

10 July 2008

TO THE CREDITOR AS ADDRESSED

Dear Sir / Madam

**BILL EXPRESS LIMITED
ACN 090 059 564
BILL EXPRESS TECH PTY LTD
ACN 091 417 926
BOPO CARDS (AUSTRALIA) PTY LTD
ACN 115 193 078
CHEQUE2CASH PTY LTD
ACN 111 719 236
EXPRESS CRM PTY LTD
ACN 091 410 918
EXPRESS PAY PTY LTD
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ACN 114 663 900
POD TV PTY LTD
ACN 099 092 403
PUBLIC MEDIA PTY LTD
ACN 107 660 220
XIP MEDIA PTY LTD
ACN 105 134 361
(ALL ADMINISTRATORS APPOINTED) (THE 'GROUP')**

APPOINTMENT OF JOINT & SEVERAL ADMINISTRATORS AND THE FIRST MEETING OF CREDITORS

On 8 July 2008 the Directors under Section 436A of the Corporations Act 2001 appointed Ian Carson and me as joint and several Administrators of companies within the Group. The Group's records available to us indicate that you may be a creditor of the Group. In accordance with Section 436E, please find attached a Form 529A, Notice of the 'First Meeting of Creditors', which is to be held at 1:00 pm on Friday, 18 July 2008.

We note that concurrent meetings will be held for each company within the Group.

Level 10, 90 Collins Street
Melbourne, VIC 3000

t +61 3 9654 1517

f +61 3 9654 1515

e melb@ppb.com.au

www.ppb.com.au

Offices throughout Australia

PPB Pty Ltd trading as PPB.
ABN 85 130 343 252

Liability limited by a scheme
approved under Professional
Standards Legislation.

PPB Pty Limited trades
as trustee of a trust.
Its liability is limited to
the value of the assets
available in the trust.
It has associated but
independent entities and
partnerships. No liability of
any of the independent
entities or partnerships
shall attach to the
group as a whole or any
members of the group.



In addition please find enclosed the following:

- Guidance notes for the first Creditors Meetings;
- Agenda for Meetings of Creditors;
- Informal Proof of Debt form to be used for voting purposes only;
- Form 532 - Appointment of Proxy. This should be completed and returned to this office by creditors who are unable to attend personally, or which are companies and are required to appoint proxies under common seal;
- Declaration of Indemnity, Independence and Relevant Relationships;
- ASIC publication – 'Insolvency Information for directors, employees, creditors and shareholders';
- ASIC publication – 'Approving fees: a guide for creditors'; and
- PPB schedule of hourly rates charged by each category of staff.

A listing of known Group creditors as advised by the directors and ascertained from the Group's records will be made available upon written request.

CESSATION OF TRADING

The Administrators are currently assessing the financial position of the Group with a view to developing a plan for the future of the Group for consideration by creditors. However, based on information reviewed to date, trading has been suspended as this is considered to be in the best interests of all parties concerned. You will be notified if this position changes.

FIRST MEETING OF CREDITORS

The First Meeting of Creditors pursuant to Section 436E of the Act will be held on 18 July 2008 at 1:00pm at Melbourne Marriott Hotel, corner Lonsdale and Exhibition Street, Melbourne. Please find enclosed Form 529A being the "Notice of Administrators' Appointment and concurrent First Meetings of Creditors of Companies Under Administration".

This 'first' meeting of creditors is required to be held within eight (8) business days after the appointment of the Administrators. Creditors are able to vote on the following two resolutions only:

- whether to appoint a Committee of Creditors to assist the Administrators and, if so, who are to be the Committee's members; and
- whether to remove the Administrators from office, and appoint someone else as the Administrator(s) of companies within the Group.

Separate resolutions will be put at the concurrent meetings addressing each of the above.

The second meetings of creditors (the 'proposal meetings') will be held at a date to be advised, in order to determine the Group's future. Those meetings will normally be held within twenty five (25) business days after the appointment of the Administrators, unless the Administrators deem an adjournment necessary. We anticipate that these meetings will also be held concurrently.

REPORT TO CREDITORS

A report by the Administrators, including the date of the second meetings, will be forwarded to all known Group creditors. That report will be sent to all known creditors 18 business days after the commencement of the Administrations. Therefore, all creditors should receive it 5 business days before the second meetings are held. That report will include a recommendation as to which of the following alternatives is in the best interests of creditors:

- that the administration(s) should end (and control of the Group or any companies contained therein revert to its directors);
- that company/ies within the Group execute Deed(s) of Company Arrangement; or
- that company/ies within the Group be wound up, ie. placed in liquidation.

This report will also include an opinion as to whether certain recoveries may become available in liquidation that may not otherwise be available.

Should you wish to receive this report and any future reports and/or notices via email or facsimile, rather than by regular post, please provide your contact details on the Informal Proof of Debt from enclosed herein.

To assist creditors, employees, and company shareholders in being able to better understand the Voluntary Administration process, ASIC has released a package of insolvency information sheets. These have the endorsement of the Insolvency Practitioners Association (IPA).

Enclosed for your attention is the ASIC publication 'Insolvency Information for directors, employees, creditors and shareholders', which provides an index of all the information sheets that are available. You can download these as PDF files from the ASIC or IPA websites.

THE BUSINESS

In the meantime, the Administrators have assumed full control of the Group's affairs as its agent and the powers of the directors are currently suspended.

No proceedings against companies within the Group or its property can be commenced or proceeded with during the Administration period unless leave of the Court is obtained.

We have commenced an urgent assessment of the financial position of the Group. It should be noted that liability will not be accepted by the Administrators in respect of any goods purchased or services rendered, which are not made with the authority of the specified authorised signatories. The authorised signatories are listed below.

Where goods and services are requested by the Administrators on behalf of the Group, please open a new account in the name of the relevant Group company with the words "(Administrators Appointed)" after that company's name. Accounts should be addressed to our office. Authorised purchases will be paid in accordance with your usual terms of credit.

If there are any outstanding or unfulfilled orders placed by the Group prior to my appointment, please contact this office to obtain written confirmation that the order is to be completed. Further, if you have supplied stock on consignment to the Group or if you consider that you may have a retention of title claim over any item of equipment or stock, then please furnish details to my office within 3 business days so as to preserve your entitlement claim. You will also need to submit all relevant documents to support your claim within the time stipulated.

ADMINISTRATORS' BACKGROUND

Ian Carson and I are both Registered Liquidators and together we have between us over 40 years' of insolvency experience. We are both partners in the firm PPB, which is an independent professional service firm specialising in corporate recovery and corporate advisory. Our personal profiles as well as detailed information about PPB can be found on our website www.ppb.com.au.

THE ADMINISTRATORS PREVIOUS DEALINGS WITH THE COMPANY

Ian Carson and I have had a prior professional advisory relationship during the preceding 24 months in the following capacity.

PPB was engaged on 28 April 2008 to provide advisory services to Bill Express Limited to assist it with the potential restructure of its businesses. I was the partner responsible for this engagement and worked with the management of that company in this capacity over the period leading up to our appointment.

We confirm that we do not hold any indemnities from any parties.

We have considered the provisions of the Act and the requirements of the Code of Professional Practice for Insolvency Professionals issued by the IPA. Based upon the information available to us, Ian Carson and I have formed the opinion that we are not prohibited from accepting the positions as joint and several Administrators of the Group.

REMUNERATION OF ADMINISTRATORS

There are four basic methods that can be used to calculate the remuneration charged by an Insolvency Practitioner. 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 administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.

c. Percentage

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

d. Contingency

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

METHOD CHOSEN

Given the nature of this administration we propose that our remuneration be calculated on **Time based / hourly rates**. This is because:

- It ensures that creditors are only charged for work that is performed. Our time is recorded and charged in six minute units.
- 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 the ASIC; and
 - distributing funds in accordance with the provisions of the Corporations Act.
- At this stage we are unable to accurately predict the level of fees that may be incurred during the Voluntary Administration as they are contingent on many different aspects that have yet to be determined. At this stage, we estimate fees to total \$90,000 to the First Meeting of Creditors. The total costs of the Administration will vary depending on the complexity and demands of the Administration and the work required to be performed by the Administrators and our staff in respect of issues arising from the Administration.

To assist creditors and employees in being able to better understand the remuneration process, ASIC has released a publication titled 'Approving fees: a guide for creditors'. This has the endorsement of the IPA.

Please do not hesitate to contact my office on (03) 9654 1517 should you have any questions.

Yours faithfully



Craig Crosbie
Administrator

Encl.

FORM 529A

Regulation 5.6.12(6)

Corporations Act 2001

**NOTICE OF ADMINISTRATORS' APPOINTMENT AND
CONCURRENT FIRST MEETINGS OF CREDITORS
OF COMPANIES UNDER ADMINISTRATION**

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ACN 105 134 361
(ADMINISTRATORS APPOINTED) (THE 'GROUP')**

1. On 8 July 2008, the Group under Section 436A of The Corporations Act 2001, appointed Messrs Ian Carson and Craig Crosbie of PPB, Level 10, 90 Collins Street, Melbourne, Victoria, as Joint and Several Administrators of the Group.
2. Notice is now given that concurrent meetings of the creditors of the Group will be held at the Melbourne Marriott Hotel Lonsdale St (corner Exhibition St) on Friday 18 July 2008 at 1:00 pm.
3. The purpose of these meetings is to determine:
 - (a) whether to appoint committees of creditors; and
 - (b) if so, who are to be each committee's members.
4. At the concurrent meetings, creditors may also, by resolution:
 - (a) remove the Administrators from office; and
 - (b) appoint someone else as Administrator(s) of any or all companies within the Group.

Dated this 8th day of July 2008


Craig Crosbie
Administrator

GUIDANCE NOTES

FOR THE FIRST CREDITORS MEETING CONVENED BY AN ADMINISTRATOR

The primary purpose of the first creditors' meeting is to determine whether to appoint a committee of creditors and, if so, the composition of that committee. In addition, the meeting provides the Group's creditors with the opportunity to remove the Administrators from office and appoint someone else who has formally consented to act as Administrator(s) of companies within the Group.

The function of a committee of creditors is to consult with the Administrators and to receive reports by the Administrators. The committee cannot give directions to the Administrators but may require him to report to the committee about specific matters. Only creditors, attorneys of creditors or people authorised in writing by creditors can be appointed as members of the committee.

At all meetings of creditors convened by the Administrators, resolutions will be passed or carried by a simple majority of those present or by proxy unless two or more creditors request that the resolution be decided by value as well as number, in which case it will be passed by a simple majority in value and number.

PROXY

An Appointment of Proxy is attached to enable you to appoint another person to act on your behalf at the meeting. Your Proxy should be returned to this office by the day preceding the meeting.

VOTING

The Administrators will chair the meeting and a resolution may be passed on the voices. Any two (2) creditors present and entitled to vote may demand that a poll be taken. A successful resolution requires a simple majority in number and value. The chairman may exercise a 'casting vote' to break a deadlock.

Creditors who are directors or related entities are not excluded from voting. Secured voters may vote without losing their security.

A creditor, or the creditor's Proxy, is not entitled to vote at the meeting unless particulars of the debt or claim which is said to be due by the company, has been lodged with the chairperson of the meeting.

The Informal proof of debt form attached is to be completed but will only be used for voting purposes.

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(ALL ADMINISTRATORS APPOINTED)**

**FIRST MEETING OF CREDITORS OF COMPANIES UNDER
ADMINISTRATION
TO BE HELD ON 18 July 2008**

AGENDA

1. Introduction - Notice of Meeting
2. Complete and Return Proof of Debt and Appointment of Proxy
3. Appointment of Chairperson
4. Likely courses of Administrations. Discussion as to:
 - » Value of Assets
 - » Value of Liabilities
 - » Next Creditors Meeting
5. Appointment of Committee of Creditors, if necessary
6. Appointment of alternative Administrator(s), if necessary

**INFORMAL PROOF OF DEBT FORM FOR THE PURPOSE OF VOTING AT A MEETING
OF CREDITORS IN A VOLUNTARY ADMINISTRATION**

To the Administrators of **COMPLETE TABLE ATTACHED**

Name of Creditor

Amount of debt claimed (see Note1 below) \$.....

Consideration for debt

Whether debt - Secured or Unsecured *Please Circle*

If secured, give details of security including dates, etc

Pursuant to Regulation 5.6.11A and Section 600G of the Corporations Act 2001, I give the Administrator/Liquidator authorisation to give or send a notice, or other document, to me via email or facsimile at the following address/number:

.....@.....
Contact Name

(.....).....
Contact Name

.....
CREDITOR Signature (or person authorised by creditor)

- NOTE 1 A creditor may not vote on any contingent debt, an unliquidated claim or a debt the value of which is not ascertained unless a just estimate of its value has been made.
- NOTE 2 A secured creditor who votes in favour of a Deed of Company Arrangement may affect its right to act under that security. Legal advice should be sought if you are unsure in this regard.
- NOTE 3 This Proof should be signed by a creditor or a person in the employ of the creditor duly authorised by that creditor to sign. If a creditor is a company, it should be signed by a person authorised under the Seal of the Company, to make a Proof of Debt on its behalf. The Chairman of the Meeting may admit or reject a Proof of Debt for the purpose of voting at the meeting.

**INFORMAL PROOF OF DEBT FORM FOR THE PURPOSE OF VOTING AT A MEETING
OF CREDITORS IN A VOLUNTARY ADMINISTRATION
COMPANIES WITHIN THE GROUP**

* PLEASE TICK THE BOX FOR THE COMPANY YOU ARE A CREDITOR OF.

No.	COMPANY NAME	ACN	CREDITOR OF COMPANY*
1	BILL EXPRESS LIMITED	090 059 564	
2	BILL EXPRESS TECH PTY LTD	091 417 926	
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APPOINTMENT OF PROXY

*I/*We (if a firm, strike out "I" and set out the full name of the firm) of (address), a *creditor/*contributory /*debenture holder/*member of COMPLETE TABLE BELOW, appoint or in his or her absence as*my/*our*general /* special proxy to vote at the meeting of creditors to be held on 18 July 2008, or at any adjournment of that meeting (if a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution).

Signature Dated this day of 2008

CERTIFICATE OF WITNESS

(This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy)
 *Omit if not applicable

I....., of....., certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Signature – Description Place of residence Dated this day of 2008

COMPANIES WITHIN THE GROUP

*** PLEASE TICK THE BOX FOR THE COMPANY YOU ARE A CREDITOR OF.**

No.	COMPANY NAME	ACN	CREDITOR OF COMPANY*
1	BILL EXPRESS LIMITED	090 059 564	
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**DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND
INDEMNITIES**

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(ALL ADMINISTRATORS APPOINTED) (THE 'GROUP')

Independence

Section 436DA of the *Corporations Act* (2001) Cth (the 'Act') requires us to make a declaration of relevant relationships and a declaration of indemnities. If we have had a relevant prior relationship, we are required to state our reasons for believing that the prior relationship does not result in us having a conflict of interest or duty.

We, Ian Carson and Craig Crosbie of PPB, Level 10, 90 Collins Street, Melbourne, Victoria have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Voluntary Administrators of each of the Companies within the Group. Other than the advisory services to Bill Express Ltd outlined below, this assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

Relevant Relationships

Due to the nature of PPB's business, PPB has had a number of relationships with Australia and New Zealand Banking Group Limited ('ANZ'), the secured lender of the Group, over the preceding 24 months. This includes the appointment of PPB to act on behalf of the ANZ, where ANZ has provided banking facilities and leasing facilities to financially distressed or insolvent companies.

PPB has an ongoing relationship with ANZ as part of its business. However, this relationship is generally governed by regulations and are conducted on a professional basis.

There are no other prior professional or personal relationships that should be disclosed.

Prior Engagements with the Insolvent

Craig Crosbie and Ian Carson have had a prior professional advisory relationship with the Group during the preceding 24 months in the following capacity.

PPB was engaged on 28 April 2008 to provide advisory services to Bill Express Limited to assist it with the potential restructure of its businesses. Craig Crosbie was the partner responsible for this engagement and worked with the management of the company in this capacity in the period leading up to our appointment.

Our role predominantly related to providing assistance in connection with determining the cashflow of the Group, reporting to the secured and major creditors of the Group, dealing with enquiries of prospective purchasers and/or investors in the business and assisting potential purchasers with analysing the Group's operations.

PPB was paid a total of \$1,120,000 (excluding GST) for the provision of these services. As at the date of our appointment, we were neither a creditor nor a debtor of any Group company. Having regard in particular to the knowledge we now have of the business and affairs of the Group, we believe our acceptance of the appointment is in the best interests of creditors and the administration. We also believe that this prior professional relationship does not prevent us from acting impartially in the interests of all creditors, or give rise to a reasonable apprehension that we would be impeded or inhibited from so acting. For these reasons, we believe that our prior relationship with the Group does not result in us having a conflict of interest or duty.

Notwithstanding the above, during the aforementioned engagement we provided advice to Bill Express Ltd, relevant to the company continuing to trade, that may create the perception we may not be able to adequately undertake a full investigation of Bill Express Ltd. Whilst we do not believe this to be the case, in the interest of removal of any doubt and in addressing any concerns which may be held by creditors, an external insolvency practitioner can be engaged to undertake investigations in respect of the trading of Bill Express Ltd in our stead.

There are no other prior professional relationships or engagements that should be disclosed.

Indemnities

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute.

Dated: 10 July 2008



IAN CARSON
Administrator



CRAIG CROSBIE
Administrator

NOTE: If circumstances change, or new information is identified, we are required by the Act and under the IPA 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 company's creditors.



ASIC

Australian Securities & Investments Commission



Insolvency Practitioners Association of Australia

Insolvency information for directors, employees, creditors and shareholders

ASIC has nine insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There's also a glossary of commonly used insolvency terms.

The Insolvency Practitioners Association of Australia (IPAA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of insolvency information sheets

- Insolvency: a glossary of terms
- Voluntary administration: a guide for creditors
- Voluntary administration: a guide for employees
- Liquidation: a guide for creditors
- Liquidation: a guide for employees
- Receivership: a guide for creditors
- Receivership: a guide for employees
- Insolvency: a guide for shareholders
- Insolvency: a guide for directors

Getting copies of these information sheets

Visit ASIC's website www.asic.gov.au/insolvencyinfosheets.

You can also visit the IPAA's website www.ipaa.com.au/bestpractice. This site also contains the IPAA's Statements of Best Practice, applicable to IPAA members.

Important note: These information sheets contain a summary of basic information on the topic. They are not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. They may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.



ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 85

Approving fees: a guide for creditors

If a company is in financial difficulty, it can be put under the control of an independent external administrator.

This information sheet gives general information for creditors on the approval of an external administrator's fees in a liquidation of an insolvent company, voluntary administration or deed of company arrangement (other forms of external administration are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

Entitlement to fees and costs

A liquidator, voluntary administrator or deed administrator (i.e. an 'external administrator') is entitled to be:

- paid reasonable *fees*, or remuneration, for the work they perform, once these fees have been approved by a creditors' committee, creditors or a court, and
- reimbursed for out-of-pocket *costs* incurred in performing their role (these costs do not need creditors' committee, creditor or court approval).

External administrators are only entitled to an amount of fees that is reasonable for the work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include reporting potential breaches of the law and lodging a detailed listing of receipts and payments with ASIC every 6 months. The external administrator is entitled to be paid for completing these statutory tasks.

For more on the tasks involved, see ASIC's information sheets 'Liquidation: a guide for creditors' and 'Voluntary administration: a guide for creditors'.

Out-of-pocket costs that are commonly reimbursed include:

- legal fees

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

- valuer's, real estate agent's and auctioneer's fees
- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company's computer records, and
- storage costs for the company's books and records.

Creditors have a direct interest in the level of fees and costs, as the external administrator will, generally, be paid from the company's available assets before any payments to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid.

Who may approve fees

Who may approve fees depends on the type of external administration: see Table 1. The external administrator must provide sufficient information to enable the relevant decision-making body to assess whether the fees are reasonable.

Table 1: Who may approve fees

	Creditors' committee	Creditors	Court
Administrator in a voluntary administration	✓ ¹	✓	✓
Administrator of a deed of company arrangement	✓ ¹	✓	✓
Creditors' voluntary liquidator	✓ ¹	✓ ^{3,6}	✗ ⁴
Court-appointed liquidator	✓ ¹	✓ ^{5,6}	✓ ²

¹ If there is one.

² If there is no approval by the committee or the creditors.

³ If there is no creditors' committee.

⁴ Unless an application is made for a fee review.

⁵ If there is no creditors' committee or the committee fails to approve the fees.

⁶ If insufficient creditors turn up to the meeting called by the liquidator to approve fees, the liquidator is entitled to be paid up to a maximum of \$5000, or more if specified in the *Corporations Regulations 2001*.

Creditors' committee approval

If there is a creditors' committee, members are chosen by a vote of creditors as a whole. In approving the fees, the members represent all the creditors, not just their own individual interests.

There is not a creditors' committee in every external administration. A creditors' committee makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about creditors' committees and how they are formed, see ASIC's information sheets 'Liquidation: a guide for creditors', 'Voluntary administration: a guide for creditors' and 'Insolvency: a glossary of terms'.

Creditors' approval

Creditors approve fees by passing a resolution at a creditors' meeting. Unless creditors call for a poll, the resolution is passed if a simple majority of creditors present and voting, in person or by proxy, indicate that they agree to the resolution. Unlike committee members, creditors may vote according to their individual interests.

If a poll is taken, rather than a vote being decided on the voices or by a show of hands, a majority in *number* and *value* of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A separate resolution of creditors is required for approving fees for an administrator in a voluntary administration and a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a *general proxy* or a *special proxy*. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

Calculation of fees

Fees may be calculated using one of a number of different methods, such as:

- on the basis of *time spent* by the external administrator and their staff
- a quoted *fixed fee*, based on an upfront estimate, or
- a *percentage of asset realisations*.

Charging on a time basis is the most common method. External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator.

If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve the fees.

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

It is important to note that the hourly rates do not represent an hourly wage for the external administrator and their staff. The external administrator is running a business—an insolvency practice—and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff

who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals who are required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the external administrator about the fees and whether the rates are negotiable.

It is up to the external administrator to justify why the method chosen for calculating fees is an appropriate method for the particular external administration. As a creditor, you also have a right to question the external administrator about the calculation method used and how the calculation was made.

Report on proposed fees

When seeking approval of fees, the external administrator must send committee members/creditors a report with the notice of meeting setting out:

- information that will enable the committee members/creditors to make an informed assessment of whether the proposed fees are reasonable
- a summary description of the major tasks performed, or to be performed, and
- the costs associated with each of these tasks.

Committee members/creditors may be asked to approve fees for work already performed or based on an estimate of work yet to be carried out.

If the work is yet to be carried out, it is advisable to set a maximum limit ('cap') on the amount that the external administrator may receive. For example, future fees calculated according to time spent may be approved on the basis of the number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X. If the work involved then exceeds this figure, the external administrator will have to ask the creditors' committee/creditors to approve a further amount of fees, after accounting for the fees already incurred.

Deciding if fees are reasonable

If asked to approve an amount of fees either as a committee member or by resolution at a creditors' meeting, your task is to decide if that amount of fees is reasonable, given the work carried out in the external administration and the results of that work.

You may find the following list of factors useful in deciding if the fees claimed are reasonable. This list includes those factors that a court takes into account in setting or reviewing fees for external administrators, and not all these factors may be relevant to a particular external administration. Factors to consider include:

- the extent to which the work performed, or likely to be performed, was reasonably necessary
- the period during which the work was, or is or likely to be, performed
- the quality of the work performed, or likely to be performed
- the complexity (or otherwise) of the work performed, or likely to be performed
- the extent (if any) to which the external administrator was, or is likely to be, required to deal with extraordinary issues
- the extent (if any) to which the external administrator was, or is likely to be, required to accept a higher level of risk or responsibility than is usually the case
- the value and nature of any property dealt with, or likely to be dealt with
- whether the external administrator was, or is likely to be, required to deal with other external administrators
- the number, attributes and behaviour, or the likely number, attributes and behaviour, of the company's creditors, and
- if the remuneration is ascertained, in whole or in part, on a time basis:
 - the time properly taken, or likely to be properly taken, in performing the work
 - whether the remuneration is capped, and
- any other relevant matters.

If you need more information about fees than is provided in the external administrator's report, you should let them know before the meeting at which fees will be voted on.

What can you do if you think the fees are not reasonable?

If you do not think the fees being claimed are reasonable, you should raise your concerns with the external administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.

Generally, if fees are approved by a creditors' committee/creditors and you wish to challenge this decision, you may apply to the court and ask the court to review the fees. Special rules apply to court liquidations.

You may wish to seek your own legal advice if you are considering applying for a court review of the fees.

Reimbursement of out-of-pocket costs

An external administrator should be very careful incurring costs that must be paid from the external administration—as careful as if they were dealing with their own money. Their report on fees should also include information on the out-of-pocket costs of the external administration.

If you have questions about any of these costs, you should ask the external administrator and, if necessary, bring it up at a creditors' committee/creditors' meeting. If you are still concerned, you have the right to ask the court to review the costs.

Queries and complaints

You should first raise any queries or complaints with the external administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a complaint with ASIC at www.asic.gov.au, or write to:

Manager National Assessment & Action
ASIC
GPO Box 9827
IN YOUR CAPITAL CITY

ASIC will usually not become involved in matters of commercial judgement by an external administrator. Complaints against companies and their officers can also be made to ASIC. For other enquiries, email ASIC through infoline@asic.gov.au, or call ASIC's Infoline on 1300 300 630 for the cost of a local call.

To find out more

For an explanation of terms used in this information sheet, see ASIC's 'Insolvency: a glossary of terms'. For more on external administration, see ASIC's related information sheets at www.asic.gov.au/insolvencyinfosheets:

- Voluntary administration: a guide for creditors
- Voluntary administration: a guide for employees
- Liquidation: a guide for creditors
- Liquidation: a guide for employees
- Receivership: a guide for creditors
- Receivership: a guide for employees
- Insolvency: a guide for shareholders
- Insolvency: a guide for directors
- Independence of external administrators: a guide for creditors

These are also available from the Insolvency Practitioners Association (IPA) website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

PPB

INSOLVENCY RATE
EXPERIENCE CLASSIFICATION

HOURLY RATE \$	POSITION	DESCRIPTION
580	<i>Principal Appointee</i>	Registered and / or Official Liquidator, Administrator or Registered Trustee in bankruptcy or Partner, bringing his specialist skills to the administration or insolvency task.
525	<i>Director (non appointee)</i>	Extensive insolvency experience, at least 5 years at manager level, qualified accountant and capable of controlling all aspects of an administration.
460	<i>Senior Manager</i>	More than 7 years insolvency or equivalent experience, at least 3 of which as manager, qualified accountant. Answerable to the appointee but otherwise responsible for all aspects of administration. Experienced at all levels and considered very competent. Controls staff and their training.
420	<i>Manager 2</i>	6-7 years, qualified accountant, with well developed technical and commercial skills. Is constantly alert to opportunities to meet clients' needs and to improve the clients' future operation either by revenue enhancement or by reducing costs and improving efficiency. Controls 2-4 staff.
385	<i>Supervisor</i>	4-6 years. ICAA/CPA or equivalent qualification. Has conduct of minor administrations and experience in control of 1-3 staff. Assists planning and control of medium to larger jobs.
345	<i>Senior Analyst 1</i>	2-4 years. ICAA/CPA is normally completed within this period. Assists planning and control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.
335	<i>Senior Analyst 2</i>	2-4 years. ICAA/CPA is normally completed within this period. Assists planning and control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.
285	<i>Analyst 1</i>	0-2 years. Graduate with little or no professional experience. Required to assist in day to day fieldwork under supervision of more senior staff.
230	<i>Analyst 2</i>	0-1 years. Trainee undertaking a degree with an accountancy major. Required to assist in day to day fieldwork under supervision of more senior staff.
195	<i>Graduate</i>	0-1 years. Trainee undertaking a degree with an accountancy major. Required to assist in day to day fieldwork under supervision of more senior staff.
175	<i>Undergraduate</i>	VCE or equivalent. Plans to undertake at least part-time degree/diploma. Required to assist in administration and day to day fieldwork under supervision of more senior staff.
175	<i>Senior Dedicated IPS Operator</i>	More than 5 years experience dedicated to specialised IPS processing.
165	<i>Dedicated IPS Operator</i>	Skilled operator dedicated to specialised IPS processing.
145	<i>Clerk (Secretary/WPO)</i>	Appropriate skills including machine usage.
110	<i>Bookeeper/Filing Clerk</i>	Non qualified but passed the VCE. Classification depends on experience, salary and complexity of work to be conducted.