



2006 ANNUAL REPORT OF THE INTERNATIONAL ASSOCIATION OF INSOLVENCY REGULATORS

I am pleased to report on the operations and activities of the International Association of Insolvency Regulators (IAIR) for 2006.

The report covers the following:

- 2006 Annual General Meeting
- Membership and Executive Committee
- Achievement of objectives
- Executive support to the Association

1 **2006 Annual General Meeting**

- 1.1 The 2006 Annual General Meeting & Conference of the Association was held in Mexico City on 23-26 April 2006. A reception function was hosted by the Chairman on the evening of 23 April, allowing delegates to renew acquaintances with old colleagues and meet new people. The meeting was attended by 49 delegates from 22 member and observer organisations and the World Bank. This included delegates from the relevant agencies of Bermuda, the Czech Republic, Peru and the Russian Federation which had not previously been represented.
- 1.2 The meeting was opened with a keynote address by the Honourable Mariano Azuala, Chief Justice of the Supreme Court of Mexico. The formal Annual General Meeting business covered the Record of the Helsinki 2005 meeting, the Annual Report, Financial Statements and Executive Director's Report, all of which were noted and endorsed. The annual membership fee was approved at US\$1,000. The meeting decided to reappoint Terry Gallagher, Insolvency & Trustee Service Australia, as the Chairman for another year and appointed a new Executive Committee for a two years period (see more detail below at para 2.4).
- 1.3 A dinner, sponsored by Citibank/Banamex at their historical and impressive headquarters building which was once the central bank, was held on the evening of 24 April. The main conference dinner on the evening of 25 April was held at the residence of our host the Director General of IFECOM, Luis Manuel Meján. It was extremely generous of Luis, his wife Marilú and family to invite the full group into their home. A most enjoyable evening was assured by the magnificent Mexican banquet prepared by Marilú and a plentiful supply of Luis' matured tequila; as well as great entertainment from a Mariachi band in full Mexican dress, who ensured that everyone attending participated actively. It was indeed a memorable occasion, marked by the subsequent presentation of an engraved Tiffany silver box (see last page).

2 **Membership and Executive Committee**

- 2.1 Membership of the Association at 31 December 2006 comprised 22 government departments, agencies and public authorities as follows:
 - Australian Securities & Investments Commission;
 - Insolvency & Trustee Service Australia;
 - Financial Services Commission, British Virgin Islands;



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- Office of the Superintendent of Bankruptcy, Canada;
- Ministry of Commerce, People's Republic of China;
- Bankruptcy Ombudsman's Office, Finland;
- Official Receiver, Hong Kong;
- Department of Company Affairs, India;
- Department of Enterprise Trade & Employment, Ireland;
- Office of the Director of Corporate Enforcement, Ireland;
- Viscount's Department, Jersey;
- Department of Insolvency, Malaysia;
- Instituto Federal de Especialistas de Concursos Mercantiles, Mexico;
- Insolvency & Trustee Service, New Zealand;
- Masters of the High Court, South Africa;
- Insolvency & Public Trustee's Office, Singapore;
- Bankruptcy Supervision Agency, Serbia
- Ministry of Justice, Thailand;
- Insolvency Service, England & Wales;
- Insolvency Service, Northern Ireland;
- Accountant in Bankruptcy, Scotland; and
- Administrative Office of the United States Court (Bankruptcy).

- 2.2 We were delighted to welcome a new member, the Bankruptcy Supervision Agency, Serbia, in 2006. In addition three observer agencies, the Ministry of Justice, the Czech Republic, the State Insolvency Administration Agency, Latvia, and the Ministry of Economic Development and Trade, Russian Federation, indicated their intention to become members in 2007 (and became members in 2007). The Department of Enterprise Trade & Employment, Ireland, withdrew its membership in 2007: Ireland continues to be represented by the Office of the Director of Corporate Enforcement.
- 2.3 A number of government officials from non-member organisations have attended Conferences as observers. This is encouraged as it provides an opportunity for them to see at first hand, and contribute to, the Association's operations prior to committing to becoming members: it also provides member organisations with a wider perspective of developments in other jurisdictions.
- 2.4 A new Executive Committee was appointed for a two year period at IAIR Mexico City 2006. The members are: Insolvency & Trustee Service Australia; Office of the Superintendent of Bankruptcy, Canada; Department of Insolvency, Malaysia; Instituto Federal de Especialistas de Concursos Mercantiles, Mexico; Insolvency & Trustee Service, New Zealand; Masters of the High Court, South Africa; Legal Execution Department, Thailand; and The Insolvency Service, United Kingdom - England and Wales.
- 2.4 The Insolvency & Trustee Service Australia provides the Secretariat services for the Association and operates and manages the Association's bank account.
- 2.5 Terry Gallagher, Inspector-General in Bankruptcy, Insolvency & Trustee Service Australia, was reappointed as Chairman at the meeting. Peter Joyce is engaged as the Association's Executive Director.
- 2.6 The membership contribution for 2006 remained at US\$1,000



3 Achievement of Objectives

3.1 The objectives of IAIR are:

- To promote liaison, cooperation and discussion amongst government insolvency regulators; and
- To be recognised as an international body with the knowledge and credibility to promote fair, effective and efficient systems for the administration of insolvencies.

The Association has been active in pursuing these objectives through a range of strategies and initiatives, as follows:

Annual Conferences
Workshops
Website
Project Work
Work with Multinational Bodies
Bilateral Contact and Cooperation

Annual Conferences

- 3.2 The IAIR's annual conferences, held in conjunction with the annual general meetings, are the principal forum through which liaison, cooperation and discussion is promoted. The 2006 conference in Mexico City covered a wide variety of subject matters and issues, including reports on projects commissioned at previous meetings. The participation and interaction between delegates on all items was most pleasing. The meeting decided on specific issues that would be the subject of further project work by the Association during the forthcoming year. A detailed record of the meeting will be available for endorsement at IAIR Bangkok 2007.
- 3.3 It has become the practice to give some emphasis at our annual conferences to the development of insolvency systems in the region of the host country and accordingly Latin America was a focus for Mexico City. We were greatly assisted in this respect by the attendance of Adolfo Rouillon from the World Bank, who led a session on recent developments and future challenges in Latin America, and by the attendance for the first time of delegates from Peru.

Workshops

- 3.4 The Association has adopted a practice since 1994 of conducting workshops to widen the reach of the Association. Workshops are scheduled to coincide with INSOL or other international conferences and are directed at government agencies which are not currently members but may be interested in joining IAIR or participating in its activities. Workshops take the form of a one day discussion, with some member agencies attending to share their experience with IAIR and non member agencies being invited to speak about developments in their jurisdiction. Workshops have been held in Prague (1994), Bucharest (2006), Cape Town (2007) and Belgrade (2007). Generally the Workshops have proven to be effective and valued by the participants; and the Association has gained new membership from them. A separate report on the effectiveness of Workshops and the future approach to them is on the agenda for IAIR Bangkok 2007.



Website

- 3.5 The Association maintains a website <http://insolvencyreg.org/> which contains information about the Association and how to join; current and recent activities, projects and publications; member profiles; links to member websites and other international bodies; and a members' only section. The website considerably enhances members' and observers' ability to communicate and to gain access to information. During the year there were over 27,000 visits to the site, 'About IAIR', 'Publications' and 'Contact Details' being the most popular sections of the site. These statistics attest to the effectiveness of the website, particularly as a strategy in achieving the Association's second objective. The opportunity exists for more use to be made of the site, and it remains a challenge to keep the information updated.

Project Work

- 3.6 The Association undertakes project work on topics of interest. There is no shortage of candidates for projects and those chosen, usually one or two per year, are in keeping with the capacity of the Association to handle them, and specifically the time available to the member representatives who agree to lead and coordinate the work. These representatives are all fully occupied in their home agency so the time they devote to this work is greatly appreciated by all members. Projects have been undertaken on: Recognition and Reciprocity, No Asset Insolvencies, Phoenix Companies, e-Filing, Student Loans and Employee Entitlements. New projects agreed at Mexico City are: Consumer Bankruptcy and Revenues and User Fees, reports on which will be presented to the IAIR Bangkok 2007 conference.

Work with Multinational Bodies

- 3.7 The Association has over a number of years worked with the World Bank in the development of principles and guidelines for the establishing and implementing standards for, and the regulation of, insolvency practitioners. Discussions are ongoing as to how the Association might continue to support the work of the Bank.

Bilateral Contact and Cooperation

- 3.8 The Association provides a very valuable forum for the establishment of one to one contacts and relationships. This enables individuals from our various agencies to obtain information or assistance from a fellow member agency; whether it be in the form of advice on particular aspects of another's system, assistance in the conduct of a particular administration, obtaining copies of documents, or visits to other countries to discuss legislation or other developments. There are many examples of this occurring each year, which reflects well on the spirit of support and cooperation with the Association and the benefits derived from it. We might consider ways of better recording these contacts between members and observer agencies.

4 Financial Position

- 4.1 The 2006 financial statement shows that the Association is in a healthy position. It operated with a surplus of \$US 1,463.24 in 2006 and at 31 December 2006 had accumulated funds amounting to \$US 41,630.46.
- 4.2 I will be recommending to IAIR Mexico 2006 that the membership contribution remains at US\$1,000.



5 Executive Support for IAIR

- 5.2 Our Executive Director, Peter Joyce's current appointment is for a two-year period ending at the end of the IAIR Annual General Meeting & Conference 2008. Peter has indicated that he is intending to stand down from this role after IAIR 2008. It will be desirable at IAIR Bangkok 2007 for the Association to give the Executive Committee the authority to negotiate future arrangements.
- 5.3 The company WebSupport by Rainer is currently contracted to undertake the maintenance and support of the website until 31 December 2007. The Association will need to decide whether to continue or replace this arrangement at IAIR Bangkok 2007.

6 Conclusion

- 6.1 I believe that 2006 was another productive year for the IAIR. This was due to the exceptional efforts of a number of member organisations and here I acknowledge in particular Luis Meján and his staff from IFECOM for hosting the 2006 General Meeting. Mike Norris from the UK Insolvency Service and Ginette Trahan from OSB Canada also deserve special acknowledgement for leading the two projects undertaken this year, and Peter Joyce has again worked 'above and beyond' and has provided wonderful advice and counsel.
- 6.2 I will be standing down as the IAIR Chairman at IAIR Bangkok 2007. I have been privileged to be the Chairman since 2001 and have thoroughly enjoyed my time. It is, as they say, time to move on and I wish the new Chairman and the Association every success into the future.

Terry Gallagher
IAIR Chairman

**Tiffany Silver Box presented to Luis and Marilú
Meján Ganem "With our gratitude for your
hospitality and generosity – IAIR Mexico City 2006"**



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