



**Fusion Farming Pty Ltd (In Liquidation)**  
**ACN 633 367 790**  
**(Fusion Farming)**

**Initial Information for Creditors**

Jamie Harris and I were appointed Liquidators of Fusion Farming on 16 June 2021.

We have been appointed to represent the interests of all creditors. We are responsible for locating Fusion Farming's assets, investigating its affairs, reporting to the Australian Securities and Investments Commission (**ASIC**) and, if funds become available, paying money owed to creditors.

According to Fusion Farming's records, you may be a creditor of Fusion Farming.

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

**Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)**

We enclose our DIRRI. Our independent status and who appointed us is outlined in our DIRRI.

**What do you need to know?**

Question	Answer
<b>What is a creditors' voluntary liquidation?</b>	A creditors' voluntary liquidation, or CVL, is a liquidation initiated by a company where it cannot pay all of its creditors in full. This means that the company is insolvent.
<b>What are your rights as a creditor?</b>	<p>We enclose a copy of the information sheet "Creditor Rights in Liquidations" issued by the Australian Restructuring Insolvency &amp; Turnaround Association (ARITA). 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>▪ give directions to the Liquidators;</li><li>▪ appoint a reviewing liquidator; and</li><li>▪ replace us as Liquidators.</li></ul> <p>In addition, creditors have the right to request a meeting in the first 20 business days of a creditors' voluntary liquidation. If we receive a request for a meeting in writing from at least 5% of known creditors, unrelated to Fusion Farming, we are required to hold a meeting, as long as the request is reasonable. Details of the considerations that are relevant to determine whether a request is reasonable are set out in the information sheet "Creditor Rights in Liquidations".</p>



Question	Answer
<b>What happens to your debt?</b>	<p>All creditors of Fusion Farming are now creditors in the liquidation and will now be dealt with in the liquidation.</p> <p>The amount of money you receive depends on the amount we recover, including from locating, securing and selling Fusion Farming's assets. After paying our fees, creditors share in any remaining money proportionally. If funds are available, the amount paid is called a dividend.</p> <p>A dividend can vary between creditors because the law entitles different types of creditors to be paid before other types of creditors. In addition, a dividend will only be paid where there are sufficient recoveries in the liquidation, which will not always be the case.</p> <p>If you have leased property to Fusion Farming, have a retention of title claim or have a registered personal property securities interest in relation to Fusion Farming, please contact Thomas Auer on 07 333 39803 as soon as possible.</p> <p>We are not trading the business of Fusion Farming.</p>
<b>Do you have to do anything?</b>	<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 a dividend.</p> <p>If you do not think you are a creditor, please let us know.</p>
<b>Summary of affairs</b>	<p>We received a Report on Company Activities and Property (ROCAP) from one Fusion Farming's directors on 23 June 2021. A summary of Fusion Farming's affairs from the information in the ROCAP is enclosed.</p>
<b>Listing of creditors</b>	<p>As required by section 497(1) of the <i>Corporations Act</i>, we enclose a list of creditors, including their addresses and the estimated amounts of their claims that are shown in the records of Fusion Farming. Any creditors related to Fusion Farming are identified. If you do not agree with the estimated amount of your claim, please contact us to obtain a Proof of Debt Form (Form 535) to provide details and evidence of your claim.</p>



Question	Answer
<b>What has happened in the liquidation so far?</b>	<p>We have conducted initial investigations into Fusion Farming's affairs and provide the following update:</p> <ul style="list-style-type: none"><li>▪ Fusion Farming operated an aquaculture facility breeding redclaw crayfish from a leased premises located at 19 Page Street, Kunda Park Queensland (<b>Premises</b>).</li><li>▪ Fusion Farming is currently operating on a maintenance only basis, which includes cleaning the facility and feeding the redclaw crayfish. The director has advised there are currently approximately 2,000 broodstock and 18,000 craylings held at the Premises.</li><li>▪ Due to insufficient funds available in the liquidation, Employees were made redundant on the appointment of liquidators.</li><li>▪ We have contacted banks, utility companies, security interest holders, and performed various other searches. These searches have identified:<ul style="list-style-type: none"><li>– a motor vehicle, trailer and boat registered in the name of Fusion Farming;</li><li>– two business transaction bank accounts with a net value of \$23.47 and a term deposit which relates to a bank guarantee for the lease of the Premises totalling \$34,650;</li><li>– registered trademark "FF Fusion Farming Farming Intensified; and</li><li>– registered business name "Austech Aquaculture".</li></ul></li><li>▪ A site visit of the Premises was conducted on 18 June 2021 where various other plant and equipment and office furniture was identified.</li><li>▪ The Liquidators met with both directors on 18 June 2021 to discuss the affairs of Fusion Farming.</li></ul>
<b>What is the cost of the liquidation?</b>	<p>We get paid out of Fusion Farming's money, including realisations from assets or from money paid to us by others, such as Fusion Farming's directors. If there is not enough money in the liquidation, we do not get paid in full.</p> <p>We enclose our Initial Remuneration Notice, which provides you with information about how we propose to be paid for undertaking the liquidation.</p> <p>We may write and ask that you approve our remuneration for the work that we do in completing the liquidation. If we do, we will provide you with detailed information about what tasks we have undertaken and the costs of those tasks.</p>



Question	Answer
<b>What further communication will you receive?</b>	<p>We will write to you within three months of our appointment advising whether a dividend is likely and update you on the progress of our investigations.</p> <p>We may also send you updates on the progress of the liquidation, or proposals to approve certain matters in the liquidation, at any time.</p> <p>If we consider it to be in the interests of creditors, we will hold a meeting to communicate with creditors. Further, if we receive a request for a meeting that complies with the guidelines set out in the creditor rights information sheet, we will also hold a meeting of 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>▪ recovering and selling any available property;</li><li>▪ investigating Fusion Farming's affairs;</li><li>▪ reporting to the corporate regulator, ASIC; and</li><li>▪ distributing any available funds to creditors in accordance with their priority.</li></ul>
<b>Where can you get more information?</b>	<p>ARITA provides information to assist creditors to understand liquidations and insolvency. This information is available from ARITA's website at <a href="http://www.arita.com.au/creditors">www.arita.com.au/creditors</a>.</p> <p>A copy of the information sheet, "Insolvency information for directors, employees, creditors and shareholders", issued by ASIC is also enclosed for your information.</p>

If you have any queries, please contact Thomas Auer on (07) 3333 9803. For further information about this engagement, please refer to the website [www.mcgrathnicol.com/creditors/fusionfarmingptyltd/](http://www.mcgrathnicol.com/creditors/fusionfarmingptyltd/).

Dated: 28 June 2021

Anthony Connelly  
*Liquidator*

Enclosures:

- 1 ARITA Information Sheet - Creditor Rights in Liquidations
- 2 Declaration of Independence, Relevant Relationships and Indemnities
- 3 Summary of affairs (Form 509)
- 4 List of creditors identifying related parties
- 5 Initial Remuneration Notice
- 6 ASIC Information Sheet - Insolvency information for directors, employees, creditors and shareholders

# 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.

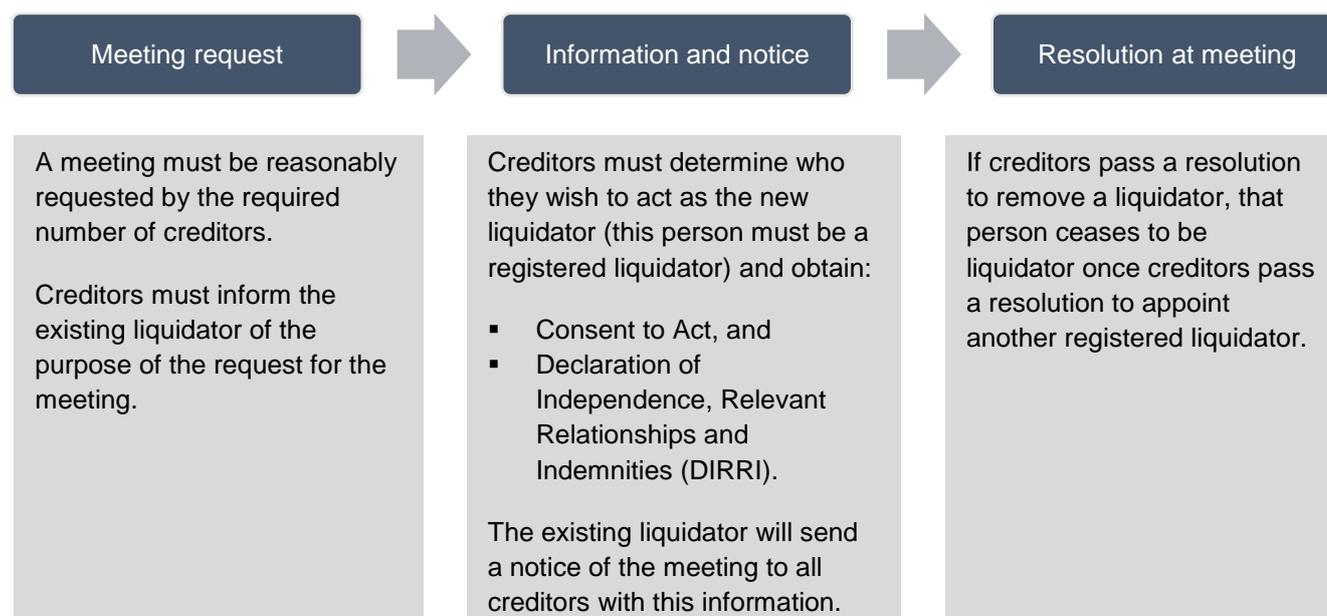
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

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.**



## **Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)**

### **Fusion Farming Pty Ltd (In Liquidation)**

**ACN 633 367 790**

**(Fusion Farming)**

The purpose of this document is to assist creditors with understanding any relevant relationships that we have with parties who are closely connected to Fusion Farming and any indemnities or upfront payments that have been provided to us. None of the relationships disclosed in this document are such that our independence is affected.

This information is provided so you have trust and confidence in our independence and, if not, you can ask for further explanation or information and can act to remove and replace us if you wish.

This declaration is made in respect of ourselves, our partners, the firm McGrathNicol, which for the purpose of this declaration includes the McGrathNicol Partnership, the McGrathNicol Advisory Partnership and McGrathNicol Services Pty Ltd.

We are Professional Members of the Australian Restructuring Insolvency Turnaround Association (**ARITA**). We acknowledge that we are bound by the ARITA Code of Professional Practice.

### **A. Independence**

We have assessed our independence and we are not aware of any reasons that would prevent us from accepting this appointment.

There are no other known relevant relationships, including personal, business and professional relationships that should be disclosed beyond those I have disclosed in this document.

### **B. Circumstances of Appointment**

#### ***How we were referred this appointment***

This appointment was referred to us by a partner at Holding Redlich, the legal representative of Josh McNally, a director of Fusion Farming.

From time to time, Holding Redlich refers formal insolvency appointments to McGrathNicol and McGrathNicol refers matters to Holding Redlich. We believe this referral does not result in a conflict of interest or duty because:

- each professional engagement referred by Holding Redlich in relation to a particular entity is conducted on an entirely separate basis and is commenced only after full regard is given to potential conflicts of interest in relation to all interested parties;
- no prior engagements have been undertaken by McGrathNicol in relation to Fusion Farming;
- professional referrals between McGrathNicol and Holding Redlich occur from time-to-time; and
- the engagement was only commenced after full regard was given to potential conflicts of interest in relation to all interested stakeholders.

There is no expectation, agreement or understanding between us and Holding Redlich regarding the conduct of the Liquidation and we are free to act independently and in accordance with the law and applicable professional standards.



***Did we meet with the company, the directors or their advisors before we were appointed?***

We had the following communication with Fusion Farming’s directors and advisors:

- Mr Connelly received an email from a partner of Holding Redlich on 12 May 2021 setting out various corporate details so that a conflict check could be completed for Fusion Farming.
- Mr Connelly attended a teleconference on 13 May 2021 with the partner and two other personnel of Holding Redlich, and Josh McNally, regarding the potential that we may be engaged to conduct an independent business review to ascertain the current financial position of Fusion Farming and potential turnaround options. That same day, Mr Connelly sent an email to the partner at Holding Redlich with the proposed scope that could be included for that independent business review.
- Mr Connelly received a telephone call from a partner of Thomson Geer, the legal representative for Jun Chen, another director of Fusion Farming, on 14 June 2021. The Thomson Geer partner advised that:
  - the formerly proposed independent business review was not required as the directors considered the most appropriate option was for Fusion Farming to be wound up; and
  - Fusion Farming’s directors’ intended to place Fusion Farming into Creditors’ Voluntary Liquidation.
- A Consent to Act and a Pre-appointment Proposed Basis of Remuneration Disclosure was sent to the partners of Holding Redlich and Thomson Geer on 15 June 2021 to provide to their respective clients (Fusion Farming’s directors, Josh McNally and Jun Chen).

These communications were for the purposes of:

- gaining a high-level understanding of the corporate structure, trading status and financial position of Fusion Farming;
- considering a potential independent business review (which did not proceed) to understand turnaround options available to Fusion Farming; and
- providing a Consent to Act as Liquidators of Fusion Farming.

We received no remuneration for the work detailed above.

In our opinion, these communications do not affect our independence for the following reasons:

- it is recognised by the Courts and the Code of Professional Practice (**CoPP**) that pre-appointment advice on the insolvency process and available options is necessary and does not amount to an impediment to accepting an appointment; and
- the nature of the advice provided was such that it would not be subject to review and challenge during the course of the administration. Nor would the advice influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the administration in an objective and impartial manner.

We have provided no other information or advice to Fusion Farming, Josh McNally and Jun Chen, or its advisors prior to our appointment beyond that outlined in this DIRRI.

**C. Declaration of Relationships**

Within the previous two years, have we, or our firm, had a relationship with:	
Fusion Farming	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
The directors?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No



Within the previous two years, have we, or our firm, had a relationship with:	
Any associates of Fusion Farming?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  An associate is a director or secretary of Fusion Farming, a related body corporate of Fusion Farming or a director or secretary of a related body corporate of Fusion Farming. A related body corporate includes the holding company of Fusion Farming, a subsidiary of Fusion Farming and a subsidiary of the holding company of Fusion Farming.
A former insolvency practitioner appointed to Fusion Farming?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
A secured creditor entitled to enforce a security over the whole or substantially the whole of Fusion Farming's property?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

<b>Do we have any other relationships that we consider are relevant to creditors assessing our independence?</b>
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**D. Indemnities and up-front payments**

We have not received any up-front payments or indemnities for this appointment. This does not include any indemnities we may be entitled to under the law.

Dated: 28 June 2021

Signed, Anthony Norman Connelly

Signed, William James Harris

Note:

1. The assessment of independence has been made based on an evaluation of the significance of any threats to independence and in accordance with the requirements of the relevant legislation and professional Standards.
2. If the circumstances change or new information is identified, we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication, as well as table a copy of any replacement Declaration at the next meeting of the insolvent's creditors. For Creditors' Voluntary Liquidations and Voluntary Administrations, this document and any updated versions of this document are required to be lodged with ASIC.
3. Please note that the presentation of the above information is in accordance with the standard format suggested by ARITA.



# Presentation of summary of affairs of a company

If there is insufficient space in any section of the form, you may attach an annexure and submit as part of this lodgement

**Related forms:**

5604 Information about the company's affairs sent to creditors

## Company details

Company name

ACN

## Lodgement details

An image of this form will be available as  
part of the public register.

**Who should ASIC contact if there is a query about this form?**

ASIC Registered agent number (if applicable)

Firm/organisation

Contact name/position description

Telephone number (during business hours)

Email address (optional)

Postal address

Suburb/City

State/Territory

Postcode

## Summary of assets and liabilities

Date to which summary is made up

<input type="text"/>	<input type="text"/>	/	<input type="text"/>	<input type="text"/>	/	<input type="text"/>	<input type="text"/>
[D	D]		[M	M]		[Y	Y]

Continued... **Summary of assets and liabilities**

		Valuation (for each entry show whether cost or net book amount)	Estimated Realisable Values
1	Assets not specifically subject to security interest (a) interest in land (b) sundry debtors (c) cash on hand (d) cash at bank (e) stock (f) work in progress (g) plant and machinery (h) other assets	\$	\$
	<b>Sub-total</b>		
2	Assets subject to specific security interests Less amounts owing		
	<b>Total Assets</b>	(\$	)
	<b>Total Estimated Realisable Values</b>		(\$
			)
3	Less amounts payable in advance of secured creditor(s) including employee entitlements		
4	Less amounts owing and secured by debenture or circulating security interests over assets		
5	Less preferential claims ranking behind secured creditors		
6	Less balances owing to partly secured creditors		
	<b>Total Claims</b>	(\$	)
	<b>Security Held</b>	(\$	)
7	Less creditors (Unsecured) Amount claimed		
8	Add contingent assets <b>Estimated to produce</b>		
9	Less contingent liabilities <b>Estimated to rank</b>		
	<input type="checkbox"/> Estimated deficiency or <input type="checkbox"/> Estimated surplus		\$
	<input type="checkbox"/> Subject to costs of administration or <input type="checkbox"/> Subject to costs of liquidation		
	<b>Share capital</b>	\$	
	<b>Issued</b>	\$	
	<b>Paid Up</b>	\$	

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## Signature

This form must be signed by a director, secretary or liquidator.

Name of person signing

Capacity

Signature

Date signed

/   /    
[D] [D] [M] [M] [Y] [Y]

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## Lodgement

Send completed and signed forms to:  
Australian Securities and Investments Commission,  
PO Box 4000, Gippsland Mail Centre VIC 3841.

### For more information

Web [www.asic.gov.au](http://www.asic.gov.au)

Need help? [www.asic.gov.au/question](http://www.asic.gov.au/question)

Telephone 1300 300 630



**Fusion Farming Pty Ltd (In Liquidation)**

**ACN 633 367 790**

**List of Creditors of the Company to Accompany  
Statement of Affairs Pursuant to Section 497(1)(a)(ii)**

<b>Creditor name</b>	<b>Creditor address</b>	<b>Estimated amount of creditor's claim (\$)</b>	<b>Creditor is a related party of the company in liquidation (Yes/No)</b>
A-OK Security	Unit 10, 20/22 Geo Hawkins Cr, Caloundra Bells Creek QLD 4551	137.50	No
AGL	Level 4, 333 Collins Street Melbourne VIC 3000	26,328.17	No
Agrify	534 Wickham Hill Road Kuitpo SA 5201	50,541.59	No
AJ Steel	20 Rigby Street, Nambour QLD 4560	337.00	No
Ansor Consulting Pty Ltd	22 Langsford Crescent Maroochydore QLD 4558	75,952.80	No
Australian Taxation Office	PO Box 9003 Penrith NSW 2740	21,121.00	No
Bluegate Haulage	PO Box 1210 Ayr QLD 4807	1,210.00	No
Brisbane Electrical	11 Pronger Parade Glanmire QLD 4570	880.44	No
Collins Unit Trust	Redacted	79,497.00	No
Commonwealth Scientific and Industrial Research Organisation (CSIRO)	PO Box 883 Kenmore QLD 4069	42,516.65	No
David Fox	Redacted	8,000.00	No



<b>Creditor name</b>	<b>Creditor address</b>	<b>Estimated amount of creditor's claim (\$)</b>	<b>Creditor is a related party of the company in liquidation (Yes/No)</b>
Flexihire	1717 Ipswich Road Rocklea QLD 4106	2,880.13	No
Four Mile Quarry	31 Scrub Road Gunalda QLD 4570	231.00	No
Fusion QLD	24 Venture Dr, Noosaville QLD 4566	4,402.86	No
GrifGraf	PO Box 1208 Noosa Heads QLD 4567	1,215.50	No
Holding Redlich	GPO Box 490 Brisbane QLD 4001	4,967.60	No
Jet Process Services	7 Lunar Crescent Noosa Heads QLD 4567	16,555.00	No
JM Funds Securities	5B, 199 George Street Brisbane City QLD 4000	308,553.39	Yes
JM Total Solutions Pty Ltd	30 Moorhen Place Noosaville QLD 4566	79,490.00	Yes
Jillian du Bois	PO Box 254 Noosa Heads QLD 4567	2,525.00	No
Josh McNally	Redacted	270.00	Yes
Kennards Hire	Locked Bag 2025 Seven Hills NSW 2147	677.60	No
Lindsay Rural	Locked Bag 2004 Archerfield QLD 4108	1,183.25	No
Mercatus International Group	Suite 3C, 21 Sanders Street Upper Mount Gravatt QLD 4122	100,000.00	No
Pacific Water Technology Pty Ltd	PO Box 21 Kenmore QLD 4069	406.00	No



<b>Creditor name</b>	<b>Creditor address</b>	<b>Estimated amount of creditor's claim (\$)</b>	<b>Creditor is a related party of the company in liquidation (Yes/No)</b>
Plastral Pty Ltd	130 Denison Street Hillsdale NSW 2036	22,357.50	No
Professional Pump Services	PO Box 1775 Aitkenvale QLD 4814	3,038.87	No
ProWorkFlow	Unknown	16,555.00	No
Raymond Kuceli	Unknown	9,500.00	No
Serolo Pty Ltd	PO Box 1020 Moss Vale NSW 2577	13,121.08	No
SSC Container Sales & Hire	PO Box 134 Coolum Beach QLD 4573	200.00	No
Sunshine Coast Tilt Tray	PO Box 134 Coolum Beach QLD 4573	660.00	No
Swift Electrical	PO Box 533 Cooroy QLD 4563	1,188.00	No
Technolab	PO Box 411 Rosny Park TAS 7018	1,480.60	No
Telstra	Level 41, 242 Exhibition St Melbourne VIC 3000	460.00	No
Unity Water	PO Box 953 Caboolture QLD 4510	4,786.53	No
Vital Chemical Pty Ltd	304 Brisbane Terrace Goodna QLD 4300	14,355.00	No
Wang and Yao	Unknown	3,300.00	Yes
Workcover	280 Adelaide Street Brisbane City QLD 4000	6,837.43	No
Xylem Inc.	PO Box 6767 Silverwater NSW 1811	629.97	No



<b>Creditor name</b>	<b>Creditor address</b>	<b>Estimated amount of creditor's claim (\$)</b>	<b>Creditor is a related party of the company in liquidation (Yes/No)</b>
Employee 1	Redacted	1,817.38	No
Employee 2	Redacted	29,113.78	No
Employee 3	Redacted	14,610.96	No
Employee 4	Redacted	27,028.65	No
Employee 5	Redacted	1,632.08	No
Employee 6	Redacted	30,169.11	No
Employee 7	Redacted	10,485.80	No
Employee 8	Redacted	11,963.67	No
Employee 9	Redacted	25,709.02	No



**Initial Remuneration Notice**  
**Fusion Farming Pty Ltd (In Liquidation)**  
**ACN 633 367 790**  
**(Fusion Farming)**

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 insolvency practitioner in a liquidation. 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 liquidation and is the total cost for the liquidation.
- 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 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 creditors are only charged for work that is performed in the liquidation, 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 creditors are only charged for work that is actually performed in the liquidation.
- We are required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to ASIC and distributing funds in accordance with the provisions of the *Corporations Act*.
- We have 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 liquidation.
- 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 set out in the following table, together with a general guide showing the qualifications and experience of staff engaged in the liquidation and the role they take in the liquidation. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

<b>Title</b>	<b>Description</b>	<b>Hourly rate (excl GST)</b>
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.	\$690
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 insolvency appointments reporting to Appointee/Partner.	\$615
Director	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than nine years of experience. Autonomously leads insolvency appointments reporting to Appointee/Partner.	\$575
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 insolvency appointments and leads major workstreams in larger matters.	\$525
Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than five years of experience. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on workstreams in larger matters.	\$490
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.	\$440
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.	\$395
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.	\$325



<b>Title</b>	<b>Description</b>	<b>Hourly rate (excl GST)</b>
Undergraduate/Cadet	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	\$190
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.	\$680
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.	\$445
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.	\$350
Administration	Appropriately experienced and undertakes support activities such as meeting coordination and preparation of materials where it is efficient and appropriate to do so.	\$200

McGrathNicol reviews its hourly rates on either 31 December or 30 June. Creditors will be advised of any change to the hourly rates for this external administration.

#### 4 **Estimated remuneration**

We estimate that this liquidation will cost approximately \$80,000 to \$100,000 to complete, subject to the following variables may have a significant effect on this estimate and that we are unable to determine at this early stage:

- uncertainty around the timing and manner of sale of Fusion Farming's assets;
- 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 for voting and/or dividend purposes;
- work that may be required to distribute funds to creditors;
- investigations that may be required to ascertain the existence and location of any other assets, including potential legal actions that may be available to the external administrator;
- where viable legal claims are identified, the timeframe to resolution becomes very significantly impacted by the conduct of the defendant and their willingness to resolve the claim by a negotiated settlement, as well as Court timeframes, both of which are difficult to predict; and
- any identified matters that are required to be reported to statutory authorities such as ASIC.



5 **Disbursements**

Disbursements are divided into two types:

- **External disbursements** – these are recovered at cost. Examples are travel, accommodation, postage, advertising, couriers and search fees.
- **Internal disbursements** – these disbursements are charged at a rate which recoups both fixed and variable costs and may include an element of profit or advantage to the External Administrator or a related party of the External Administrator. Examples are printing and data storage. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

We are not required to seek creditor approval for disbursements paid to third parties where I am recovering at cost what was incurred on behalf of the administration, but must account to creditors. We must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditor’s consent for the payment of a disbursement where we, or a related entity of ours, may directly or indirectly obtain a profit. In these circumstances, creditors will be asked to approve our disbursements prior to these disbursements being paid from the liquidation.

Details of the basis of recovering disbursements in this external administration are provided below.

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***

<i>Disbursement type</i>	<i>Rate (GST exclusive)</i>
<b>External disbursements</b>	
Postage	At cost
Stationery and other incidental disbursements	At cost
Conference call phone charges	At cost
Searches	At cost
Advertising	At cost
Courier	At cost
Staff per diem travel allowance*	\$89.00 per day**
Staff vehicle use	\$0.72 per km**
ASIC user pays levy	At cost
<b>Internal disbursements (that may have an element of profit or advantage)</b>	
Data processing – data loading & processing fee	\$20-\$60 per gigabyte (GB)***, minimum \$3,000 for matters less than 50GB.
Data hosting – monthly hosting fee	\$10 per GB, per month. Minimum \$1,000 for small matters. Large matters are priced on application.



<i>Disbursement type</i>	<i>Rate (GST exclusive)</i>
Printing – black and white	\$0.09 per page
Printing – Colour	\$0.28 per page

\* Tiered pricing model depending on volume of data to be hosted

\*\* 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

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

In the conduct of this liquidation, we may use McGrathNicol's Forensic Technology 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 transactions or potential recoveries available to creditors.

If data hosting is required and we choose not to use the services of McGrathNicol's Forensic Technology 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: 28 June 2021



**ASIC**  
Australian Securities &  
Investments Commission

## Insolvency information for directors, employees, creditors and shareholders

This information sheet (INFO 39) lists ASIC's information sheets for directors, employees, creditors and shareholders affected by a company's insolvency.

We have produced these with endorsement from the Australian Restructuring Insolvency & Turnaround Association (ARITA).

The information sheets give a basic understanding of the three most common company insolvency procedures – liquidation, voluntary administration and receivership – as well as the independence requirements for external administrators and approving external administrator remuneration. There is also a glossary of commonly used insolvency terms.

### List of information sheets

- [INFO 41](#) Insolvency: A glossary of terms
- [INFO 42](#) Insolvency: A guide for directors
- [INFO 43](#) Insolvency: A guide for shareholders
- [INFO 45](#) Liquidation: A guide for creditors
- [INFO 46](#) Liquidation: A guide for employees
- [INFO 54](#) Receivership: A guide for creditors
- [INFO 55](#) Receivership: A guide for employees
- [INFO 74](#) Voluntary administration: A guide for creditors
- [INFO 75](#) Voluntary administration: A guide for employees
- [INFO 84](#) Independence of external administrators: A guide for creditors
- [INFO 85](#) Approving fees: A guide for creditors

### Where can I get more information?

Further information is available from the [ARITA website](#). The ARITA website also contains the [ARITA Code of Professional Practice for Insolvency Practitioners](#).

This is **Information Sheet 39 (INFO 39)** updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.