Innovation and Bankruptcy
A Reality…

Presented By
Schon G Condon RFD FCA, FCPA , FIPA
Condon Forum March 2016

History of Bankruptcy – Days of Republican Rome (509 BV – 44 BC)

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Around 400 BC – reform movement

- 377 BC, the "Great Reform Bill" is enacted by the Senate
- Allowing 3 years for payment of remained debt in equal yearly instalments
- Influenced/created modern bankruptcy legislation

Position

- The Government has suggested that it should legislate to change the time an individual is in Bankruptcy from 3 years to just 1 year.
- The premise is that, in doing so this will improve the predisposition of entrepreneurs to take more risk and thus improve the frequency and size of innovation, thus providing a better atmosphere for business growth projects.

What is Innovation?

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What is the Governments Innovation?

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What drives innovation?

- Thought leaders,
- People willing to take calculated risks,
- Flexible legislation,
- Unified and co-ordinated legislation,

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What is Risk?

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What reduces risk?

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What does our Economy need to grow

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Key Assets of innovation

- At one level
  - An idea,
  - Someone to drive it
  - A brilliant mind

- **In reality**
  - Properly registered Intellectual Property
  - Copies of all plans and systems
  - Compliance with standard construction processes (the Meccano approach)
  - A willing funder

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Pursuit of Miscreant Debtor

- Bankruptcy as a result of an unfortunate event
- Bankruptcy as a Strategy (miscreant)

Reaction of Industry/Business

- Creditors are frustrated
- Reduces the scope of effective credit policies
- Promotes 'copy cat' behaviour

Reaction of the Community

- Except when the bankrupt is high profile, no one cares
- Will cause morale hazard

Reaction of Individuals (the Debtor)

- Are relieved once they take the action
- Perceive in the main they are fairly treated

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What Really does fail with Bankruptcy?

- The scheming Bankrupt
- Smaller window to investigate for Trustees

"What Australia really needs is a total and integrated package, that is capable of self progression and development, is increasingly less dependant on laws and courts and that will both fuel and oil business as well as overall economic growth"

But for this to ever be the case we need leaders that are focused and can build our future, …

… not simply protect their present.

Otherwise it will simply fail in the end!

Thank you

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