



Wool growers' Graziers Investment Company enters final stages



WOOL grower-owned Graziers Investment Company Ltd is on track to be wound up this year, with an

estimated \$20 million in assets to be distributed to shareholders.

After an outstanding A\$1.6 million French tax issue was settled recently, GIC Ltd chairman Barry Walker said he hoped to resolve outstanding financial, legal and company issues in India, France and New Zealand within four months.

Unless a compelling reason was found for GIC to continue, its board would then put a recommendation to its shareholders to wind the company up and distribute its assets to shareholders.

However, Australian Wool Growers Association president Robert McBride has called for the company to be wound up immediately, believing the GIC board wants to keep it going "forever".

Graziers' Investment Company Limited was previously known as Australian Wool Services Limited, the successor to the Australian Wool Research and Promotion Organisation, which once had The Woolmark Company Pty Ltd and Australian Wool Innovation Limited as subsidiaries. AWI was de-merged from AWS in 2002 and The Woolmark Company was sold to AWI in 2007.

GIC Ltd remains responsible for concluding the legacy issues inherited from its predecessors and managing the wind-down of its remaining interests. There are 36,594 wool grower shareholders in GIC, mostly in New South Wales, Western Australia and Victoria, who holding 2,093,586 issued shares.

Most shareholders (30,877) hold up to 100 shares, but major shareholders include Twynam Pastoral Co (4463), John Swire and Sons (4215), Lynoch Pty Ltd (3890), NM Rural Enterprises (3225) and Emanuel Exports (3213). A list of the 20 largest GIC shareholders is in the 2016 annual report.



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AWGA issues ultimatum

Mr McBride is a director of AJ and PA McBride which holds 3113 GIC shares. He attended the GIC annual general meeting on November 28, 2016, and believed the GIC board wanted to keep the company going forever.

"They are just trying to pay themselves and continue it going until the end of time."

Mr McBride said GIC was "a circus" and it needed to be finished off.

"The game's over.

"GIC has done a wonderful job, but now is the time to wind it up and return the funds to the long-suffering wool growers."

Mr McBride has lobbied WoolProducers Australia and AWI chairman Wal Merriman to force the dissolution of GIC through a shareholder vote. Mr Merriman refused to comment.

GIC issued a statement on its website on March 10 on the resolution of the French taxation issue after a three-year statute of limitation period ended on February 17, but Mr McBride has asked GIC to inform shareholders by letter by the end of March.

"If this is not done, then all the wool bodies will unite to force the issue at an extraordinary meeting.

"We would ask for this not to be needed and that the letter goes out to the shareholders ASAP to let them vote on the winding up of GIC immediately," Mr McBride said.

He has asked GIC to also send an update and a wind-up option to shareholders in the next few weeks.



GIC had long list of issues to resolve

Mr Walker said GIC was set up with a net value of less than \$5 million to resolve 36 issues. These had included The Woolmark Company, finalising the \$100 million Woolmark Pension fund with \$15 million, settlement of a 1999 A\$1.6 million capital gains tax bill in France, the closure of two former IWS entities in France and India and the divestment of the engineering service company Andar Tool and Press. GIC was now working on dissolution of SIL, the French equivalent of the IWS, he said.

"We could not wrap that (SIL) up legally until we had resolved the tax issue."

GIC had applied to the relevant authorities to wrap up the French IWS body.

"That's going to take another three or four months to complete."

To dissolve the IWS entity in India, GIC has to get approval from the Reserve Bank of India to repatriate \$800,000 – IWS dividends from Indian investments. GIC had been trying to get a "solution" on the money from the RBI for 3.5 years, Mr Walker said.

"We have either got to get the \$800,000 back and give it to growers, then wrap up the IWS in India, or we have got to give the money away to somebody in India legally and then wrap up the IWS in India."

"We're very close we think, to getting it back.

"To export any money out of India you have to have the written approval of the RBI and to get it out of them they have to tick all the legal boxes.

"We can't even give it away until the RBI says you can have it or you can't have it."

Forego GIC cash in India

However, Mr McBride believes GIC should forego the Indian cash and close the Indian IWS entity.

"GIC has served its purpose well, over the time, but now it no longer serves its shareholders, as the one \$807,000 claim in India could last forever.

"Pass-over the claim back to AWI or let it lapse."



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However, Mr Walker said GIC had discussed with AWI chairman Wal Merriman about giving the money to AWI in India.

"But he doesn't want it, because he will have the rules about what he can do with it."

Mr Walker said a number of shareholders who want GIC wound up believe they are paying levies to it and it is costing them money.

"Well it's not, there is no levy whatsoever."

Mr Walker rejected Mr McBride's contention that the GIC board was keeping its remaining company issues "alive" to maintain GIC and continue to draw directors' fees.

"That's not the issue."

Mr Walker said he had told Mr McBride until GIC's books in India and in Australia were "clean" – free of assets and debts – GIC could not be wrapped up. He hoped to resolve the India cash issue within a couple of months.

"The advice we are getting tells us we should be able to."

GIC is confident all issues will be resolved this year

Mr Walker was also working to divest its New Zealand-registered Sydney-based engineering service company, Andar Tool and Press, for "some money."

"That will happen in the next couple of months.

"We believe that within the next two to three, possibly four, (and I don't think so) months, we will have those three remaining issues out of the way; that is IWS shut in France and India and we will have closed Andar in New Zealand and sorted it out in Australia.



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"As soon as we've got that, we have given an historical undertaking to the wool grower shareholders, that we will, as a board, make a recommendation to them and it's up to them to vote on it and then it will be done."

Mr Walker said the GIC board is very confident that it will have all these issues resolved and finished this calendar year.

"When that is finished, all the assets – it will be \$20 million gross – will be paid back to wool growers."

But Mr Walker said GIC also had to deal what the money due to shareholders it can't contact.

"If we can't resolve that then the dollars that their shares are worth will just have to be given to the government through the Australian Securities and Investment Commission."

"As directors of a pseudo-public company we cannot just shut the door tomorrow and throw it (the key) away," he said.

"We would love to do that, let me tell you; I've been 11 years fighting this bloody process.

"We are all sick to the eye teeth of it, but we have the responsibility to meet the legal constraints," Mr Walker said.

"It is the board's intention to make a recommendation to the shareholders on the future direction of the company and get it all finished by the end of the year."

No compelling reason to continue

Mr Walker said according to GIC's articles, the board had been considering, for the past three years, if there was any compelling reason to not wind the company up.



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"We are also looking at that and we are considering it, but we haven't found anything at the moment which satisfies the request of 'compelling'.

If no compelling reason was found this financial year to continue GIC's operation, Mr Walker said the board's recommendation "would be to wrap the company up and send the money to the growers."

Director's fees questioned

Mr McBride has also questioned GIC executive remuneration and the need for another board member to replace retiring director Philip Attard.

Mr Walker said Ian Knight was appointed to replace Mr Attard to maintain a legal quorum of four directors. Current directors included Mr Walker, Robbie Sefton and Ian Knight, and managing director Elaine Beever.

Annual non-executive directors' fees in the last financial year included \$80,687 for Mr Walker, \$47,158 for Mr Attard, \$34,059 for Ms Sefton and \$5046 for Mr Knight. Mr Walker would not disclose how much was paid to Ms Beever, the company's only employee, but she did not receive an additional director's fee. GIC directors were not claiming as much as they could under Australian industry standards and would not receive any payments when the company was shut down, he said.

"So there is no golden handshakes, there is no superannuation out that with the company closing and we are actually paid about half what the industry norm is for the work that we've done."

http://www.sheepcentral.com/wool-growers-graziers-investment-company-enters-final-stages/?utm_medium=email&utm_campaign=Sheep%20Central%20News%20Headlines%20March%2027%202017&utm_content=Sheep%20Central%20News%20Headlines%20March%2027%202017+CID_d33e66ceddc7d88faf91ee295e9f06f7&utm_source=eGenerator&utm_term=Click%20here%20for%20full%20story