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**Holloway, Leonie**

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**From:** Collett, Matthew  
**Sent:** Wednesday, 10 November 2010 2:32 PM  
**To:** Beale, Tim; Mikula, Christian  
**Cc:** Wilkinson, Vicki; Mias, Mark  
**Subject:** Managed investment schemes: meeting with the Greens [SEC=IN-CONFIDENCE]

**Security Classification:**  
IN-CONFIDENCE

Hi,

I accompanied RG (Paul McCullough and Richard Maher) when they met with Senator Brown and Senator Milne today. Also present were Matt Brine and Glen McCrae.

As expected, the main focus of the discussion was tax. However, the Greens consider that forestry MIS schemes have a Ponzi-like character and they would like a briefing from ASIC on the following issues:

- What ASIC has done, or is doing, about alleged misleading and deceptive conduct by forestry MIS promoters (in failing to disclose to investors that their business model is heavily dependent on annual inflows of capital, and therefore vulnerable); and
- ASIC's progress in implementing its proposal (in Consultation Paper 133 of 8 April 2010) that REs are to meet certain disclosure benchmarks. In particular, the proposed benchmark fee structure is that members of the scheme pay annual fees (based on the actual costs of operating the scheme) to the RE. If this is not the case, the RE must explain the fee structure proposed and why an annual fee structure is not being used.

In discussions after the meeting, it was proposed that Treasury would provide further briefing to the Government before the end of the year on a handling strategy – tentatively, this would include announcing positive steps as well as (on the governance side) a CAMAC inquiry and (on the tax side) a possible further (e.g. Productivity Commission or tax summit) inquiry into the taxation of land use in Australia.

Regards,  
Matthew