

28 May 2024

NSW Government's decision to end NSW rice vesting

On 8 April 2024, the NSW Government released the 2023 ABARES 'Independent Report into NSW rice vesting arrangements' (**ABARES Report**) and the NSW Government's Response to that report (**NSW Government's Response**).

Since the release of the NSW Government's Response, SunRice, together with the Ricegrowers Association of Australia Inc. (**RGAA**) has been engaging with Minister for Agriculture, the Hon. Tara Moriarty MP and the Premier's Office to highlight the potential consequences of the proposed changes to the rice vesting legislation. The NSW Government has foreshadowed that it will today announce that it will introduce draft legislation to end statutory rice export marketing ('vesting') arrangements by 1 July 2025.

Commenting on this proposal, SunRice Group Chairman Laurie Arthur said:

"Although SunRice has previously advocated for the NSW rice vesting arrangements in their current form to be retained, we believe that the NSW Government's proposal for a partial deregulation between Southern and Northern Growers, over a prolonged timeframe, would have created uncertainty for our industry at a time when we need greater flexibility to adjust to a new operating environment.

"We believe today's anticipated announcement of the NSW Government's decision to end vesting by 1 July 2025, is the right decision for our growers, the SunRice business and the future of the NSW rice industry as it provides greater certainty into the future.

"With the finalisation of the ABARES Report last year, our industry's operating environment is expected to undergo substantial change. We are now facing the impacts of the Federal Government's *Restoring Our Rivers Act 2023*, which became law in December 2023, increasing the likelihood of significant water recovery before the next proposed vesting review date. The impact of this reform is likely to have an unfavourable impact on the availability and cost of water in Southern NSW and accordingly on the Riverina rice industry.

"To retain a strong rice industry, and to maximise returns for our growers in Australia, we consider that a dynamic and flexible model now makes better sense for the industry. Without some of the regulatory constraints of vesting, we believe that SunRice will be able to work more directly with growers to give the industry the best chance of long-term sustainability as we navigate through new challenges, including water reform, that have accelerated the need for the industry to transition.

"In particular, SunRice is now able to assess new contracting and pricing options for growers, which should enable the business to be able to better match supply with demand from our premium markets. These new structures should enable both large and smaller rice growers to participate in the industry in a way that better suits each grower's circumstances while ensuring

more consistent supply, which is in the best interests of our growers, shareholders and the SunRice Group.

“We will be working with the NSW Government, our growers and industry partners to map out the challenges ahead and ensure a well communicated and structured transition in the lead up to 1 July 2025.

“SunRice is a diversified global marketing and sourcing business with operations in 10 countries, rice sourcing from 12 countries and consumer markets in over 50 countries. The rice sourced by the SunRice Group from NSW which is affected by today’s foreshadowed changes makes up approximately 30% of the total rice sourced and sold by the Group each year¹. We believe this reform will strengthen our ability to secure good quality Australian rice, which, along with rice from our diversified international supply chain, will help drive value for our shareholders.”

Authorised by the SunRice Board of Directors

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About SunRice’s structure

The structure of SunRice contains non-standard elements including its dual class share structure comprising A Class Shares and B Class Shares.

A Class Shares confer on their holders the right to vote at general meetings but no right to dividends. A Class Shares are not quoted on ASX and may only be held by rice growers who meet the production quotas prescribed by the SunRice constitution. No person may hold more than 5 A Class Shares. In practical terms the voting rights held by A Class Shareholders give those shareholders the right to control the election of directors and any changes to SunRice’s constitution.

B Class Shares are quoted on ASX and confer on their holders the right to receive dividends, as determined by the directors from time to time. Holders of B Class Shares do not generally have the right to vote at general meetings of SunRice. This means B Class Shareholders have no right to vote on the election of directors of SunRice. No person may hold more than 10% of the total number of B Class Shares on issue.

For more details of the non-standard elements of SunRice’s structure see: <https://corporate.sunrice.com.au/investors/>

¹ Based on the CY23 harvest