



6 October 2017

Notice to Growers and Shareholders

Yesterday I issued a notice dealing with the decision by Justice Jackson of the Supreme Court of Queensland regarding the court proceedings in which the \$2 per tonne grower contribution was contested.

Since then I am aware that Canegrowers and ACFA have released a statement setting out some of their views following the decision. For clarification, Mackay Sugar's position is as follows:

1. With this decision the court has confirmed that Canegrowers and ACFA were well within their rights as representatives of the vast majority of growers to support their mill through the \$2 per tonne grower contribution. Mackay Sugar appreciates the leadership and decisive action that Canegrowers and ACFA have shown through this process, and agree with these organisations that a stronger industry includes both the miller and the growers working together to address the issues of the day.
2. What has been put in place is not a mill improvement levy, it is an agreed grower contribution, which is treated as a deferred cane payment for those represented by Canegrowers and ACFA.
3. Mackay Sugar is considering the judgement in favour of Mr Stroppiana with a view to determining whether an appeal is appropriate. Like Canegrowers and ACFA, we are still assessing the judge's decision.
4. As advised yesterday, we will also be considering whether the small number of other growers who had nominated alternative bargaining representatives prior to 23 May 2017 will also be covered by the judgement delivered in favour of Mr Stroppiana.
5. Contrary to reports you may have read in the Mackay Daily Mercury this morning, the decision has the potential to impact the \$2 per tonne grower contribution from around 5% of our cane as opposed to the 15% reported.
6. Mackay Sugar is aware that under the Cane Supply and Processing Agreement, there is a principle of fair and consistent treatment for all growers in contributing to the ongoing business needs.
7. We are currently seeking legal advice as to the possible mechanisms we have available to seek to ensure the principle of fair treatment of all growers.
8. We are not in a position to advise as to how that outcome will be addressed until we have properly considered the legal avenues available to us, in light of the judge's finding that we were not able to unilaterally impose the \$2 per tonne as an expense in the circumstances set out in the judgement.
9. Contrary to the statements made by Canegrowers and ACFA, when we met yesterday Mackay Sugar did not formally advise that the grower contribution will only proceed if all growers pay. However we did reiterate our intention that all growers be treated fairly and consistently and that we will do what we legally can to achieve this. Mackay Sugar will continue to abide by the legal agreement it has with Canegrowers and ACFA in relation to collection and use of the \$2 per tonne grower contribution.

As advised previously the grower contribution is part of the Board's plan to restructure the business to meet the operational and capital needs of the Company going forward. We thank the vast majority of growers that have supported the local sugar industry through this contribution. We are now in the process of planning and purchasing for the upcoming maintenance season and the 2017 \$2 per tonne contribution will be used to maximise the amount of work to be performed prior to the start of the 2018 crush. We reinforce that this \$2 per tonne grower contribution is critical to meet the business needs as we also work through the performance improvements needed for the local industry.



A.S. Cappello
CHAIRMAN