



Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)

Version 2

Renbec Pty Ltd (In Liquidation)
ACN 092 718 557
(Renbec)

The *Corporations Act* and professional standards require the Practitioner/s appointed to an insolvent entity to make a declaration as to:

- A. their independence generally;
- B. relationships, including
 - a) the circumstances of the appointment;
 - b) any relationships with Renbec and others within the previous 24 months;
 - c) any prior professional services for Renbec within the previous 24 months;
 - d) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

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.

This is a revision to the DIRRI dated 15 April 2018, and prepared following (i) the receipt of funding from the Commonwealth Bank of Australia Limited (CBA) to assist with meeting the costs of the Liquidators' legal actions to recover Renbec's assets, and (ii) the entering into a funding agreement with the Deputy Commissioner of Taxation for the Commonwealth of Australia (ATO), which includes an indemnity for any adverse costs incurred in association with certain Court proceedings pursued by the Liquidators in the liquidation.

A. Independence

We, Robert Brauer and Robert Kirman, of the firm McGrathNicol have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as liquidators of Renbec in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting nor continuing this appointment.

B. Declaration of Relationships

(i) *Circumstances of appointment*

The liquidation appointment was referred to us by the ATO through its solicitors Craddock Murray Neumann Lawyers (CMN). On 12 January 2018, we were contacted by CMN in regards to completing a conflict check and providing a consent to act as liquidators of Renbec. A Consent to Act was subsequently provided on that day.

Further correspondence was received from the ATO advising that the winding up application had been listed for hearing on 14 March 2018.

We believe this referral does not result in a conflict of interest or duty because:

- it is entirely unconditional;



- the ATO and CMN refers insolvency engagements to McGrathNicol from time to time, but each referral 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 Renbec; and
- the limited dealings with the CMN and in relation to consenting to act as liquidator of Renbec does not impact on our independence as it does not result in any duty owed to that creditor that would conflict with our duties as liquidators.

(ii) **Relevant Relationships (excluding professional services to the Insolvent)**

We or a member of our firm, have or have had within the preceding 24 months, a relationship with:

Name	Relationship with Renbec	Reasons
CBA	<p><u>CBA holds a charge by way of General Security Agreement over substantially the whole of the property of Renbec.</u></p> <p><u>McGrathNicol undertakes corporate recovery and advisory work from time to time on instructions from CBA.</u></p>	<p><u>Each professional engagement undertaken for CBA in relation to a particular entity or group of entities is conducted on an entirely separate basis which has no bearing on this appointment.</u></p> <p><u>These engagements are only commenced after full regard is given to potential conflicts of interest in relation to all interested stakeholders.</u></p> <p><u>McGrathNicol has not undertaken an engagement for CBA in respect of Renbec prior to our appointment. Given these factors, our independence in acting as liquidators of Renbec has not been affected.</u></p>

For the sake of transparency, we have set out below an explanation about the informal group of companies that (i) Renbec is a member of and (ii) our current role in other companies in this group.

Renbec is one of a number of corporate entities operating various aspects of a marine services business controlled by Mr Glenn Hawes (generally as sole director) which have been wound up in insolvency or placed into voluntary administration. They are entities which have undertaken various aspects of business operations within the same industry on behalf of the same director and majority owner but do not meet the definition of 'associate' in the *Corporations Act*.

We have been appointed liquidators to other entities within this group being:

- Seawest International Pty Ltd (In Liquidation) (**Seawest**) on 11 January 2018.
- Villioso Pty Ltd (In Liquidation) (**Villioso**) on 6 February 2018.

We believe that our appointment as liquidators to Seawest, Villioso and Renbec does not result in a conflict of interest or duty for the following reasons:

- neither of the appointments were made by the director, in each instance our appointment was made on an application to the Court by an unsecured creditor; and
- as a consequence, there is no professional or other relevant relationship between Glenn Hawes or us as liquidators, nor any known conflict of interest or duty that would arise as a result of the connection with Renbec by way of any common office holder and shareholder.



We have addressed the issue of dealings between these group entities where we act as external administrators at section D below. Given these factors, our independence in acting as Liquidators of Renbec has not been affected.

(iii) Prior professional services to the Insolvent

As at the date of appointment, neither we, nor our firm, have provided any professional services to Renbec, in the previous 24 months.

(iv) No other relevant relationships to disclose

Prior to our appointment as liquidators of Renbec on 14 March 2018, there were no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with Renbec, an associate of Renbec, a former insolvency practitioner appointed to Renbec or any person or entity that has security over the whole or substantially the whole of Renbec's property that should be disclosed.

C. Indemnities and Up-front Payments

We have been provided with the following (i) funding by way of what was in effect an upfront payment to further investigations and recovery of company assets, and (ii) indemnity for adverse costs and funding should they be incurred in relation to certain Court proceedings being pursued by the Liquidators.

Name	Relationship with Renbec	Nature of funding
<u>CBA</u>	<p><u>CBA holds a charge by way of General Security Agreement over substantially the whole of the property of Renbec.</u></p> <p><u>McGrathNicol undertakes corporate recovery and advisory work from time to time on instructions from CBA.</u></p>	<p><u>CBA agreed to provide funding to the Liquidators of approximately \$50,000 (excluding GST), being funded by net proceeds from the realisation of Company assets, which are subject to CBA's security.</u></p> <p><u>There are no conditions on the conduct or the outcome of the Liquidation attached to the provision of the funding. As Renbec in Liquidation is and has been without funds, the funding has been provided to assist with meeting the costs of the Liquidators' legal actions to obtain examination and/or document production orders, with a view to recovering Renbec's assets.</u></p>
<u>Deputy Commissioner of Taxation for the Commonwealth of Australia</u>	<p><u>The ATO is a material creditor of Renbec.</u></p>	<p><u>The ATO has agreed to provide an indemnity that may be used to cover any adverse costs that may be incurred and/or associated with certain Court proceedings currently being pursued by the Liquidators for for the benefit of creditors of Renbec and related entities.</u></p> <p><u>The ATO has also agreed to provide funding in relation the costs of the Liquidators and their legal advisors pursuing the abovementioned proceedings.</u></p> <p><u>There are no conditions on the conduct or the outcome of the liquidation attached to the provision of the indemnity and/or funding.</u></p>



D. Appointments to Members of a Corporate Group

As specified in section B(ii) of this Declaration, we have also been appointed as liquidators of Seawest and Villioso, companies associated with Renbec by way of common shareholders and directorship. As referred to at B(ii) above Seawest, Villioso and Renbec are part of a larger informal group of companies controlled by Glenn Hawes.

We are of the view that the appointment to several members of this group of companies is likely to be of benefit to the conduct of the liquidations. This will provide for efficiencies resulting in costs savings and enable a more complete and accurate view to be obtained of the interrelated activities. Evidence of this can be observed in the cost savings associated with concurrently (i) preparing a report to Australian Securities and Investments Commission (ASIC) pursuant to section 533(2) of the Act in relation to Renbec and Seawest, (ii) pursuing related legal claims for the benefit of creditors of Seawest and Renbec, and (iii) conducting investigations and reporting more effectively to creditors and ASIC.

We are aware that there are inter-company transactions within the group, however we are unaware of any potential conflicts of interest arising from the appointments over Seawest, Villioso and Renbec. To the extent it becomes apparent that pre-appointment dealings between Seawest, Villioso and Renbec may give rise to a conflict which may impact the outcome for creditors of either company, we will undertake to disclose any such conflicts to the creditors and, as appropriate, seek Court directions as to the means of resolving the potential conflict.

Dated: 1 April 2022

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Robert Brauer

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Robert Kirman

Note:

- 1 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.
- 2 Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B, C and D of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

Please note that the presentation of the above information is in accordance with the standard format suggested by ARITA.