

# Wait for conclusion

## Minister defends MIS

By **TERRY SIM**

FEDERAL Agriculture Minister Tony Burke defended the managed investment scheme (MIS) model at Hamilton this week as MIS company Great Southern Ltd went into receivership with up to \$850 million in debts.

It was important not to jump to conclusions about the managed investment scheme model, Mr Burke said before touring the EverGraze research site near Hamilton on Tuesday.

The Federal Government is under pressure to drop tax breaks for MIS projects after Great Southern Ltd went into receivership this week, less than two weeks after Timbercorp was put into administration owing about \$900 million.

"What will need to be unpacked is the extent to which we are looking at business failures based on particular business decisions versus the extent to which the model itself is the conclusion for why things have turned out the way they have," Mr Burke said.

"I think it is important not to jump to conclusions about the (MIS) model — Citigroup went under without us saying this means the entire banking system is shot to pieces.

"I think we need to wait until we've got better information from the administrators before we draw hard conclusions about MIS itself." Mr Burke shrugged off a suggestion that there had been millions of dollars of taxation revenue lost through the MIS projects.

"If you have something that provides tax advantages then there is also revenue implications," he said.

"The first question in my mind is what are the best ways to drive investment in primary production, whether it be forestry or whether it be agriculture or even fisheries for that matter.

"We need in that context to be able look at the extent to which there are good examples of MIS — you go up to the Kimberley and you wouldn't find the Ord stage two being driven at its current pace without having to acknowledge the significant



Agriculture Minister Tony Burke.

Picture: THE AGE

work that's happened there though MIS.

"At the same time, you've got a couple of examples now with Timbercorp and Great Southern that obviously demand a very high level of scrutiny."

Mr Burke said the Henry Future Tax System review was already looking at the taxation system "across the board".

Mr Burke said it was critical that MIS drove investment that created long-term jobs.

"You will find examples of MIS that are actually doing

that fairly effectively and you will also find examples where investment decisions have been too dependent on taxation decisions rather than production decisions," he said.

"The extent to which the model of MIS itself is at fault with Great Southern and Timbercorp? I think we want to base that on the evidence.

"Once the administrators have started to go through what is an unbelievably complex business structure we'll be in a better position to answer that."

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