



# Remuneration Approval Report

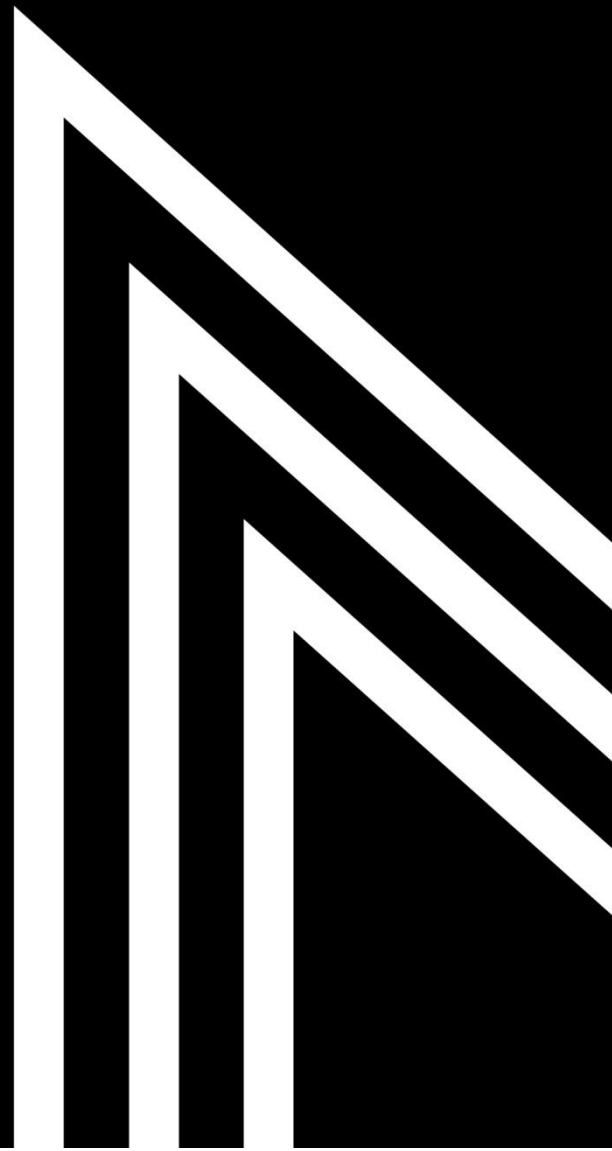
Marine & Civil Pty Ltd (In Liquidation)

ACN 147 854 635

20 April 2020



McGrathNicol



This remuneration approval report provides you with information to assist you to make an informed decision regarding the approval of our proposed remuneration for undertaking the liquidation of Marine & Civil Pty Ltd.

The report has the following information:

1	Declaration .....	2
2	Executive Summary .....	2
3	Remuneration.....	3
3.1	Retrospective remuneration.....	3
3.2	Prospective remuneration .....	6
3.3	Estimated future remuneration .....	8
3.4	Total remuneration reconciliation.....	8
3.5	Likely impact on dividends .....	8
3.6	Remuneration recovered from external sources .....	9
4	Disbursements .....	9
5	Summary of receipts and payments.....	9
6	Queries .....	9

## 1 Declaration

We, Rob Kirman and Rob Brauer of McGrathNicol, have undertaken a proper assessment of this remuneration claim for our appointment as Liquidators of Marine & Civil in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this matter.

We have reviewed the work in progress report for the liquidation to ensure that remuneration is only being claimed for necessary and properly performed work.

## 2 Executive Summary

To date, remuneration and internal disbursements, as set out in the table below, have been approved and paid in this administration.

Past approvals (ex GST)	Appointment type	Approved	Paid
<b>Remuneration:</b>			
Remuneration for the period from <b>10 July 2018 to 21 August 2018</b>	Voluntary Administration	\$322,360	\$322,360
Remuneration for the period from <b>22 August 2018 to 31 March 2019</b>	Liquidation	\$283,701	\$281,279
Remuneration for the period from <b>1 April 2019 to 27 September 2019</b>	Liquidation	\$113,124	\$113,124
Remuneration for the period from <b>28 September 2019 to 21 January 2020</b>	Liquidation	\$80,000	\$80,000
Total remuneration		\$799,185	\$796,763
<b>Disbursements:</b>			
Disbursements (with a profit element)		\$35	\$35
Disbursements (without a profit element)		\$2,956	\$2,956
Total disbursements		\$2,991	\$2,991
<b>Total</b>		<b>\$802,176</b>	<b>\$799,754</b>

This remuneration approval report details approval sought for the following remuneration:

Approvals sought	Report Reference	Amount (ex GST)
<b>Remuneration</b>		
Retrospective	3.1	\$50,588
Prospective*	3.2	\$80,000
<b>Total remuneration</b>		<b>\$130,588</b>
* Approval sought for future remuneration is based on an estimate of the work necessary for the period 14 April 2020 to 31 July 2020. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.		

Please refer to the report section references detailed in the above table for full details of the remuneration approval sought.

### 3 Remuneration

#### 3.1 Retrospective remuneration

We will request that the following resolution be passed to approve our retrospective remuneration. Details to support this resolution are included further below.

Retrospective remuneration resolution	Appointment Type	Amount (ex GST)
Resolution 1: 22 January 2020 – 13 April 2020	Liquidation	\$50,588
<b>Total retrospective remuneration resolution</b>		<b>\$50,588</b>

#### **Resolution 1: from 22 January 2020 – 13 April 2020**

*“That the remuneration of the Liquidators for the period 22 January 2020 to 13 April 2020, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 12 July 2018, is determined in the sum of \$50,588 exclusive of GST.”*

We will withdraw funds from the administration account in respect of the Liquidators' remuneration immediately upon approval if funds are available. If funds are not available, we will withdraw funds progressively over time as funds become available.

The below table sets out the time charged to each major task area by staff members working on the Liquidation for the period 22 January 2020 – 13 April 2020, which is the basis of Resolution 1, and relates to work incurred by the Liquidators (i) over and above that previously approved by creditors for the period to 31 March 2020, (ii) and from 1 April 2020 to 13 April 2020. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained further below.

**Resolution 1: from 22 January 2020 – 13 April 2020**

Resolution 1					Task Area							
Employee	Position	\$/hour (ex GST)	Total actual hours	Total \$	Creditors		Employees		Investigations		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$
Rob Kirman	Appointee	630	0.90	567.00	-	-	-	-	0.2	126	0.7	441
Employee A	Director	540	32.40	17,496.00	5.9	3,186	-	-	20.8	11,232	5.7	3,078
Employee B	Senior Manager	490	0.50	245.00	-	-	-	-	0.5	245	-	-
Employee C	Manager	460	30.30	13,938.00	11.7	5,382	-	-	18.2	8,372	0.4	184
Employee D	Assistant Manager	420	6.80	2,856.00	4.9	2,058	0.4	168	-	-	1.5	630
Employee E	Senior Accountant	380	35.10	13,338.00	6.4	2,432	-	-	22.5	8,550	6.2	2,356
Employee F	Treasury Coordinator	330	2.10	693.00	-	-	-	-	-	-	2.1	693
Employee G	Treasury Administrator	330	0.40	132.00	-	-	-	-	-	-	0.4	132
Employee H	Accountant	300	2.70	810.00	-	-	-	-	-	-	2.7	810
Employee I	Treasury Administrator	330	0.90	297.00	-	-	-	-	-	-	0.9	297
Employee J	Undergraduate Accountant	180	1.20	216.00	-	-	0.6	108	-	-	0.6	108
<b>Total (ex GST)</b>			<b>113.30</b>	<b>50,588</b>	28.9	13,058	1.0	276	62.2	28,525	21.2	8,729
<b>Average hourly rate</b>				<b>446</b>		452		276		459		412

The below table sets out a detailed description of work undertaken on the liquidation for the period 22 January 2020 to 13 April 2020, which is the basis of Resolution 1.

**Resolution 1: from 22 January 2020 to 13 April 2020**

Task Area	General Description	Includes
Creditors 28.9 hours \$13,058	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries
	Creditor reports	Prepare this Report to Creditors Prepare this Remuneration Report
	Proposals to Creditors	Prepare proposal notices and resolution forms
Employees 1 hours \$276	Employee queries	Receive and respond to employee enquiries, as necessary
	Fair Entitlements Guarantee (FEG)	Correspond with FEG
Investigation 62.2 hours \$28,525	Conduct investigations	Review company's books and records in support of identified liquidator claims Progress investigations into voidable transactions, including unfair preferences
	Recoveries	Pursue recovery of claims via ongoing correspondence issued to the directors and former director of Marine & Civil in relation to insolvent trading Pursue recovery of claims via ongoing correspondence issued to the corporate advisor of Marine & Civil in relation to the damages claim Prepare correspondence to FEG Develop recovery strategy Liaise with legal representatives in relation to legal strategy and ongoing progress of identified claims
Administration 21.2 hours \$8,729	Document maintenance/file review/checklist	Maintain physical and electronic engagement file, including legal claim correspondence and progress Update and maintain checklists and task lists on a regular basis
	Bank account administration	Perform periodic bank account reconciliations Prepare periodic payments as required
	ATO and other statutory reporting	Prepare and account for periodic BAS'
	Planning/Review	Develop and action ongoing strategy in relation to investigations Discuss status of external administration and ongoing tasks and issues as required

### 3.2 Prospective remuneration

We will request that the following resolution be passed to approve our prospective remuneration. Details to support these resolution are included further below.

Prospective remuneration resolution	Appointment Type	Amount (ex GST)
Resolution 2: 14 April 2020 – 31 July 2020	Liquidation	\$80,000
<b>Total prospective remuneration resolution</b>		<b>\$80,000</b>

#### Resolution 2: from 14 April 2020 to 31 July 2020

*“That the future remuneration of the Liquidator from 14 April 2020 to 31 July 2020 is determined at a sum equal to the cost of time spent by the Liquidator and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 12 July 2018, up to a capped amount of \$80,000, exclusive of GST.”*

We will withdraw funds from the administration account in respect of the Liquidators’ remuneration progressively over time as funds become available and only once it is incurred. If actual costs incurred are below the capped amount, the Liquidators are only authorised to draw the amount incurred. If actual costs incurred exceed the amount approved, the Liquidator will seek further approval from creditors.”

The below table sets out the expected costs and a detailed description of the work by task area to be undertaken on the liquidation for the period 14 April 2020 to 31 July 2020, which is the basis of Resolution 2.

#### Resolution 2: from 14 April 2020 to 31 July 2020

Task Area	General Description	Includes
Creditors \$10,000	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries Consider reasonableness of creditor requests (where relevant) Obtain legal advice on requests from creditors for information, documents or a report (where relevant) Document reasons for complying or not complying with requests or directions (where relevant) Compile information requested by creditors
	Creditor reports	Finalisation and issue of Report to creditors, Remuneration Report and associated creditor enquiries
	Deal with proofs of debt (POD)	Receive PODs from claimants, and adjudicate as required
	Proposals to Creditors	Prepare proposal notices and voting forms Forward notice of proposal to all known creditors Review resolution forms and determine outcome of proposal Prepare and lodge proposal outcome with ASIC
Employees \$10,000	Employee queries	Receive and respond to employee enquiries
	Fair Entitlements Guarantee (FEG)	Correspond with FEG (where relevant)

Task Area	General Description	Includes
	Distribution	Determine ability to make a further interim distribution to priority creditors Declare and pay interim distribution to priority creditors
Investigation \$50,000	Conduct investigations	Continued review company's books and records in support of identified claims Progress investigations into voidable transactions, including unfair preferences, and consider potential recovery action
	Recoveries	Pursue recovery of claims issued to the directors and former director of Marine & Civil in relation to insolvent trading, including consideration of commercial settlements (where relevant) Pursue recovery of claims issued to the corporate advisor of Marine & Civil in relation to the damages claim, including issuing legal proceedings and/or reaching commercial settlements (where relevant) Pursue recovery of identified claims against creditors in relation to unfair preference payments Liaise with legal representatives in relation to recovery strategy and ongoing progress of identified claims Attendance at mediation and/or settlement conferences and court hearings, as necessary
Administration \$10,000	Document maintenance/file review/checklist	Conduct file reviews as necessary Maintain physical and electronic engagement file Update checklists on a regular basis
	Bank account administration	Perform periodic bank account reconciliations Correspond with bank regarding funds held on term deposit Prepare periodic payments as required
	ASIC forms	Prepare and lodge ASIC forms Correspond with ASIC regarding statutory forms as necessary
	ATO and other statutory reporting	Prepare and account for periodic BAS' and periodic reporting to ASIC as required
	Planning/Review	Develop and action ongoing strategy in relation to investigations Discuss status of external administration and ongoing tasks and issues as required
	Books and records / storage	Deal with company records and discovery of documentation as necessary
<b>Total \$80,000</b>		



### 3.3 Estimated future remuneration

In preparing this report, our prospective remuneration approval is our best estimate at what we believe the liquidation will cost up to 31 July 2020 in order to complete the tasks outlined in the summary in section 3.2 (i.e. pursuit of liquidator recoveries with potential court proceedings). If the liquidator claims identified warranting recovery action are defended and require substantive court proceedings, it is likely that the recoveries will take longer, and further costs will be incurred. Additionally, until the quantum of recoveries is known, the likelihood and quantum of further dividends to creditors is uncertain.

Accordingly, additional remuneration after 31 July 2020 will be required to completion of the Liquidation. The Liquidators will report again to creditors after 31 July 2020 regarding additional remuneration be sought.

### 3.4 Total remuneration reconciliation

At this point in time, we estimate that the total remuneration for the administration and liquidation of Marine & Civil may exceed \$929,773 (GST exclusive), as shown in the table below. This is subject to (i) our requirement to commence and sustain court proceedings in respect of the liquidator claims, and (ii) the resulting recoveries made and our ability to declare any subsequent dividends to creditors. These two factors may have a significant effect on this estimate.

Remuneration type	Amount (ex GST)	Amount (ex GST)
Past remuneration approved (refer to section 2)		\$799,185
Current remuneration approval being sought:		
Retrospective remuneration approval (refer to section 3.1)	\$50,588	
Prospective remuneration approval (refer to section 3.2)	\$80,000	
<b>Total</b>	<b>\$130,588</b>	<b>\$929,773</b>
Estimated future remuneration (refer to section 3.3)		Unknown
Estimated total remuneration		<b>Unknown</b>

Remuneration of \$799,185 (excluding GST), for the Administration and Liquidation of Marine & Civil to 21 January 2020 is in accordance with our previous Remuneration Approval Report dated 8 October 2019. Additional Liquidator remuneration will likely be required to completion of the liquidation. The quantification of future fees will be dictated by the timeframe and extent of further legal recovery actions required to pursue and settle identified liquidator claims.

We have provided an explanation of the tasks that remain to be completed, including our estimated costs to complete those tasks, to support our current remuneration approval request, at section 3.2 of this report.

### 3.5 Likely impact on dividends

It is both reasonable and appropriate for a professional service provider to be remunerated for their services. An external administrator is entitled to be remunerated for necessary work that is properly performed. That work generates the funds that may be recovered for the benefit of creditors and other stakeholders.

The impact of the approval of the external administrator's remuneration is that the remuneration will then be paid provided sufficient funds are generated to enable it to be paid. The remuneration will be paid from those funds that are generated prior to the payment of most creditors in the external administration.

It is noted that funds would only be available to any stakeholder as a consequence of the work necessarily undertaken by the external administrator.

If a dividend or distribution is to be paid to stakeholders there is also necessary work that must be undertaken by the external administrator to properly adjudicate on claims and distribute any available funds.

### **3.6 Remuneration recovered from external sources**

The Liquidators have not recovered any remuneration from external sources or received any indemnities or up-front payments.

## **4 Disbursements**

There have been no internal or external disbursements since the last report to creditors dated 8 October 2019.

## **5 Summary of receipts and payments**

A summary of the receipts and payments for the liquidation for the period 28 September 2019 (since our last report to creditors) to 13 April 2020 is included in the report to creditors.

## **6 Queries**

If you have any queries regarding the information in this report, please contact Amber Andre on (08) 6363 7665.

You can also access information that may assist you on the following websites:

- ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for "fees of insolvency practitioner").

Supporting documentation for our remuneration claim may be viewed if requested, provided sufficient notice is given.

Dated: 20 April 2020



Rob Kirman  
*Liquidator*