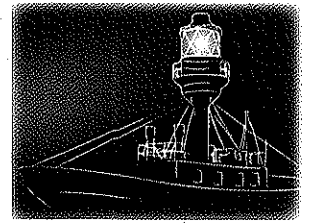


CONDON

Forensic Insolvency Turnaround
ASSOCIATES



26 March 2008

The Hon Kevin Rudd MP
Prime Minister
Parliament House
CANBERRA ACT 2600

Dear Prime Minister,

AUSTRALIA 2020 SUMMIT

As immediate past President of the Turnaround Management Association of Australia and Board member of Public Practice Committee of CPA Australia, I am moved to write to you to outline some issues you may wish to consider both in relation to the volatile economic period that we as a nation are entering, and the Australia 2020 Summit to be held in April this year. I am more than willing to contribute personally to the Summit should you require.

My thirty years of experience in this field has led me to conclude that future Australian legislation needs to be more clearly focused on business turnaround and recovery rather than merely on the pecuniary investigation and penalty of business owners that, in the main, does not actually result in clear action in the eyes of the general public.

Although current legislation, through the Corporations Law, does provide for limited provisions (within Part 5.3 relating to Voluntary Administration), there are factors outside the control of the administrators that can terminate this process or make any recovery impractical as a result of significant legal costs and/or impediments.

Of great concern is that many current middle managers, who would have commenced their careers in the early 1990's, have no personal experience or vision in managing businesses through periods of negative growth or bad financial times. The ultimate impact may be that many businesses are placed at a much greater level of risk merely because managers who are in control have no knowledge of how to properly react to the situation.

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Notwithstanding that the proposed approach needs to be turnaround focused, the necessary changes in legislation do still need to be coupled with an appropriate and cost effective method of disciplining certain 'rogue' elements in our society. Rather than leading the process to genuine recovery and solutions - in the interests of all parties, these elements may seek to manipulate legislation to avoid penalty and to personally gain at other people's expense,

A future focus on turnaround and recovery is necessary to curtail, as far as possible the following:

- loss of jobs
- damage to the market
- further reductions in local production
- the flow on of financial loss to other business sectors
- the diminution of market and investor confidence
- loss of creditor's money and therefore wealth
- the risk of flow on damage to creditor,
- the loss of investment dollars to overseas markets, and ultimately
- loss of stakeholder wealth (with potential significant impacts on the superannuation asset base).

In this time of future economic uncertainty, a process, enshrined in statute, is required to deliver cost effective turnaround solutions and will far more effectively prepare Australia as a nation to grow and develop in a long term sustainable manner.

Yours faithfully
Condon Associates



Schon G Condon RFD
Managing Principal