



1 August 2018

NOTICE TO GROWERS AND SHAREHOLDERS

The Supreme Court of Queensland today handed down its decision in Parkinson v Mackay Sugar. That case revolved around proceedings instituted by Mr and Mrs Parkinson and Mr and Mrs Paul seeking to challenge the \$2 per tonne grower contribution, which they argued in their situation had not been agreed by their bargaining representatives.

The case was heard on 30 May 2018 before Chief Justice Holmes. The decision handed down this morning in favour of the Parkinsons and Pauls concluded that despite there being no issue about whether Mackay Sugar had consulted with the parties, the changes made by Mackay Sugar to Annexure D of the Cane Supply and Processing Agreement (CSPA) to seek to recover the \$2 per tonne grower contribution for those growers could not be done without the agreement of their bargaining representatives.

Mackay Sugar, CANEGROWERS and ACFA reached agreement on the \$2 per tonne grower contribution on 23 May 2017 and this agreement binds Mackay Sugar and the growers represented by these bargaining representatives. A small number of growers were not represented by CANEGROWERS and ACFA on 23 May 2017 and this judgment covers their situation. Mackay Sugar will abide by the judgment whilst determining whether an appeal might be appropriate.

The \$2 per tonne grower contribution has been vital to the maintenance program of our mills and we have seen some improved performance this season. Our primary aim is to crush all the cane this season and not leave standover cane. Without this contribution our situation would have been much worse. Mill performance would be reduced, and sugar recoveries would have been lower leading to less revenue for the growers and the mills.

We thank the growers who have continued to support the business through this contribution and to CANEGROWERS and ACFA for reaching agreement with us. This supports the local industry, its participants and the Mackay region. We continue to hold the view that it was the right thing to do in this situation and we are seeing the benefits so far this season.

Mark Day
EXECUTIVE CHAIRMAN and CEO