

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

2015 - 2016

**Department/Agency:** Treasury  
**Question:** AET 3843  
**Topic:** MIS Schemes  
**Reference:** Written - 19 February 2016  
**Senator:** Urquhart, Anne

**Question:**

3843. How much has the Commonwealth Government spent to date on the failed MIS schemes, and what have they cost the economy more generally?

**Answer:**

Australia's insolvency system, with a limited exception, does not provide for the transfer of any losses by creditors or investors to the Government. The Government does not accept any losses that are incurred as a result of a private decision to provide funds to a managed investment scheme in the event that the scheme fails.

The overall economic cost of MIS failure to Australia's economy is difficult to quantify as no data and macroeconomic models are available and to attempt to provide this detail would involve an unreasonable diversion of departmental resources. However, some indication can be given by the size of MIS funds in external administration. Compared to the total size of funds managed by the funds management industry (\$2.5 trillion at December 2014)<sup>1</sup>, the total amount of funds in managed investment schemes in external administration is relatively small. For example, in 2014, the total amount of funds managed by all failed forestry managed investment schemes amounted to \$5.8 billion<sup>2</sup> which was only 0.2 percent of the total funds managed by the funds management industry.

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<sup>1</sup> ABS, 2015, Managed Funds (Cat. No 5655.0)

<sup>2</sup> ASIC submission to the Senate Inquiry into Forestry Managed Investment Schemes