



MEDIA RELEASE

Bernie Ripoll MP

PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

Wednesday 27 May 2009

New inquiry into agribusiness managed investment schemes

Mr Bernie Ripoll MP, Chairman of the Parliamentary Joint Committee on Corporations and Financial Services, this evening confirmed a new inquiry into agribusiness managed investment schemes (MIS) following the recent high-profile collapses of Timbercorp and Great Southern.

The Corporations and Financial Services Committee will conduct a three-month inquiry focused on the structure, marketing and taxation treatment of agribusiness MIS.

Mr Ripoll indicated that the committee will take a particular interest in conflicts of interest, commission arrangements, performance of the schemes and reasons behind the recent scheme collapses.

“The committee wants to get to the bottom of how and why investors were encouraged into these schemes, and whether they were built on a sustainable business structure.

“We need to understand the motivations for people getting involved in these schemes, including the role played by the taxation treatment of MIS, and whether the regulation of MIS is sufficient and appropriate” Mr Ripoll said.

Mr Ripoll also highlighted the potential broader ramifications of the recent scheme collapses.

“The demise of Timbercorp and Great Southern will of course impact on many ordinary investors, shareholders and companies who dealt directly with these entities. But there is also potential for the collapses to influence outcomes for other entities in the sector. That's why the committee has decided it is important to hold this inquiry

over a relatively short time frame and report promptly to Parliament on the key issues” Mr Ripoll said.

Mr Ripoll noted that the inquiry will be complementary to the committee's existing inquiry into financial products and services, but needs to stand alone as a matter of parliamentary scrutiny

“The information that the committee uncovers during the MIS inquiry will also be relevant to our broader work on the regulation of financial products and services and the provision of financial advice in Australia. It is important that we learn from recent events and company collapses and where necessary make appropriate legislative or regulatory change to protect Australian investors” Mr Ripoll said.

The Committee will table its report on agribusiness MIS to Parliament by 7 September 2009. The Terms of Reference for the inquiry are attached.

For further information or to make a submission visit the committee website at: http://www.aph.gov.au/Senate/committee/corporations_ctte/index.htm or call the Committee Secretariat on (02) 6277 3543.

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Terms of Reference

Inquiry into agribusiness managed investment schemes

Having regard to the recent collapses of Timbercorp and Great Southern, the Committee will inquire into and report by 7 September 2009 on agribusiness managed investment schemes (MIS), with particular reference to:

1. business models and scheme structures of MIS;
2. the impact of past and present taxation treatments and rulings related to MIS;
3. any conflicts of interest for the board members and other directors;
4. commissions, fees and other remuneration paid to marketers, distributors, related entities and sellers of MIS to investors (including accountants and financial advisers);
5. the accuracy of promotional material for MIS, particularly information relating to claimed benefits and returns (including carbon offsets);
6. the range of individuals and organisations involved with the schemes, including the holders of the relevant Australian Financial Services Licence;
7. the level of consumer education and understanding of these schemes;
8. the performance of the schemes;
9. the factors underlying the recent scheme collapses;
10. the projected returns and supporting information, including assumptions on product price and demand;
11. the impact of MIS on other related markets; and
12. the need for any legislative or regulatory change.

Submissions are due by 26 June 2009.