



# **The Rice Marketing Board for the State of NSW**

**Annual Operational Report to NSW Rice Growers For  
the 2023-24 Financial Year  
November 2024**

A report to New South Wales rice growers on the performance of the Board against its objects and on the performance of SunRice as the holder of the Sole and Exclusive Export License.

# 1. The Year in Review

The Rice Marketing Board for the State of NSW (the Board) presents its 2023-24 Report to New South Wales rice growers on its performance against its stated objects (Section 2), and on the performance of SunRice as the holder of the Sole and Exclusive Export License (SEEL) (Section 3). This report covers the financial year 2023-24 and should be read in conjunction with the Rice Marketing Board Annual Report 2023-24. The Annual Report has been tabled in Parliament and is now available on the Board website.

The 2023-24 NSW rice crop reached 627,700 tonnes, with a fourth season of higher water availability and reasonable growing conditions. The bulk of the State's rice production was grown in the Riverina, with a crop of less than 1,000 tonnes originating from the Northern Rivers rice region.

## Export Price Premium and Freight Scale Advantage Verification

The vesting mechanism delivered net benefits to NSW rice growers. The 2023-24 benefit was confirmed in August 2024 by the Board's verification consultants where they found an Export Price Premium (EPP) of \$47.2 million or \$189 per tonne (\$39.4 million or \$173 per tonne in 2022-23) and a Freight Scale Advantage (FSA) of \$14.0M or \$56 per tonne (\$19.3 million or \$84 per tonne in 2022-23) was achieved.

## Full Deregulation of the Rice Industry

The 2023-24 year was one of significant change for the rice industry. In April 2024 the ABARES report into Rice Vesting was released with the NSW Minister for Agriculture, announcing several partial reforms to the existing vesting arrangements. Subsequent stakeholder advocacy concerning these partial reforms saw the Minister announce the Rice Marketing Amendment Bill in June 2024, setting in place the full deregulation of rice marketing in NSW by July 1, 2026. The Bill was passed in August 2024 and had the full support of the Rice Growers Association of Australia (RGA), SunRice and Northern Rivers Growers.

From 1 September 2024 Northern Rivers Growers are not subject to vesting arrangements, while in Southern NSW all rice grown after 1 July 2025 will be free from any restriction on exporting. Any rice grown prior to these dates will still be subject to vesting.

A Rice Transition Group (RTG) consisting of the Board and the Department of Primary Industry and Regional Development (DPIRD) is managing the Board's abolition by the 1 July 2026, and a Stakeholder Reference Group (SRG) involving DPIRD, a range of industry stakeholders and the Board have met to discuss transition matters. These included:

- R&D opportunities to support new markets and address emerging crop disease issues,
- Ensuring seed supply is maintained for all rice growers,
- Investigating regional development opportunities to support the industry during the transition, and
- Mechanisms to deliver any Board residual funds for grower benefit, after the RMB is wound up.

## Board Changes

In 2024 the Board farewelled Ms. Melissa De Bortoli and in March 2024 Ms. Victoria Taylor. Victoria a nominated member had a long legacy in the rice industry, joining the Board in 2013, becoming Chair in 2018 and 2019 and again in 2022. Melissa, an elected member and rice grower from Griffith, was active on the Board from February 2022 until August 2023.

### New Service Level Agreement

A new Service Level Agreement (SLA) providing an operating framework for the effective implementation of the Sole Exclusive Export License (SEEL) was signed with SunRice in January 2024. In exchange for the monopoly benefit afforded to SunRice under the legislation, agreed reporting requirements under the SLA provide for a level of transparency.

### Board Continues to Monitor Performance

The Board has continued to monitor vesting compliance under the SEEL and the Rice Marketing Act. All substantive issues formally raised with the Board were investigated and resolved. The 2024-25 season will see the Board continue with business as usual, as it transitions to its full wind up by 1 July 2026.

### Board Financial Performance

The Board receives no government funding and typically sets SEEL and Variable Fees each year with a view to maintaining a break-even budget position, allowing for two years of operating expenses in reserve. With the impending termination of vesting, the Board did not set a variable fee set for 2023-24, choosing to utilise its reserves as it moves to wind down its operations by 1 July 2026. As such, the Board recorded an operating deficit of \$90,322 in 2023-24.

## 2. The Board's Performance Against its Objects

The Board has three objects, as gazetted on 23 May 2009. The Board's performance against these objects is outlined below.

### 2.1 Object 1: Encouraging a Competitive Domestic Market for Rice

There are 14 Authorised Buyers with licenses to trade NSW rice domestically. The Board has issued licenses to all parties who have applied for them and met the requirements of an Authorised Buyer.

The Board has continued to encourage a competitive domestic market for rice by facilitating and participation in the market through:

- Operating an Authorised buyers' licensing system that is uncomplicated and transparent,
- Engaging with Authorised Buyers when opportunities arise,
- Reviewing Authorised Buyers' annual returns,
- Undertaking annual audits of the NSW rice crop to ensure compliance with the *Act*, and
- By providing information to rice growers and Authorised buyers.

### 2.2 Object 2: Ensuring the Best Possible Returns on Rice Sold Outside Australia

The independent verification of the EPP and FSA confirms that NSW rice growers derive value through operation of the SEEL. The EPP is a measure of the financial benefits flowing to NSW rice growers based on the difference between the price achieved by the SEEL holder and the benchmark overseas market price. The FSA is the measure of savings achieved that result from significant volumes of rice shipped overseas.

### 2.3 Object 3: Liaising with and representing the interests of all NSW Rice Growers in relation to the Board functions and objects

Throughout 2023-24, the Board engaged with NSW rice growers through a number of channels, including:

- Engaging with the President and Executive Director of the Rice Growers Association of Australia (RGA)

- Attending regional rice meetings and field days,
- Sponsoring and attending the RGA annual conference,
- Providing information via the Board's website and Annual Report,
- Addressing issues on behalf of non-supplying rice growers on seed supply issues with SunRice,
- Making itself available for discussion of matters of concern, and
- Inviting all NSW rice growers to its Annual Meeting held in November.

### 3. Summary of SunRice's Performance as SEEL Holder

The Board's assessment of SunRice's performance as the SEEL holder is informed by an independent verification of the EPP and FSA along with formal interactions with SunRice on its compliance with both the SEEL and the *Act*.

The 2023-24 crop purchased by SunRice was 620,680 tonnes and represents approximately 98.9% of the 2023-24 NSW rice harvest. During 2023-24 SunRice milled and marketed the 2022-23 rice crop and achieved a paddy price of \$430/tonne<sup>1</sup>.

#### Independent Verification of the 2023-24 Export Price Premium and Freight Scale Advantage

Sapere consultants again performed an independent review of the calculation of the EPP and FSA for the crop year ending 30 April 2024. The verification process was divided into the following steps:

- An assessment of the soundness of the methodology used by SunRice to calculate the Export Price Premium (EPP),
- Verification of the values of inputs that form the basis of the calculations,
- Checking of the accuracy of the calculations used to derive the EPP, and
- Confirming the veracity of the formula, tonnages per market and price per volume used to calculate the freight scale advantage.

Sapere concluded the methodology used by SunRice in calculating the EPP and FSA was within reason based on the information available, with any errors identified during the verification process corrected by SunRice. SunRice's methodology did not indicate any intention to overestimate these benefits.

The EPP increased over the past two years, driven by increases in volume of rice exported to markets where SunRice commands a premium. The overwhelming majority of the estimated premium originates from Middle East markets, accounting for 85% of this crop and 55% of total rice exported.

The FSA estimate was affected by ongoing geopolitical conflicts and Suez Canal restrictions materially impacting shipping costs. Global freight capacity has been reduced by 30% with shipping routes traversing around Africa, increasing the time at sea and putting pressure on container availability. Despite these challenges, the benefit of scale is clear.

The EPP and FSA and the 'Buyer of Last Resort' provisions are the primary benefits that accrue to NSW rice growers from vesting. The scale afforded by the SEEL also provides other benefits to growers such as the operation of a Pure Seed Scheme and the provision of substantial levels of infrastructure.

<sup>1</sup> SunRice Group AGM 2024 CEO address.

## Financial Performance of SunRice

Growers can find further detailed information about SunRice's financial performance during 2023-24 from the company's Annual Report and statements to the ASX.

After assessing the independent verification and consideration of SunRice's performance during the year, the Board accepted at its 24 September 2024 meeting that SunRice had met the conditions of the SEEL for 2023-24.

## Conclusion

The Board will ensure that the vesting arrangements with respect to the *Act* and the SEEL are maintained until 1 July 2026 on vested rice. Overall, the Board considers that for the 2023-24 year it delivered against its objects:

- It continued to advance the interests of growers,
- SunRice had met the conditions of the SEEL, and
- Demonstrated that vesting delivered benefits to growers through an export price premium and freight scale advantages.