review has not been undertaken comprehensively.

You have a chance to remedy inequities in the current system, removing some of the rights from companies and external administrators, and restore them to creditors.

I am very passionate about the issues raised and I apologise for the informality of the contents. Given the profession it concerns, I ask as a matter of utmost importance that this submission only be circulated to those it involves in Government, and not to the profession itself. I appreciate your cooperation in this matter.

I thank you for your consideration. I would appreciate the opportunity to discuss this further perhaps by phone or perhaps in person if you, The Treasurer or any of your representatives are in Adelaide. If you have any questions, please do not hesitate to ring me on during business hours.

Yours faithfully

PARLIAMENT OF AUSTRALIA

THE SENATE

SENATOR GRANT CHAPMAN

LIBERAL SENATOR FOR SOUTH AUSTRALIA

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Chairman: Parliamentary Joint Statutory Committee on Corporations and Financial Services

Chairman: Government Industry, Resources, and Small Business Committee

26 October 2006
GC/dlh

Dear

I write further to my previous correspondence on your behalf to the Parliamentary Secretary to the Treasurer, the Hon Chris Pearce, MP. I have now received a reply from the Minister and I enclose a copy of this reply for your information.

The Minister suggests that you make a submission in response to the public exposure of the draft Bill dealing with the Insolvency Reform. It is expected that this draft Bill will be released for public consultation before the end of the year.

I trust this further reply will be of assistance to you.

Yours sincerely,

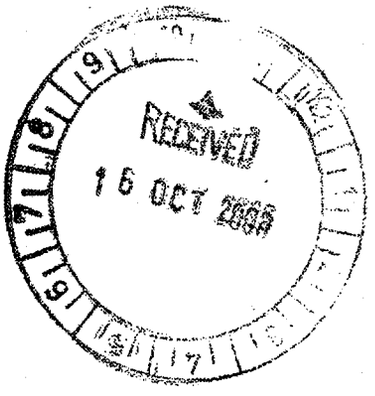
Grant Chapman
Liberal Senator for South Australia

enclosure

THE HONOURABLE CHRIS PEARCE MP

Parliamentary Secretary to the Treasurer
Federal Member for Aston

12 OCT 2006



Senator Grant Chapman
Senator for South Australia
GPO Box 2444
ADELAIDE SA 5001

Dear Senator Chapman

Thank you for your personal representations of 31 August 2006 on behalf of an anonymous constituent concerning insolvency law. I apologise for the delay in replying to you.

I note that your constituent has provided a response to my previous letter on this topic. Your constituent remains concerned about the remuneration arrangements for insolvency practitioners and the law relating to uncommercial transactions.

As noted in my previous letter, I announced an Insolvency Reform Package on 12 October 2005. The package includes reforms to the law relating to both the remuneration arrangements for insolvency practitioners and uncommercial transactions. I expect that a draft Bill will be released for public consultation before the end of the year.

The issues identified by your constituent received careful consideration in the context of the current reform process. I would also encourage your constituent to make a submission in response to the public exposure of the draft Bill. Such a submission could be made on a confidential or anonymous basis if preferred.

I trust this information will be of assistance in responding to your constituent.

Yours sincerely

CHRIS PEARCE

PO Box 6022, Parliament House, Canberra ACT 2600 • Telephone 02 6277 2088 Facsimile 02 6277 4408

7 March 2006

Hon. Senator Grant Chapman
GPO Box 2444
ADELAIDE SA 5001

Dear Senator Chapman

I refer to your letter of 14 February 2006, which included the reply from Canberra.

The following letter pretty well sums up my disappointment of the reply.

I was wondering what the committee you chair believes, and whether it would be worth tabling both letters at one of your meetings.

I thank you for your consideration. If you have any questions, please do not hesitate to ring me on during business hours.

Yours faithfully

I reiterate that have worked within the insolvency profession, under two different insolvency practitioners, with the points that I have raised in my first letter coming from a common experience under both practitioners. The points that I raised then, and further clarify now, come from what I see as injustices within the current insolvency system.

I outline the following points for your consideration:

1. You state that the main intention of the voluntary administration process is to give companies the opportunity to deal with insolvency in a far more expedient manner. There is definitely merit in this argument, but it also provides the Insolvency Practitioner with a monopoly in the affairs of the company, and a pool of funds from which it can draw fees. There is little control over these fees, and with just a simple resolution from creditors can have those fees approved. The average administration can run at approximately $30,000 (Ansett was considerably more).

   What do the creditors get with this money? An investigative report with the best guess of what the future fees that the liquidator will be receiving. An opportunity to have preferences investigated; assets distributed to a third party that has had nothing to do with the company in the past. False and misleading reports should not happen, but at then end of the day creditors move on with their trading, the report stays in the bottom drawer, and the insolvency practitioner can draw fees without any reference to the initial opinion. This is extremely unfair to those that have traded with the company in good faith.

2. You mention that 'an Administrator's primary duty is to the company's creditors.' I would love to hear a definition of what this means, because in my experience they act in the interests of themselves. I have seen funds dissipated with no thought of holding funds back for creditors. When taking on an appointment they look at the balance sheet and see how easily assets can be converted into cash, and subsequently into fees.

   I believe that you cannot act in the interests of another party when money is involved. In my experience the lure of fees wins out at the expense of creditors claims. In fact creditors become an annoyance when they call, because it detracts from the flow of the insolvency job. Creditors tend to give up out of frustration over the lack of progress, legitimate retention of title clauses are shoved to the bottom of the pile, and there is relief when the phone calls stop, even if they are employees.

3. I do not believe that you have dismissed the abuse of preference law so easily. I do not care if there is 'a long adopted policy of setting aside transactions.' The fact is that there are recoveries occurring that are not within the spirit of the law. In fact such a quote as 'a long adopted policy' suggests that there is a belief within Government that there is not a problem, and that it has not taken a step back to see if the legislation is working, and is equitable.

   Your reply makes no mention of the $120,000 preference recovery from the Australian Taxation Office; no mention of the fact that the recovery was taxpayer funded; no mention of the fact that the ATO was on its second $1,000,000 debt with the same individual; and perhaps worst of all that the $120,000 went in liquidator's fees and was not distributed to creditors. This example surely was not the intention of the legislators.

   This is just an extreme example. To the average creditor who has to service a preference claim, there is no subsequent redistribution to creditors, and it is a mechanism by which the liquidator can recover on the job. The law does not encourage equal treatment of creditors.

The solution is simple and does not involve any redrafting of the law. The title refers to 'uncommercial transactions.' As I stated in my first letter, a creditor should not be penalised by adopting standard commercial debt collection procedures. These transactions are not uncommercial and therefore should be excluded from potential recovery.

Please note that I am not referring to artificial arrangements that a company may use to hide assets, which are uncommercial.

In any event, if the law is in place to ensure a redistribution of funds, then this is what should happen.

I thank you for you very detailed reply to my initial letter, but it does not go far enough. I believe some of the concepts that have underpinned insolvency law need to be critically reviewed. It is very easy to be caught in the detail without taking a step back and looking at the big picture.

I personally believe that the Insolvency Profession has had as monopolistic free ride for too long, without much in the way of accountability. As I stated in my first letter, it is time to consider all of the options. Any legislative changes that do not consider the big picture will be a band-aid solution at best.

I also apologise that I write to you through an intermediatary; but having worked in the profession and being aware of its incredible investigative powers, coupled with the delicate content of these letters, I though it prudent.

PARLIAMENT OF AUSTRALIA

THE SENATE

SENATOR GRANT CHAPMAN

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Chairman: Parliamentary Joint Statutory Committee on Corporations and Financial Services

Chairman: Government Industry, Resources, and Small Business Committee

14 February 2006
GC/dlh

Dear .

I write further to my representations to the Hon Chris Pearce, MP, Parliamentary Secretary to the Treasurer regarding your concerns regarding the Government's response to the report by the Joint Statutory Parliamentary Committee on Corporations and Financial on Corporate Insolvency.

I have received a reply from the Parliamentary Secretary and I enclose a copy of this reply for your information.

Thank you for bringing this matter to my attention and if I can be of assistance in the future please do not hesitate to contact me again.

Yours sincerely,

Grant Chapman
Liberal Senator for South Australia

enclosure

THE HONOURABLE CHRIS PEARCE MP

Parliamentary Secretary to the Treasurer
Federal Member for Aston

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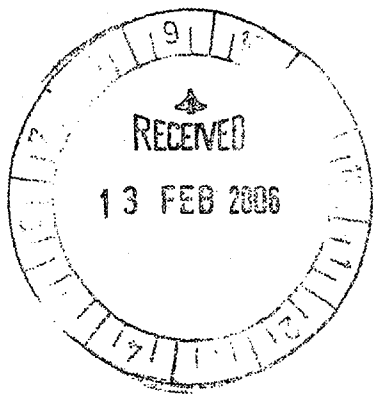


Senator Grant Chapman
Senator for South Australia
GPO Box 2444
ADELAIDE SA 5001

Dear Senator Chapman

Thank you for your letter of 6 December 2005 concerning the report of the Parliamentary Joint Committee on Corporations and Financial Services, *Corporate Insolvency Laws: A Stocktake*, and an analysis of a number of insolvency issues that has been provided by a constituent.

Your constituent commented on the operation of the voluntary administration procedure, the role of insolvency practitioners in advising directors of companies in financial difficulty, the operation of the preference provisions of the law, the costs of external administrations, and the introduction of the proposed assetless administration fund. He considers that the focus of insolvency should be on maximising funds for those who have dealt with the insolvent company in good faith and not on providing a revenue stream for liquidators.

The issues your constituent raises are of importance for the operation of insolvency law and have been the subject of wide comment over recent years. In its report the Committee commented on, or made recommendations in relation to, a number of these issues.

In relation to the operation of the voluntary administration procedure your constituent considers that few administrations achieve the desired objective, the execution of a deed of company arrangement. He suggested that insolvency practitioners may be misleading directors in providing advice as to what course should be taken in response to financial difficulties, and that the procedure should not be used if there is no intention that a proposal for a deed be put to creditors.

The Government is aware of criticisms of the voluntary administration procedure, in particular that the procedure may be manipulated by directors and insolvency practitioners for their own advantage and that too few administrations result in the successful rehabilitation of a business. However, it was not envisaged that the voluntary administration procedure would generally result in the rehabilitation of failed companies or even companies that show signs of failing. An important objective of the procedure is to encourage early intervention to deal with insolvency. The 1988 Harmer Report, which recommended the introduction of the voluntary administration procedure, commented that 'it will be worthwhile and a considerable advantage over current procedures if it saves or provides better opportunities to salvage even a small percentage of the companies which, under the present procedures, have no alternative but to be wound up.'

Parliament House, Canberra ACT 2600 • Telephone (02) 6277 2088 Facsimile (02) 6277 4408

There are a wide range of views about the efficacy of the voluntary administration procedure. The Committee's report canvasses many of these views. However, the overall conclusion reached by the Committee was that the procedure is well supported by the corporate sector and provides an adequate range of opportunities to address the many difficult and diverse problems that arise from business failure.

The Government agrees with this assessment. It is of the view that the law should provide creative alternatives to liquidation for companies in financial difficulty. There are different forms of 'rehabilitation' or 'business rescue' procedures in place in many countries. There have been calls for Australia to adopt a 'Chapter 11'-style procedure to deal with larger companies in financial difficulty. The Parliamentary Joint Committee did not consider that a procedure modelled on Chapter 11 of the US Bankruptcy Code was appropriate for the Australian corporate sector. The Corporations and Markets Advisory Committee has also recommended against adopting a US Chapter 11 procedure.

Your constituent raised a specific concern about the usefulness of the first meeting of creditors in a voluntary administration. In this regard, I note that the Committee reviewed concerns about the first creditors' meeting and concluded that the first meeting should be retained, with the timeframe for the meeting extended. It expressed the view that it is essential for creditors to have an early opportunity to grant their imprimatur to the process. It noted the views of other commentators supporting retention of the first meeting. The Government agrees with the Committee's conclusion that the first meeting should be retained. It has also accepted the recommendation of the Committee that the timeframe for the first meeting should be extended. The extension of the timeframe may enhance the opportunity for creditors to participate in the first meeting.

Your constituent also suggests that opinions in reports to creditors, for example in relation to dividend projections, may not be able to be supported and there should be greater accountability on the part of administrators for such reports. The law is framed to ensure that creditors have the opinion of an independent practitioner as to what decision should be made in the interests of creditors at meetings to decide the company's future. Creditors must also be given the reasons for that opinion. An administrator's primary duty is owed to the company's creditors. The inclusion of false or misleading opinions in reports to creditors would constitute a breach of an administrator's duty and may be reflected in applications to set aside deeds or disciplinary proceedings before the Companies Auditors and Liquidators Disciplinary Board. The Insolvency Practitioners Association of Australia has issued a statement of best practice to guide administrators in the preparation of administrators' reports.

Your constituent raises concern about a lack of control over practitioner remuneration and details of remuneration figures. On 12 October 2005, I announced a package of reforms including measures to enhance accountability for practitioner remuneration. In particular, practitioners will be required to provide additional information about the basis of a remuneration proposal when seeking agreement from creditors or the relevant court. This information should be sufficient to enable the approving party to assess the remuneration as reasonable in accordance with a range of specified factors. In addition, a new power will be granted to the Australian Securities and Investments Commission (ASIC) to allow it to make an application to the court to review remuneration in a voluntary administration.

Your constituent expresses concern that the proceeds of preference recoveries may go towards the payment of liquidators' fees and legal costs rather than to creditors and that the assetless administration fund announced in the above package will be abused. He considers that companies should not be penalised for trying to protect themselves by standard business practices and that there should be more stringent requirements before liquidators are entitled to recover monies.

Insolvency law has long adopted a policy of setting aside transactions in which an insolvent company disposes of property or makes payments to particular creditors within a relevant period of time prior to the commencement of formal insolvency. A debtor may be placed into external administration months or sometimes years after recognising that this outcome is inevitable. In anticipation of the formal commencement of insolvency proceedings debtors may attempt to hide assets from their creditors, favour certain creditors over others, incur artificial liabilities or make gifts to relatives or friends. Outside an insolvency context some of these transactions may be perfectly permissible. In an insolvency context they may be unfair to the general body of unsecured creditors. The purpose of these laws is to prevent the depletion of the assets of the company through transactions entered into within a specified period prior to the winding-up and encourage the equal treatment of creditors.

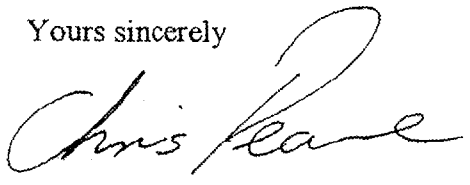
Business cannot be disrupted to the extent that would occur if all dealings within the relation back period were able to be challenged. The law therefore aims to provide for the protection of genuine commercial transactions that have taken place before the commencement of formal insolvency.

The Government receives many representations from stakeholders of corporate insolvencies expressing views about the preferences provisions of the law. Many of those representations argue in favour of an expansion of the scope of the provisions, while others propose that their scope be restricted. The Committee supported an expansion of the provisions. It recommended that insolvency be removed as a prerequisite for the avoidance of commercial transactions that may be challenged by a liquidator. It found persuasive arguments that a liquidator should be able to avoid any preference transaction that takes place within a set period — 60 or 90 days — before a winding-up. The Government decided not to adopt these recommendations. It considers the current provisions strike an appropriate balance between promoting certainty for business and preventing the dissipation of company assets in the lead-up to insolvency. The application and scope of the preference provisions is also a matter for determination by the courts in particular circumstances.

The establishment of an assetless administration fund and enforcement programme will assist liquidators in recovering assets for the benefit of creditors, and enhance the capacity of legitimate businesses to compete in a fairer market. There are safeguards to prevent any possible abuse of the fund. The fund will not be used in every assetless administration. It will only be used if an initial consideration of a liquidator's report, and any other available evidence, indicate that further investigation and reporting to ASIC may lead to enforcement action. Decisions concerning funding will be made by ASIC, not insolvency practitioners. Funding has been approved for four years from 2005-06 to 2008-09, after which the effectiveness of the programme will reviewed.

I thank your constituent for taking the time to write about his experience of the operation of insolvency laws, and can assure you his views will be taken into account in framing reforms to insolvency legislation.

Yours sincerely



CHRIS PEARCE

PARLIAMENT OF AUSTRALIA

THE SENATE

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Chairman: Parliamentary Joint Statutory Committee on Corporations and Financial Services

Chairman: Government Industry, Resources, and Small Business Committee

6 December 2005
GC/dlh

Dear

Thank you for your recent letter following our telephone conversation in which you express your grave concerns regarding corporate insolvency practices.

I appreciate receiving your paper which is comprehensive and informative.

I have passed a copy to the Parliamentary Secretary to the Treasurer, the Hon Chris Pearce MP, without identifying the source of the document.

Yours sincerely,

Grant Chapman
Liberal Senator for South Australia

23 November 2005

Hon. Senator Grant Chapman
GPO Box 2444
ADELAIDE SA 5001

Dear Senator Chapman

I refer to our telephone conversation a few weeks ago about the proposed changes to Corporate Insolvency in Australia.

This is a covering letter designed to provide you with contact details.

I am very passionate about the issues raised and I apologise for the informality of the contents. Given the profession it concerns, I ask as a matter of utmost importance that you separate this covering letter. Do not even keep them together in your office. I appreciate your cooperation in this matter.

I thank you for your consideration. If you have any questions, please do not hesitate to ring me on during business hours.

Yours faithfully

I have worked within the insolvency profession under two different insolvency practitioners. The points that I wish to raise come from a common experience under both practitioners, but it would be unwise to make a general assumption that my concerns are widespread. However, the following points I am passionate about, and believe important enough to raise with you.

I have skimmed the report from the committee you chaired, as well as recent response from the Government about Corporate Insolvency Reform.

Voluntary Administrations (VA)

I acknowledge that there is a place for this process, as it provides a chance for negotiation with all interested stakeholders. However, in my experience very few administrations achieve the desired objective; that is the execution of a Deed of Company Arrangement, the acceptance by creditors of a director's proposal.

In fact I would argue that at an initial consultation with an Insolvency Practitioner the director often has no intention, nor is in a position financially to make a proposal. However, the practitioner, who is the answer to all of the director's woes, and the expert, gets the director to put the company into administration, the documents of which have been prepared in advance for execution by the director.

Does the director know, in his or her distress, that they are admitting that the company is insolvent, and that if the company were to go into liquidation, that the Insolvency Practitioner would turn from friend to enemy and hit them with an insolvent trading claim and investigate personal affairs to assess whether a claim against the directors will be met? I have always been uncomfortable with this process, to the point where I believe the profession is actually misleading their clients.

I also believe that a VA should not be used if there is never an intention for a proposal to be put to creditors. Any experienced practitioner would be able to assess this at an initial interview. If this is the case, proceedings should be instigated for creditors voluntary winding up, in the process saving the thousands of creditor's dollars that a VA costs. I believe that ease at which a VA can be executed is open to abuse is often used in preference, even when it is not warranted.

I also question whether the first meeting of creditors is necessary. In my experience, these meetings are academic, and nothing of any substance occurs. There is still a place however for an initial circular, and notice of the appointment put in the paper, as a mechanism for advising of the appointment. If creditors are unhappy with the Administrator, they will only really know at the second meeting when performance can be assessed.

The timing of the second meeting has always been very quick, and the extension of time is a good recommendation. However, the Administrator that becomes Liquidator needs to be accountable for the major report that goes to creditors. In particular when the opinion that must be provided of the future of a company is often quoted in dividend return terms to creditors.

The dividend figure can be manipulated to achieve the desired result, which is then submitted to creditors. There is no control, to what remuneration the liquidator has drawn, nor any reference to remuneration figures quoted in the report.

Preference Recoveries (Section 588)

Consider this example:

> An Administrator is appointed over a company which has a debt to the Tax Office of approximately $1,000,000. The 'pseudo director' of this company has appointed his mentally incapacitated partner as sole director, because he was the sole director of a previous company who incidentally also owed $1,000,000 to the Tax Office.
>
> As the Tax Office is aware of the history of the individual and the debt is again substantial, they establish a payment plan of $2,500 per week to protect revenue. They are also aware as an unsecured creditor, that there are often tax and superannuation debts in wound up companies that they will not recover.
>
> When the second company goes into liquidation, the usual six month cheque book investigation is performed and in the process discovers the weekly Tax Office payments, when added up, total approximately $120,000. In just a matter of a month and a couple of letters, the liquidator receives a cheque for $120,000 as the Tax Office has a clear cut preference.

This should never happen, but it does. What makes matters worse in this situation is that instead of the money being distributed to creditors like the law intended, the funds go into liquidator fees and legal costs which at this point are substantial.

What is the point of going after a preference just for liquidators to cover their fees? This part of legislation I believe is seen by liquidators as a revenue source not as a chance to be equitable to creditors who they are supposed to be acting in the interests of. If a preference is recovered, then it needs to be distributed as the law intended.

I also believe that the evidence used by liquidators in establishing a preference claim:

- debt collection letters
- stopping supply or putting the company on COD.
- pay now stickers on statements
- small regular rounded amounts paid
- statutory claim legal proceedings

are not sufficient for there to be a preference claim. A company should not be penalised for trying to protect itself with standard business practice. In most cases these creditors are also owed as part of the liquidation who will recover nothing or very little. To then be hit with an intimidating preference claim is opportunistic from the liquidator's point of view, and insulting and threatening from the view of the creditor.

I believe that the behaviour of the creditor would have to be malicious and undermine good ethical business practice. I believe also that the claim needs to be substantial, with legal proceedings having to be instigated with the option of settlement out of court. The liquidator and his legal representative would only be entitled to a percentage of the recovery, and therefore would have to be absolutely sure that the claim would be upheld by a court.

The Tax Office scenario would be a gross injustice, but at the moment is encouraged and supported by law and standard insolvency practice.

Distribution of Funds

To be in business, companies must be aware of the risks involved with trading with other organisations. That is the way that business operates in this country.

However millions of dollars each year, being the assets of externally administered companies is eaten up in liquidator and legal costs. The ironic fact with the Corporations Law is that an external administrator who has had no prior experience with the company, can access the funds before the other parties that have dealt with the company in good faith.

This concept, which underpins the revenue source of insolvency practitioners, is grossly unfair. In fact the law creates a monopoly as only registered practitioners can take appointments, and then with sometimes only one resolution, use up all the company's assets in fees at will. This goes against Australian Society norms, of a fair go and equality for all.

The fact that an insolvency fund has been recommended for unfunded administrations is of extreme concern, and will be abused. Insolvency practitioners by their nature are very good at balancing risk and they take the good appointments with the bad; I wonder what the statistics of practitioners going out of business are? The Corporations Law is currently very generous to practitioners; this generosity must not be increased.

I believe the emphasis of insolvency is misplaced. The focus should be on maximising funds for those that have dealt in good faith, as opposed to providing a revenue stream for liquidators. I would much rather see the profession abolished, and the ASIC take on the role of realising assets and then distributing the assets, and then only investigating large blatant breaches of the Corporations Law and instituting court proceedings.

Summary

I commend the committee on the work they have done in producing the report. However, I do not believe it goes far enough. It is time to take a step back for the detail and look at the underpinning principles by which the insolvency profession operates. The points above, I believe only scratch the surface.

I urge the government as they do this review, to take a big picture view and to act in the interests of all stakeholders of externally administered companies and not just accept what has always been done. There must be a fairer more equitable system.