

# MEDIA RELEASE



## Murrumbidgee Irrigation

---

3 December 2009

### TAX RELIEF FOR MI IRRIGATORS

Murrumbidgee Irrigation (MI) welcomes Wednesday's joint announcement by the Minister for Climate Change and Water, Senator Penny Wong and Senator Nick Sherry, the Assistant Treasurer, that the Government will provide a capital gains tax (CGT) roll-over for water entitlements and water allocations. MI has been awaiting this decision following amendments to their Constitution in order to comply with Commonwealth's *Water Market Rules 2009* regarding transformation.

"This is great news for our shareholders," Brett Tucker Managing Director of MI commented. "We have been speaking directly with the Commonwealth, Treasury and ATO as well as working with NSW Irrigator's Council to seek a clarification on the issue of CGT being triggered by a change in contracts."

The Government previously announced CGT relief for irrigators who transform their entitlement to water under an irrigation right into an individual water entitlement. Now this CGT roll-over will apply more broadly to any capital gains or losses arising directly from the ending of an irrigator's water entitlement and the issuing to the irrigator of a replacement water entitlement.

The main implication of this announcement is that MI can now proceed as planned with the Constitutional reforms endorsed by shareholders in May this year. MI suspended the rollout of approved changes in August after we identified potential capital gains tax issues for our shareholders.

Since this time, we have been actively working with the Commonwealth Treasury to achieve an outcome that allowed MI and others to comply with obligations under the Water Act without creating the tax liability for shareholders. The announcement yesterday is a victory for common sense.

"The Government has taken this decision after consulting widely with irrigators and operators and listening to their concerns. The extension of this roll-over will mean that the tax system does not stand in the way of transformation and the efficient use of water for irrigators and operators," the Assistant Treasurer said.

MI will advise shareholders shortly of the new effective date for the amendments to the Constitution to come into effect and the replacement of the Member Contract with new Water Delivery and Water Entitlements Contracts.

"We're in the process of confirming the detail behind the announcement, but on the surface it looks as if it's met all our requirements," advised Mr Tucker.

The Government intends to consult on draft legislation before introducing the amending legislation into Parliament.

Ends

For further information contact Brett Tucker, Managing Director on 02 6962 0200.