

# INSOLVENCY ORDINANCE 1951.<sup>(1)</sup>

## No. 64 of 1951.

### An Ordinance to provide for the Distribution of the Estates of Insolvent Debtors amongst their Creditors and their Release from their Debts and for other purposes.

**B**E it ordained by the Administrator of the Government of the Commonwealth of Australia, with the advice of the Federal Executive Council, in pursuance of the powers conferred by the *Papua and New Guinea Act 1949-1950*, as follows:—

#### PART I.—PRELIMINARY.

1. This Ordinance may be cited as the *Insolvency Ordinance* 1951.<sup>(1)</sup> Short title.

2.—(1.) The Ordinances specified in the Schedule to this Ordinance are repealed. Repeal and amendment.

(2.) The Third Schedule to the *Laws Repeal and Adopting Ordinance 1921-1939*<sup>(2)</sup> of the Territory of New Guinea is amended by omitting the words "*Insolvency Ordinance 1912*."

3. All matters which, immediately before the commencement of this Ordinance, were pending in the insolvency jurisdiction of the court under either an Ordinance repealed by this Ordinance or under the *Insolvency Ordinance, 1912*<sup>(3)</sup> of the Territory of Papua in its application to the Territory of New Guinea, may be continued and completed, and appeals arising out of any such matters may be instituted, heard and determined, as if this Ordinance had not been made. Saving.

4. This Ordinance is divided into Parts as follows:— Division.

Part I.—Preliminary (Sections 1-7).

Part II.—Constitution and Powers of Court and Practice (Sections 8-26).

(1) Particulars of this Ordinance are as follows:—

Date on which made by Cwth. Administrator in Council.	Date on which notified in <i>Cwth. Gaz.</i>	Date on which took effect.
13.11.1951	13.11.1951	13.11.1951 ( <i>Cwth. Gaz.</i> of 13.11.1951)

(2) Now the *Laws Repeal and Adopting Ordinance 1921-1951*. The *Laws Repeal and Adopting Ordinance 1921-1939* is printed in *The Laws of the Territory of New Guinea 1921-1945 (Annotated)*, Vol. III., on pp. 3003-3012; as to subsequent amendments see the Supplementary Table printed Part C of Volume II.

(3) Printed in *The Laws of the Territory of New Guinea 1921-1945 (Annotated)*, Vol. III., on pp. 2565-2625.

PART A : INSOLVENCY—

- Part III.—Debtors' Petitions (Sections 27-30).
- Part IV.—Creditors' Petitions (Sections 31-59).
- Part V.—Consequences of Adjudication—Custody and Vesting of Property (Sections 60-107).
- Part VI.—Administration of Property (Sections 108-149).
- Part VII.—Close of Insolvency and Certificate (Sections 150-162).
- Part VIII.—Supplemental Provisions (Sections 163-185).
- Part IX.—Liquidation by Arrangement (Sections 186-187).
- Part X.—Composition with Creditors (Sections 188-189).
- Part XI.—Offences (Sections 190-193).

Interpretation.

5. In this Ordinance, unless the contrary intention appears—

“creditor” means also any two or more persons being jointly interested as partners or otherwise and incorporated and joint stock companies;

“creditors present at any meeting” and “creditors assembled at any meeting” include creditors who are represented by some person duly authorized by such creditors in writing;

“debt provable in insolvency” includes any debt or liability by this Ordinance made provable in insolvency;

“examining District Commissioner” means any District Commissioner before whom any person is ordered to attend for examination under this Ordinance;

“property” means and includes money goods things in action land and every description of property whether real or personal also obligations easements and every description of estate interest and profit present or future vested or contingent arising out of or incident to property as above defined;

“Registrar” means Registrar of the court;

“Registry” means the office of the Registrar;

“secured creditor” means any creditor holding any mortgage charge or lien on the insolvent's estate or any part thereof as security for a debt due to him;

“the court” means the Supreme Court.

6. Whenever under this Ordinance it shall be necessary to compute a majority of creditors no creditor whose debt does not exceed Ten pounds shall be counted in reckoning a majority in number but the debt due to such creditor shall be taken into account in reckoning a majority in value.

7.—(1.) The provisions of this Ordinance shall have effect only in cases where the petition for adjudication of insolvency is presented after the commencement of this Ordinance but every act of insolvency petitioning creditors' debt or other thing existing or done before the commencement of this Ordinance which would have authorized proceedings in insolvency or have supported adjudication of insolvency under an Ordinance repealed by this Ordinance, or under the *Insolvency Ordinance, 1912* of the Territory of Papua in its application to the Territory of New Guinea, and which if it had existed or been done after the commencement of this Ordinance would have authorized proceedings in insolvency or have supported adjudication of insolvency under this Ordinance shall be sufficient to authorize proceedings in insolvency and to support adjudication of insolvency under this Ordinance.

Application of Ordinance to future insolvencies.  
Q. 38 Vic. No. 5, s. 7.

(2.) Any proceedings taken with a view to obtain adjudication of insolvency before the commencement of this Ordinance which if they had been instituted after such commencement would have supported adjudication of insolvency shall have the like validity effects and consequences as if they had been so instituted.

(3.) For the purpose of this section the words "proceedings in insolvency" shall include proceedings in any court of criminal jurisdiction for the punishment of any offence against the law of insolvency and proceedings in any court of civil jurisdiction in respect of or for the purpose of avoiding any conveyance assignment gift delivery or transfer of property or charge thereon or payment of money or other act or thing being an act of insolvency or fraudulent preference.

## PART II.—CONSTITUTION AND POWERS OF COURT.

### *Practice.*

8. The court shall be the court of insolvency.

All the powers by this Ordinance conferred upon the said court may be exercised by a single judge thereof.

Court to be court in insolvency.  
Q. *Id.* s. 8.

9. Any judge may sit in chambers for the despatch of such business as may without detriment to the public advantage arising from the discussion of questions in open court be heard in chambers and when sitting in chambers he shall have in all respects like power and jurisdiction as when sitting in court.

Judge may sit in chambers.  
Q. *Id.* s. 10.

10. Every judge in insolvency shall for the purposes of this Ordinance have all the powers and jurisdiction of a judge of the court and the orders of such judge may be enforced accordingly in the same manner as those of a judge of the court or in such other manner as may be prescribed.

Powers of judge in insolvency.  
Compare Q. *Id.* s. 11.

11. The court in insolvency may review rescind or vary any order made by it in pursuance of this Ordinance.

Court may review its orders.  
Q. *Id.* s. 14.

PART A : INSOLVENCY—

Special case  
may be stated.  
Q. 38 Vic.  
No. 5, s. 19.

12. In any insolvency or other proceeding within the jurisdiction of the court the parties concerned may at any stage of the proceedings state any question or questions in a special case for the opinion of the court. And if in such case it is stated that the decision of the court shall be final no appeal shall lie therefrom.

Mode of taking  
evidence.  
Q. *Ib.*, s. 20.

13. The court may in all matters within its jurisdiction at its discretion take the whole or any part of the evidence *viva voce* upon oath or by interrogatories in writing or upon affidavit or in any of such ways and may issue commissions for the purpose of taking evidence at any place either within or without the Territory.

Court may  
award costs.  
Q. *Ib.* s. 21.

14. The court may award costs in any matters under this Ordinance and costs so awarded shall be recoverable in the same manner as costs awarded by an order of the court and the like remedies may be had on an order under this Ordinance for costs as on any such order of the court or such other remedies as may be prescribed.

General power  
of the court.  
Q. *Ib.* s. 22.

15. Subject to the provisions of this Ordinance the court shall have full power to decide all questions of priorities and all other questions whatsoever whether of law or fact arising in any case of insolvency coming within the cognizance of the court or which the court may deem it expedient or necessary to decide for the purpose of doing complete justice or making a complete distribution of property in any such case.

Commitment  
to prison.  
Q. *Ib.* s. 26.

16. Where the court commits any person to prison the commitment may be to such convenient prison as the court thinks expedient and if the gaoler of any prison refuses to receive any prisoner so committed he shall be guilty of an offence and shall be liable for every such refusal to a penalty not exceeding One hundred pounds.

*General Rules.*

General rules  
may be made  
from time to  
time.  
Q. *Ib.* s. 27.

17. General rules<sup>(4)</sup> in this Ordinance described as rules of court may be made from time to time for the effectual execution of this Ordinance and of the objects thereof and the regulation of the practice and procedure upon insolvency petitions and the proceedings thereon and the said general rules may from time to time be revoked and altered.

All such rules shall be made by the Chief Judge.

Matters to be  
provided for  
by general  
rules.  
Q. *Ib.* s. 28.

18. Any general rules<sup>(4)</sup> made as aforesaid may prescribe regulations:  
as to the service of insolvency petitions including provisions for substituted service;

(4) No rules made in pursuance of these sections have been published in Papua and N.G. *Govt. Gaz.* before 1.1.1952.

- as to the valuing of any debts provable in an insolvency;
- as to the valuation of securities held by creditors;
- as to the giving or withholding interest or discount on or in respect of debts or dividends;
- as to the funds out of which costs are to be paid the order of payment and the amount of taxation thereof;
- as to the fees to be charged and collected for any business done by the court of insolvency or any officer thereof and as to whether the same shall be collected by stamps or otherwise; and
- as to any other matter or thing whether similar or not to those above enumerated in respect to which it may be expedient to make rules for carrying into effect the objects of this Ordinance;

and any rules so made shall be deemed to be within the powers conferred by this Ordinance and shall be of the same force as if they were enacted in this Ordinance.

19. Until rules have been made in pursuance of this Ordinance and so far as such rules do not extend the principles practice and rules<sup>(5)</sup> on which the court has heretofore acted in dealing with insolvency proceedings shall be observed by the court in insolvency cases under this Ordinance.

Continuance of rules in force.  
Q. 38 Vic. No. 5, s. 29.

*Application of the Ordinance to Debtors.*

20. Companies corporate or registered under—
- (a) the *Companies Ordinance, 1912-1947*<sup>(6)</sup> of the Territory of Papua; or
  - (b) the *Companies Ordinance, 1912-1926*<sup>(7)</sup> of the Territory of Papua in its application to the Territory of New Guinea as amended from time to time,

Joint stock companies excluded.  
Q. *Ib.* s. 30, altered.

shall not be adjudged insolvent under this Ordinance.

21. Except as aforesaid the provisions of this Ordinance respecting adjudication of insolvency shall extend and be applicable to all debtors resident within the Territory or having property within the Territory.

Otherwise this Ordinance to apply.  
Q. *Ib.* s. 31.

*Practice.*

22. All adjudications of insolvency shall be made by the court or a judge and not otherwise.

Adjudication to be by the court.  
Q. *Ib.* s. 32.

23. Proceedings for adjudication of insolvency shall be by petition.

Proceedings to be by petition.  
Q. *Ib.* s. 33.

(5) No Rules of Court relating to insolvency have been published in Papua and N.G. *Govt. Gaz.* See, however, Section 8 of the *Supreme Court Ordinance 1949*, printed in this Volume on pp. 290-295.

(6) The *Companies Ordinance, 1912-1926* is printed in *The Laws of the Territory of Papua 1888-1945 (Annotated)*, Vol. I., on pp. 353-477. As to subsequent amendments see the footnotes to that Ordinance and the Supplementary Table printed in Part B of Volume II.

(7) Printed in *The Laws of the Territory of New Guinea 1921-1945 (Annotated)*, Vol. I., on pp. 291-405.

## PART A : INSOLVENCY—

Petition when presented and how.

Q. 38 Vic. No. 5, s. 34. Annulling adjudication. Q. *Ib.* s. 39.

**24.** Any petition for adjudication of insolvency may be presented at and filed in the registry.

**25.** Any person prejudicially affected by any adjudication of insolvency may within the prescribed time and on the prescribed notice to all parties apply to the court to annul the adjudication and if sufficient cause be shown the court shall annul the same accordingly.

### *Appeals to High Court.*

Appeals to High Court.

**26.** No appeal shall lie to nor leave to appeal be granted by the High Court from a decision or order of the court in the exercise of its jurisdiction under this Ordinance, unless, within three months from the date of the decision or order—

(a) an application for leave to appeal from the decision or order is filed in the Principal Registry or a District Registry of the High Court; and

(b) notice of the filing of the application is given to the Registrar of the court.

## PART III.—DEBTORS' PETITIONS.

Debtor's petition.

Q. *Ib.* s. 40.

**27.** Any debtor may petition for adjudication of insolvency against himself and the filing of such petition shall be an act of insolvency.

Form of debtor's petition.

Q. *Ib.* s. 41.

**28.** Debtors' petitions may be in the following form or to the like effect—

To the Supreme Court of the Territory of Papua and New Guinea.

The petition of A.B. of \_\_\_\_\_ sheweth that your petitioner is unable to meet his engagements with his creditors.

Your petitioner therefore prays that he may be adjudicated insolvent.

and shall be signed by the petitioner and attested by some justice of the peace or commissioner for affidavits or the Registrar.

Petitions by partnerships.

Q. *Ib.* s. 42.

**29.** A petition for insolvency against a partnership may be presented by the majority of the members thereof who at the time of presenting the petition are usually resident within the Territory.

Adjudication on petition.

Q. *Ib.* s. 43.

**30.** When a debtor's petition shall have been presented the court shall forthwith after such presentation proceed to adjudicate thereon and upon due proof make adjudication of insolvency against the petitioner.

## PART IV.—CREDITORS' PETITIONS.

Acts of insolvency.

Q. *Ib.* s. 44.

**31.** Any debtor liable to the provisions of this Ordinance who shall have committed any of the following acts shall be deemed to have committed an act of insolvency and shall be liable to be

adjudicated insolvent upon the petition of any creditor or creditors competent to present such petition that is to say—

- (1) If the debtor has in the Territory or elsewhere made a conveyance or assignment of his property to a trustee or trustees for the benefit of his creditors generally.
- (2) If the debtor has in the Territory or elsewhere made a fraudulent conveyance gift delivery or transfer of his property or any part thereof.
- (3) If the debtor has with intent to defeat or delay his creditors done any of the following things namely—  
departed out of the Territory or being out of the Territory remained out of the Territory or departed from his dwelling-house or otherwise absented himself or begun to keep house.
- (4) If the debtor has filed in the prescribed manner a declaration admitting his inability to pay his debts.
- (5) If the debtor has presented a petition for adjudication of insolvency against himself under Part III. of this Ordinance.
- (6) If an execution issued against a debtor on any legal process for the purpose of obtaining payment of not less than Fifty pounds has been levied by seizure and the debtor has not *bona fide* satisfied such process by payment or otherwise within four days from such seizure.
- (7) If the debtor has after the presentation of a petition for adjudication of insolvency against him paid given or delivered or caused to be paid given or delivered to the creditor or creditors presenting such petition money or any satisfaction as security for his or their debt or debts or any part thereof whereby the petitioning creditor or creditors may receive more in the pound than other creditors.
- (8) If the debtor has given or executed any fraudulent warrant of attorney or *cognovit actionem*.
- (9) If the creditor presenting the petition has served on the debtor in the prescribed manner a debtor's summons requiring him to pay a sum due of an amount of not less than Fifty pounds and the debtor has for such time succeeding the service of the summons as may be specified therein neglected to pay such sum or to secure or compound for the same to the satisfaction of the creditor.
- (10) If a debtor having against him the sentence judgment or decree of any competent court and being thereunto required has failed to satisfy the same or to point out to the officer charged with the execution thereof sufficient disposable property to satisfy the same.

PART A: INSOLVENCY—

- (11) If at any meeting of his creditors a debtor shall have consented to present a petition under Part III. of this Ordinance and shall not within forty-eight hours from the time of such consenting (or such further time as may be rendered necessary by illness distance or other sufficient cause) have presented such petition.
- (12) If at any meeting of his creditors a debtor shall have admitted that he is unable to meet his engagements or shall offer a composition of less than Twenty shillings in the pound in cash and having been requested by a majority of the creditors present at such meeting to present a petition under Part III. of this Ordinance shall not within forty-eight hours after such request (or such further time as may be rendered necessary by illness distance or other sufficient cause) have presented such petition.
- (13) If a debtor has given or made any preference to or in favour of any creditor which if the debtor were adjudicated insolvent under this Ordinance would be deemed a fraudulent preference of such creditor.
- (14) If a debtor has been adjudged or declared bankrupt or insolvent in any British court out of the Territory having jurisdiction in bankruptcy or insolvency or for the relief of insolvent debtors or has presented a petition to any such court praying adjudication of bankruptcy or insolvency against himself

Act of insolvency must be committed within six months prior to presentation of petition.

Q. 38 Vic. No. 5, s. 45.

Amount of petitioning creditor's debt.

Q. Ib. s. 46.

**32.** No person shall be adjudged an insolvent on any of the grounds in the last preceding section mentioned unless the act of insolvency on which the adjudication is grounded has occurred within six months before the presentation of the petition for adjudication.

**33.—**(1.) A single creditor if the debt due to him by a debtor amounts to Fifty pounds or upwards or two creditors not being partners if the aggregate amount of debts due to them by a debtor amounts to Seventy pounds or upwards or three or more creditors not being partners if the aggregate amount of debts due to them by a debtor amounts to One hundred pounds or upwards may present a petition to the court praying that the debtor be adjudged an insolvent and alleging as the ground for such adjudication any one or more of the acts or defaults hereinbefore defined to be acts of insolvency.

(2.) Any number of creditors in partnership shall for the purposes of this section be deemed to be a single creditor.

Nature of petitioning creditor's debt.

Q. Ib. s. 47.

**34.** The debt of the petitioning creditor must be a liquidated sum due at law or in equity and subsisting as well at the time when the act of insolvency was committed as at the time of presenting the petition.



It must not be a secured debt unless the petitioner state in his petition that he will be ready to give up such security for the benefit of the creditors in the event of the debtor being adjudicated an insolvent or unless the petitioner gives an estimate of the value of his security in which latter case he may be admitted as a petitioning creditor to the extent of the balance of the debt due to him after deducting the value so estimated.

But in such case he shall on an application being made by the trustee within the prescribed time after the date of adjudication give up his security to such trustee for the benefit of the creditors upon payment of such estimated value.

Provided that any person who has given credit to a debtor for valuable consideration for any sum payable at a certain time which time had not elapsed when the act of <sup>(7a)</sup> insolvency was committed may petition or join in petitioning whether the time for payment has arrived at the date of presenting the petition or not.

**35.** A debtor's summons may be granted by a judge of the court on a creditor proving to his satisfaction that a debt sufficient to support a petition in insolvency is due to the creditor from the person against whom the summons is sought and that the creditor has failed to obtain payment of his debt after using reasonable efforts to do so.

Proceedings  
in relation to  
a debtor's  
summons.  
Q. 38 Vic.  
No. 5, s. 48.

The summons shall be in the prescribed form resembling as nearly as circumstances admit a writ issued by the court.

It shall state that in the event of the debtor failing to pay the sum specified in the summons or to compound for the same to the satisfaction of the creditor a petition may be presented against him praying that he may be adjudged an insolvent.

The summons shall have an indorsement thereon to the like effect or such other prescribed indorsement as may be best calculated to indicate to the debtor the nature of the document served upon him and the consequences of inattention to the requisitions therein made.

**36.** Any debtor served with a debtor's summons may apply to a judge of the court in the prescribed manner and within the prescribed time to dismiss such summons on the ground that he is not indebted to the creditor serving such summons or that he is not indebted to such amount as will justify such creditor in presenting an insolvency petition against him and such judge may dismiss the summons with or without costs if satisfied with the allegations made by the debtor or it <sup>(7b)</sup> may upon such security (if any) being given as may seem just for payment to the creditor of the debt alleged by him to be due and the costs of establishing such debt stay all proceedings on the summons for such time as will be required for the trial of the question relating to such debt.

Debtor may  
apply to dismiss  
summons.  
Q. 17, s. 49.

(7a) The word " of " has been substituted for the word " or " pursuant to Sec. 11 of the *Laws of the Territory (Proof and Printing) Ordinance 1951*.

(7b) The word " it " appeared in the original Ordinance *Semle*, it should have been omitted.

## PART A : INSOLVENCY—

Such trial shall be had either before the court or a judge or some other court by law competent to try and determine questions relating to debts of a like amount.

**37.** Creditors' petitions for adjudication of insolvency may be in the form following or to the like effect—

To the Supreme Court of the Territory of Papua and New Guinea.

The humble petition of A.B. of &c.

Showeth that C.D. of E. merchant [*or as the case may be*] is indebted to him in the sum of £

That your petitioner is informed and believes that the said C.D. lately and whilst so indebted to your petitioner committed an act of insolvency that is to say [*here state act or acts of insolvency relied on*].

Your petitioner therefore prays that the said C.D. may be adjudged insolvent.

**38.** In petitions the following short statements of acts of insolvency may be used and if such or the like statements are used they shall be sufficient—

- (1) Made a conveyance [*or assignment*] of his property for his creditors.
- (2) Made a fraudulent conveyance [*or gift or delivery or transfer*] of his property [*or part of his property*] to wit to E.F.
- (3) With intent to defeat [*or delay*] his creditors departed out of the Territory [*or remained out of the Territory or &c.*].
- (4) Filed a declaration of insolvency.
- (5) Filed an insolvency petition.
- (6) Suffered his property to be seized in execution for Fifty pounds [*and upwards*] and detained for four days.
- (7) Fraudulently preferred a petitioning creditor to wit E.F.
- (8) Gave a fraudulent warrant of attorney [*or cognovit actionem*].
- (9) Failed for \_\_\_\_\_ days to pay secure or compound a debt of £ \_\_\_\_\_ which he was required to pay by a debtor's summons.
- (10) Failed to satisfy or point out property to satisfy an execution.
- (11) At a creditors' meeting consented to present an insolvency petition and failed to do so for forty-eight hours without excuse.
- (12) At a creditors' meeting admitted his insolvency [*or offered a composition*] and being requested by a majority of creditors to present an insolvency petition failed to do so for forty-eight hours without excuse.
- (13) Made a fraudulent preference of a creditor to wit E.F.
- (14) Was adjudged insolvent [*or bankrupt*] in the State of Victoria [*or as the case may be*] or presented a petition in the State of Victoria [*or as the case may be*] for adjudication of insolvency [*or bankruptcy against himself*].

**39.** Petitions must except as hereinafter provided be verified by the oath of the petitioner or petitioners.

When the petitioning creditor is a body corporate or joint stock company or company authorized to sue in the name of a public officer the petition may be verified by the manager secretary or other authorized officer of such body corporate or company.

When the petitioning creditors are two or more persons in partnership the petition may be verified by one only of the partners.

Form of  
creditors'  
petitions.

Q. 38 Vic.  
No. 5, s. 50.

Concise  
statements  
of acts of  
insolvency.

Q. *Ib.* s. 51.

Verification.  
Q. *Ib.* s. 52.

Verification  
of petition of  
corporations.

Verification  
of petition of  
partnership.

When the petitioning creditor is out of the Territory the petition may be verified by his attorney or agent within the Territory duly authorized in that behalf.

Verification of petition of foreigners.

40. The petition shall be signed by the petitioner or some person by this Ordinance authorized to verify the same.

Signature of petitioner.  
Q. 38 Vic. No. 5, s. 53.

41. The verification shall be by affidavit in the form following or to the like effect and annexed to or subscribed to the petition—  
I.X.Y. of &c. make oath and say that the statements in the above [or the annexed] petition are to the best of my belief true in substance and in fact.

Form of verification.  
Q. Ib. s. 54.

And such affidavit shall be sufficient *prima facie* evidence to support the petition.

42. Whenever a petition is verified by any person other than the petitioner or one of the petitioners such person shall in addition to verifying the same show also in his affidavit accompanying the petition that he is authorized under this Ordinance to verify the petition.

Authority to present petition to be verified.  
Q. Ib. s. 55.

43. Every petition under this part of the Ordinance shall be served upon the debtor.

Petitions must be served.  
Q. Ib. s. 56.

44. The copy of the petition served shall have indorsed thereon a summons in the form following or to the like effect—  
To the within-named C.D.

Indorsement on petitions for service.  
Q. Ib. s. 57.

You are hereby required to enter an appearance to the within petition at the Supreme Court Office Port Moresby within days from the service hereof on you exclusive of the day of service otherwise you will be adjudicated insolvent.

which summons shall be signed by the Registrar and sealed with the seal of his office.

45. Service of petitions under this Part of the Ordinance may be effected either personally or in such other manner as may be prescribed or as the court upon the application of the petitioner may direct.

Mode of service.  
Q. Ib. s. 58.

46. If at the expiration of four days after the day of service or such further time as may be prescribed or as the court may think necessary to enable the debtor to appear the debtor shall not have entered an appearance to the petition at the place appointed by the summons the court or a judge may proceed at any time thereafter upon due proof of service to adjudicate the debtor insolvent.

Proceedings if no appearance entered.  
Q. Ib. s. 59.

No fee shall be demanded of a debtor for entering an appearance to a petition.

No fee for appearance.

47. If the debtor shall appear the petition shall be set down for hearing in chambers before a judge.

Proceedings on appearance.  
Q. Ib. s. 61.

PART A : INSOLVENCY—

Affidavits showing cause may be filed.  
Q. 38 Vic. No. 5, s. 62.

48. Any debtor intending to show cause against any petition may file any affidavit or affidavits intended to be used by him for that purpose in the registry.

Proceedings at hearing of petition.  
Q. *Ib.* s. 63.

49. When the debtor appears the court at the hearing of the petition shall require proof of the debt of the petitioning creditor and of the act of insolvency or if more than one act of insolvency is alleged in the petition of some one of the alleged acts of insolvency and if satisfied with such proof shall adjudge the debtor to be insolvent.

The court may adjourn the petition either conditionally or unconditionally for the procurement of further evidence or for any other just cause or may dismiss the petition with or without costs as the court thinks just.

Proceedings if debt of petitioning creditor contested.  
Q. *Ib.* s. 64.

50. Where the debtor appears on the petition and denies that he is indebted to the petitioner or that he is indebted to such amount as would justify the petitioner in presenting an insolvency petition against him the court upon such security (if any) being given as the court may require for payment to the petitioner of any debt which may be established against him in due course of law and of the costs of establishing such debt may stay all proceedings on the petition for such time as may be required for trial of the question relating to such debt and such trial shall be had in manner hereinbefore provided with respect to disputed debts under debtors' summonses.

Where proceedings stayed court may adjudge debtor insolvent on petition of another creditor.  
Q. *Ib.* s. 65.

51. Where proceedings are stayed under the last preceding section the court may if by reason of the delay caused by such stay of proceedings or for any other cause it thinks just adjudge the debtor an insolvent on the petition of some other creditor and shall thereupon dismiss upon such terms as it thinks just the petition proceedings in which have been stayed as aforesaid.

On payment by debtor to petitioning creditor the latter shall forfeit his debt and pay it to trustee.  
Q. *Ib.* s. 66.

52. If any debtor after the presentation of a petition for adjudication of insolvency against him shall pay money to the petitioning creditor or give or deliver or procure to be given or delivered to him any satisfaction or security for his debt whereby such petitioning creditor may receive more in the pound in respect of his debt than the other creditors such petitioning creditor shall forfeit his whole debt and shall also repay or deliver up such money or satisfaction or security or the full value thereof to the trustee.

Petitioning creditor to pay costs of proceedings.  
Q. *Ib.* s. 67.

53. The petitioning creditor shall defray the costs and expenses of all proceedings in the insolvency until and inclusive of the order of adjudication and such costs and expenses having been first taxed shall be repaid to him out of the first moneys that shall be received from the estate of the insolvent.

54. Any creditor of a partnership may in like manner as aforesaid present a petition for adjudication of insolvency against all or any one or more of the members of the partnership if any of the partners has committed an act of insolvency in respect of the estate of the partnership.

Petitions  
against  
partnerships.  
Q. 38 Vic.  
No. 5, s. 68.

And every order of adjudication made thereon shall be valid although it do not include all the partners. And after such order is made the like proceedings shall be had and taken thereon and concerning such estate and such partner or partners as are herein provided to be had and taken concerning other estates and persons.

But nothing herein contained shall extend or be construed to prevent any creditor of any partnership from proceeding against any partner or the separate estate of any partner thereof in respect of debts due by the partnership in the same way as he might proceed against him in respect of debts due by such partner in his individual capacity.

#### *General Provisions.*

55. Every order of adjudication made under Parts III. and IV. of the Ordinance shall specify a time and place at which the debtor is to come in and deliver to the trustee a full true and accurate statement verified on oath of his debts and liabilities of every kind and of the names and residences so far as known of his creditors and of the causes of his inability to meet his engagements.

Time for  
delivery of  
statement of  
debts, &c., to  
trustee.  
Q. *Ib.* s. 69.

56.—(1.) A copy of the order of the court adjudging the debtor to be insolvent shall be published in the *Gazette* and be advertised locally in such manner (if any) as may be prescribed and the date of such order shall be the date of the adjudication for the purposes of this Ordinance.

Advertisement  
of order of  
adjudication.  
Q. *Ib.* s. 70.

(2.) The production of a copy of the *Gazette* containing such order as aforesaid shall be conclusive evidence in all legal proceedings of the debtor having been duly adjudged an insolvent and of the date of the adjudication so that it shall not be necessary in any such proceedings to prove any petitioning creditor's debt or act of insolvency in order to support the adjudication.

Order  
conclusive  
evidence.

#### *Absconding Debtors.*

57.—(1.) If after a debtor's summons has been granted and before a petition for adjudication of insolvency is presented against the debtor it appears to the court that there is probable reason for believing that the debtor is about to leave the Territory or to quit his place of residence with a view of avoiding payment of the debt for which the summons has been granted or of avoiding

The court  
may cause  
absconding  
debtors to be  
arrested.  
Q. *Ib.* s. 71.

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service of a petition of insolvency or of avoiding appearing to such petition or of avoiding examination in respect of his affairs or otherwise avoiding delaying or embarrassing proceedings in insolvency the court may by warrant addressed to any constable or prescribed officer of the court cause the debtor to be arrested and safely kept as prescribed until such time as the court may order.

Preserving right of the debtor to apply to dismiss the summons.

(2.) Nothing in this section contained shall be construed to alter or qualify the right of the debtor to apply to the court in the prescribed manner to dismiss the summons or to pay secure or compound for the debt within the time in this Ordinance provided without being deemed to have committed an act of insolvency.

Discharge of the debtor.

(3.) Upon any such payment or composition being made or such security offered as the court thinks reasonable the debtor shall be discharged out of custody unless the court otherwise order.

What arrests are valid.

(4.) No arrest under this section shall be valid unless the debtor be served with the debtor's summons before or at the time of his arrest.

Payment or security for debt after arrest.

(5.) No payment or composition of a debt made or security for the same given after an arrest made under this section shall be exempted from the provisions of this Ordinance relating to fraudulent preferences.

Arrest of insolvent under certain circumstances.  
q. 38 Vie.  
No. 5, s. 72.

**58.** The court may by warrant addressed to any constable or prescribed officer of the court cause a debtor to be arrested and any books papers moneys goods and chattels in his possession to be seized and him and them to be safely kept as prescribed until such time as the court may order under the following circumstances—

- (1) If after a petition of insolvency is presented against such debtor it appear to the court that there is probable reason for believing that he is about to leave the Territory or to quit his place of residence with a view of avoiding service of the petition or of avoiding appearing to the petition or of avoiding examination in respect of his affairs or otherwise delaying or embarrassing the proceedings in insolvency.
- (2) If after a petition in insolvency has been presented against such debtor it appear to the court that there is probable cause for believing that he is about to remove his goods or chattels with a view of preventing or delaying such goods or chattels being taken possession of by the trustee or that there is probable ground for believing that he has concealed or is about to conceal or destroy any of his goods or chattels or any books documents or writings which might be of use to his creditors in the course of his insolvency.

- (3) If after the service of the petition on such debtor or after an adjudication in insolvency against him he remove any goods or chattels in his possession above the value of Five pounds without the leave of the trustee or if without good cause shown he fails to attend any examination ordered by the court.

**59.**—(1.) The court may before adjudication summon to attend before itself or (in any place other than within the Central Division of the Territory of Papua) before any District Commissioner the debtor or any person whom it may think capable of giving any information concerning any act of insolvency committed by the debtor and may require any person so summoned to produce any books or documents in his possession or power.

Power to summon witnesses before adjudication.  
Q. 38 Vic. No. 5, s. 73.

(2.) The examining District Commissioner may examine such person and if such person being so summoned shall without reasonable excuse refuse or neglect to attend the examining District Commissioner may order by warrant such person to be arrested and brought before him for examination and may order the seizure of all or any of the books or documents which such person may have been ordered to produce and may also punish such person so refusing or neglecting to appear by fine not exceeding One hundred pounds or imprisonment not exceeding six months or both as in his discretion such examining District Commissioner may think fit.

**PART V.—CONSEQUENCES OF ADJUDICATION—CUSTODY AND VESTING OF PROPERTY.**

**60.**—(1.) The insolvency of a debtor whether the adjudication is made upon his own or a creditor's petition shall subject to the provisions of sub-section (2.) of this section be deemed to have relation back to and to commence at the time of the act of insolvency being completed on which the order is made adjudging him to be insolvent or if the insolvent is proved to have committed more acts of insolvency than one to have relation back to and to commence at the time of the first of the acts of insolvency that may be proved to have been committed by the insolvent within six months next preceding the presentation of the petition whereon the adjudication is founded.

Definition of commencement of insolvency.  
Q. *Ib.* s. 74.

(2.) The insolvency shall not relate to any such prior act of insolvency unless it be proved that at the time of committing such prior act the insolvent was indebted to some creditor or creditors in a sum or sums sufficient to support a petition in insolvency and that such debt or debts are still remaining due at the time of the adjudication.

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Creditors  
bound by  
insolvency.  
Q. 38 Vic.  
No. 5, s. 75.

**61.**—(1.) Where a debtor shall be adjudicated an insolvent no creditor to whom the insolvent is indebted in respect of any debt provable in the insolvency shall have any remedy against the property or person of the insolvent in respect of such debt except in manner directed by this Ordinance.

(2.) This section shall not affect the power of any creditor holding a security upon the property of the insolvent to realize or otherwise deal with such security in the same manner as he would have been entitled to realize or deal with the same if this section had not been passed.

Discharge of  
prisoner for  
debt or on  
*mesne* process.  
Q. *Ib.* s. 76.

**62.** Any person who shall be in custody of the sheriff or of any gaoler or officer under *mesne* process or in execution on any judgment decree or order for any debt or demand provable in insolvency shall upon adjudication of insolvency being made against him be entitled to apply to the court for and obtain an order discharging him out of custody in respect thereof either absolutely or on such terms as the court may think fit to impose and shall be discharged accordingly.

Power of  
court after  
presentation of  
petition to  
restrain suits,  
&c.  
Q. *Ib.* s. 77.

**63.** The court may at any time after the presentation of an insolvency petition against the debtor restrain further proceedings in any action suit execution or other legal process against the debtor in respect of any debt provable in insolvency or it may allow such proceedings whether in progress at the commencement of the insolvency or commenced during its continuance to proceed upon such terms as the court may think just.

The court may also at any time after the presentation of such petition appoint a receiver or manager of the property or business of the debtor against whom the petition is presented or of any part thereof and may direct immediate possession to be taken of such property or business or any part thereof.

Applications under this section may be made *ex parte*.

Official trustee.  
Compare  
Q. *Ib.* s. 78.

**64.** The Administrator may appoint an official trustee and in case the official trustee shall die or leave the Territory or be removed from his office may appoint another person to be official trustee in his room who shall thereupon succeed to all the rights powers duties and liabilities of his predecessor and in whom shall vest by virtue of his appointment without any conveyance or assignment for that purpose all the property vested in his predecessor as official trustee.

Security to  
be given by  
official trustee.  
Q. *Ib.* s. 79.

**65.** The official trustee shall before entering on his duties if required by the Administrator give such security by bond for the due performance thereof as the court shall direct.



**66.**—(1.) The official trustee shall pay into the public revenue of the Territory a sum at the rate of Five pounds for every hundred pounds that shall come to his hands as such trustee as the proceeds of property realized or debts collected by him while acting as such trustee.

Official trustee to pay into revenue five per cent. of sums collected by him.  
Q. 38 Vic. No. 5, s. 80.

(2.) Such percentage shall not be chargeable upon any moneys that shall come to his hands by devolution from any elected trustee that may have preceded him in his office.

**67.** Immediately upon the presentation of a petition for adjudication under Part III. of this Ordinance the official trustee shall take or cause to be taken possession of all the property of the petitioner wherever situate and shall retain the same in his possession and custody until adjudication of insolvency has been made or the petition has been dismissed.

Official trustee to take possession on debtor's petition being presented. Compare Q. Ib. s. 82.

**68.** Every order adjudging a debtor insolvent shall appoint some day not earlier than six days nor later than thirty days from the date of the order for holding a general meeting of his creditors for the election of a trustee.

Order for the election of trustee.  
Q. Ib. s. 83.

**69.** Until a trustee is elected by the creditors the official trustee shall be the trustee for the purposes of this Ordinance and immediately upon the order of adjudication being made the property of the insolvent shall forthwith pass to and vest in him and shall continue to be vested in him unless and until a trustee is elected as aforesaid.

Official trustee to act until trustee is elected. Compare Q. Ib. s. 84.

**70.** The official trustee shall upon his appointment take or cause to be taken possession of the property of the insolvent and shall cause such of the same as is of a perishable nature to be sold and shall preserve the residue thereof until after the time for the election of a trustee as therein provided shall have elapsed.

Power and duty of trustee.  
Q. Ib. s. 85.

**71.** When an order has been made adjudging a debtor insolvent the property of the insolvent shall become divisible amongst his creditors in proportion to the debts proved by them in the insolvency.

Property of insolvent how divisible.  
Q. Ib. s. 86.

**72.** The property of the insolvent divisible amongst his creditors and in this Ordinance referred to as the property of the insolvent shall not comprise the following particulars:—

Descriptions of insolvent's property divisible amongst creditors.  
Q. Ib. s. 87, altered.

(1) Property held by the insolvent on trust for any other person.

(2) The tools (if any) of his trade and the necessary wearing apparel and bedding of himself his wife and children to a value inclusive of tools and apparel and bedding not exceeding Twenty pounds in the whole.

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- (3) Policies of life assurance or endowment, except to the extent of a charge on the policies in respect of the amount of the premiums paid on the policies during the two years next preceding the date of the adjudication of insolvency.

But it shall comprise the following particulars:—

- (4) All such property as may belong to or be vested in the insolvent at the commencement of the insolvency or may be acquired by or devolve on him during its continuance.
- (5) The capacity to exercise and to take proceedings for exercising all such powers in or over or in respect of property as might have been exercised by the insolvent for his own benefit at the commencement of his insolvency or during its continuance.
- (6) All goods and chattels being at the commencement of the insolvency in the possession order or disposition of the insolvent by the consent and permission of the true owner of which goods and chattels the insolvent is reputed owner or of which he has taken upon himself the sale or disposition as owner. Provided that things in action other than debts due to him in the course of his trade or business shall not be deemed goods and chattels within the meaning of this section. Provided also that nothing in this section contained shall affect the validity of any preferable lien on wool or crops or mortgage of sheep cattle or horses under the *Liens on Crops, and Wool and Stock Mortgages Ordinance, 1912*<sup>(8)</sup> of the Territory of Papua or stock or crops comprised in an instrument registered under the *Instruments Ordinance 1936*<sup>(9)</sup> of the Territory of New Guinea, or affect the validity of any duly registered bill of sale.

Rights of  
third parties  
against  
insurers on  
insolvency of  
the insured.

**73.**—(1.) Where under any policy of insurance a person (hereinafter referred to as the insured) is insured against liabilities to third parties which he may incur, then in the event of the insured becoming insolvent or making a composition or arrangement with his creditors, if, either before or after that event, any such liability as aforesaid is incurred by the insured, his rights against the insurer under the policy in respect of the liability shall, notwithstanding anything in any Ordinance or rule of law to the contrary, be transferred to and rest in the third party to whom the liability was so incurred.

(8) Printed in *The Laws of the Territory of Papua 1888-1945 (Annotated)*, Vol. I., on pp. 343-349.

(9) Printed in *The Laws of the Territory of New Guinea 1921-1945 (Annotated)*, Vol. I., on pp. 267-288.



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Proceedings  
at meeting.  
Q. 38 Vic.  
No. 5, s. 92.

**78.** The creditors assembled at such general meeting (hereinafter called the first meeting of creditors) shall and may do as follows:—

- (1) They may by resolution appoint some fit person resident in the Territory whether a creditor or not to fill the office of trustee of the property of the insolvent at such remuneration as they may from time to time determine (if any) or they may resolve to leave his appointment to the committee of inspection hereinafter mentioned.
- (2) They shall when they appoint a trustee by resolution declare what security (if any) is to be given and to whom by the person so appointed before he enters on the office of trustee.
- (3) They may by resolution appoint some other fit person or persons not exceeding five in number and being creditors qualified to vote at such first meeting of creditors or authorized in the prescribed form by creditors so qualified to vote to form a committee of inspection for the purpose of superintending the administration by the trustee of the insolvent's property.
- (4) They may by resolution give directions as to the manner in which the property is to be administered by the trustee and it shall be the duty of the trustee to conform to such directions unless the court for some just cause otherwise orders.

Further  
provisions as to  
first meeting of  
creditors.  
Q. *Ib.* s. 93.

**79.** The first meeting of creditors shall be held in the prescribed manner and subject to the prescribed regulations as to the quorum adjournment of meeting and all other matters relating to the conduct of the meeting or the proceedings thereat.

Provided that—

- (1) The meeting shall be presided over by the Registrar or in the event of his being unable to attend through illness or any unavoidable cause by such chairman as the meeting may elect.
- (2) A person shall not be entitled to vote as a creditor unless at or previously to the meeting he has in manner hereinbefore prescribed proved a debt provable under the insolvency to be due to him.
- (3) No creditor shall vote in respect of any unliquidated or contingent debt or any debt the value of which is not ascertained.

- (4) A secured creditor shall for the purpose of voting be deemed to be a creditor only in respect of the balance (if any) due to him after deducting the value of his security and the amount of such balance shall until the security be realized be determined in the prescribed manner. He may however at or previously to the meeting of creditors give up the security to the trustee and thereupon he shall rank as a creditor in respect of the whole sum due to him.
- (5) Votes may be given either personally or by proxy.
- (6) An ordinary resolution shall be decided by a majority in value of the creditors present personally or by proxy at the meeting and voting on such resolution.
- (7) A special resolution shall be decided by a majority in number and three-fourths in value of the creditors present personally or by proxy at the meeting and voting on such resolution.

**80.** The appointment of a trustee shall be reported to the court and the court upon being satisfied that the requisite security (if any) has been entered into by him shall give a certificate declaring him to be trustee of the insolvency named in the certificate and such certificate shall be conclusive evidence of the appointment of the trustee and such appointment shall date from the date of the certificate.

Evidence of appointment of trustee.  
Q. 38 Vic.  
No. 5, s. 94.

When the official trustee holds the office of trustee or when the trustee is changed a like certificate of the court may be made declaring the person therein named to be trustee and such certificate shall be conclusive evidence of the person therein named being trustee.

**81.** The Registrar or other chairman may adjourn the first meeting of creditors from time to time and from place to place subject to the directions of the court.

Meeting may be adjourned.  
Q. *Ib.* s. 95.

**82.** On the appointment of a trustee as aforesaid the property of the insolvent shall forthwith be divested from the official trustee and pass to and be vested in the trustee so appointed.

Property to vest in trustee when elected.  
Q. *Ib.* s. 96.

**83.** The expression "trustee" when used in this Ordinance shall include the person for the time being filling the office of trustee whether he be the official trustee or not.

Meaning of "trustee".  
Q. *Ib.* s. 97.

**84.** If the proof of any creditor or creditors who has or have voted at the election of a trustee and without whose vote or votes the trustee would not have been elected shall afterwards be

Appointment of new trustee if votes given improperly.  
Q. *Ib.* s. 98.

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expunged or reduced the court may at any time upon the application of a majority in value of the creditors who have proved order a fresh meeting to be held for the election of a new trustee in lieu of the one originally appointed which meeting shall be summoned and held at such place as the court shall think fit and in the same manner as nearly as may be as the first meeting of creditors and if a new trustee is elected at such meeting the court shall give him a certificate declaring him to be such trustee.

Court may order meeting for election of new trustee.  
Q. 38 Vic. No. 5, s. 99.  
Indemnity to trustees.  
Q. *Ib.* s. 100.

**85.** The court may at any time upon sufficient cause shown order a meeting for the election of a new trustee to be held at such time and place and in such manner as shall to it seem fit.

**86.**—(1.) No trustee appointed under this Ordinance shall be made personally liable by reason only that any of the matters upon which an adjudication of insolvency has been founded is insufficient to support such adjudication or in respect of any receipt by him in his official capacity of any money or negotiable instruments if he shall have dealt with the same as directed by the court or required by this Ordinance or any order made in pursuance thereof.

(2.) If any action is brought against any trustee under this Ordinance in respect of such money or negotiable instruments any judge may upon proof thereof stay or set aside the proceedings in any such action so far as the trustee is concerned and make such order as to costs as he shall think fit.

*As to Trustees and Committee of Inspection.*

Provisions as to trustees and committee of inspection.  
Q. *Ib.* s. 101.

**87.** The following provisions shall extend and apply to the trustee and committee of inspection—

- (1) The creditors may if they think fit appoint more persons than one to the office of trustee and where more than one are appointed they shall declare whether any act required or authorized to be done by the trustee is to be done by all or any one or more of such persons but all such persons are in this Ordinance included under the term “trustee” and shall be joint tenants of the property of the insolvent. The creditors may also appoint persons to act as trustees in succession in the event of one or more of the persons first named declining to accept the office of trustee.
- (2) If any vacancy occur in the office of trustee by death resignation or otherwise the creditors in general meeting shall fill up such vacancy and a general meeting for the purpose of filling up such vacancy may be convened by the continuing trustee if there be more than one or by the Registrar on the requisition of any creditor.

- (3) If through any cause whatever there is no trustee acting during the continuance of an insolvency the official trustee shall be and act as such trustee.
- (4) The court may upon cause shown suspend or remove any trustee.
- (5) The creditors may by special resolution at a meeting specially called for that purpose of which the prescribed notice has been given remove the trustee and appoint another person to fill his office and the court shall give a certificate declaring him to be the trustee.
- (6) If a trustee be adjudged insolvent or be or become resident out of the Territory he shall cease to be trustee and the Registrar shall if there be no other trustee call a meeting of creditors for the appointment of another trustee in his place.
- (7) The property of the insolvent shall pass from trustee to trustee and shall vest in the trustee for the time being during his continuance in office without any conveyance assignment or transfer whatever.
- (8) The trustee of an insolvent may sue and be sued by the official name of "the trustee of the property of an insolvent" inserting the name of the insolvent and by that name may hold property of every description make contracts sue and be sued enter into any engagements binding upon himself and his successors in office and do all other acts necessary or expedient to be done in the execution of his office.
- (9) The certificate of appointment of a trustee shall for all purposes of any law in force in the Territory requiring registration enrolment or recording of conveyances or assignments of property be deemed to be a conveyance or assignment of property and may be registered enrolled and recorded accordingly.
- (10) Any member of the committee of inspection may resign his office by notice in writing signed by him and delivered to the trustee.
- (11) The creditors may by resolution fix the quorum required to be present at a meeting of the committee of inspection.
- (12) Any member of the committee of inspection may be removed by a special resolution at any meeting of creditors of which the prescribed notice has been given stating the object of the meeting.
- (13) On any vacancy occurring in the office of a member of the committee of inspection by removal death resignation or otherwise the trustee shall convene a meeting of creditors for the purpose of filling up such vacancy.

- (14) The continuing members of the committee of inspection may act notwithstanding any vacancy in their body and where the number of members of the committee of inspection is for the time being less than five the creditors may increase that number so that it do not exceed five.
- (15) No defect or irregularity in the election of a trustee or of a member of the committee of inspection shall vitiate any act *bona fide* done by him and no act or proceeding of the trustee or of the creditors shall be invalid by reason of any failure of the creditors to elect all or any members of the committee of inspection.
- (16) If a member of the committee of inspection become an insolvent or cease to reside in the Territory his office shall thereupon become vacant.
- (17) Where there is no committee of inspection any act or thing or any direction or consent by this Ordinance authorized or required to be done or given by such committee may be done or given by the court on the application of the trustee.
- (18) The court may at any time make an order or the creditors may at any time pass a special resolution declaring that all or any of the things by this Ordinance authorized to be done by the trustee with the consent of the committee of inspection may be done by the trustee without such consent. And upon such order or resolution being made or passed the provisions of this Ordinance relating to the committee of inspection shall as to the things so authorized cease to apply.

*As to Property devolving on Trustee.*

88.—(1.) Where the property of any person has been taken in execution in respect of a sum of not less than Fifty pounds and sold the sheriff or bailiff or other officer of the court, or of a Small Debts Court in the Territory of Papua or of a District Court in the Territory of New Guinea, as the case may be, shall retain the proceeds of such sale in his hands for a period of fourteen days and upon notice being served on him within that period of an insolvency petition having been presented against such person shall hold the proceeds of such sale after deducting as much thereof as shall be sufficient to defray the costs and expenses of the execution creditor on trust to pay the same to the trustee.

(2.) If no notice of such petition having been presented be served on him within such period of fourteen days or if such notice having been served the person against whom the petition has been

Proceeds of  
sale after  
seizure of  
goods.  
Q. 38 Vic.  
No. 5, s. 102.



presented is not adjudged an insolvent on such petition or on any other petition of which the sheriff bailiff or other officer has notice he may deal with the proceeds of such sale in the same manner as he would have done had no notice of the presentation of an insolvency petition been served on him.

**89.** Where an insolvent is or has been an officer or clerk or otherwise employed or engaged in the Public Service or is in the enjoyment of any pension or compensation whatever granted by Ordinance the trustee during the insolvency and the Registrar after the close of the insolvency shall receive for distribution amongst the creditors so much of the insolvent's salary emolument or pension as the court upon the application of the trustee thinks just and reasonable to be paid in such manner and at such times as the court with the consent in writing of the Administrator directs.

Appropriation of portion of pay of officers to creditors.  
Q. 38 Vic. No. 5, s. 103.

**90.** Where an insolvent is in the receipt of a salary or increase other than as aforesaid the court upon the application of the trustee shall from time<sup>(9a)</sup> make such order as it thinks just for the payment of such salary or income or of any part thereof to the trustee during the insolvency and to the Registrar if necessary after the close of the insolvency to be applied by him in such manner as the court may direct.

Appropriation of portion of salary to creditors.  
Q. *Id.* s. 104.

**91.** Every conveyance assignment gift delivery or transfer of any property and every dealing with property which would under this Ordinance be deemed an act of insolvency shall be and are hereby declared to be absolutely void against the trustee of the insolvent appointed under this Ordinance.

Conveyances, &c., which are acts of insolvency void against trustee.  
Q. *Id.* s. 105.

Provided that in the case of a conveyance or assignment of all the debtor's property for the benefit of all his creditors all dealings with such property and all acts and things *bona fide* made or done by the trustee of such conveyance or assignment shall be valid and not affected by the adjudication unless such trustee had before or at the time of any such dealings acts or things notice that proceedings had been taken or were about to be taken for the purpose of obtaining adjudication of insolvency against the debtor.

Except conveyances to trustees for the creditors of a debtor.

Provided further that in the case of an execution levied by seizure and sale the proceeds whereof have been lawfully paid over under the provisions of this Ordinance to the person at whose suit the execution was issued such payment shall be valid and the person receiving the same shall not be affected by the adjudication unless at the time of payment to him he had notice that a petition for adjudication had been presented against the debtor.

and executions levied and paid over without notice of petition.

**92.—(1.)** Any settlement of property made by any person not being a settlement made before and in consideration of marriage or made in favour of a purchaser or incumbrancer in good faith and for valuable consideration or a settlement made on or for

Avoidance of voluntary settlements.  
Q. *Id.* s. 106.

(9a) The words "from time make" appeared in the original Ordinance, *Semble*, "from time to time make" was intended.

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the wife or children of the settlor of property which has accrued to the settlor after marriage in right of his wife shall if the settlor becomes insolvent within two years after the date of such settlement be void as against the trustee of the insolvent appointed under this Ordinance and shall also be void as against such trustee if the settlor becomes insolvent at any subsequent time within three years after the date of such settlement unless the parties claiming under such settlement can prove that the settlor was at the time of making the settlement able to pay all his debts without the aid of the property comprised in such settlement.

(2.) Any covenant or contract made by any person in consideration of marriage for the future settlement upon or for his wife or children of any money or property wherein he had not at the date of his marriage any estate or interest whether vested or contingent in possession or remainder and not being money or property of or in right of his wife shall upon his becoming insolvent before such property or money has been actually transferred or paid pursuant to such contract or covenant be void against his trustee appointed under this Ordinance.

(3.) "Settlement" shall for the purposes of this section include any conveyance or transfer of property.

Avoidance of  
fraudulent  
preferences.  
Q. 38 Vic.  
No. 5, s. 107.

**93.** Every conveyance assignment gift delivery or transfer of property or charge thereon made every payment made every obligation incurred and every judicial proceeding taken or suffered by any debtor unable to pay his debts as they become due from his own moneys in favour of any creditor or any person in trust for any creditor with a view of giving such creditor a preference over the other creditors shall if a petition for adjudication of insolvency be presented against such debtor within six months after the date of making taking paying or suffering the same and adjudication of insolvency be made on such petition be deemed fraudulent and void as against the trustee of the insolvent appointed under this Ordinance but this section shall not affect the rights of a purchaser payee or incumbrancer in good faith and for valuable consideration.

Provided that pressure by a creditor shall not be sufficient to exempt any transaction from the operation of this section.

Certain  
conveyances,  
&c., to be  
deemed  
fraudulent  
preferences.  
Q. 1b. s. 108.

**94.** Every conveyance assignment gift delivery or transfer of property or charge thereon made executed or given by any debtor unable to pay his debts as they become due from his own moneys in favour of any creditor or any person in trust for any creditor not being for a reasonable and sufficient consideration given at the time of making or giving the same shall if a petition for adjudication of insolvency be presented against such debtor within six months after the date of making executing or giving the same adjudication of insolvency be made thereon be deemed

a fraudulent preference and shall be void as against the trustee of the insolvent under this Ordinance and shall not be available to the creditor as against the trustee.

And the property conveyed transferred or charged or the full value thereof shall be recoverable by the trustee from such creditor or any person who shall hold the same in trust for such creditor or any person to whom such creditor or person holding the same in trust shall have conveyed transferred delivered or mortgaged the same if such person had at the time of such conveyance transfer delivery or mortgage notice of such fraudulent preference.

**95.** Every conveyance assignment gift delivery or transfer of property or charge thereon made executed or given by any debtor unable to pay his debts as they become due from his own moneys and the effect whereof is to defeat or delay the creditors of such debtor or to diminish the property to be divided amongst his creditors shall if a petition for adjudication of insolvency be presented against the debtor within six months thereafter be deemed fraudulent and void as against the petitioning creditor and if adjudication of insolvency be made on such petition shall also be deemed fraudulent and void as against the trustee in the insolvency unless in either case it shall be proved that such conveyance assignment gift delivery transfer or charge was in fact made in good faith proof whereof shall be upon the party alleging the validity of the transaction.

Certain conveyances, &c., to be deemed fraudulent unless *bona fides* is proved.  
Q. 38 Vic. No. 5, s. 109.

Provided that pressure by a creditor shall not be sufficient to protect any such transaction nor shall any such transaction acquire any validity by reason only that it was made or done in pursuance of an antecedent agreement.

**96.** When any insolvent has any property elsewhere than in the Territory the court may upon the application of the trustee order the insolvent to execute all such deeds instruments and writings and do and concur in all such acts matters and things as may be necessary to enable the trustee to realize or make available the whole or such part thereof or of the proceeds thereof as the court may think proper for distribution amongst the creditors of the insolvent.

Court may require conveyance of property out of the Territory.  
Q. *Id.* s. 110.

**97.** Any banker attorney or agent of an insolvent shall pay and deliver to the trustee all moneys and securities in his possession or power as such banker attorney or agent unless he be by law entitled to retain the same as against the insolvent or the trustee.

Payment and delivery of money by agents to trustees.  
Q. *Id.* s. 111.

If he do not he shall be guilty of a contempt of court and may be punished accordingly on the application of the trustee.

Provided that no person shall be entitled as against the trustee to withhold possession of any books of account papers or writings relating to the estate or to claim any lien thereon.

No lien on papers.

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Protection of certain transactions with insolvent. Q. 38 Vic. No. 5, s. 112.

98. Nothing in this Ordinance contained shall render invalid—

- (1) Any payment made in good faith and for value received to any insolvent before the date of the order of adjudication by a person not having at the time of such payment notice of any act of insolvency committed by the insolvent and available against him for adjudication.
- (2) Any payment or delivery of money or goods belonging to an insolvent made to such insolvent by a depository of such money or goods before the date of the order of adjudication who had not at the time of such payment or delivery notice of any act of insolvency committed by the insolvent and available against him for adjudication.
- (3) Any contract or dealing with any insolvent made in good faith and for valuable consideration before the date of the order of adjudication by a person not having at the time of making such contract or dealing notice of any act of insolvency committed by the insolvent and available against him for adjudication.

Protection of certain transactions entered into by or in relation to the property of the insolvent. Q. 1b. s. 113.

99. Subject and without prejudice to the provisions of this Ordinance relating to the proceeds of the sale and seizure of goods and to the provisions of this Ordinance avoiding certain settlements and avoiding on the ground of their constituting fraudulent preferences or otherwise certain conveyances charges payments and judicial proceedings the following transactions by and in relation to the property of an insolvent shall be valid notwithstanding any prior act of insolvency—

- (1) Any disposition or contract with respect to the disposition of property by conveyance transfer charge delivery of goods payment of money or otherwise howsoever made by any insolvent in good faith and for valuable consideration before the date of the order of adjudication with any person not having at the time of the making of such disposition of property notice of any act of insolvency committed by the insolvent and available against him for adjudication.
- (2) Any execution or attachment against the property of the insolvent executed in good faith by seizure and sale before the date of the order of adjudication if the person on whose account such execution or attachment was issued had not at the time of the same being so executed by seizure and sale notice of any act of insolvency committed by the insolvent and available against him for adjudication.

*As to Discovery of Insolvent's Property.*

**100.** The court may on the application of the trustee or any creditor at any time after an order of adjudication has been made against an insolvent order the insolvent or his wife or any person whatever known or suspected to have in his possession any of the estate or effects belonging to the insolvent or supposed to be indebted to the insolvent or any person whom the court may deem capable of giving information respecting the insolvent his trade dealings or property to attend before it or (in any place other than within the Central Division of the Territory of Papua) before any District Commissioner at a time or times to be specified in the order and may thereby also require any such person to produce any documents in his custody or power relating to the insolvent his dealings or property and if any person so summoned after having been tendered a reasonable sum for expenses refuses to come before it or before the examining District Commissioner at the time appointed or refuses to produce such documents having no lawful impediment made known to and allowed by the court or examining District Commissioner at the time of sitting such court or examining District Commissioner may by warrant addressed to any constable or prescribed officer cause such person to be apprehended and brought up for examination.

Power of court to summon persons before it suspected of having property of insolvent.

Q. 38 Vic. No. 5, s. 114.  
Q. 40 Vic. No. 12, s. 1.

**101.** No question put to any insolvent on any examination under this Ordinance shall be deemed unlawful by reason only that the answer thereto may expose him to punishment in respect of some one or more acts or things made punishable as misdemeanours under the provisions of Chapter LIII. of the Criminal Code.

Question to be answered although criminating.  
Q. 38 Vic. No. 5, s. 115.

**102.** The court or examining District Commissioner may examine or cause to be examined upon oath either by word of mouth or by written interrogatories any person so brought before it in manner aforesaid concerning the insolvent his dealings or property and if any such person shall refuse to answer to the satisfaction of the court or examining District Commissioner such court or examining District Commissioner may commit him to prison for any period not exceeding six calendar months as in its discretion shall seem just.

Examination of parties by court.  
Q. *Ib.* s. 116.

**103.** If any person on his examination before the court or examining District Commissioner shall appear to be indebted to the insolvent the court or examining District Commissioner may on the application of the trustee order him to pay to the trustee at such time and in such manner as to the court or examining

Order of Court for payment of amount admitted on examination.  
Q. *Ib.* s. 117.

## PART A : INSOLVENCY—

District Commissioner seems expedient the amount appearing to be due or any part thereof either in full discharge of the whole amount in question or not as the court or examining District Commissioner thinks fit with or without costs of the examination.

### *Possession of Property.*

Seizure of  
property of  
insolvent.  
Q. 38 Vic.  
No. 5, s. 118.

**104.** Any person acting under warrant of the court may seize and attach any property of the insolvent divisible among his creditors under this Ordinance and in the insolvent's custody or possession or in that of any other person and with a view to such seizure or attachment may break open any house building or room of the insolvent's where the insolvent is supposed to be or any building or receptacle of the insolvent where any of his property is supposed to be.

And where the court is satisfied that there is reason to believe that property of the insolvent is concealed in a house or place not belonging to him the court may if it thinks fit grant a search warrant to any constable or prescribed officer of the court who may execute the same according to the tenor thereof.

Attachment.  
Q. *Ib.* s. 119.

**105.** The person making any such seizure or attachment shall leave with the person in whose possession any such property is attached a copy of the warrant together with an inventory of such property having subjoined thereto a notice that such property has been attached by him.

Custody.

Any property so attached may be removed or secured on the premises by sealing up any repository room or closet and some person may be left on the premises in custody thereof.

Reward for  
discovery of  
concealed  
property.  
Q. *Ib.* s. 120.

**106.** Any person who shall make discovery or give to the trustee information which shall lead to the discovery of any concealed property of an insolvent not before come to the knowledge of the trustee shall be entitled to such reward not exceeding one-tenth of the value of the property so discovered as the court may allow.

### *Post Letters.*

Post letters  
addressed to  
insolvent.  
Q. *Ib.* s. 121.

**107.** The court upon the application of the trustee may from time to time order that for such time as the court thinks fit not exceeding three months from the date of the order of adjudication post letters addressed to the insolvent at any place or any of the places mentioned in the order shall be re-directed sent or delivered by the Chief Postmaster or the officers acting under him to the trustee or otherwise as the court directs and the same shall be done accordingly.

PART VI.—ADMINISTRATION OF PROPERTY.

*General Provisions Affecting Administration of Property.*

**108.**—(1.) The insolvent shall to the utmost of his power aid in the realization of his property and the distribution of the proceeds amongst his creditors.

Conduct of  
insolvent.  
Q. 88 Vic.  
No. 5, s. 122.

(2.) He shall on or before the day appointed by the order of adjudication for that purpose deliver to the trustee the statement mentioned in the order of adjudication and shall also give such inventory of his property such list of his creditors and debtors and of the debts due to and from them respectively submit to such examination upon oath or otherwise by the trustee in respect of his property or his creditors (for which purpose the trustee shall have power to administer oaths) attend such meetings of his creditors wait at such times on the trustee execute such powers of attorney conveyances deeds and instruments and generally do all such acts and things in relation to his property and the distribution of the proceeds amongst his creditors as may be reasonably required by the trustee or may be prescribed by rules of court or be directed by the court by any special order or orders made in reference to any particular insolvency or made on the occasion of any special application by the trustee or any creditor.

(3.) If the insolvent wilfully fail to perform the duties imposed on him by this section or if he fail to deliver up possession to the trustee of any part of his property which is divisible amongst his creditors under this Ordinance and which may for the time being be in the possession or under the control of such insolvent he shall in addition to any other punishment to which he may be subject be guilty of a contempt of court and may be punished accordingly.

**109.**—(1.) The trustee shall in the administration of the property of the insolvent and in the distribution thereof amongst his creditors have regard to any directions that may be given by resolution of the creditors at any general meeting or by the committee of inspection and any directions so given by the creditors at any general meeting shall be deemed to override any directions given by the committee of inspection.

Conduct of  
trustee.  
Q. 7b. s. 123.

(2.) The trustee shall call a meeting of the committee of inspection once at least every two months when they may audit his accounts and determine whether any or what dividend is to be paid.

Meetings of  
committee.

(3.) He may also call special meetings of the committee as he thinks necessary.

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Trustee may  
manage at  
discretion, &c.  
Q. 38 Vic.  
No. 5, s. 124.

**110.**—(1.) Subject to the provisions of this Ordinance and to such directions as aforesaid the trustee shall exercise his own discretion in the management of the estate and its distribution amongst the creditors.

Meetings of  
creditors.  
Q. *Id.* s. 124.

(2.) The trustee shall from time to time summon general meetings of the creditors for the purpose of ascertaining their wishes.

Appeal from  
trustee.  
Q. *Id.* s. 125.

**111.**—(1.) The insolvent or any creditor debtor or other person aggrieved by any act or decision of the trustee may appeal to the court and the court may confirm reverse or modify the act or decision complained of and make such order in the premises as it thinks just.

Court may  
summon  
meetings.

(2.) The court may from time to time during the continuance of an insolvency summon general meetings of the creditors for the purpose of ascertaining their wishes and may if the court thinks fit direct the Registrar to preside at such meetings.

Trustee to be  
in position of  
a receiver.  
Q. *Id.* s. 126.

**112.** The trustee shall in relation to and for the purpose of acquiring or retaining possession of the property of the insolvent be in the same position in all respects as if he were a receiver of such property appointed by the court in its equitable jurisdiction and the court may on his application enforce such acquisition or retention of property accordingly.

Trustee may  
apply to court  
for advice or  
direction.  
Q. *Id.* s. 127.

**113.**—(1.) The trustee may upon a statement in writing verified by affidavit apply to the court for and obtain its opinion advice or direction on any question respecting the management of the insolvent estate or his duty in connexion therewith.

(2.) Notice of any such application shall be given to all persons interested or such of them as the court shall direct and any trustee acting upon the opinion advice or direction of the court so obtained shall be deemed to have acted rightly in respect of the subject-matter of the application provided that he shall not have been guilty of any wilful fraud concealment or misrepresentation in obtaining such opinion advice or direction.

Regulations as  
to general  
meetings of  
creditors  
subsequent to  
first meeting.  
Q. *Id.* s. 128.

**114.** The provisions of this Ordinance with respect to the first general meeting of creditors shall apply to any subsequent general meeting of creditors in an insolvency with this exception that subsequent meetings of creditors may be summoned by the trustee or by a member of the committee of inspection and that such meetings may (unless otherwise directed by the court in the case of meetings summoned by the court) be presided over by any person chosen by the creditors assembled at such meeting and that any creditor whose debt has been proved or the value of whose debt has been ascertained at or subsequently to such first meeting shall be allowed to be present and to vote thereat.



*Dealings with Insolvent's Property.*

**115.**—(1.) Where any portion of the property of the insolvent consists of stock shares in ships shares or any other property transferable in the books of any company office or person the right to transfer such property shall be absolutely vested in the trustee to the same extent as the insolvent might have exercised the same if he had not become insolvent.

Possession of property by trustee.  
Q. 38 Vic. No. 5, s. 129.

(2.) Where any portion of the property of the insolvent consists of things in action any action suit or other proceeding for the recovery of such things instituted by the trustee shall be instituted in his official name as in this Ordinance provided and such things shall for the purpose of such action suit or other proceeding be deemed to be assignable in law and to have been duly assigned to the trustee in his official capacity.

(3.) The trustee shall as soon as may be take possession of the deeds books and documents of the insolvent and all other property capable of manual delivery.

(4.) The trustee shall keep in such manner as rules of court shall direct proper books of account showing his receipts and disbursements and dealings with the estate and also books in which he shall from time to time make or cause to be made entries or minutes of proceedings at meetings and of such other matters as rules of court shall direct and any creditor of the insolvent may subject to the control of the court personally or by his agent inspect such books.

**116.**—(1.) When any property of the insolvent acquired by the trustee under this Ordinance consists of land of any tenure burdened with onerous covenants of unmarketable shares in companies of unprofitable contracts or of any other property that is unsaleable or not readily saleable by reason of its binding the possessor thereof to the performance of any onerous act or to the payment of any sum of money the trustee notwithstanding he has endeavoured to sell or has taken possession of such property or exercised any act of ownership in relation thereto may by writing under his hand disclaim such property.

Disclaimer as to onerous property.  
Q. 1b. s. 130.

(2.) Upon the execution of such disclaimer the property disclaimed shall if the same is a contract be deemed to be determined from the date of the order of adjudication and if the same is a lease be deemed to have been surrendered on the same date and if the same be shares in any company be deemed to be forfeited and to have reverted to the company on and from that date and if any other species of property it shall revert to the person entitled on the determination of the estate or interest of the insolvent but whether there shall be any person in existence so entitled or not in no case shall any estate or interest therein remain in the insolvent.

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**Remedies  
for persons  
affected.**

(3.) Any person interested in any disclaimed property may apply to the court and the court may upon such application order possession of the disclaimed property to be delivered up to him or make such other order as to the possession thereof as may be just.

(4.) Any person injured by the operation of this section other than a company shares wherein are forfeited under this section shall be deemed a creditor of the insolvent to the extent of such injury and may accordingly prove the same as a debt under the insolvency.

**Limitation  
of time.  
Q. 38 Vic.  
No. 5, s. 131.**

**117.** The trustee shall not except as hereinafter provided be entitled to disclaim any property in pursuance of this Ordinance in cases where an application in writing has been made to him by any person interested in such property requiring such trustee to decide whether he will disclaim or not and the trustee has for a period of not less than twenty-eight days after the receipt of such application or such further time as may be allowed by the court declined or neglected to give notice whether he disclaims the same or not.

**Proviso in  
case of lease.**

Provided that if the insolvent shall at the date of adjudication be the lessee of any premises the trustee instead of disclaiming immediately may elect to retain the same for a period not exceeding three months and not being later than the expiration of the lease and at the end of such period may disclaim the same.

**Power of  
trustee to  
deal with  
property.  
Q. 17, s. 132.**

**118.** Subject to the provisions of this Ordinance the trustee shall have power to do the following things:—

- (1) To receive and decide upon proof of debts in the prescribed manner.
- (2) To carry on the business of the insolvent so far as may be necessary for the beneficial winding up of the same.
- (3) To exercise any powers the capacity to exercise which is vested in him under this Ordinance and to execute all powers of attorney deeds and other instruments expedient or necessary for the purpose of carrying into effect the provisions of this Ordinance.
- (4) To sell all the property of the insolvent (including the goodwill of the business if any and the book debts due or growing due to the insolvent) by public auction or private contract with power if he thinks fit to transfer the whole thereof to any person or company or to sell the same in parcels.

- (5) To give receipts for any money received by him which receipt shall effectually discharge the person paying such moneys from all responsibility in respect of the application thereof.
- (6) To prove rank claim and draw a dividend in the matter of the insolvency of any debtor of the insolvent.
- (7) To deal with any property to which the insolvent is beneficially entitled as tenant in tail in the same manner as the insolvent might have dealt with the same.

**119.** The trustee may with the sanction of the committee of inspection do all or any of the following things—

- (1) Mortgage or pledge any part of the property of the insolvent for the purpose of raising money for the payment of his debts.
- (2) Appoint the insolvent himself to superintend the management of the property or of any part thereof or to carry on the trade of the insolvent (if any) for the benefit of the creditors and in any other respect to aid in administering the property in such manner and on such terms as the creditors direct.
- (3) Bring or defend any action suit or other legal proceeding relating to the property of the insolvent.
- (4) Refer any dispute to arbitration compromise all debts claims and liabilities whether present or future certain or contingent liquidated or unliquidated subsisting or supposed to subsist between the insolvent and any debtor or person who may have incurred any liability to the insolvent upon the receipt of such sums payable at such times and generally upon such terms as may be agreed upon.
- (5) Make such compromise or other arrangement as may be thought expedient with creditors or persons claiming to be creditors in respect of any debts provable under the insolvency.
- (6) Make such compromise or other arrangement as may be thought expedient with respect to any claim arising out of or incidental to the property of the insolvent made or capable of being made on the trustee by any person or by the trustee on any person.
- (7) Divide in its existing form amongst the creditors according to its estimated value any property which from its peculiar nature or other special circumstances cannot advantageously be realized by sale.
- (8) Employ a shorthand writer to take notes of the proceedings at any meeting of creditors or of any examination held under this Ordinance.

Power of trustee to compromise, &c.  
Q. 38 Vic.  
No. 5, s. 133.

To allow insolvent to manage property.

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The sanction given for the purposes of this section may be a general permission to do all or any of the above-mentioned things or a permission to do all or any of them in any specified case or cases.

Power of trustee to accept composition or general scheme of management.  
Q. 38 Vic. No. 5, s. 134.

**120.**—(1.) The trustee may with the sanction of a special resolution of the creditors assembled at any meeting of which the prescribed notice has been given specifying the object of such meeting accept any composition offered by the insolvent or assent to any general scheme of settlement of the affairs of the insolvent upon such terms as may be thought expedient and with or without a condition that the order of adjudication is to be annulled subject nevertheless to the approval of the court to be testified by the judge of the court signing the instrument containing the terms of such composition or scheme or embodying such terms in an order of the court.

(2.) Where the annulling the order of adjudication is made a condition of any composition with the insolvent or of any general scheme for the liquidation of his affairs the court if it approves of such composition or general scheme shall annul the adjudication on an application made by or on behalf of any person interested and the adjudication shall be annulled from and after the date of the order annulling the same.

(3.) The provisions of any composition or general scheme made in pursuance of this Ordinance may be enforced by the court on a motion made in a summary manner by any person interested and any disobedience of the court made on such motion shall be deemed to be a contempt of court.

(4.) The approval of the court shall be conclusive as to the validity of any such composition or scheme and it shall be binding on all the creditors so far as relates to any debts due to them and provable under the insolvency.

Trustee may employ solicitor and if a solicitor may be paid for his services.  
Q. *Ib.* s. 135.

**121.** The trustee may from time to time employ a solicitor or other agent and where the trustee is himself a solicitor he may contract to be paid a certain sum by way of percentage or otherwise as a remuneration for his services as trustee including all professional services and any such contract shall notwithstanding any law to the contrary be lawful.

Trustee to pay moneys into bank.

**122.** The trustee shall pay all sums from time to time received by him into such bank and to such account as the majority of the creditors in number and value at any general meeting shall appoint and failing such appointment into such bank and to such account as the court may appoint and if after either of such appointments he at any time keep in his hands any sum exceeding Fifty pounds for more than ten days he shall unless he can prove

to the satisfaction of the court that his reason for retaining the money was sufficient be subject to the following liabilities that is to say—

- (1) He shall pay interest at the rate of Twenty pounds per centum per annum on the excess of such sum above Fifty pounds as he may retain in his hands.
- (2) He shall on the application of any creditor be dismissed from his office by the court and shall have no claim for remuneration and shall be liable to any expenses to which the creditors may be put by or in consequence of his dismissal.

**123.** If any debt or sum of money due to or by an insolvent be charged upon any land by way of equitable mortgage the court may upon the application of the trustee or other person being such equitable mortgagee and upon notice to all parties interested make an order for the sale of the land so subject to such equitable mortgage.

Power to order sale in case of equitable mortgage.  
Q. 38 Vic. No. 5, s. 137.

**124.** If the insolvent has made any conveyance assurance delivery deposit or pledge of any deeds writings goods or chattels subject to a condition for redemption or re-delivery on payment of money or otherwise at a future day which has not arrived at the date of presenting the petition the trustee may before the time appointed for such redemption has arrived make payment or tender of money or other performance according to such condition as fully as the insolvent might have done at the time so appointed and upon such tender or payment shall be entitled to have and receive the deeds writings goods or chattels so conveyed assured delivered deposited or pledged and to recover the same from the person to whom they were so conveyed assured delivered deposited or pledged or any other person having notice of such condition in whose possession they may be.

Power of trustee to redeem before time appointed.  
Q. 7b. s. 138.

**125.** Any mortgagee may with the leave of the court first obtained bid at the sale of any mortgaged property.

Mortgagee may bid at sale.  
Q. 7b. s. 139.

*Proof of Debts and Distribution of Assets.*

**126.** Demands in the nature of unliquidated damages arising otherwise than by reason of a contract or promise shall not be provable in insolvency and no person having notice of any act of insolvency available for adjudication against the insolvent shall prove for any debt or liability contracted by the insolvent subsequently to the date of his so having notice.

Description of debts provable in insolvency.  
Q. 7b. s. 140.

Save as aforesaid all debts and liabilities present or future certain or contingent to which the insolvent is subject at the date of the order of adjudication or to which he may become subject

PART A : INSOLVENCY—

during the continuance of the insolvency by reason of any obligation incurred previously to the date of the order of adjudication shall be deemed to be debts provable in insolvency.

Mode of proof.

All debts shall be proved before the trustee in the insolvency.

An estimate shall be made according to the rules of the court for the time being in force so far as the same may be applicable and where they are not applicable at the discretion of the trustee of the value of any debt or liability provable as aforesaid which by reason of its being subject to any contingency or contingencies or for any other reason does not bear a certain value.

Appeal.

Any person aggrieved by any estimate made by the trustee as aforesaid may appeal to the court and the court may if it think the value of the debt or liability incapable of being fairly estimated make an order to that effect and upon such order being made such debt or liability shall for the purposes of this Ordinance be deemed to be a debt not provable in insolvency.

But if the court think that the value of the debt or liability is capable of being fairly estimated it may direct such value to be assessed either before the court itself or some other competent court and may give all necessary directions for such purpose and the amount of such value when assessed shall be provable as a debt under the insolvency.

“Liability” shall for the purposes of this Ordinance include any compensation for work or labour done any obligation or possibility of an obligation to pay money or money’s worth on the breach of any express or implied covenant contract agreement or undertaking whether such breach does or does not occur or is or is not likely to occur or capable of occurring before the close of the insolvency and generally it shall include any express or implied engagement agreement or undertaking to pay or capable of resulting in the payment of money or money’s worth whether such payment be as respects amount fixed or unliquidated as respects time present or future certain or dependent on any one contingency or on two or more contingencies as to mode of valuation capable of being ascertained by fixed rules or assessable only by a jury or as matter of opinion.

Rebate of interest on future debts. Q. 38 Vic. No. 5, s. 141.

**127.** Whenever any proof shall be made in respect of any debt or fixed or ascertained amount which has not accrued due at the date of adjudication such proof shall be allowed for the full amount of such debt and the creditor shall be entitled to receive dividends thereon equally with the other creditors but after deducting for the purposes of the first dividend a rebate at the prescribed rate by way of discount. Such rebate shall be computed upon so much of the debt as shall remain unpaid at the time of the declaration of the first dividend and shall be computed

from the time of such declaration to the time at which the debt would have become payable according to the terms on which it was contracted.

Provided that in estimating the value of any such debt for the purpose of counting the vote of the creditor a like rebate shall be made computed from the time of voting to the time at which the debt would have become payable as aforesaid.

**128.** The trustee may at any time upon the application of any creditor or of the insolvent or on his own motion and after the prescribed notice expunge or reduce any proof of debt.

Trustee may expunge or reduce proof.  
Q. 38 Vic.  
No. 5, s. 142.

**129.** The debts hereinafter mentioned shall be paid in priority to all other debts excepting rent as hereinafter provided. Between themselves such debts shall rank equally and shall be paid in full unless the property of the insolvent is insufficient to meet them in which case they shall abate in equal proportions between themselves that is to say—

Preferential debts.  
Q. 17, s. 143, altered.

- (1) All local rates due from him at the date of the order of adjudication and having become due and payable within twelve months next before such date.
- (2) All rates and assessments assessed on him up to the first day of January or first day of July next before the date of the order of adjudication and not exceeding in the whole one year's assessment.
- (3) All wages or salary of any clerk servant labourer or workman (other than a native under a contract of service under the provisions of any Ordinance relating to native labour) in the employment of the insolvent not exceeding three months' wages or salary and not exceeding Fifty pounds. Provided that such wages or salary shall be claimed in respect of the three months next before the date of the order of adjudication.
- (4) All wages of any native under a contract of service entered into under the provisions of any Ordinance relating to native labour.

Save as aforesaid all debts provable under the insolvency shall be paid *pari passu*.

**130.**—(1.) Where at the time of the presentation of the petition for adjudication any person is apprenticed or is an articulated clerk to the insolvent the order of adjudication shall if either the insolvent or apprentice or clerk give notice in writing to the trustee to that effect be a complete discharge of the indenture of apprenticeship or articles of agreement and if any money has been paid by or on behalf of such apprentice or clerk to the insolvent as a fee the trustee may on the application of the

Provisions in case of apprenticeship.  
Q. 17, s. 144.

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apprentice or clerk or of some person on his behalf pay such sum as such trustee subject to an appeal to the court thinks reasonable out of the insolvent's property to or for the use of the apprentice or clerk regard being had to the amount paid by him or on his behalf and to the time during which he served with the insolvent under the indenture or articles before the commencement of the insolvency and to the other circumstances of the case.

(2.) Where it appears expedient to the trustee he may on the application of any apprentice or articed clerk to the insolvent or any person acting on behalf of such apprentice or articed clerk instead of acting under the preceding provisions of this section transfer the indenture of apprenticeship or articles of agreement to some other person.

No distress to proceed after presentation of petition.

Q. 38 Vic. No. 5, s. 145.

**131.**—(1.) No distress for rent shall be made or levied or proceeded in against the property of a debtor after an order of adjudication has been made against him or after a petition has been presented by him under Part III. of this Ordinance but the landlord or person to whom the rent is payable shall be entitled to receive out of the estate in priority to all other creditors so much rent as shall be then due together with a sum in lieu of rent proportioned to the period (if any) that has elapsed between the last date at which rent became due and the date of the order of adjudication but so that the whole sum so received shall not exceed the amount of three months' rent.

(2.) The landlord or person entitled to rent may prove for any surplus that may be due above such sum.

Proof in case of rent and periodical payment.

Q. *Ib.* s. 146.

**132.** When any rent or other payment falls due at stated periods and the order of adjudication is made at any time other than one of such periods the person entitled to such rent or payment may prove for a proportionate part thereof up to the day of the adjudication as if such rent or payment grew due from day to day.

Interest on debts.

Q. *Ib.* s. 147.

**133.** Interest on any debt provable in insolvency computed up to the date of adjudication may be allowed by the trustee under the same circumstances in which interest would have been allowable if an action had been brought for such debt.

Proof in respect of distinct contracts.

Q. *Ib.* s. 148.

**134.** If any insolvent is at the date of the order of adjudication liable in respect of distinct contracts as member of two or more distinct firms or as a sole contractor and also as member of a firm the circumstance that such firms are in whole or in part composed of the same individuals or that the sole contractor



is also one of the joint contractors shall not prevent proof in respect of such contracts against the properties respectively liable upon such contracts.

**135.** The trustee with the consent of the creditors testified by a resolution passed in general meeting or of the committee of inspection may from time to time during the continuance of the insolvency make such allowance as may be approved by the creditors or committee of inspection to the insolvent out of the estate for the support of the insolvent and his family or in consideration of his services if he is engaged in winding up his estate.

Allowance to insolvent for maintenance or service.  
Q. 38 Vic. No. 5, s. 149.

**136.** Where there have been mutual credits mutual debts or other mutual dealings between the insolvent and any other person proving or claiming to prove a debt under his insolvency an account shall be taken of what is due from the one party to the other in respect of such mutual dealings and the sum due from the one party shall be set off against any sum due from the other party and the balance of such account and no more shall be claimed or paid on either side respectively but a person shall not be entitled under this section to claim the benefit of any set-off against the property of an insolvent in any case where he had at the time of giving credit to the insolvent or of incurring the debt to the insolvent notice of an act of insolvency committed by such insolvent and available against him for adjudication.

Set-off.  
Q. 1b. s. 150.

**137.—(1.)** A creditor holding a specific security on the property of the insolvent or on any part thereof may on giving up his security prove for his whole debt.

Provision as to secured creditor.  
Q. 1b. s. 151.

(2.) He shall also be entitled to a dividend in respect of the balance due to him after realizing or giving credit for the value of his security in manner and at the time prescribed.

(3.) The trustee with the consent of the committee of inspection may at any time within thirty days after proof has been tendered by a secured creditor require such creditor to give up his security on payment of the specified value and the creditor shall on such payment give up his security accordingly and do make and execute all necessary acts conveyances and assurances for that purpose.

Provided that a secured creditor who has proved may at any time before he is so required to give up his security correct his valuation thereof by making fresh proof of his debt.

(4.) A creditor holding such security as aforesaid and not complying with the foregoing conditions shall be excluded from all share in any dividend.

#### *Dividends.*

**138.** The trustee shall from time to time when the committee of inspection determines declare a dividend amongst the creditors who have proved in the insolvency and shall distribute the same

Distribution of dividends.  
Q. 1b. s. 152.

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accordingly and in the event of his not declaring a dividend for the space of six months he shall summon a meeting of the creditors and explain to them his reasons for not declaring the same.

Provision for creditors residing at a distance.

Q. 38 Vic. No. 5, s. 153.

**139.** In the calculation and distribution of a dividend it shall be obligatory on the trustee to make provision for debts provable in insolvency appearing from the insolvent's statements or otherwise to be due to persons resident in places so distant from the place where the trustee is acting that in the ordinary course of communication they have not had sufficient time to tender their proofs or to establish them if disputed and also for debts provable in insolvency the subject of claims not yet determined.

Right of creditor who has not proved debt before declaration of dividend.

Q. *Ib.* s. 154.

**140.** Any creditor who has not proved his debt before the declaration of any dividend or dividends shall be entitled to be paid out of any moneys for the time being in the hand of the trustee any dividend or dividends he may have failed to receive before such moneys are made applicable to the payment of any future dividend or dividends but he shall not be entitled to disturb the distribution of any dividend declared before his debt was proved by reason that he has not participated therein.

Final dividend.

Q. *Ib.* s. 155.

**141.** When the trustee has converted into money all the property of the insolvent or so much thereof as can in the joint opinion of himself and of the committee of inspection be realized without needlessly protracting the insolvency he shall declare a final dividend and give notice of the time at which it will be distributed.

Notice of dividends.

**142.** The trustee shall cause notice to be given in the *Gazette* and such other newspapers as may be prescribed of all dividends and moneys payable to creditors and when and where the same are to be paid.

Insolvent entitled to surplus.

Q. *Ib.* s. 156.

**143.** The insolvent shall be entitled to any surplus remaining after payment of his debts with interest at the prescribed rate and of the costs charges and expenses of the insolvency.

No action for dividend.

Q. *Ib.* s. 157.

**144.** No action or suit for a dividend shall lie against the trustee but if the trustee refuses to pay any dividend the court may if it thinks fit order the trustee to pay the same and also to pay out of his own moneys interest thereon for the time that it is withheld and the costs of the application.

*Joint and Separate Estates.*

Property of partners to be vested in same trustee.

Q. *Ib.* s. 159.

**145.** Where one member of a partnership has been adjudicated an insolvent and any other adjudication is made against a member of the same partnership then unless the court otherwise directs the property of such last-mentioned member shall vest in the trustee

appointed in respect of the property of the first-mentioned member of the partnership and the court may give such directions for amalgamating the proceedings in respect of the properties of the members of the same partnership as it thinks just.

**146.** If one partner of a firm is adjudged insolvent any creditor to whom the insolvent is indebted jointly with the other partners of the firm or any of them may prove his debt for the purpose of voting at any meeting of creditors and shall be entitled to vote thereat but shall not receive any dividend out of the separate property of the insolvent until all the separate creditors have received the full amount of their respective debts.

Joint creditor may prove for purpose of voting.  
Q. 38 Vic.  
No. 5, s. 160.

**147.** Where joint and separate properties are being administered dividends of the joint and separate properties shall subject to any order to the contrary that may be made by the court on the application of any person interested be declared together and the expenses of and incident to such dividends shall be fairly apportioned by the trustee between the joint and separate properties regard being had to the work done for and the benefit received by each property.

Joint and separate dividends.  
Q. *Ib.* s. 161.

**148.—(1.)** Where a member of a partnership is adjudged insolvent the court may authorize the trustee with consent of the creditors testified by a special resolution to commence and prosecute any action or suit in the names of the trustee and of the insolvent's partner or partners and thereupon such proceedings may be had as if such action or suit had been commenced with the consent of such partner or partners and any release by such partner or partners of the debt or demand to which the action or suit relates shall be void.

Suits by trustee and insolvent's partners.  
Q. *Ib.* s. 162.

(2.) Notice of the application for authority to commence the action or suit shall be given to such partner or partners and he or they may show cause against it and on his or their application the court may if it thinks fit direct that he or they shall receive his or their proper share of the proceeds of the action or suit and if he or they do not claim any benefit therefrom he or they shall be indemnified against costs in respect thereof as the court directs.

**149.** If the insolvent or any person on his behalf pay in full all his creditors or obtain a release of the debts due by the insolvent to such creditors the insolvent may apply to the court for an order annulling the adjudication and the court upon being satisfied that all the creditors of the insolvent have been paid in full or have released their debts may make such order upon such terms as to commission or remuneration or charges already incurred as may seem just.

On payment or release of debts insolvency may be annulled.  
Q. *Ib.* s. 163.

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PART VII.—CLOSE OF INSOLVENCY AND CERTIFICATE.

*Last Examination of Insolvent.*

Court to  
appoint sitting  
for last  
examination.  
Q. 38 Vic.  
No. 5, s. 164.

**150.** The court shall on the application of the trustee or if he omit to make such application then on the application of the insolvent appoint some day not earlier than one month from the date of the order of adjudication for the insolvent to attend in court to pass his last examination of which appointment the prescribed notice shall be given but the court shall have power from time to time to enlarge or extend the time so appointed.

Adjournment  
thereof.

At the time so appointed or at any enlargement or adjournment thereof the court may in any of the following cases adjourn such examination for such period as the court may think fit that is to say—

- (1) If the examination and accounts of the insolvent are not satisfactory and it appears to the court that his failure to give further or better information or accounts is attributable to any neglect or default on his part.
- (2) If it appears to the court that the insolvent has wilfully disobeyed any order of the court in his insolvency.
- (3) If the court shall think it fit that an adjournment should be made.

Where to be  
held.  
Q. *Ib.* s. 165.

**151.** The court may order that the last examination shall be held before any District Commissioner in any place other than within the Central Division of the Territory of Papua who for such purpose shall have all the powers of the court under the last preceding section.

Close of  
insolvency.  
Q. *Ib.* s. 166.

**152.**—(1.) When the whole property of the insolvent or so much thereof as can in the joint opinion of the trustee and committee of inspection be realized without needlessly protracting the insolvency has been realized for the benefit of his creditors or a composition or arrangement has been completed the trustee shall make a report accordingly to the court and the court if satisfied that the whole of the property of the insolvent has been realized for the benefit of his creditors or that so much thereof as can be realized without needlessly protracting the insolvency has been so realized or that a composition or arrangement has been completed shall make an order that the insolvency has closed and the insolvency shall be deemed to have closed at and after the date of such order.

(2.) A copy of the order closing the insolvency shall be published in the *Gazette* and the production of a copy of such *Gazette* containing a copy of the order shall be conclusive evidence of the order having been made and of the date and contents thereof.

*Discharge of Insolvent.*

**153.** At any time after the insolvent has passed his last examination or at any earlier time with the consent of the creditors testified by a special resolution the insolvent may upon the prescribed notice apply to the court for a certificate of discharge but such certificate shall not be given unless it is proved to the court either—

Certificate may be granted on certain conditions.  
Q. 38 Vic. No. 5, s. 167.

- (1) That the insolvency has arisen from circumstances for which the insolvent cannot justly be held responsible or
- (2) That a special resolution of his creditors has been passed to the effect that his insolvency has arisen from such circumstances as last aforesaid and that they desire that a certificate of discharge shall be granted to him or
- (3) That the gross amount realized in the estate is equal to the total amount of debts proved in the estate.

But the court may nevertheless suspend for such time as it deems to be just or withhold altogether the certificate of discharge if it appears to the court by sufficient evidence that the insolvent has made default in giving up to his creditors the property which he is required by this Ordinance to give up or that a prosecution has been commenced against him in pursuance of the provisions of any Ordinance or law relating to the punishment of fraudulent debtors.

**154.—**(1.) Whether any application shall have been made under the preceding section or not the court at the time and in the circumstances following may on the application of any insolvent who has not obtained a certificate of discharge and after the prescribed notice grant such certificate and for such purpose may alter or vary any decision theretofore pronounced—

Application for certificate after lapse of time.  
Q. 1b, s. 168.

- (a) At the expiration of twelve months from the date of adjudication with the assent testified in writing of a majority in number of the creditors whose debts amount to Ten pounds and upwards who have proved in the estate.
- (b) At the expiration of two years without the consent of any creditor.

Provided that upon any such application the insolvent shall make oath that he has made a full and fair discovery of his estate and has not granted or promised any payment or security and has not entered into any collusive agreement for the purpose of obtaining such consent.

(2.) The court may nevertheless upon any such application withhold the certificate or suspend the same for such period as it shall deem just.

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Application at  
the end of  
three years.  
Q. 38 Vic.  
No. 5, s. 169.

**155.**—(1.) At the expiration of three years from the date of the order of adjudication any insolvent who has not obtained a certificate of discharge may with the consent testified in writing of a majority of the creditors whose debts amount to Ten pounds and upwards who have proved in the estate apply after the prescribed notice to the court for a certificate.

(2.) Upon its being proved to the satisfaction of the court that such consent has been obtained and has been so obtained without fraud or collusion the court shall grant the certificate of discharge.

Provided that upon any such application the insolvent shall make oath that he has made a full and fair discovery of his estate and has not granted or promised any payment or security and has not entered into any collusive agreement for the purpose of obtaining such consent.

Conditional  
certificate.  
Q. *Ib.* s. 170.

**156.** If on any application for a certificate the court shall be of opinion that a certificate ought not to be granted unconditionally it may grant a certificate subject to any condition touching any salary pension emoluments profits wages earnings or income which may afterwards become due to or earned by the insolvent and generally touching after acquired property.

Payments, &c.,  
to influence  
creditors void.  
Q. *Ib.* s. 171.

**157.** Any payment contract covenant or security for the payment of any money made or given by an insolvent or other person to or in trust for any creditor for the purpose or with intent to persuade or induce such creditor to forbear opposing the granting of a certificate or to consent to the granting of a certificate or to forbear appealing against the granting of a certificate shall be void and the money (if any) paid may be recovered and any money so agreed to be paid or secured shall not be recoverable.

Form and  
date of  
certificate.  
Q. *Ib.* s. 172.

**158.** The certificate of discharge shall be in the prescribed form and shall be under the hand of the Registrar and seal of the court but shall not be drawn up or take effect until after the expiration of the time allowed for appeal or if an appeal be brought until after the decision of the court of appeal thereon and shall bear date either the day after the expiration of the time allowed for appeal or the day of the decision of the court of appeal as the case may require.

Effect of  
certificate.  
Q. *Ib.* s. 173.

**159.** A certificate of discharge shall not release the insolvent from any debt or liability incurred by means of any fraud or breach of trust nor from any debt or liability whereof he has obtained forbearance by fraud or from any debt or liability due by him as trustee of an insolvent estate in respect of any sum of money improperly retained or employed by him as such trustee.

But it shall release the insolvent from all other debts provable under the insolvency with the exception of—

(1) Debts due to the Administration.

- (2) Debts with which the insolvent stands charged at the suit of the Administration or of any person for any offence against a law relating to any branch of the public revenue or at the suit of the sheriff or other public officer on a bail bond entered into for the appearance of any person prosecuted for any such offence.

And he shall not be discharged from, such excepted debts unless the Treasurer with the approval of the Administrator certifies in writing his consent to his being discharged therefrom.

**160.** A certificate of discharge shall be sufficient evidence of the insolvency and of the validity of the proceedings therein and in any proceedings that may be instituted against an insolvent who has obtained a certificate of discharge in respect of any debt from which he is released by such certificate the insolvent may plead that the cause of action occurred before his discharge and may give this Ordinance and the special matter in evidence.

Effect as evidence.  
Q. 38 Vic. No. 5, s. 174.

Pleading.

**161.** The certificate of discharge shall not release any person who at the date of the order of adjudication was a partner with the insolvent or was jointly bound or had made any joint contract with him.

Exception of joint debtors.  
Q. Ib. s. 175.

*Status of Undischarged Insolvent.*

**162.** Where a person who has been made insolvent has not obtained his discharge then from and after the close of his insolvency the following consequences shall ensue—

Status of undischarged insolvent.  
Q. Ib. s. 176.

- (1) No portion of a debt provable under the insolvency shall be enforced against the property of the person so made insolvent until the expiration of three years from the close of the insolvency and during that time if he pay to his creditors such additional sum as will with the assets realized in the estate make up Twenty shillings in the pound on all debts proved in the insolvency he shall be entitled to a certificate of discharge in the same manner as if an amount equal to Twenty shillings in the pound on such debts had originally been paid out of his property.
- (2) At the expiration of a period of three years from the close of the insolvency if the insolvent has not obtained a certificate of discharge any balance remaining unpaid in respect of any debt proved in the insolvency but without interest in the meantime shall be deemed to be a subsisting debt in the nature of a judgment debt and subject to the rights of any persons who have become creditors of the debtor since the close of his insolvency may be enforced against

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any property of the debtor with the sanction of the court or a judge but to the extent only and at the time and in manner directed by such court or judge and after giving such notice and doing such acts as may be prescribed in that behalf.

PART VIII.—SUPPLEMENTAL PROVISIONS.

*As to Proceedings.*

**163.** The following provisions shall apply to proceedings in insolvency namely—

- (1) Where two or more insolvency petitions are presented against the same debtor or against debtors being members of the same partnership the court may consolidate the proceedings or any of them upon such terms as the court thinks fit.
- (2) Where the petitioner does not proceed with due diligence on his petition the court may substitute as petitioner any other creditor to whom the debtor may be indebted in the amount required by this Ordinance in the case of a petitioning creditor.
- (3) Proofs of debt may be made by affidavit sworn before any justice commissioner for affidavits or Registrar or in any other mode which may be prescribed or which may be deemed satisfactory by the trustee.
- (4) A corporation may prove a debt vote and otherwise act in insolvency by an agent duly authorized.
- (5) In any case of creditors being partners anything by this Ordinance authorized to be done by a creditor may be done by any one or more of the members of such partnership in the name and on behalf of the partnership.
- (6) A creditor may in the prescribed manner by instrument in writing appoint a person to represent him in all matters relating to any debtor or his affairs in which a creditor is concerned in pursuance of this Ordinance and such representative shall thereupon for all the purposes of this Ordinance stand in the same position as the creditor who appointed him. But no such appointment shall be made by way of sale of a debt or chose in action.
- (7) When a debtor who has been adjudicated an insolvent dies the court may order that the proceedings in the matter be continued as if he were alive.
- (8) The court may at any time on proof to its satisfaction that proceedings in insolvency ought to be stayed by reason that negotiations are pending for the liquidation of the affairs of the insolvent by arrangement or

Supplemental regulations as to proceeding in insolvency. Q. 88 Vic. No. 5, s. 177.



for the acceptance of a composition by the creditors in pursuance of the provisions herein contained or on proof to its satisfaction of any other sufficient reason for staying the same make an order staying the same either altogether or for a limited time on such terms and subject to such conditions as the court may think just.

**164.**—(1.) Whenever any adjudication in insolvency is annulled all sales and dispositions of property and payments duly made and all acts theretofore done by the trustee or any person acting under his authority or by the court shall be valid but the property of the debtor who was adjudged an insolvent shall in such case vest in such person as the court may appoint or in default of any such appointment revert to the insolvent for all his estate or interest therein upon such terms and subject to such conditions if any as the court may declare by order.

Consequences of annulling of adjudication.  
Q. 88 Vic.  
No. 5, s. 178.

(2.) A copy of the order of the court annulling the adjudication of a debtor as an insolvent shall be forthwith published in the *Gazette* and advertised locally in the prescribed manner and the production of a copy of the *Gazette* containing such order shall be conclusive evidence of the fact of the adjudication having been annulled and of the terms of the order annulling the same.

Order annulling to be gazetted.

**165.**—(1.) No proceeding in insolvency shall be invalidated by any formal defect or by any irregularity unless the court before which an objection is made to such proceeding is of opinion that substantial injustice has been caused by such defect or irregularity and that such injustice cannot be remedied by any order of such court.

Formal defects not to invalidate proceedings.  
Q. *Ib.* s. 179.

(2.) The court may if it think fit make an order declaring that any such proceeding is valid notwithstanding any such defect or irregularity.

#### *Evidence.*

**166.** The Registrar or any other person presiding at a meeting of creditors under this Ordinance shall cause minutes of all resolutions and proceedings of such meeting to be kept and duly entered in a book and from time to time to be duly filed in court and any such minute as aforesaid if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings had or a certified copy thereof as herein provided shall be received as evidence in all legal proceedings and until the contrary is proved every general meeting of the creditors in respect of the proceedings of which minutes have been so made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

Evidence of proceedings at meeting of creditors.  
Q. *Ib.* s. 180.

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Evidence of proceedings in insolvency.  
Q. 38 Vic. No. 5, s. 181.

**167.** Any petition or copy of a petition in insolvency any order or copy of an order made by the court any certificate or copy of a certificate made by the court in insolvency any deed or copy of a deed or arrangement in insolvency and any other instrument or copy of an instrument affidavit or document made or used in the course of any insolvency proceedings or other proceedings had under this Ordinance may if any such instrument as aforesaid or copy of an instrument appears to be sealed with the seal of the court or purports to be signed by a judge in insolvency under this Ordinance or sealed with the seal of the registry in insolvency under this Ordinance be receivable in evidence in all legal proceedings whatever.

Evidence in insolvency.  
Q. *Ib.* s. 182.

**168.**—(1.) Any evidence or depositions taken before any examining District Commissioner shall be transmitted to the court.  
(2.) Any such evidence or depositions and any other evidence or depositions taken in the insolvency shall be admissible and may be used in the insolvency as the case may require saving all just exceptions.

Shorthand writer.  
Q. *Ib.* s. 183.

**169.** In any case in which any examination of the insolvent or of witnesses is had before the court under this Ordinance the court may on the application of the trustee or any creditor (but at the expense in the first instance of the party making such application) direct the evidence of the insolvent or witnesses or any of them to be taken down by a shorthand writer appointed by the court who shall be sworn faithfully to report the evidence and in such case a transcript of the shorthand writer's or reporter's notes certified by him to be correct shall be admitted to prove the oral evidence of the witnesses in the same manner as depositions signed by them might be admitted.

Death of witnesses.  
Q. *Ib.* s. 184.

**170.** In case of the death of the insolvent or his wife or of a witness whose evidence has been taken by the court or an examining District Commissioner in any proceeding under this Ordinance the deposition of the person so deceased purporting to be sealed with the seal of the court or to be signed by the examining District Commissioner or a copy thereof purporting to be so sealed or to be so signed shall be admitted as evidence of the matters therein deposed to.

*Gazette* to be evidence.  
Q. *Ib.* s. 186.

**171.**—(1.) A copy of the *Gazette* containing any advertisement by this Ordinance or the general rules directed or authorized to be made herein shall be evidence of any matter therein contained of which notice is so directed or authorized to be given by such advertisement.

(2.) All proceedings or notices so directed or authorized to be inserted in the *Gazette* other than notices by the trustee shall be marked with the seal of the court and certified by the Registrar.

*Miscellaneous.*

**172.** Where a Registrar under the authority of this Ordinance attends at any place for the purpose of presiding at a meeting of creditors or of otherwise acting under this Ordinance his travelling and incidental expenses incurred in so doing and those of any clerk or officer attending him shall after being settled by the court be paid out of the insolvent's property if sufficient and otherwise shall be deemed part of the expenses of the court.

Expenses of Registrar attending meetings, &c.  
Q. 38 Vic. No. 5, s. 187.

**173.** Any person to whom any thing in action belonging to the insolvent is assigned in pursuance of this Ordinance may bring or defend any action or suit relating to such thing in action in his own name.

Power of assignee to sue.  
Q. *Ib.* s. 188.

**174.** Where an insolvent is a contractor in respect of any contract jointly with any other person or persons such person or persons may sue or be sued in respect of such contract without the joinder of the insolvent.

Saving as to joint contracts.  
Q. *Ib.* s. 189.

**175.** Every deed conveyance assignment or other assurance relating solely to freehold or leasehold property or to any mortgage charge or other incumbrance on or any estate right or interest in any real or personal property which is part of the estate of any insolvent and which after the execution of such deed conveyance assignment or other assurance either at law or in equity is or remains the estate of the insolvent or of the trustee under the insolvency and every power of attorney proxy paper writ order certificate affidavit bond or other instrument or writing relating solely to the property of any insolvent or to any proceeding under any insolvency shall be exempt from stamp duty except in respect of fees under this Ordinance.

Exemption of deeds from stamp duty.  
Q. *Ib.* s. 190.

**176.** Every action brought against any person for anything done in pursuance of this Ordinance shall be brought within six months next after the cause of action has arisen and if it shall appear that the matter complained of was done by authority of this Ordinance or that such action was brought after the time limited as aforesaid for bringing the same the verdict shall be given for the defendant.

Limitation of actions.  
Q. *Ib.* s. 191.

*Audit.*

**177.** Every elected trustee of an insolvent shall from time to time as may be prescribed and not less than once in every six months during the insolvency transmit to the official trustee a statement showing the proceedings in such insolvency up to the date of the statement containing the prescribed particulars and made out in the prescribed form and any elected trustee failing to transmit accounts in compliance with this section shall be deemed guilty of a contempt of court and be punishable accordingly.

Trustee's return of accounts to official trustee.  
Q. *Ib.* s. 193.  
Q. 57 Vic. No. 15, s. 5.

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Duty of  
official trustee.  
Q. 38 Vic.  
No. 5, s. 194.  
Q. 57 Vic.  
No. 15, s. 4.

**178.**—(1.) The official trustee shall examine the statements transmitted to him and shall call the elected trustee to account for any misfeasance neglect or omission which may appear on such statements and may require such trustee to make good any loss the estate of the insolvent may have sustained by such misfeasance neglect or omission.

(2.) If the elected trustee fail to comply with such requisition of the official trustee the official trustee may report the same to the court and the court after hearing the explanation if any of the elected trustee shall make such order in the premises as it thinks just.

Powers of  
official trustee.  
Q. 38 Vic.  
No. 5, s. 195.  
Q. 57 Vic.  
No. 15, s. 4.

**179.**—(1.) The official trustee may at any time require any elected trustee to answer any inquiry made by him in relation to any insolvency in which such elected trustee is engaged and may if he think fit apply to the court to examine on oath such trustee or any other person concerning such insolvency.

(2.) He may also direct a local investigation to be made of the books and vouchers of such trustee.

Returns of  
accounts in  
liquidation to  
official trustee.  
Q. 38 Vic.  
No. 5, s. 7.

**180.** The provisions of the three last preceding sections shall be read and construed as applying to every trustee appointed under Part IX. of this Ordinance as well as to every trustee appointed by the creditors of insolvents.

Returns by  
insolvency  
officers.  
Q. 38 Vic.  
No. 5, s. 196.

**181.**—(1.) The officers of the court acting in insolvency shall make to the official trustee such returns of the business of the court and their offices at such times and in such manner and form as may be prescribed by the rules of court.

(2.) The official trustee shall in manner prescribed by the rules of court frame books which shall be under the regulations of the rules of court open for public information and searches.

*Release of Trustee.*

Release of  
trustee.  
Q. 38 Vic.  
No. 5, s. 197.

**182.**—(1.) When the insolvency is closed the trustee shall call a meeting of the creditors to consider an application to be made to the court for his release.

(2.) At the meeting the trustee shall lay before the assembled creditors an account showing the manner in which the insolvency has been conducted with a list of the unclaimed dividends if any and of the property if any outstanding and shall inform the meeting that he proposes to apply to the court for release.

(3.) A copy of such account shall be transmitted by the trustee to the official trustee at least fourteen days before the trustee shall apply to the court for his release.

(4.) The official trustee shall make and present to the court a report upon such account and such other matters as he may think ought to be so reported.

(5.) The creditors assembled at the meeting may express their opinion as to the conduct of the trustee and they or any of them or the official trustee may appear before the court and oppose the release of the trustee.

(6.) The court after hearing what if anything can be urged against the release of the trustee shall grant or withhold the release accordingly and if it withhold the release shall make such order as it thinks just charging the trustee with the consequences of any act or default he may have done or made contrary to his duty and shall suspend his release until such charging order has been complied with and the court thinks just to grant the release of the trustee.

**183.**—(1.) Unclaimed dividends and any other moneys arising from the property of the insolvent remaining under the control of the trustee at the close of the insolvency of any insolvent or accruing thereafter shall be accounted for and paid over to such account as may be directed by rules of court and any parties entitled thereto may claim the same in manner directed by such rules.

Duty of trustee as to unclaimed dividends and outstanding property.  
Q. 38 Vic. No. 5, s. 198.

(2.) The trustee shall also deliver a list of any outstanding property of the insolvent to the prescribed persons and the same shall when practicable be got in and applied for the benefit of the creditors in manner prescribed.

**184.** The order of the court releasing the trustee of an insolvency shall discharge him from all liability in respect of any act done or default made by him in the administration of the affairs of the insolvent or otherwise in relation to his conduct as trustee of such insolvent but such order may be revoked by the court on proof that it was obtained by fraud.

Effect of release of trustee.  
Q. *Ib.* s. 199.

#### *Unclaimed Dividends.*

**185.** Where any dividends remain unclaimed for five years the same shall be deemed vested in the Administration and shall be paid by the trustee into the Treasury to the credit of the Public Revenue.

Forfeiture of dividends after five years' non-claim.  
Q. *Ib.* s. 200.

Provided that at any time after such vesting any judge of the Court may in the case of the disability or absence beyond seas of the person entitled to the sum so vested or for any other reason appearing to him sufficient recommend that the said sum should be repaid out of money provided for that purpose.

## PART IX.—LIQUIDATION BY ARRANGEMENT.

*Regulations.*

Regulations as  
to liquidation  
by arrangement.  
Q. 38 Vic.  
No. 5, s. 202.

**186.** The following provisions shall be made with respect to the liquidation by arrangement of the affairs of a debtor—

- (1) A debtor unable to pay his debts may summon a general meeting of his creditors and such meeting may by a special resolution as defined by this Ordinance declare that the affairs of the debtor are to be liquidated by arrangement and not in insolvency and may at that or some subsequent meeting held at an interval of not more than a week appoint a trustee with or without a committee of inspection.
- (2) All the provisions of this Ordinance relating to a first meeting of creditors and to subsequent meetings of creditors in the case of an insolvency including the description of creditors entitled to vote at such meetings and the debts in respect of which they are entitled to vote shall apply respectively to the first meeting of creditors and to subsequent meetings of creditors for the purposes of this section subject to the following modifications—
  - (a) That every such meeting shall be presided over by such chairman as the meeting may elect and
  - (b) That no creditor shall be entitled to vote until he has proved by a statutory declaration a debt provable in insolvency to be due to him and the amount of such debt with any prescribed particulars and any person wilfully making a false declaration in relation to such debt shall be guilty of a misdemeanour.
- (3) The debtor unless prevented by sickness or other cause satisfactory to such meeting shall be present at the meeting at which the special resolution is passed and shall answer any inquiries made of him and he or if he is so prevented from being at such meeting someone on his behalf shall produce to the meeting a statement showing the whole of his assets and debts and the names and addresses of the creditors to whom his debts are due.
- (4) The special resolution together with the statement of the assets and debts of the debtor and the name of the trustee appointed and of the members (if any) of the committee of inspection shall be presented to the Registrar and it shall be his duty to inquire whether

such resolution has been passed in manner directed by this section but if satisfied that it was so passed and that a trustee has been appointed with or without a committee of inspection he shall forthwith register the resolution and the statement of the assets and debts of the debtor and such resolution and statement shall be open for inspection on the prescribed conditions and the liquidation by arrangement shall be deemed to have commenced as from the date of the appointment of the trustee.

- (5) All such property of the debtor as would if he were made insolvent be divisible among his creditors shall from and after the date of the appointment of a trustee vest in such trustee under a liquidation by arrangement and be divisible amongst the creditors and all such settlements conveyances transfers charges payments obligations and proceedings as would be void against the trustee in the case of an insolvency shall be void against the trustee in the case of liquidation by arrangement.
- (6) The certificate of the Registrar in respect of the appointment of any trustee in the case of a liquidation by arrangement shall be of the same effect as a certificate of the court to the like effect in the case of an insolvency.
- (7) The trustee under a liquidation shall have the same powers and perform the same duties as a trustee under an insolvency and the property of the debtor shall be distributed in the same manner as in an insolvency and with the modification hereinafter mentioned all the provisions of this Ordinance shall so far as the same are applicable apply to the case of a liquidation by arrangement in the same manner as if the word "insolvent" included a debtor whose affairs are under liquidation and the word "insolvency" included liquidation by arrangement and in construing such provisions the appointment of a trustee under a liquidation shall according to circumstances be deemed to be equivalent to and a substitute for the presentation of a petition in insolvency or the service of such petition or an order of adjudication in insolvency.
- (8) The creditors at their first or any general meeting may prescribe the bank into which the trustee is to pay any moneys received by him and the sum which he may retain in his hands.

PART A : INSOLVENCY—

- (9) The provisions of this Ordinance with respect to the close of the insolvency discharge of an insolvent and the release of the trustee shall not apply in the case of a debtor whose affairs are under liquidation by arrangement but the close of the liquidation may be fixed and the discharge of the debtor and the release of the trustee may be granted by a special resolution of the creditors in general meeting. Provided that no trustee shall be released unless his accounts have been audited in the manner provided in sub-section (10.) of this section.
- (10) The provisions of this Ordinance with respect to the audit of the accounts of trustees elected by creditors in insolvency shall apply to the case of a debtor whose affairs are under liquidation by arrangement under this Part of this Ordinance.
- (11) The trustee shall report to the Registrar the discharge of the debtor and a certificate of such discharge given by the Registrar shall have the same effect as a certificate of discharge given to an insolvent under this Ordinance.
- (12) Rules of court may be made in relation to proceedings on the occasion of liquidation by arrangement in the same manner and to the same extent and of the same authority as in respect of proceedings in insolvency.
- (13) If it appear to the court on satisfactory evidence that the liquidation by arrangement cannot in consequence of legal difficulties or of there being no trustee for the time being or for any sufficient cause proceed without injustice or undue delay to the creditors or to the debtor the court may on the petition of the debtor or of any creditor competent under this Ordinance to present a petition for adjudication adjudge the debtor an insolvent and proceedings may be had accordingly.
- (14) Where no committee of inspection is appointed the trustee may act on his own discretion in cases where he would otherwise have been bound to refer to such committee.

Q. 57 Vic.  
No. 15, s. 7.

Registration  
of resolutions  
of creditors  
conclusive in  
certain cases.  
Q. 38 Vic.  
No. 5, s. 208.

**187.** The registration by the Registrar of a special resolution of the creditors on the occasion of a liquidation by arrangement under this Part of this Ordinance shall in the absence of fraud be conclusive evidence that such resolution was duly passed and all the requisitions of this Ordinance in respect of such resolution complied with but any such registration may nevertheless be discharged by the court upon the application of any creditor upon sufficient cause shown.



PART X.—COMPOSITION WITH CREDITORS.

**188.**—(1.) The creditors of a debtor unable to pay his debts may without any proceedings in insolvency by an extraordinary resolution resolve that a composition shall be accepted in satisfaction of the debts due to them from the debtor.

Regulations as  
to composition  
by creditors.  
Q. 88 Vic.  
No. 5, s. 204.

(2.) An extraordinary resolution of creditors shall be a resolution which has been passed by a majority in number and three-fourths in value of the creditors of the debtor assembled at a general meeting to be held in the manner prescribed of which notice has been given in the prescribed manner and has been confirmed by a majority in number and value of the creditors assembled at a subsequent general meeting of which notice has been given in the prescribed manner and held at an interval of not less than seven days nor more than fourteen days from the date of the meeting at which such resolution was first passed.

(3.) In calculating a majority for the purposes of a composition under this section the value of the debts of secured creditors shall as nearly as circumstances admit be estimated in the same way and the same description of creditors shall be entitled to vote at such general meetings as in insolvency.

(4.) The debtor unless prevented by sickness or other cause satisfactory to such meetings shall be present at both the meetings at which the extraordinary resolution is passed and shall answer any inquiries made of him and he or if he is so prevented from being at such meetings someone on his behalf shall produce to the meeting a statement showing the whole of his assets and debts and the names and addresses of the creditors to whom such debts respectively are due.

(5.) The extraordinary resolution together with the statement of the debtor as to his assets and debts shall be presented to the Registrar and it shall be his duty to inquire whether such resolution has been passed in manner directed by this section and if satisfied that it has been so passed he shall forthwith register the resolution and statement of assets and debts but until such registration has taken place such resolution shall be of no validity and any creditor of the debtor may inspect such statement at prescribed times and on payment of such fee if any as may be prescribed.

(6.) Before any such registration shall be made the debtor shall make oath that he has fully and truly to the best of his knowledge disclosed all his assets and liabilities and the names of his creditors and the amount of their debts and that he has not granted or promised any payment or security or made or promised any preference of any creditor or entered into any

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collusive agreement for the purpose of obtaining assent to the resolution and such oath shall be presented to the Registrar and be registered with the resolution.

(7.) The creditors may by an extraordinary resolution add to or vary the provisions of any composition previously accepted by them without prejudice to any persons taking interests under such provisions who do not assent to such addition or variation and any such extraordinary resolution shall be presented to the Registrar in the same manner and with the same consequences as the extraordinary resolution by which the composition was accepted in the first instance.

(8.) The provisions of a composition accepted by an extraordinary resolution in pursuance of this section shall be binding on all the creditors whose names and addresses and the amount of the debts due to whom are shown in the statement of the debtor produced to the meetings at which the resolution has passed but shall not affect or prejudice the rights of any other creditors.

(9.) Where a debt arises on a bill of exchange or promissory note if the debtor is ignorant of the holder of any such bill of exchange or promissory note he shall be required to state the amount of such bill or note the date on which it falls due the name of the acceptor or person to whom it is payable and any other particulars within his knowledge respecting the same and the insertion of such particulars shall be deemed a sufficient description of the creditor of the debtor in respect of such debt and any mistake made inadvertently by a debtor in the statement of his debts may be corrected after the prescribed notice has been given with the consent of a general meeting of his creditors.

(10.) The provisions of any composition made in pursuance of this section may be enforced by the court on a motion made in a summary manner by any person interested and any disobedience of the order of the court made on such motion shall be deemed to be a contempt of court.

(11.) Rules of court may be made in relation to proceedings on the occasion of the acceptance of a composition by an extraordinary resolution of creditors in the same manner and to the same extent and of the same authority as in respect of proceedings in insolvency.

(12.) If it appear to the court on satisfactory evidence that a composition under this section cannot in consequence of legal difficulties or for any sufficient cause proceed without injustice or undue delay to the creditors or to the debtor the court may adjudge the debtor an insolvent and proceedings may be had accordingly.

**189.** The registration by the Registrar of an extraordinary resolution of the creditors under this Part of the Ordinance shall in the absence of fraud be conclusive evidence that such resolution was duly passed and all the requisitions of this Ordinance in respect thereof complied with but any such registration may nevertheless be set aside or discharged by the court upon the application of any creditor upon sufficient cause shown.

Registration of resolution conclusive.  
Q. 38 Vic. No. 5, s. 205.

PART XI.—OFFENCES.

**190.** Where a debtor makes any arrangement or composition with his creditors under the provisions of this Ordinance he shall remain liable for the unpaid balance of any debt which he incurred or increased or whereof before the date of the arrangement or composition he obtained forbearance by any fraud provided the defrauded creditor has not assented to the arrangement or composition otherwise than by proving his debt and accepting dividends.

Debts incurred by fraud.  
Q. *Ib.* s. 215.

**191.** Where a trustee in any insolvency reports to the court that in his opinion an insolvent has been guilty of any offence under this Ordinance or under any of the provisions of Chapter LIII. of the Criminal Code or where it is represented to the court by any creditor or member of the committee of inspection that there is ground to believe that the insolvent has been guilty of any offence under this Ordinance or under any of the said provisions of the Criminal Code the court shall if it appears to the court that such report or representation is true and that there is a reasonable probability that the insolvent may be convicted order the trustee to prosecute the insolvent for such offence and may hold the insolvent to bail to appear before a justice of the peace to answer the charge to be preferred against him for such offence.

Order by court for prosecution on report of trustee.  
Q. *Ib.* s. 217.

**192.—(1.)** Where the prosecution of an insolvent under this Ordinance is ordered by the court or where the insolvent is committed for trial by order of the court then on the production of the order of such court all the expenses of the prosecution shall be paid and borne by the Administration.

When prosecution ordered by court expenses to be borne by the Administration.  
Q. *Ib.* s. 218.

**(2.)** In other cases the expenses of the prosecution of an insolvent for an offence under this Ordinance up to the time of his commitment for trial shall be paid and borne by the person or persons instituting such prosecution.

When prosecution not ordered.

**193.** Where any person is liable under any other Ordinance to any punishment or penalty for any offence made punishable by this Ordinance such person may be proceeded against under such other Ordinance or under this Ordinance so that he be not punished twice for the same offence.

Punishments under this Ordinance cumulative.  
Q. *Ib.* s. 221.

PART A: INSOLVENCY—

Section 2.

THE SCHEDULE.

ORDINANCE OF THE TERRITORY OF PAPUA.

*Insolvency Ordinance, 1912.*(10)

ORDINANCE OF THE TERRITORY OF NEW GUINEA.

*Insolvency Ordinance 1934.*(11)

ORDINANCES OF THE TERRITORY OF PAPUA AND NEW GUINEA.

*Insolvency (Papua) Ordinance 1950.*(12)

*Insolvency (New Guinea) Ordinance 1950.*(13)

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(10) The *Insolvency Ordinance, 1912* is printed in *The Laws of the Territory of Papua 1888-1945. (Annotated)*, Vol. III., on pp. 2283-2343; as to subsequent amendments see the Supplementary Table printed in Part B of Volume II.

(11) See the *Insolvency Ordinance, 1912* (Papua, adopted) printed in *The Laws of the Territory of New Guinea 1921-1945 (Annotated)*, Vol. III., on pp. 2565-2625.

(12) Printed in Part B of Volume II.

(13) Printed in Part C of Volume II.