

Note by Insolvency Resources Centre (14/1/2008)

This guidance material on Remuneration of Liquidators and other External Administrators was prepared in September 2007 by the IPA (the Insolvency Practitioner's Association of Australia) as part of its draft Code of Professional Conduct for Insolvency Practitioners.

The recommended format of the report is shown in 4 parts which may be accessed on this site from the Insolvency Practitioners page.

## DRAFT IPA RECOMMENDED REMUNERATION REPORT

### Draft IPA Overview and Explanation of the Recommended Report

The recommended format for a report to creditors is for practitioners seeking retrospective and/or prospective determination of remuneration on a **time basis**.

The recommended format is not mandatory, but the principle of *sufficient, meaningful, open and clear reporting* must be adhered to.

Reports should be tailored to the particular circumstances of each administration. However, if broadly followed by practitioners, the proposed format constitutes good practice.

In providing information in a report, the external practitioner should as a matter of good practice:

1. provide information that is specific to the administration, rather than generic;
2. ensure, where possible, that the level of information is proportionate to the size and complexity of the administration;
3. try to assist committee members or creditors by highlighting the key components of the remuneration claim and any areas that committee members or creditors are likely to view as contentious;
4. provide a summary of high-level information;
5. explain that further levels of detail are available at the meeting or on request;
6. make explanations concise and clear; and
7. provide disclosure that is meaningful, clear, succinct and appropriate overall.

The courts expect a practitioner to exercise their **professional judgment** when putting together a report to committee members or creditors. The remuneration report may also be combined into a report that the practitioner is preparing for committee members or creditors where, for example, a voluntary administrator is seeking the determination of remuneration at the meeting to consider the company's future (the 'second meeting') and the practitioner is already under an obligation to prepare a s439A report.

Committee members or creditors may or may not be familiar with insolvency procedures and are not being remunerated for their time. Therefore, providing more information does not necessarily inform creditors in a more effective manner than providing less: **it is the (Editors Note: The IPA seem to have left something out here.)**

At the meeting, it is good practice for committee members or creditors to be made aware (that) all supporting documentation may be viewed if requested, provided sufficient notice is given to the practitioner.