

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 166

Topic: Total Amount Frozen in Non-Guaranteed ADIs

Hansard Page: E27

Senator Coonan asked:

Senator COONAN—Do you have a figure of the total amount still frozen in non-guaranteed ADIs?

Mr Murphy—We used to have one.

Senator COONAN—I know it moves around a bit.

Mr Murphy—We will have to take it on notice. We do not have the figures here.

Answer:

The most recent data indicate that at least 80 investment funds, with a combined total of \$26.2 billion of funds under management, have applied withdrawal limitations to the capital of unit holders. Many funds have made, and are continuing to make, limited periodic withdrawal offers to their members.

The vast majority of funds continue to pay periodic income distributions to unit holders. Treasury is aware of only four funds that have not continued to make regular distribution payments.

These data primarily come from ASIC's records of the 74 funds that have introduced withdrawal restrictions and that have applied to it for permission to apply hardship relief provisions for unit holders. At present, Treasury is aware of only six other funds with withdrawal limitations that have not applied for ASIC's hardship relief provisions, although there may be other smaller funds that also fall into this category that we are not currently aware of.

It should be noted that the data for funds under management are approximate and due to the nature of the funds management industry, the exact figure fluctuates on a daily and weekly basis, particularly in times of high volatility. Furthermore, given the periodic capital withdrawals noted above, it is expected that the aggregate data for funds under management is decreasing on a continuing basis.