



**Ipswich City Developments Pty Ltd (In Liquidation)**  
**ACN 167 100 441**  
**(ICD)**

**Initial Information for Creditors**

Jamie Harris and I were appointed Liquidators of ICD on 30 August 2018.

We have been appointed by the authorised representative for Ipswich City Council (**Council**), the holder of the whole of the issued shares in ICD, pursuant to a Special Resolution passed at a deemed meeting of members held on 30 August 2018 to place ICD into liquidation (**Deemed Meeting of Members**). In this members' voluntary liquidation, we are responsible for:

- Identifying and securing ICD's assets (being cash on hand and real property at 101 Limestone Street, Ipswich, which is subject to a contract of sale to Council);
- liaising with statutory authorities such as the Australian Taxation Office (**ATO**) to ensure that all of ICD's liabilities with the ATO are met and the necessary taxation clearances are obtained prior to the deregistration of ICD;
- advertising for and processing Proofs of Debts lodged by ICD's creditors (if any);
- realising ICD's assets, reporting to the Australian Securities and Investments Commission (**ASIC**) and paying any money owed to creditors;
- paying ICD's outstanding liabilities; and
- distributing remaining assets to Council as ICD's shareholder.

According to ICD's records, you may be a creditor of ICD. Council has advised that, for administrative ease, it may pay the amounts owed to certain creditors directly. If your debt has been paid by Council, or if it is paid by Council, you will no longer be a creditor of ICD and no further action will be required of you to obtain payment of the amount owed to you.

The purpose of this document is to provide you with information about the liquidation and your rights as a creditor.

**What do you need to know?**

Question	Answer
<b>What is a members' voluntary liquidation?</b>	<p>A members' voluntary liquidation is where the shareholders, in this case Council, of a solvent entity resolve to wind up the entity and appoint a Liquidator to realise the remaining assets of the entity, pay any creditors and distribute the remaining assets to the entity's member.</p> <p>An MVL allows for an in specie distribution to creditors. An in specie distribution is where assets can be distributed to the entity's shareholder(s) in their current form, instead of first realising/selling the assets and then distributing the cash proceeds to the shareholder(s) (e.g. the transfer of receivables or real property).</p>



Question	Answer
<p><b>What are your rights as a creditor?</b></p>	<p>We enclose the information sheet "Creditor Rights in Liquidations" issued by the Australian Restructuring Insolvency &amp; Turnaround Association (<b>ARITA</b>). It includes information on your rights to:</p> <ul style="list-style-type: none"> <li>▪ make reasonable requests for a meeting;</li> <li>▪ make reasonable requests for information;</li> <li>▪ appoint a reviewing liquidator; and</li> <li>▪ replace us as Liquidators.</li> </ul>
<p><b>What happens to your debt?</b></p>	<p>All creditors of ICD are now creditors in the liquidation and will be dealt with in the liquidation.</p> <p>The directors have signed a Declaration of Solvency stating that the company will be able to settle its outstanding liabilities in full within the next 12 months.</p> <p>Accordingly, your claim will be paid in full subject to:</p> <ul style="list-style-type: none"> <li>▪ your lodgement of a valid formal proof of debt;</li> <li>▪ the Liquidators' review and their admittance of your claim; and</li> <li>▪ creditor claims being less than available assets.</li> </ul> <p>If ICD is unable to satisfy all of its obligations in full, it will transition to a creditors' voluntary liquidation.</p> <p>If you have leased property to ICD, have a retention of title claim or have a registered personal property securities interest in relation to ICD, please contact Danyal Yakin on (07) 3333 9874.</p>
<p><b>Do you have to do anything?</b></p>	<p>You should read this information. You can choose to participate in the liquidation process, but you don't have to.</p> <p>If we need you to take action, we will write and ask you. For example, we may ask you to provide proof of your debt before we can pay you any amount owed to you.</p> <p>If you do not think you are a creditor, please let us know.</p>
<p><b>What is the cost of the liquidation?</b></p>	<p>A resolution was passed at the Deemed Meeting of Members that:</p> <ul style="list-style-type: none"> <li>▪ the Liquidators' fees be approved up to the amount of \$8,500 (excl. GST); and</li> <li>▪ internal disbursements that may have an element of profit or advantage to a related party of the Liquidators be approved up to the amount of \$500 (excl. GST).</li> </ul> <p>We enclose our Initial Remuneration Notice, which provides you with information about how we propose to be paid for undertaking the liquidation.</p>



Question	Answer
<b>What further communication will you receive?</b>	<p>We may request that you lodge a formal proof of debt in respect of the liquidation, unless your claim is paid directly by Council.</p> <p>We may also send you updates on the progress of the liquidation, or proposals to approve certain matters in the liquidation.</p> <p>If we consider it to be in the interests of creditors, we will hold a meeting to communicate with creditors.</p>
<b>What happens next?</b>	<p>We will proceed with the liquidation, which will include:</p> <ul style="list-style-type: none"><li>▪ securing, recovering and realising (if necessary) ICD's assets;</li><li>▪ liaising with the ATO and ASIC;</li><li>▪ calling for Proofs of Debts from any remaining creditors;</li><li>▪ paying ICD's outstanding liabilities; and</li><li>▪ distributing remaining assets to Council as ICD's shareholder.</li></ul>
<b>Where can you get more information?</b>	<p>ARITA provides information to assist creditors to understand liquidations. This information is available from ARITA's website at <a href="http://www.arita.com.au/creditors">www.arita.com.au/creditors</a>. However, bear in mind that this information relates predominantly to insolvent companies. ICD is not insolvent as its funds exceed all known creditor claims, which are therefore expected to be paid in full.</p>

If you have any queries, please contact Danyal Yakin on (07) 3333 9874.

Dated: 13 September 2018

Anthony Connelly  
*Liquidator*

Enclosures:

- 1 ARITA Information Sheet - Creditor Rights in Liquidations
- 2 Initial Remuneration Notice

# Creditor Rights in Liquidations

As a creditor, you have rights to request meetings and information or take certain actions:



## Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by  $\geq 5\%$  of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$  but  $< 25\%$  of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$  of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

## Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

Additionally, creditors have the right to request information at any time. A liquidator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the liquidation, and the provision of the information would not cause the liquidator to breach their duties.

A liquidator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the liquidator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

## Requests must be reasonable.

### They are not reasonable if:

Both meetings and information:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) there is not sufficient available property to comply with the request
- (c) the request is vexatious

Meeting requests only:

- (d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- (e) the information requested would be privileged from production in legal proceedings
- (f) disclosure would found an action for breach of confidence
- (g) the information has already been provided
- (h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

Specific queries about the liquidation should be directed to the liquidator's office.

## Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

If a liquidator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons.

An individual creditor cannot provide a direction to a liquidator.

## Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a liquidator's remuneration or a cost or expense incurred in a liquidation. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

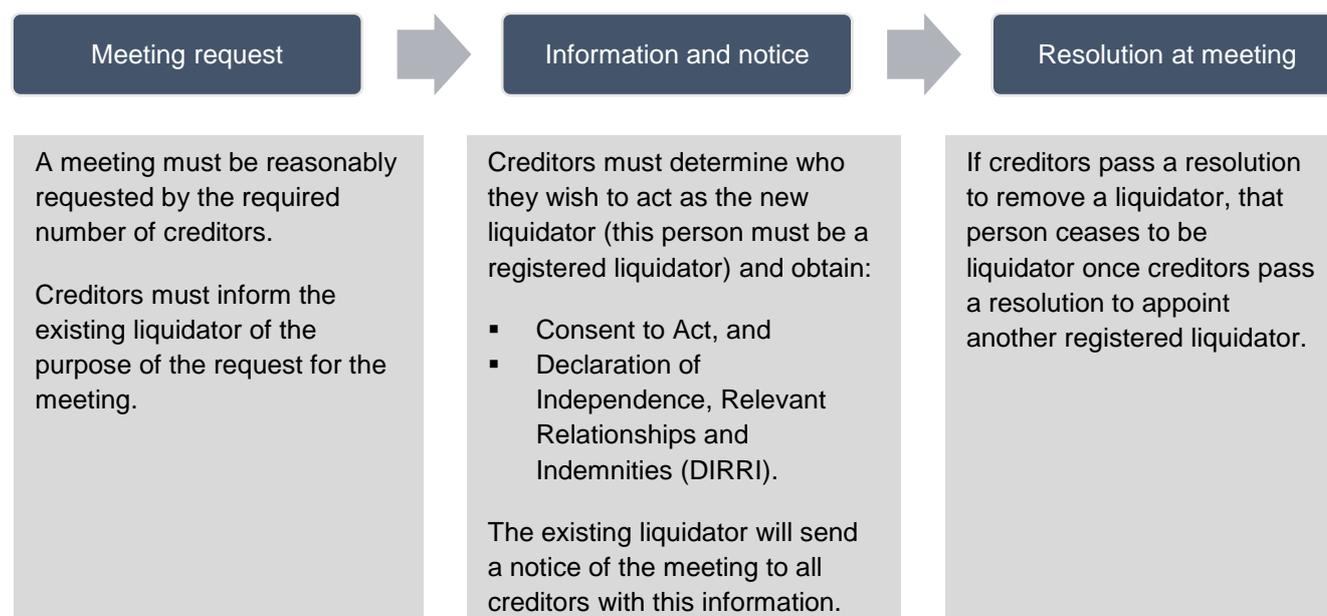
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the liquidator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

## Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator.

For this to happen, there are certain requirements that must be complied with:



**For more information, go to [www.arita.com.au/creditors](http://www.arita.com.au/creditors).  
Specific queries about the liquidation should be directed to the liquidator's office.**



**Initial Remuneration Notice**  
**Ipswich City Developments Pty Ltd (In Liquidation)**  
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The purpose of the Initial Remuneration Notice is to provide you with information about how we propose our remuneration for undertaking the liquidation will be set.

**1 Remuneration methods**

There are four basic methods that can be used to calculate the remuneration charged by an external administrator. They are:

- A. Time based/hourly rates:** This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work, multiplied by the number of hours spent by each person on each of the tasks performed.
- B. Fixed Fee:** The total fee charged is normally quoted at the commencement of the external administration and is the total cost for the external administration.
- C. Percentage:** The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of asset realisations.
- D. Contingency:** The external administrators' fee is structured to be contingent on a particular outcome being achieved.

**2 Method chosen**

Given the nature of this external administration, we propose that our remuneration be calculated on a time basis which will be recorded and charged in six minute increments. Details of the hourly rates for different levels of staff are included below. The complexity and demands of the external administration will determine the staff to be utilised for this appointment.

We have chosen the time based method because:

- This method is considered to be most suitable for this appointment as it ensures the external administration is only charged for work that is performed, which can be difficult to accurately estimate at the date of appointment.
- Even later than the date of appointment, it can be difficult to estimate the time that may be required in advance of the substantive work being undertaken. The time based method in this case again ensures that the external administration is only charged for work that is actually performed.
- The external administrator is required to perform a number of tasks which do not relate to the realisation of assets, for example responding to external administration enquiries, reporting to ASIC and distributing funds in accordance with the provisions of the *Corporations Act*.
- The external administrator has a time recording system that can produce a detailed analysis of time spent on each type of task by each individual staff member utilised in the external administration.



- Time based remuneration calculates fees upon a basis of time spent at the level appropriate to the work performed.

### 3 Explanation of Hourly Rates

The rates for our remuneration calculation are based on our membership of the Local Buy panel and are set out in the following table, together with a general guide showing the qualifications and experience of staff engaged in the external administration and the role they take in the external administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description	Hourly rate (excl GST)
Appointee/Partner	Registered liquidator, Chartered Accountant or equivalent and generally degree qualified with more than twelve years of experience. Leads assignments with full accountability for strategy and execution.	\$490
Director 1	Generally Chartered Accountant or comparable qualification and degree qualified with more than ten years of experience, including four years of Director or equivalent experience. Autonomously leads complex appointments reporting to Appointee/Partner.	\$445
Director	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than nine years of experience. Autonomously leads appointments reporting to Appointee/Partner.	\$445
Senior Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than seven years of experience. Self-sufficiently conducts small to medium appointments and leads major workstreams in larger matters.	\$400
Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than five years of experience. Self-sufficiently conducts small appointments and takes a supervisory role on workstreams in larger matters.	\$350
Assistant Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than three years of experience. Autonomously manages workstream activity within appointments.	\$300
Senior Accountant	Generally degree qualified and undertaking Chartered Accountant's qualification or comparable relevant qualification with more than 16 months of experience. Completes tasks within workstreams and appointments under supervision.	\$260



Title	Description	Hourly rate (excl GST)
Accountant	Generally degree qualified and undertaking or about to undertake Chartered Accountant's qualification or comparable relevant qualification with less than one year of experience. Assists with tasks within workstreams and appointments under supervision.	\$195
Undergraduate/Cadet	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	\$110
Practice Services Director	National Practice Service leaders, generally degree qualified with more than ten years of experience and reporting directly to partners. Technical experts in their specific areas and have team management responsibilities.	\$445
Senior Treasury staff	Appropriately experienced and undertakes senior Treasury activities such as oversight of the processing of payment of receipts and banking administration. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$110
Senior Client Administration and Treasury	Appropriately experienced and undertakes senior level administrative support activities or Treasury activities. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$110
Administration	Appropriately experienced and undertakes support activities such as meeting coordination and preparation of materials where it is efficient and appropriate to do so.	\$110

McGrathNicol reviews its hourly rates on either 31 December or 30 June. The Liquidators will advise of any change to the hourly rates for this external administration.

#### 4 Estimated remuneration

In our Pre-appointment proposed basis of remuneration disclosure provided to Ipswich City Council on 17 August 2018, we estimated that the administration will cost approximately \$8,500 plus GST to complete, subject to the variables set out below:

- the time that may be required to obtain books, records, funds and assets (if any) from the parties that hold them;
- the number and value of claims that may be received in the external administration and work that may be required to adjudicate on those claims;
- work that may be required to distribute funds to the external administration and/or member;
- any additional work required to receive clearance from the Australian Taxation Office, including the preparation and lodgement of any outstanding income tax returns; and
- any identified matters that are required to be reported to statutory authorities such as ASIC.



Since our appointment, we have identified that work will also be required to finalise the transfer of real property from ICD to Ipswich City Council.

We have obtained approval for our estimated remuneration of up to \$8,500 plus GST for carrying out the administration pursuant to an Ordinary Resolution passed at a Deemed Meeting of Members to place ICD into liquidation on 30 August 2018.

If it becomes apparent that the approved remuneration of the administration may exceed \$8,500 plus GST, we will discuss and agree any additional fees with the external administration and/or member.

## 5 Disbursements

Disbursements are divided into three types:

- **Externally provided professional services** – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- **Externally provided non-professional costs** – these are recovered at cost. Examples include travel, accommodation, external printing services and search fees.
- **Internal disbursements** – such as photocopying, printing and postage. These disbursements are generally charged at cost but may include, in the case of disbursements such as data storage and hosting, telephone calls, photocopying and printing, both direct variable and fixed costs. For example the rate per page for printing includes a reasonable and commercial allowance for paper, toner, depreciation, power and maintenance.

We are not required to seek approval for disbursements paid to third parties, but must account to the external administration. However, we must be satisfied that these disbursements are appropriate, justified and reasonable.

The disbursements for this external administration is estimated to be \$500 plus GST and is consistent with the amount approved pursuant to an Ordinary Resolution passed at the Deemed Meeting of Members placing ICD into liquidation on 30 August 2018.

For clarity, it is noted that any time costs of any employee of McGrathNicol or any associated entity will be reported as part of our remuneration, for which approval may be sought.



***Basis of disbursement claim***

Further disbursements provided by McGrathNicol will be charged to the administration on the basis set out below:

Disbursement type	Rate (GST exclusive)
<b>Externally provided professional services</b>	At cost
<b>Externally provided non-professional services</b>	At cost
<b>Internal disbursements at cost</b>	
Postage	At cost
Stationery and other incidental disbursements	At cost
Telephony – mobile, fixed line and conference calls	At cost
Searches	At cost
Advertising	At cost
Courier	At cost
Staff per diem travel allowance*	\$89.00 per day**
Staff vehicle use	\$0.68 per km**
<b>Internal disbursements that may have an element of profit or advantage</b>	
Data hosting – data loading & processing fee	\$50-\$100 per gigabyte (GB)***
Data hosting – monthly hosting fee (for matters where data is required to be hosted online for more than 1 month)	Standard monthly hosting fee of \$2,000 per month (for up to 500GB of information loaded) plus \$2,000 per month for every additional 500GB block over and above 500GB
Printing – black and white	\$0.09 per page
Printing – Colour	\$0.28 per page

\* Payable when partners or staff are required for business purposes to stay away from their usual place of residence overnight.

\*\* These rates are deemed reasonable by the Australian Taxation Office.

\*\*\* Depending on volume of data to be hosted.

***Further explanation of data hosting disbursements***

In the conduct of this external administration, we may use McGrathNicol's Forensic Technology Advisory team to extract, aggregate, electronically process and/or host electronic data, which could be used for the:

- trade or sale of the business or assets; and/or
- investigations regarding the external administration.



McGrathNicol

If data hosting is required and we choose not to use the services of McGrathNicol's Forensic Technology Advisory team, we will otherwise have to purchase those services from an alternative provider and/or use another method to achieve the same end, which will not be as efficient as using these available internal services.

We note that the data hosting rates above are no more than our standard commercial pricing available for the same services when they are provided to external parties.

Dated: 13 September 2018

A handwritten signature in black ink, appearing to read 'Anthony Connelly', is written above the printed name.

Anthony Connelly

*Liquidator*