



Media Release

Wounding the only golden goose – MIS proposed changes unbelievable says AAG

AAG is the largest provider of research into the Agri Managed Investment Schemes (MIS) sector. It is also the most experienced, having operated in researching and rating MIS since 2000. Approximately 20% of AAG's income in 2006/07 will come from agri MIS related activity.

Recent proposals to fundamentally change the tax treatment of MIS are just plain wrong. The appropriation of consultation into changes to MIS Forestry to cover MIS Horticultural projects is not just unfair, it flies in the face of economic common sense.

Here are the facts:

- MIS capital raising is the biggest cash injection into agri – by far and away.
- It has been the biggest fund raising for at least 5 years (**total funds raised since 2002, \$3.5 billion**).
- There are few other significant sources of capital being invested into agriculture, let alone forestry.
- MIS projects have created **1,537** jobs over the last four years, and there are now over **6,927** agri contractors working on MIS developments. This does not include indirect jobs or investment.
- MIS projects in almonds, olives, table grapes, wine grapes and others have built and continue to build internationally important export businesses.
- Timber MIS developments are also generating real export dollars and infrastructure development. Three pulp mills are also in planning now.
- Yes, tax is deferred through MIS investment. Not lost – deferred. In 2006, we estimate **\$510 million** was claimed as tax refunds, but offset by Promoters paying tax in the same year as funds are raised.
- Over the life of **this years** projects developed with MIS dollars, **\$5,500 million** will be generated in farm gate revenue, paying about **\$1,500 million** to government as tax, after operating costs.
- Few of the approximately **90,000** investors in MIS projects are micro investors. The average investment in 2006 was **\$43,884**; buying a business franchise often costs less than this.
- The **46,000** shareholders in MIS listed companies have, since June 1st 2006, lost **\$790 million** of value in their investments due to speculation of government action, including **\$80m this week**.

Agri MIS have converted the rural – urban population drift into an urban – rural capital flow. The 140,000 investors and shareholders in this sector are a new interested and invested constituency in agriculture.

Why is AAG interested? Because we strongly support agriculture *done well*.

"The idea of squashing agri MIS into a tax treatment unlike any other business or investment would wound the only golden goose in agriculture". AAG MIS Marcus Elgin said "I cannot believe that this government – this pro business, pro agriculture, pro regional development government – would facilitate the dismantling of a billion dollar investment program, the destruction of growing export value, the loss of thousands of jobs and hundreds of millions of shareholder value".

That's not agriculture *done well*. Or business *done well*. Or government *done well*.

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About Australian Agribusiness Group

Australian Agribusiness Group (AAG) was formed in 1997. It provides agribusiness, research, investment and management skills to successful 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 AAG Agri-Index, a measure of the relative performance of ASX to listed agribusiness.

For more information about AAG please visit 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