

Court makes decision on remuneration and trust payments

In December last year, the Federal Court brought down a decision on two topics that affect insolvency practitioners: the calculation of remuneration, and payment from trust assets.

Justice Farrell was overseeing the case of *Bell Hire Services Pty Ltd [in liquidation]* and was faced with a liquidator's application for orders fixing his remuneration and approving the distribution of trust assets.

In handing down the decision, the Court was satisfied that the company's sole business activity was to act as trustee of the trust, and concluded that the company's sole asset, which was about \$30,000 in cash, must be trust money.

When the question of remuneration arose, the Court approached the matter on the basis that hourly rates were a good starting point and made a number of remarks about the role of proportionality and the identification of 'value' that will be welcomed by practitioners.

In summary, the Federal Court again endorsed hourly rates as a sensible basis for the quantification of insolvency practitioner remuneration and agreed that section 556 priorities do not apply when distributing trust assets.