Insurance Commission
of Western Australia

Level 13, Forrest Centre
221 St Georges Terrace
PERTH WA 6000

GPO Box U 1908
PERTH WA 6845
Tel: (08) 9264 3333
Fax: (08) 9264 3966
icwa.wa.gov.au

Your Ref: BGC

Date: 22 October 2015

Hon Robyn McSweeney MLC
Chair
Standing Committee on Legislation
Parliament House
Perth WA 6000

Dear Ms McSweeney

Inquiry into Bell Group Companies (Finalisation of Matters and Distribution of Proceeds Bill 2015

I refer to your letter dated 19 October 2015 and its attached Appendix.

Written questions

Section 1

The Insurance Commission has strong claims, in respect of the funds subject to the Bill, that arise from statutory, contractual and equitable law.

It is others who have characterised the Insurance Commission's claims as moral, which they appear to do in an attempt to maximise their own claims.

The Insurance Commission notes that section 564 is a statutory provision that is expressly concerned with justice.

In respect of the factual claims in point a) the Insurance Commission notes: it did not advance funds for the litigation to the Law Debenture Trust Corporation plc (LDTC). It did provide an indemnity to LDTC in respect of obligations LDTC took on in giving indemnities to the liquidators. The Insurance Commission also promised the liquidator and other creditors that it would keep LDTC indemnified. The advances made by the Insurance Commission were made directly to the liquidators or third parties as requested by the liquidators.

In respect of the factual claims in point b) the Insurance Commission notes: the claim of JNTH against TBGL is not a subordinated claim. The Insurance Commission's interest in that claim arises from agreements made with JNTH's liquidator in 1999 and 2007. The interest in the JNTH claim was not, as Mr McLernon agreed in his oral evidence before the Committee, obtained "*...when they first funded it*" and "*...very early on in the piece*".

The Insurance Commission does not agree it has a "*tenuous legal claim*" to the funds that are the subject of the Bill. On the contrary it considers it has strong claims in law which will deliver to it a return of its $200 million of loans made to the liquidators and a just and substantial share of the funds recovered. The Insurance Commission's views on the value of its claims are set out in Section 5 below.

The Insurance Commission's understanding of the Bill is that claims can be made by persons to whom the Bell companies are liable (clause 30) and/or who have provided funding or indemnity (clause 36). The Bill does not appear to provide for claims to be made by persons with a "moral claim".

Question 1

In the Insurance Commission's view, there is nothing in the Bill that makes it likely that it will receive more than it would otherwise have received through the Courts.

Question 2

LDTC has not advanced any funding. It did execute various indemnity agreements but it has never been required to perform its indemnity promises. All the money required by the liquidators has been paid by the Insurance Commission directly to the liquidators or, at the request of the liquidators, to third parties engaged by the liquidators.

The Insurance Commission does expect to be repaid direct by the Authority if the Bill is enacted. It has also claimed, in its Court proceedings, to be entitled to direct payment of its advances. It expects that would be the outcome even if the matters proceed through the Courts.

Section 2

The Insurance Commission does not consider there is any scope under the Bill for a determination to be made that would exceed the maximum payable to a creditor under section 564.

The Insurance Commission is not aware that there is a maximum amount payable under section 564 or any known limit on the power of the Court to make orders it considers just.

Section 3

Clause 33(2) of the Bill sets out to what the Authority must have regard before reaching its determinations. The matters are not limited to submissions received under clause 32(4).

It is not possible for the Insurance Commission to predict what the Authority will take into account in addition to submissions provided under clause 32(4) or say what will be the most material factors to which it will have regard in making its determinations.

Section 4

The purpose of the legislation

The Insurance Commission's understanding is that the purpose of the legislation is, in

essence, to achieve a timely and cost effective distribution of the recovered funds and bring an end to the liquidations of WA Bell companies.

Assertion that Insurance Commissions has uncertain claims

WA Glendinning does not know what the Insurance Commission thinks about its statutory, common and equitable law claims. It has no evidence to support its assertions that *"ICWA is so uncertain of its ground that it does not want to face or accept the Supreme Court's decision."* That the Insurance Commission commenced proceedings to seek Court determination of the numerous issues is evidence of its willingness to have the issues determined by a Court.

The Insurance Commission is very confident that its claims would ultimately be vindicated through the Court processes that will apply if the Bill is not enacted. The conduct, to date, of its well funded opponents suggests a number of issues will find their way up to the High Court of Australia.

However, the strength of its claims precludes the Insurance Commission from compromising beyond a commercially justifiable level (based on the value of receiving money earlier rather than later and not having to spend millions of dollars on litigation costs over many years).

Thus the Insurance Commission believes that, without the Bill, decades of very expensive litigation up to the High Court may well lie ahead for all parties. Further, the risks and complications involved in executing a settlement, were one to be achieved along the way, into actual payments of money are immense. For this reason the enactment of the Bill is preferred to ensure an end of the Bell liquidations within a reasonable timeframe with or without a settlement between the parties.

Section 5

The Insurance Commission has informed the parties, who have been discussing settlement, that if an agreement were reached it would propose to the Government that it add a schedule to the Bill of payments of the agreed amounts to creditors. No such agreement has been reached to date. The Insurance Commission claims range in value between about $900 million and $1.2 billion. These amounts have been calculated using a complex liquidation scenario model developed by the liquidator. The range recognises various possible outcomes.

Questions on Notice

1. Mr Bruce Meredith, General Counsel.

2. WA Glendinning did not make an offer to the Insurance Commission to fund the litigation after Justice Templeman's decision.

   Mr McLernon, for a company named Expectation Pty Ltd, did have some discussions with the Insurance Commission about the possibility of Expectation funding Mr Woodings (i.e. only one of the two key liquidators who were sharing the costs).

On 15 July 1998 the Commonwealth informed Mr Woodings that it considered he should not continue discussions with Mr McLernon in respect of funding in return for a portion of any recoveries after deduction of any section 564 award to the indemnifying creditors (see **Annexure A)**. On 16 July 1998 the Insurance Commission informed Mr Woodings it agreed with the Commonwealth (see **Annexure B**).

Mr McLernon did contact the Insurance Commission on a couple of occasions following the July letters. But he did not make an offer to the Insurance Commission.

In May 2000 '*The West Australian*' reported that Mr McLernon had declined the opportunity to participate in funding the legal action (see **Annexure C**).

3. WA Glendinning did not make an offer to the Insurance Commission.

4. Justice Templeman handed down his section 564 decision on 13 November 1996. By the end of October 1996 about $9.3 million had been or was due to be advanced to the liquidators. Of the $9.3 million, about $3.9 million was paid by the Insurance Commission.

5. See letter from the Insurance Commission to Mr Woodings dated 4 July 2014 (see **Annexure D**) and Mr Woodings' response dated 11 July 2014 (see **Annexure E**) on the topic of the repayment of advances. The documents have been redacted to reveal the discussions on the relevant topic and also to show that queries about the proposed schemes of arrangement were raised.

Please let me know if I can be of any further assistance.

Yours sincerely

ROD WHITHEAR
CHIEF EXECUTIVE

ANNEXURE A

AUSTRALIAN GOVERNMENT SOLICITOR

FACSIMILE TRANSMISSION

TO	Mr Tony Woodings	FAX	9321 8544
OF	Taylor Woodings		
CC	Paul Griese BGNV Fax No: 9315 9213		
	Paul Edgar Holy Edgar Fax No: 9221 9292		
	Mark Dunn ATO Fax No: 9268 5172		
	Ray Mainsbridge BDW Fax No: 9366 8111		
PAGES	3, including this page	DATE	15 July 1998 1998
FROM	Stuart Cameron	FAX	(08) 9268 1771
E-MAIL	stuart.cameron@ags.gov.au	PHONE	(08) 9268 1145

MESSAGE:

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AUSTRALIAN GOVERNMENT SOLICITOR

Our Reference: 94025093:SC

15 July 1998

Mr ALJ Woodings
Liquidator
Bell Group Finance Pty Ltd (In Liq.)
c/ Taylor Woodings
6th Floor
30 The Esplanade
PERTH WA 6000

Dear Sir

BELL GROUP FINANCE PTY LTD CAN 009 165 182 (IN LIQUIDATION) (RECEIVER & MANAGER APPOINTED) - EXPECTATION PTY LTD INDEMNIFICATION PROPOSAL

I refer to your letter of 1 July 1998.

My client does not share your view that you have any further duty to consider proposals for indemnification in circumstances where:-

- you are presently fully indemnified by the ATO, ICWA and BGNV ("the Indemnifying Creditors"); and
- where the original owner of the debt assigned to Expectation did not choose to indemnify you when you originally sought funding.

As you are aware there is no real prospect of you ceasing to be indemnified given:-

- that the formal indemnification agreements specifically provide for the remaining Indemnifying Creditor/s to take up indemnification should one or more of them cease to indemnify you;
- the substantial level of indemnification by the Indemnifying Creditors to date;
- the proximity of the trial; and
- the value of the security put up by the Indemnifying Creditors as security for the Respondents costs.

Should you form the view that you are under an obligation to consider a proposal by Expectation then such a proposal cannot be accepted if it were to prejudice the interests of the ATO as a general creditor of Bell Group Finance ("BGF") and many of BGF's subsidiaries. In circumstances where

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you are already fully indemnified my client cannot envisage a situation where it and other creditors including inter company creditors (many of which you are also the appointed liquidator) will not have their returns reduced if Expectation should be allowed to indemnify and seek a separate order under section 564 of the Corporations Law. Clearly if successful, an order in favour of Expectation under section 564 must reduce the flow of funds from BGF to subsidiaries and creditors of the group as a whole and will also extend to the Bell Group Limited and its creditors (including the ICWA and BGNV).

In the circumstances it is not in the interests of creditors as a whole for you to continue to explore proposals for indemnification with Expectation where you are already fully indemnified. Not only can this not be justified in respect of the prejudice to other creditors but it is an inappropriate diversion of resources from the prosecution of the Federal Court proceedings and an unnecessary drain on BGF's funds. If Expectation wishes to join in with the Indemnifying Creditors in the commercial arrangements which have been entered into between them then that is a matter for agreement between Expectation and the Indemnifying Creditors alone.

My client wishes to put you on notice that it reserves its rights to take such action as it deems necessary to restrain any conduct by you which may prejudice its position as a general creditor of the applicant companies or its rights under the indemnification arrangements. To the extent that my client suffers any loss as a consequence of a decision by you to accept indemnification from Expectation then my client will look to you to recover that loss.

I await your urgent confirmation as to how you intend to deal with Expectation in this matter.

Yours sincerely

Stuart Cameron
Solicitor
for Australian Government Solicitor

Telephone: (08) 9268 1445
Facsimile: (08) 9268 1771
Email: stuart.cameron@ags.gov.au

ANNEXURE B

FACSIMILE

HELY EDGAR
BARRISTERS & SOLICITORS

FROM: Mr Paul Edgar
FILE REF: 950051 DATE: 16 July 1998

TO: Mr Tony Woodings
OF: Taylor Woodings
FAX NO: 9321 8544
FILE REF:

Number of pages including this cover page:
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Dear Tony

Bell

I refer to your letter dated 1 July 1998 and the letter from the Australian Government Solicitor dated 15 July 1998.

Broadly speaking we agree with the position taken by the Australian Government Solicitor in their letter. It is our view that a proposal for further funding which you would have a duty to consider would be one where there could be no detrimental impact of any type whatsoever on any interested party in the Bell group or on the actions against the banks. The only example of such a proposal that we can envisage would give no commercial benefit, control or confidential information to Expectation. In absence of such a proposal we agree with the Australian Taxation Office.

Yours sincerely

PAUL EDGAR
fax150798woodings#1\faxes\corres\bell\insurancecommission\clients

ANNEXURE C

For whom does Bell toll?

Premier eyes prize but $1b battle far from over

By Neale Prior

NEVER mind the Bell Tower or the Graham 'Farmer Freeway, the greatest legacy of Richard Court's time as WA Premier could well be the $1 billion Bell Group legal battle that has just shifted into the WA Supreme Court from the Federal Court.

The State Government, through the Insurance Commission of WA (ICWA), appears to have the box seat as the major funder of the Bell liquidators in their case against bankers who plucked $286 million out of Bell companies after the group collapsed in April 1991.

A win would be testament to the success of the coalition Government's effort to claw back losses made when the Labor government of Peter Dowding enmeshed the State Government Insurance Commission in Alan Bond's takeover of Robert Holmes à Court's Bell empire.

Mr Court told Parliament in March that if the liquidators won, the litigation funders would get two-thirds of the proceeds of the win and the Insurance Commission would get 53.5 per cent of that amount. He said the amount recovered from the banks could be as much as $1 billion.

His comments make a return exceeding $300 million seem a high possibility for the taxpayer.

That would pay for two-thirds of the Graham Farmer Freeway or 60 Bell Towers.

But the reality is far more complex than the potted version given by Mr Court to Parliament, where there were no riders to his claims the "insurance commission will get 53.5 per cent of that two-thirds of the funds recovered".

Litigation funding is not an engineering project, it involves highly complex, obscure and risky legal games played by very expensive legal teams.

Between Mr Court and his grand prize stand more legal fights, only one of which is proving the banks acted unlawfully in January 1990 when they took the various charges over Bell that ultimately gave them the right to put receivers into the group.

The WA Government's claim to the Bell riches is at the bottom of the pecking order in more than $2 billion of claims by creditors of the Bell companies.

A Netherlands Antilles registered company Bell Group NV, which issued junk bonds to European investors, was the main funder of the litigation when it was launched in 1995.

But Bell Group NV has pulled back, leaving ICWA as the principal bankroller and the Australian Taxation Office as the second biggest funder.

ICWA holds subordinated bonds that were issued by Bell Group and Bell Group Finance in 1985 and 1987 when Mr Holmes à Courtwas funding the rapid expansion of his corporate empire.

Under the junk bond deeds, ICWA ranks below secured and unsecured creditors in the distribution of any proceeds from a win in the liquidation and it needs to win one or more legal actions in the WA Supreme Court to get its share of the winnings.

ICWA sits right down the pecking order and the banks are doing everything in their power to keep it there — and so far appear to have succeeded.

The Supreme Court refused in 1996 to give ICWA and its co-funders the comfort of ratifying the agreement under which they will be given preference in the distribution of any potential winnings.

The issue of how much ICWA will get out of any win by the liquidators is something that is to be ultimately decided by the courts, but Supreme Court judge Tony Templeman has twice ruled that matters related to the distribution should be decided after the main action.

Despite the uncertainty, the State Government has already invested more than $28 million in the legal battle in the hope that one day the liquidators will win the action and the courts one day will allow the insurance commission to be lifted up the pecking order.

It is unknown what costs the ICWA could be forced to pay if the banks win the case but it is believed the banks have put similar resources into what is already a five-year-old legal battle and could continue for several more.

The banks are believed to have five partners and more than a dozen lawyers plus support staff from the law firm Freehill Hollingdale & Page working full time on the case. Based on a 40-hour week and no other costs, the legal bills easily exceed $100,000-a-week.

The ICWA-funded liquidators are believed to have a team of five partners and 15 lawyers at law firm Blake Dawson Waldron working on the case. ICWA is also receiving independent advice from boutique firm Edgar & Co. Sources said legal bills of about $1 million a month were being incurred by each side and more than $60 million had already been spent on the litigation, which has at least six months to go before it gets to trial let alone the host of anticipated appeals and side battles.

Yet even if the litigation fails and the Government is forced to pay multi-million-dollar costs, it will always be able to blame the Labor Party and past Labor governments for enmeshing the taxpayer in the affairs of Bell.

When the former State Government Insurance Commission acted with Alan Bond to buy Mr Holmes à Court out of Bell, the insurance commission agreed to underwrite the sale of $150 million in junk bonds as a side deal.

The insurance commission was left holding the bonds, for which it paid $140 million but which were worth nothing when Bell collapsed under massive debt.

All the decisions relating to the funding of the litigation were made long after the excesses of WA Inc had been exposed by a royal commission and the Coalition Government of Richard Court was put in charge of WA taxpayers' money.

The liquidators and ICWA moved in December to reduce their exposure to a loss in the main action by obtaining an insurance package to cover up to $40 million in costs incurred in fighting the battle with the banks.

BELL Group co-liquidator Tony Woodings said the package ensured the litigation could be seen through to its conclusion.

He was absolutely certain a $10 million security of costs deposit already lodged by the indemnifying creditors and/or the insurance package would cover any adverse costs order against the liquidators.

Banks lawyer Steven Paterniti refused to disclose how much had been spent by the banks but said it was far in excess of the $10 million security deposit, of which ICWA was responsible for $6.3 million.

Mr Paterniti said that if the banks successfully defended the action, they would seek to recover their costs from the funding creditors. "The funding creditors were given formal notice to that effect at the early stages of the litigation," he said.

"The banks regard the claims against them as without merit."

It is believed that funding creditors would be jointly and severally liable for any costs, but it is known that Bell Group NV does not have any significant assets apart from its stake in the litigation.

This makes ICWA and the tax office the major potential targets of any costs action by triumphant banks.

Mr Woodings said the banks were attacking the litigation funding in attempt to stop the main action.

"The more the banks do things like attack the funding and proceeds mechanism, the more certain about the case I become," he said.

Court's dash for cash

Richard Court

Tony Templeman

Frank Cicciuto

HURDLE ONE: A $1 billion start

- To get a return for unsecured creditors, Bell Group liquidators Geoff Totterdell and Tony Woodings must win their main Supreme Court action against six Australian banks and 14 overseas banks.
- The banks put receivers into Bell group companies in April 1991 and realised $286 million from the sale of the company's assets, including WA Newspapers and Bell Resources shares.
- The liquidators claim that the banks took security over Bell companies in January 1990 when most were insolvent or of doubtful solvency.
- The liquidators claim the banks knowingly assisted and participated in breaches of fiduciary duty by Bell directors and knowingly received the benefits that flowed from those breaches.
- The liquidators initially sued banks, including Commonwealth, National Australia, Westpac and Lloyds in the Federal Court.
- Amid uncertainty about jurisdiction, the case was moved to the Supreme Court in April.
- Witnesses could include NAB chief executive Frank Cicciuto.

HURDLE TWO: Get an advantage

- Insurance Commission of WA (ICWA), Bell Group NV and the Australian Taxation Office struck a deal in 1995 to fund the litigation and get two-thirds of the proceeds.
- The liquidators went to Supreme Court to ratify the deal under Section 564 of the Corporations Law, which allows liquidators to give funding creditors an advantage in line with the risk they have taken.
- Supreme Court judge Tony Templeman said he had little doubt the funding creditors would qualify for an advantage if the main action succeeded. But he refused to give an order in advance.
- "Even if I did make an order which attempted to take account of all possible outcomes, the (liquidators) would have very little idea what advantage would, in the end, accrue to the indemnifying creditors," he said.

HURDLE THREE: Beat off all comers

- The banks launched an action in 1996 trying to stop the liquidators executing changes to the deeds controlling the subordinated bonds that are owned by ICWA and administered by a trust company.
- The banks claim that under the deeds, the trust company is obliged to distribute any money it receives to secured and unsecured creditors and then, if there is anything left, to ICWA.
- The banks successfully applied in 1997 to stay their proceedings until the main action was completed but that freeze was lifted this month.
- ICWA lawyer Chris Pullin told Justice Templeman in 1997 it would be pointless for the insurer to keep funding the litigation if, despite there being a Section 564 order, litigation proceeds had to be distributed in line with the deeds.
- He said that there was a question about whether the court would make an order under Section 564 favouring ICWA without the deeds being amended.

ONCE YOU GRAB A TIGER BY THE TAIL...

A company linked to lawyer Hugh McLernon has a $200 million claim as an unsecured creditor after buying into a debt owed by Bell to its former media companies.

Yet Mr McLernon, who is one of the nation's most aggressive litigation funders, declined the opportunity to participate in funding the legal action.

He said the case involved an extraordinarily complex set of facts and an opponent which was well-funded.

"Creditors take hold of the tiger by the tail if they try to fund this type of litigation — once you grab a tiger by the tail, there is no letting go for dear life," he said.

"There's no stopping."

SOURCE: Court documents and Justice Templeman's judgments.

GRAPHIC: Heath Pow/Rachel Coad

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CBA, post offices link

COMMONWEALTH Bank has set up a business banking pilot in regional WA as part of a joint venture with Australia Post.

Starting this month, the bank will offer business services at Australia Post agencies in Derby, Halls Creek, Kalbarri, Margaret River and Newman.

The bank says the pilot is not a replacement for brick and mortar branches but will be extended to areas where the bank does not have a presence.

The WA program is part of a national three-month pilot spread across 30 centres.

The project could expand to 200 locations.

— Peter Klinger

ANNEXURE D

Insurance Commission
of Western Australia

OFFICE OF THE COMMISSION

Level 13, Forrest Centre
221 St Georges Terrace
PERTH WA 6000
GPO Box U1908 PERTH WA 6845

Tel: +61 (8) 9264 3333
Fax: +61 (8) 9264 3966
www.icwa.wa.gov.au

4 July 2014

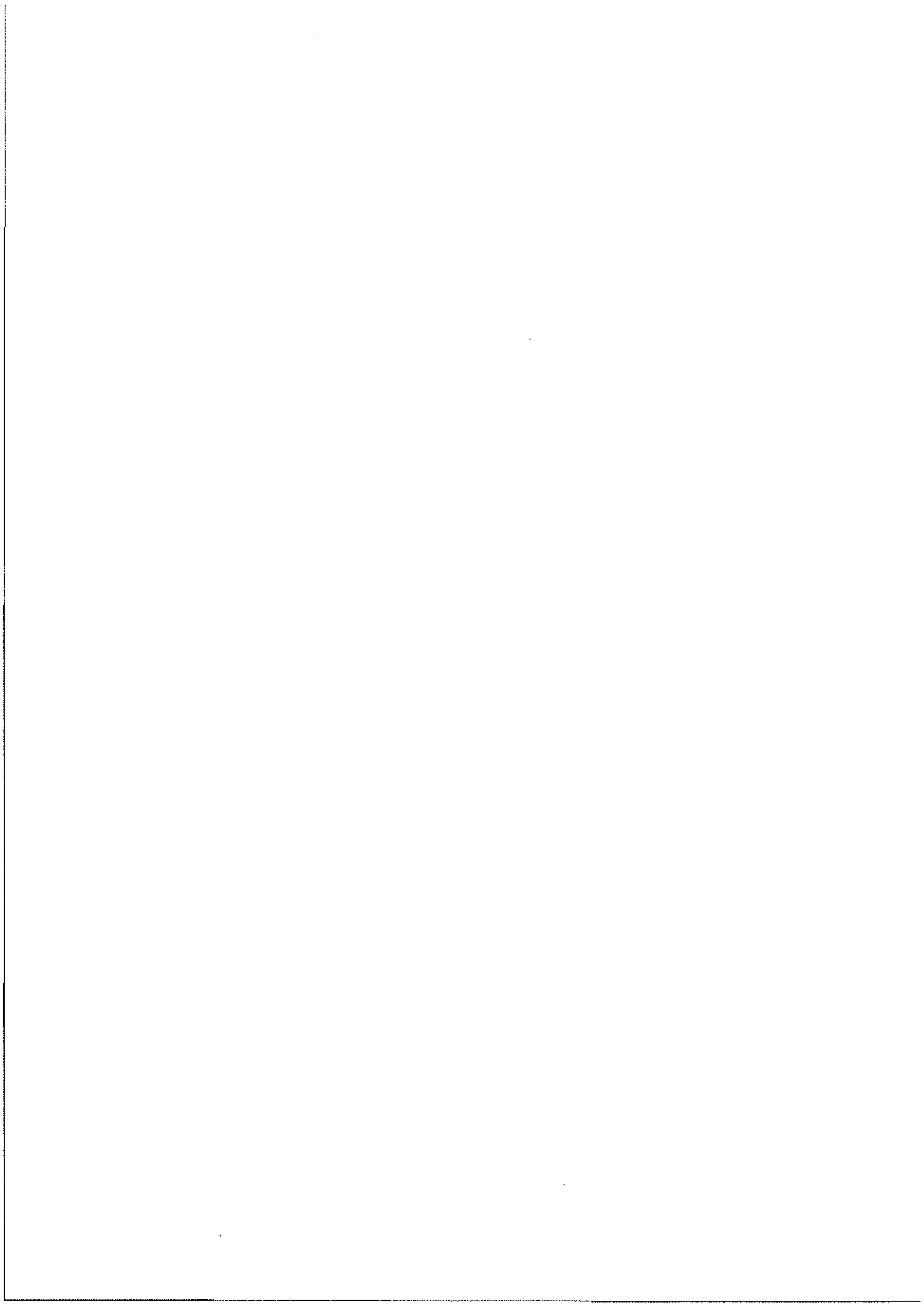
A LJ Woodings
Chartered Accountant
PO Box 1940
WEST PERTH WA 6872

Dear Tony

BELL GROUP

1. Advances

Given the extreme financial burden that the Insurance Commission has borne and continues to bear as a result of advancing nearly $200 million to you in this administration, we would appreciate written confirmation that at the earliest opportunity you will make an application to the court to sanction repayment, consistent with the funding arrangements. I understand that there may be a number of options to achieve this including splitting and accelerating the advances component of the s564 application (itself discussed below) or seeking judicial directions that you are at liberty to do so, consistent with the funding arrangements. The State Solicitor's Office (SSO) has now received the draft application papers, and I am informed by them that the application for return of advances is not included in these papers. That may be appropriate, however, I do need assurance that you will push to get our money back as soon as it is possible to do so, rather than leaving that to later in the distribution process.



3.2 Scheme preparation

We assume that if the creditors agree a scheme on the basis proposed above, you will arrange for Ashurst to prepare the necessary documentation for the scheme of arrangement to be completed.

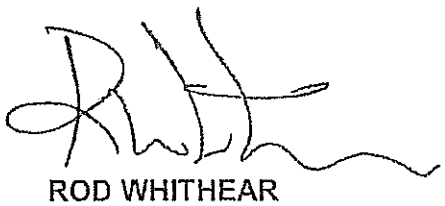
As we discussed during our last meeting, it would be of assistance to us to know if you or your lawyers have come to any conclusions as to the technical requirements of the schemes as this may inform the terms of any commercial arrangement that the creditors may come to at some point.

Are you able to give us any such information?

Conclusion

I have concerns, already, that the prospects of a scheme arrangement contemplated by the Settlement Deed may miscarry, and that would be, frankly, bad for everyone. I am happy to discuss the issues in this letter, but would otherwise hope to see some progress on these matters as soon as possible.

Yours sincerely



ROD WHITHEAR
CHIEF EXECUTIVE

ANNEXURE E

A L J Woodings
Chartered Accountant

Ground Floor
33 Colin Street
West Perth WA 6005
PO Box 1940, West Perth WA 6872
Tel: +61 8 9486 4211
Fax: +61 8 9486 4311
Email: tony.woodings@tbgl.com.au

11 July 2014

Mr Rod Whithear
Chief Executive
Insurance Commission of Western Australia
Level 22
221 St Georges Terrace
PERTH WA 6000

By email: Rod Whithear <rod.whithear@icwa.wa.gov.au>
Cc: Bruce Meredith <bruce.meredith@icwa.wa.gov.au>

Dear Rod

The Bell Group Ltd (in liquidation) (TBGL) and
Bell Group Finance Pty Ltd (in liquidation) (BGF)

Thank you for your letter of 4 July 2014. My responses to the matters raised in your letter are set out below using the same headings.

1. Advances

You may take this letter as confirmation that my intention is to repay all advances as soon as practicable upon the court sanctioning repayment, consistent with the funding arrangements.

As far as I can recall there was no agreement between the parties regarding repayment of advances other than via the section 564 framework recorded in the AFI's. My recollection of the reason for this is simply that nobody turned their mind to the possibility that the circumstances would be different than those foreshadowed in the AFI's. My view is that had the parties considered there might be a delay in the liquidators obtaining the section 564 orders they would have agreed that the repayment of advances would be carved out and dealt with in a separate application or that the repayment would be authorised by resolution of creditors under section 556 (1) (a) of the Corporations Law. In addition, as the borrower (in my capacity as liquidator) it has always been my intention to repay the advances as soon as practicable. But for BGNV's opposition I am confident the advances would have been repaid in 2013.

I understand BGNV's position to be that the advances ought only to be repaid after the court has considered and dealt with (made orders in relation to) the section 564 application. I also understand BGNV will oppose any attempt to have the matter dealt with outside the scope of the section 564 application. BGNV also asserts that any repayment of advances to ICWA will be caught by the terms of the turnover trust mechanism incorporated into the domestic bond trust deeds, and must be applied for the benefit of creditors who are not subordinated. Further, if I make an application for repayment of advances outside the scope of the section 564 application I expect BGNV will assert a breach of

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my duty to act in the interests of all creditors by favouring ICWA against the interests of creditors generally. For that reason it may be preferable for ICWA to support my intention for the repayment of advances to be dealt with separately, but within, the section 564 application once it has been made. In this regard, there are a number of reasons why I consider that a hearing of the substantive part of the section 564 application (ie concerning clause 7.1(e) of the AFIs) is premature, but those reasons may not apply to the repayment of advances. Therefore, I propose to ask the Court to deal with the repayment of advances part of the section 564 application separately and before it deals with the substantive part of the application. If I do so, I expect BGNV will oppose such a course but ICWA will be able to support and argue for that to occur. Please let me have your thoughts on this?

I caveat the comments above regarding the terms of the repayment of advances to the extent that I have not reviewed my files relating to the period during which the AFI's were negotiated to confirm my recollections, although I am confident they are accurate. If you have any information confirming my recollections (or otherwise) please let me know.

3.2 Scheme preparation

Subject to Ashurst's and my consideration of the proposed terms in the context of what is permissible under the law and what is in the interests of all creditors, your assumption is correct.

I am not sure what technical requirements you refer to.

Conclusion

In terms of progress, the section 564 application would have been filed today but for the IC's agreement to extend the date by which it must be filed and request that I postpone filing. As things now stand, the application will be filed on 4 August 2014 in accordance with the terms of the AFI's, unless the IC's again ask me to postpone the filing.

Yours sincerely
The Bell Group Ltd (in liquidation)
Bell Group Finance Pty Ltd (in liquidation)

A L J Woodings
Official Liquidator