It’s time to vote ‘yes’

With the Extraordinary General Meeting of voting shareholders and the general meeting of investment shareholders to consider Nordzucker’s proposed transaction on next week, one grower, Lindsay Williams at Bakers Creek, has well and truly made up his mind to vote ‘yes’ and he hopes other growers do so, too.

A lot is at stake for the Williams family, as it is for most other Mackay growers.

Lindsay Williams is a fourth generation farmer. The Williams family, and before them, their familial ancestors, the Pratts, have farmed at Bakers Creek for 100 years.

They have been sugarcane growers from the get-go, with some cattle interests on the side. The Williams have been innovative and have been prepared to improve farm management and trial available varieties to get the best yields. Lindsay has also negotiated with the local council to use effluent on the farm for irrigation, winning sustainable management practices awards from Mackay Sugar in the past. He has also been involved in cooperative farming – which for many years was highly successful.

Unlike some families, Lindsay Williams is fortunate to have a son, Ross, who is interested in cane farming and already operates a share farm next door, although he must also work off farm, like most growers, to make ends meet. He also has another son, Richard, who is a boilermaker and runs his own business, but who lives on farm and helps out during busy times. It is not, then, completely out of the question that one day in the future Richard might also be interested in farming himself.

So the tricky question of farm succession, while never easy, has at least some interested participants. But the more difficult question is what type of future there will be to pass on.

This is one of the reasons while Lindsay sees the Nordzucker proposed transaction as “a lifeline”.

“They [Nordzucker] appear to be a reputable company, from what we’ve heard, and they come from a cooperative base pretty much the same as ours,” Lindsay said.

“The way I see it, if the company is not sold to Nordzucker and it gets into further difficulties the banks will foreclose and you wouldn’t know what administrators you were going to get then,” he said.

“There have been all sorts of rumours going around but no one has put anything to me. Certainly, the Government is not going to get involved. And the idea that if the company goes into liquidation the growers could buy it is a nonsense.”

The Williams farm is 230 ha of prime caneland and harvests around 18,000 tonnes of cane a year.

Lindsay counts 2019 as the most difficult year he has had to contend with because of hefty increases in input prices such as harvesting costs, fuel and electricity and depressed returns
because of low sugar prices. If the Nordzucker proposal does go ahead, he looks forward to being refunded the $2/tonne investment he has made in Mackay Sugar which has placed an added financial burden on him.

His advice to other growers is to vote yes because “the reality is there isn’t an alternative proposal. If we get 30 per cent of something that has to be better than 100 per cent of nothing.”

**Proposed transaction fair**

Crowe Horwath Corporate Finance (Aust) Ltd, the independent accountancy expert appointed by Mackay Sugar to examine Nordzucker’s proposal, said as follows:

“We conclude the Proposed Transaction is fair and reasonable for Voting Shareholders and Investment Shareholders of Mackay Sugar Limited.”

**Summary of Opinion**

In Crowe Howath’s opinion, the Proposed Transaction is **fair and reasonable** for the Voting Shareholders and Investment Shareholders of Mackay Sugar.

In particular:

- **The Proposed Transaction is fair**: since the value of a Mackay Sugar share after the Proposed Transaction (minority basis) is greater than the value of a Mackay Sugar share prior to the Proposed Transaction (controlling basis) and

- **The Proposed Transaction is reasonable**: since it is fair. Additionally, the advantages of the Proposed Transaction outweigh the disadvantages of the Proposed Transaction.

Additionally, the related party financial benefits associated with the Proposed Transaction are either:

- Included in our fairness assessment, and by extension, are fair in the context of the Proposed Transaction; or

- Are advantageous to Shareholders in Mackay Sugar.