

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

26 February 2014

Question: AET 3166-3167

Topic: Walton Collapse

Written: 26 February 2014

Senator DASTYARI asked:

3166. Does ASIC consider that a thorough examination of the mechanics of the Waltons collapse, including the transfer of money from Walton Qld and Walton Construction to trust funds ultimately controlled by Craig Walton, may improve the return to unsecured creditors?
3167. Does ASIC consider such an examination may enable it to make recommendations as to how regulation and oversight can be strengthened to reduce the exposure of unsecured creditors?

Answer:

- 3166 ASIC considers that an examination of the circumstances of the Walton collapse may assist in the recovery of assets for the benefit of unsecured creditors. This is a task which falls to the liquidators. However, recovery largely depends on whether there are grounds for recovery of funds and, on the ability of those persons or entities to repay money or property transferred to them prior to the collapse of the Walton Group of companies.
- 3167 ASIC considers that a review of the facts and circumstances surrounding the failure of the Walton Group and the appointment of external administrators might assist in developing regulatory oversight. ASIC did apply to the Federal Court of Australia seeking the removal and replacement of the liquidators on the grounds of a perceived lack of independence and also sought a declaration from the court that the liquidators' declarations of independence, relevant relationships and indemnities (DIRRI) were inadequate. The Court did not grant ASIC's application and ASIC has now appealed that decision. The appeal hearing is set down for 5 May 2014.

The outcome of the appeal hearing might highlight to ASIC that existing regulation requires legislative change which ASIC could then raise with Government; noting that any change to regulation would be a matter for Government.