

18th August, 2014

The President,
Australian Restructuring Insolvency & Turnaround Association,
GPO Box 4340
SYDNEY, NSW 2001

Attn Mr David Lombe

Dear Mr Lombe,

I write to you on behalf of the members of the Australian Credit Forum.

The Australian Credit Forum was established in the early 70's 'when a group of Senior Credit Professionals felt there was a need to establish an Association where the members would meet on a regular basis to network and by the exchange of thoughts and ideas build and strengthen their own credit standards and knowledge.

The Association meets on a regular basis to discuss and review existing and proposed changes to Federal and State Government legislation that might have an impact on their company's credit policies and practices and on their day to day role as Credit Professionals. Via these meetings the Forum regularly makes submissions to Federal and State Governments on legislation impacting the Credit Profession.

The members of the Forum have a daily involvement with insolvency appointments, usually as the representatives of trade creditors.

At a recent meeting of the Forum, many members expressed continuing dissatisfaction with the conduct of Insolvency Practitioners in a number of areas. These are not isolated instances.

The members felt that your members may benefit from being aware of the concerns of members of the Credit Management profession. In no order of importance;

LIST OF CREDITORS:

The ARITA Code of Conduct says:

24.4.1 List of Creditors

Apart from the statutory requirements to provide a list of creditors, a schedule of creditors (name and amount) should also be made available on the request of any creditor. The information is publicly available from the Report as to Affairs lodged with ASIC or Statement of Affairs filed with ITSA.

If a creditor should wish to replace an incumbent Administrator (being a statutory right), then the refusal of that Administrator to supply a list of the creditors, in a timely manner, inhibits the ability of the creditor to make contact with other creditors and ascertain their wishes on the subject. The impression being gained from the regular refusal by Administrators to supply these lists is that Administrators are more interested in protecting their own position and ongoing revenue, by minimising the chances of a creditor rallying any support to remove them, than to respect the wishes of the creditors.

TELEPHONE CONFERENCE FACILITIES

It is understood that the meeting of creditors must be held at a place convenient to the majority of creditors. In respect of businesses located in rural regions, this place is unlikely to be convenient to a National or State credit manager.

We find it frustrating that so many Administrators refuse to supply teleconference facilities for meetings of this type.

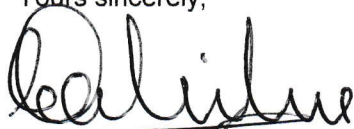
PREDETERMINED INCREASES IN RATES OF FEES

It is understood that some insolvency firms are seeking the approval of remuneration at certain rates, plus increases in future years, set in some instances at 10% per annum.

We find it improper to seek the approval of creditors to 10% increases in the rates of remuneration, rather than for example, seeking increases at the rate of CPI changes.

I hope that these comments are beneficial to your members and we look forward to you or your members response and further discussion regards these issues.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Eric R Milne', written in a cursive style.

Eric R Milne LICM, CCE
Chairman
Australian Credit Forum