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CIRCULAR TO CREDITORS & NOTEHOLDERS

13 March 2009

Dear Sir / Madam

BABCOCK & BROWN LIMITED

ACN 108 614 955

(ADMINISTRATORS APPOINTED) (the "Company")

Simon John Cathro and I were appointed Joint Administrators of Babcock & Brown Limited pursuant to Section 436A of the Corporations Act 2001 ("the Act") on 13 March 2009.

As Administrators, we will be assessing the Company's affairs and its financial position. The Company's directors have been requested to prepare a statement about the Company's business property, affairs and financial circumstances as at the date of our appointment. We provide hereunder matters regarding the Company's administration.

You are receiving this circular as the Company's records indicate to us that you may be a creditor or noteholder of the Company.

FIRST STATUTORY MEETING OF CREDITORS

We are required to convene a first meeting of creditors within 8 business days following our appointment. In this regard, I enclose the following:

1. Notice of Meeting of Creditors & Noteholders to be held at **The Shangri-La Hotel, 176 Cumberland Street, The Rocks, SYDNEY NSW AUSTRALIA** on **Wednesday 25 March 2009 at 11:00am** (Sydney time) ("the First Meeting").

For New Zealand based creditors and noteholders, a further venue has been arranged, to be held at the **Concert Chamber, Auckland Town Hall, Auckland Convention Centre, 50 Mayoral Drive, AUCKLAND, NEW ZEALAND** on **Wednesday 25 March 2009 at 1:00pm** (Auckland time).

2. Informal Proof of Debt for voting purposes.
3. Form 532 Appointment of Proxy – Creditors Meeting.
4. A Declaration of Independence, Relevant Relationships & Indemnities for the purposes of Section 436DA of the Act.
5. Initial Remuneration Advice to Creditors.

We request creditors and noteholders attending the meeting to provide ample time prior to the commencement of the meeting to sign in the meeting attendance register.

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Creditors may view the First Meeting via web-cast. Access details must be obtained from the Administrators' office prior to the First Meeting. For information regarding this service and access details, please email Paul Redpath of this office at predpath@deloitte.com.au. Creditors viewing the web-cast will not be able to ask questions and will be recorded in the meeting attendance register as web-cast observers.

Questions regarding the First Meeting should be directed to Paul Redpath of this office on +61 2 9322 3811 or predpath@deloitte.com.au.

PROOFS OF DEBT AND PROXIES FOR FIRST MEETING

Those who intend to vote at the meeting are required to complete an:

- a) Informal Proof of Debt (Attached)
- b) Proxy (Attached)

Instructions on how to complete these forms are outlined in the forms. Completed forms should be lodged with our Sydney office by **noon (Sydney time), Tuesday 24 March 2009** by:

- Fax: +61 2 9322 7261
- Post: BBL Administrators, Deloitte, PO Box N250, Grosvenor Place, Sydney NSW 1220
- Email: bandbltd@deloitte.com.au

REPORT AND SECOND STATUTORY MEETING

All creditors and noteholders will receive a detailed report from the Administrators regarding the Company's affairs before the second statutory meeting of creditors, which must be held within 5 business days after the end of the convening period. The convening period presently ends in this administration on 21 April 2009.

INTENTION TO EXTEND CONVENING PERIOD

At present, we intend to make a court application to extend the convening period for the following matters:

1. To allow the Voluntary Administrators sufficient time to investigate the affairs of the Company;
2. To allow the Voluntary Administrators to properly understand and review the asset sales under consideration by the Company's subsidiaries and the possibility of any other offers or distribution to creditors and noteholders in the form of a Deed of Company Arrangement ("DOCA"), and
3. To consider whether an opportunity for a DOCA proposal will be available for the consideration of creditors and noteholders.

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CREDITORS & NOTEHOLDERS' INFORMATION AND QUERIES

Enclosed for your perusal is a leaflet titled "Insolvency information for directors, employers, creditors and shareholders" issued by the Australian Securities and Investments Commission (ASIC).

We will also be posting information and forms regarding this administration on our website, which can be found at the following link: www.deloitte.com.au > services > Corporate reorganisation services > Businesses under administration > Babcock & Brown Limited.

You may wish to receive our future correspondence via email. Should you wish to do so, please email bandbltd@deloitte.com.au with the following information:

- Your name
- The name of the entity you represent which is a creditor
- Amount of your claim
- The email address at which you would like to receive future correspondence.

OTHER MATTERS

The Company is a holding company and does not trade in the ordinary sense.

Suppliers of services are requested to close their accounts with the Company in respect of goods supplied and services rendered up to and including 13 March 2009. Please forward to this office a complete Informal Proof of Debt form with a final statement detailing all outstanding invoices for goods or services supplied to the Company.

For provision of continued services, please obtain an authorised purchase order from the Administrators.

For all other questions in relation to this matter, please contact

- Dugald Laurie on +61 2 9322 7103 or dlaurie@deloitte.com.au or
- Bethany Down on +612 9322 3274 or bdown@deloitte.com.au.

Yours faithfully



D J F Lombe

For and on behalf of

DJF Lombe and SJ Cathro

Joint and Several Administrators

Enclosures:

- Notice of Meeting
- Informal Proof of Debt Form
- Form 532 Proxy Form
- Declaration of Independence, Relevant Relationships and Indemnities
- Initial Remuneration Advice to Creditors
- ASIC Information Sheet for directors, employees, creditors and shareholders



Voluntary Administrators' Contacts

Contact Name	Enquiry	Phone or Fax	Email
Paul Redpath	First Meeting Enquiries & Web-Casting Enquiries	Ph: +61 2 9322 3811	predpath@deloitte.com.au
Dugald Laurie Bethany Down	General Enquiries	Ph: +61 2 9322 7103 Ph: +61 2 9322 3274	dlaurie@deloitte.com.au bdown@deloitte.com.au
	Proofs of Debt & Proxies for Meeting	Fax: +61 2 9322 7261	bandbltd@deloitte.com.au
	Change of Address (incl. e-mail request)	Fax: +61 2 9322 7261	bandbltd@deloitte.com.au

FORM 529A

Paragraph 5.6.12(6)


CORPORATIONS ACT 2001**NOTICE OF FIRST MEETING OF
CREDITORS OF COMPANY UNDER ADMINISTRATION**

Babcock & Brown Limited
ACN 108 614 955
(Administrators Appointed) (the "Company")

1. On 13 March 2009 the directors of the Company under section 436A of the Corporations Act 2001, appointed David John Frank Lombe and Simon John Cathro of Deloitte Touche Tohmatsu, Grosvenor Place, 225 George Street, SYDNEY NSW 2000, as Joint and Several Administrators of the Company.
2. Notice is now given that a meeting of creditors of the Company will be held at **The Shangri-La Hotel, 176 Cumberland Street, The Rocks, SYDNEY NSW AUSTRALIA on Wednesday 25 March 2009 at 11:00am (Sydney Time).**

A further venue has been arranged for For New Zealand based creditors and noteholders, at the **Concert Chamber, Auckland Town Hall, Auckland Convention Centre, 50 Mayoral Drive, AUCKLAND, NEW ZEALAND on Wednesday 25 March 2009 at 1:00pm (Auckland time).**
3. The purpose of the meeting is to determine:
 - a. whether to appoint a committee of creditors; and
 - b. if so, who are to be the committee's members.
4. At the meeting, creditors may also, by resolution:
 - a. remove the Joint Administrators from office; and
 - b. appoint someone else as Administrator of the Company.

DATED this 13th day of March 2009.


D J F Lombe
For and on behalf of
DJF Lombe and SJ Cathro
Joint and Several Administrators

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

BABCOCK & BROWN LIMITED
(ADMINISTRATORS APPOINTED)
ACN 108 614 955

Name of creditor:

Address of creditor:

ABN:

Telephone number:

Amount of debt claimed: \$.....(including GST \$.....)

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

Other information:

.....
 Signature of Creditor
 (or person authorised by creditor)

Notes:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his or her claim has been admitted, wholly or in part, by the Joint Administrators; or
- b. he or she has lodged with the Joint Administrators particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Joint Administrators.

Completed forms should be lodged with Deloitte, P O Box N250, Grosvenor Place, Sydney NSW 1220

FORM 532

Regulation 5.6.29

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETING**BABCOCK & BROWN LIMITED**
(ADMINISTRATORS APPOINTED)
ACN 108 614 955

*I/*We (1)
of
a creditor of Babcock & Brown Limited appoint (2)
.....
or in his or her absence
as *my/our *general/special proxy (3) to vote at the meeting of creditors to be held on **Wednesday 25 March 2009 at 11.00am** (Sydney time), or at any adjournment of that meeting.

DATED this day of 2009.

Signature

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.

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.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

Notes

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.
- (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution you wish to vote on.

CORPORATIONS ACT 2001**Section 436DA****DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES**

Babcock & Brown Limited
A.C.N. 108 614 955
(Administrators Appointed)

1. Independence

Simon Cathro and I, of Deloitte Touche Tohmatsu ("Deloitte") have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrators of the abovementioned entity. This assessment identified no real or potential risks to our independence. I am not aware of any reasons that would prevent us from accepting this appointment.

2. Relevant Relationships

Neither Simon Cathro nor myself, have had within the preceding 24 months, any relationships with the company, an associate of the company, a former insolvency practitioner appointed to the company or any person or entity that has a charge on the whole or substantially the whole of the company's property.

3. Prior Engagements with the Insolvent

Neither Simon Cathro nor I, have undertaken any prior engagements for Babcock & Brown Limited, (the "Insolvent"). Similarly, the Deloitte Touche Tohmatsu Australian partnership (Deloitte Australia) has not provided any services to the Insolvent in the preceding 24 months.

There are no other prior professional or personal relationships between Deloitte Australia with the Insolvent that should be disclosed.

4. Prior Engagements with related bodies corporate of the Insolvent

We also disclose the following information, which does not relate to the Insolvent, in the interest of full disclosure.

4.1 Deloitte Australia

In the preceding 24 months, Deloitte Australia has undertaken various professional services engagements for certain subsidiaries of the Insolvent, primarily comprising of:

- Taxation compliance and advisory services
- Financial and taxation due diligence services

Pursuant to Clause 6.8.1(b) of the Insolvency Practitioners Association of Australia's Code of Professional Practice ("IPA Professional Practice Code"), practitioners are allowed to give advice to a company about the insolvency process and options available to it prior to it taking a formal appointment. We disclose that Deloitte Australia was engaged by Babcock & Brown International Pty Ltd, a subsidiary of the Insolvent, to provide the following services:

- Assist management with assessment of cash flows and solvency.
- Assist management with preparing and presenting information to the secured lenders' advisors
- Assist management with preparing its restructure business plan which was presented to the secured lenders
- Advise management regarding the consequences of insolvency and alternative courses of action in the case of insolvency.

4.2 Other Deloitte Touche Tohmatsu (DTT) member firms

Whilst not required under the IPA Professional Practice Code, we make the following disclosures:

- Deloitte Australia is a member firm of Deloitte Touche Tohmatsu, a Swiss Verein (DTT). DTT and member firms in other countries are separate and distinct legal entities.
- In the preceding 24 months, other DTT member firms have undertaken various professional services engagements for certain subsidiaries of the Insolvent in their jurisdictions. These engagements can be summarised as follows:
 - United Kingdom & Europe
 - Tax compliance services
 - Corporate finance services
 - Employment taxation services including executive remuneration and share option structuring advice
 - IT consulting services
 - Deloitte & Touche LLP is the auditor of Babcock & Brown Public Partnerships Limited, an entity which the Insolvent's subsidiaries have a minority shareholding (less than 10%)
 - Israel
 - Corporate finance services
 - North America
 - Tax compliance services
 - Corporate finance services
 - China and Hong Kong
 - Tax and financial due diligence services

5. Other

Whilst not required under the IPA Professional Practice Code, we disclose that Deloitte Australia is the external auditor of Babcock & Brown Infrastructure Group, an entity which the Insolvent's subsidiaries have a minority shareholding (less than 10%).

We do not believe these engagements give rise to a conflict as these services were not for the Insolvent and we will not be required to review the results of any of these engagements during the course of the Administration. Therefore, these engagements will not influence our ability to comply with our statutory and fiduciary obligations.

Indemnities

No indemnity has been provided in respect to the Administrators' remuneration.

DATED this 13th day of March 2009.



D J F Lombe
For and on behalf of
D F J Lombe and S J Cathro
Joint and Several Administrators

NOTE: If circumstances change, or new information is identified, I am required under the IPA Code of Professional Practice to update this Declaration and provide a copy to creditors with my next communication as well as table a copy of any replacement declaration at the next meeting of the company's creditors.

Initial Remuneration Advice to Creditors

Babcock & Brown Limited
ACN 108 614 955
(Administrators Appointed)

Remuneration Methods

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, I propose that my remuneration be calculated on the time based / hourly rates method. In my opinion, this is the fairest method for the following reasons:

- I will only be paid for work done, subject to sufficient realisations of the Company's assets.
- It ensures creditors are only charged for work that is performed. Our time is recorded and charged in six minute increments and staff are allocated to duties according to their relevant experience and qualifications.
- I am required to perform a number of tasks which do not relate to the realisation of assets, e.g. responding to creditor enquiries, reporting to the ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001.
- I am unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration.

Explanation of Hourly Rates

The rates for our remuneration calculation are attached together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

At this time I am unable to estimate the total costs of the administration as the costs will differ depending on my recommendation regarding the future of the Company, which will be provided to creditors prior to the second meeting. However, my best estimate for my remuneration to the completion of the second creditors meetings for all the Company is \$800,000, plus GST.

Annexure A details the hourly rates and typical level of experience associated with each position. It is noted that the description is a guide only to the level of experience of the staff engaged.

From time to time, as required, other specialist staff may be used on an insolvency matter. Information regarding these staff will be provided separately to creditors prior to any approval being sought for remuneration for these specialist staff.

Attached at **Annexure B** to this report is an information sheet produced by the Australian Securities and Investments Commission for creditors on approving remuneration in external administrations.

DATED this 13th day of March 2009.



D J F Lombe
For and on behalf of
D F J Lombe and S J Cathro
Joint and Several Administrators

Deloitte Touche Tohmatsu Corporate Reorganisation Group Guide to Hourly Rates from 1 November 2008

Classification	Hourly Rate (excl GST)	Hourly Rate (incl GST)	Description
Partner	650.00	715.00	Registered liquidator or bankruptcy trustee. Brings his or her specialist skills to the administration or insolvency task.
Consultant	525.00	577.50	Typically CA or CPA qualified with in excess of 10 years experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.
Senior Manager	525.00	577.50	Typically CA or CPA qualified with in excess of 10 years experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.
Manager	370.00	407.00	Typically CA or CPA qualified with 6 to 8 years experience working on insolvency matters. Will have experience conducting administrations and directing a number of staff.
Senior Analyst	280.00	308.00	Typically completed or near completion of CA or CPA qualifications with 4 to 6 years insolvency experience. Assists in planning and control of smaller matters as well as performing some more difficult tasks on larger matters.
Analyst	240.00	264.00	Typically studying towards CA or CPA qualification with 2 to 4 years insolvency experience. Works under supervision of more senior staff in performing day-to-day fieldwork.
Graduate	185.00	203.50	Junior staff member who has completed a university degree with less than one year's experience working on insolvency matters. Works under supervision of more senior staff in performing day-to-day fieldwork.
Support	185.00	203.50	Secretarial skills
Vacationer	185.00	203.50	Generally a person currently undertaking a university degree. Works under supervision in providing assistance on tasks involved in insolvency matters.

Annexure B**Creditor Information Sheet****Approving remuneration in external administrations**

If company is in financial difficulty, it can be put under the control of an independent insolvency administrator. Such a person is called a 'liquidator' or a 'voluntary administrator' or an 'administrator of a deed of company arrangement' depending on the type of administration involved. For the purposes of this guide, we use the collective word 'administrator'.

This information sheet gives general information for creditors on the approval of an administrator's fees in a liquidation, a voluntary administration or a deed of company arrangement (other forms of insolvency administration are beyond the scope of this information sheet). It outlines the rights that creditors have in the approval process.

Work undertaken by administrators

The work undertaken by administrators depends on the type of administration concerned and the issues that need to be resolved. Some issues are straightforward, while others are more complex.

However, what is common amongst all administration types is that an administrator is, by law, required to undertake a number of tasks which may not directly benefit creditors (for example, the preparation of reports to the Australian Securities and Investments Commission or the preparation of six monthly receipts and payments). An administrator is still entitled to remuneration for undertaking these statutory tasks.

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

Entitlement to fees and costs

An 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
- to be reimbursed for out-of-pocket *costs* incurred in performing their role (these costs do not need creditors' committee, creditor or court approval).

Administrators are entitled to an amount of fees for the necessary work that they and their staff properly perform in the administration.

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

- legal fees
- valuer's, real estate agent's and auctioneer's fees
- trading costs involved in running the company's business during the administration (e.g. for the purchase of stock)
- 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 administrator will, generally, be paid from the company's available assets before any payments to creditors are made. If there are not enough assets, the administrator may arrange for a third party, for example another creditor, to pay any shortfall. As a creditor, you should receive details of such arrangements.

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 and the administrator is in effect 'out of pocket'.

Annexure B

Calculation of fees

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

- on the basis of *time spent* by the administrator and their staff, according to hourly rates,
- a quoted *fixed fee*, based on an estimate of the costs, or
- a *percentage*, usually of asset realisations.

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

If the administrator intends to charge on a time basis, you should receive a copy of these hourly rates before the administrator requests approval of their fees.

The 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 realise that administrators are professionals who are required to have accounting qualifications and maintain up-to-date knowledge of accounting, business and legal issues. They have serious responsibilities under the law. Their hourly rates and those of their qualified staff reflect this.

The hourly rates do not represent an hourly wage for the administrator and their staff. The 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, and taxes with allowance then made for profit.

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 administrator for their services.

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 administrator about the fees and whether the rates are negotiable.

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

Report on proposed fees

In order to seek approval of fees, the administrator must hold a meeting of the members of any committee of creditors, or, if there is no committee, the creditors themselves. A report must be sent, 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.

The report should also provide a summary of out-of-pocket costs incurred or expected to be incurred. Committee members/creditors may be asked to approve fees for work already performed or fees based on an estimate of work yet to be carried out.

If the work is yet to be carried out, it is advisable for creditors to set a maximum limit ('cap') on the amount that the administrator may receive. For example, 'future fees are approved calculated on 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

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figure, the administrator will have to ask the creditors' committee/creditors to approve a further amount of fees, after accounting for the fees already incurred.

Who may approve fees

Who may approve fees depends on the type of external administration: see Table 1. The administrator must provide sufficient information to enable the creditors' committee, the creditors or the court to make an informed assessment as to whether the fees are reasonable.

Table 1: Who may approve fees

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

¹ If there is one.

² If there is no creditors' committee or the committee fails to approve the fees.

³ If there is no approval by creditors.

⁴ If there is no creditors' committee.

⁵ Unless an application is made for a fee review.

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 \$5,000, 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, it is important that the members realise that they represent all the creditors, not just their own individual interests.

A creditors' committee will generally only be set up where there are a large number of creditors. If there is one, then they will ask the committee to approve their fees.

A creditors' committee makes its decision by a majority in number of its members present in person at a meeting, but it can only act if a majority of its members attend.

If you would like to know 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. The vote requires a simple majority of creditors present and voting, in person or by proxy, indicating that they agree to the resolution. Unlike committee members, creditors may vote according to their individual interests.

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

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A proxy is a document whereby 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 how they want on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the administrator as a proxy to vote on the creditor's behalf. An 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.

Deciding if fees are reasonable

If you are 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 administration and the results of that work.

The IPA's Code of Professional Practice: Remuneration outlines the steps administrators should take to make sure they fulfil their responsibilities to creditors when asking creditors to approve fees, including when those creditors are acting in their capacity as committee members. This guide is available on the IPA website at www.ipaa.com.au

If you need more information about fees than is provided in the 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 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 administrator should be very careful incurring costs that must be paid from the administration—as careful as if they were incurring the expenses on their own behalf. Their report on fees sent to creditors should also include information on the out-of-pocket costs of the administration.

If you have questions about any of these costs, you should ask the 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 administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a complaint with the IPA at www.ipaa.com.au or write to:

Complaints Manager
IPA
GPO Box 3921
SYDNEY NSW 2001

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You can also contact ASIC at www.asic.gov.au, or write to:

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

Complaints against the company and its 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 insolvency 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

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 that is applicable to its members.

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.

**ASIC**

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 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 is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), 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 information sheets

- INFO 41 Insolvency: a glossary of terms
- INFO 74 Voluntary administration: a guide for creditors
- INFO 75 Voluntary administration: a guide for employees
- 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 43 Insolvency: a guide for shareholders
- INFO 42 Insolvency: a guide for directors
- INFO 84 Independence of external administrators: a guide for creditors
- INFO 85 Approving fees: a guide for creditors

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the 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.

Important note: The information sheets contain 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. These documents 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.