



Media Release

**For Immediate Release**

## Growth Slows for Timber; Horticulture Expands

Australian Agribusiness Group's (AAG) fifth annual Survey of Capital Raised in the agribusiness Managed Investment Scheme (MIS) industry was released today.

The headline number of \$1,141 million raised in 2005/06 (2004/05 – \$1,024 million) showed a slowing in growth in the sector which increased just 11% on the previous year (2004/05: 54%).

Timber projects showed a decline in sales, while horticultural offerings experienced a significant increase.

AAG's Managing Director, Marcus Elgin, commented on the survey saying "The AAG survey is the only authoritative survey of capital raised. Over the last five years AAG has collected accurate and comparable data to demonstrate that the agribusiness MIS industry has grown from \$300 million in 2001/02 to \$1,141 million in 2005/06. This sector is the largest investor in Agribusiness in Australia, and is the largest single driver of growth behind the farm gate".

Highlights from the AAG report include:

- There were 56 new investments released in 2005/06 (2004/05: 47)
- Timber investments received 61% of the investment dollars (2004/05: 75%) while horticulture and olive projects received \$254 million (2004/05: \$115 million).
- The capital invested will generate \$5.5 billion of future assessable gross income at farm gate (2004/05: \$4.3 billion) with the gross income to be generated from the past five years of projects equating to \$16.4 billion.
- The average project investment was \$44,000 per investor (2004/05: \$63,000)
- 69% of investors geared their investment (2004/05: 56%)
- Approximately 84,300 hectares (2004/05: 103,100 ha) of trees will be planted for timber production of which approximately 69,000 hectares will be for woodchip (e.g. blue gum type species) (2004/05: 91,000)
- Approximately 1,700 people are employed directly by the operators of the 2005/06 projects with more than 400 jobs being created as a result of this year's capital raising in MIS

"We were extremely happy with the response to our survey by the project managers, with all managers we identified as having raised capital in 2005/06 contributing to the survey" AAG's Executive Manager, Tim Lee said.

Tim Lee continued by saying "No sector invests as much, or will pay as much tax as the MIS sector". He stressed the flow-on effects of this level of investment, noting that "in the immediate term, product managers will be paying tax on the funds raised, contractors will be paying tax, employees in the industry will be paying tax and new jobs will be created both directly and indirectly. Agribusiness MIS projects drive regional growth and generate significant value add, exports and market impact".

Marcus Elgin pointed out that "the sector now had well in excess of 75,000 investors who directly have a stake in rural Australia". He continued saying "that although rural people were drifting to the cities, city people were sending their capital to the bush. This was a strongly positive sign for Australian agribusiness."

The full report is available now by contacting AAG.

-- ENDS --

## **About Australian Agribusiness Group**

Australian Agribusiness Group (AAG) was formed in 1997. It provides agribusiness, research, investment and management skills to smart agribusinesses.

AAG is the market leader in research into the agri MIS sector. In alliance with Ernst & Young, it provides detailed research and rates product offerings and supports the sector with a range of decision making tools. Its research reaches over 140 financial planning groups, covering some 9,000 financial planners. AAG's ratings are also distributed by Standard & Poor's.

AAG provides research to other high growth agribusinesses, manages Stocklease Pty Ltd, provides investment and management services and operates a national consulting practice.

AAG also produces the Agri Index, a measure of the relative performance of ASX to listed agribusiness.

For more information about AAG please visit [www.ausagrigrp.com.au](http://www.ausagrigrp.com.au), or contact:

Marcus Elgin (Managing Director) or Tim Lee (Executive Manager)  
Australian Agribusiness Group  
Level 7, 99 Queen Street  
Melbourne Vic 3000  
Tel: (03) 9602-6500  
Fax: (03) 9642-8824  
Email: [info@ausagrigrp.com.au](mailto:info@ausagrigrp.com.au)