



Senate Economics References Committee

15 December 2015

Senator the Hon Stephen Parry
President of the Senate
Parliament House
Canberra ACT 2600

Dear Mr President

Pursuant to Senate standing order 38(7), I present to you an interim report of the Economics References Committee's inquiry into Forestry Managed Investment Schemes.

On 25 June 2014, the Senate referred an inquiry into the structure and development of forestry managed investment schemes to the Senate Economics References Committee for inquiry and report by 27 October 2014. The Senate subsequently extended the reporting date on five occasions: first to 31 March 2015, then to 25 June 2015, then to 12 November 2015, then to 26 November, finally to 16 December 2015. The terms of reference are comprehensive and include the following matters:

The structure and development of forestry managed investment schemes (MIS), including:

- (a) the motivation and drivers that established the framework for the schemes initially;
- (b) the role of governments in administering and regulating forestry MIS;
- (c) the current policy and regulatory framework of forestry MIS;
- (d) the role of some in the financial services industry in promoting and selling forestry MIS;
- (e) compensation arrangements for small investors in forestry MTS who have lost life savings and their homes in the face of the collapse of forestry MIS;
- (f) the burden on farmers and other agricultural producers who have been left with the uncertainty of timber plantations linked to forestry MIS on their land;
- (g) the options for reforming forestry MIS to protect investors and rural communities; and
- (h) any other related matters.

The committee resolved that under term of reference (h) it would accept submissions that deal with agricultural MIS.

Conduct of inquiry

The committee advertised the inquiry on its website calling for written submissions. The committee also wrote directly to a range of government departments and agencies, organisations and academics drawing their attention to the inquiry and inviting them to make written submissions. It also invited the peak bodies for accountants, financial advisers and the forestry industry as well as other people known to be interested in forestry managed investment schemes to contribute to the inquiry.

Submissions

The committee received 199 submissions as well as additional information and answers to a series of written questions. The committee held five public hearings in Melbourne (3), Canberra and Launceston.

Reporting

The committee is preparing a comprehensive report to address the terms of reference. In order to allow committee members sufficient time to consider the draft report, the committee has agreed to present this interim report with the intention of tabling its final report before 4 February 2016.

Yours sincerely

Senator Chris Ketter
Chair