



MEDIA RELEASE

1 October 2019

SunRice announces further changes in reconfiguration of Riverina manufacturing facilities

- **Changes are as a consequence of the small C19 rice crop harvested earlier in 2019**
- **Reconfiguration will result in further reduction in regional jobs**
- **Seasonal conditions are still extremely challenging ahead of the upcoming rice planting later in 2019 for the C20 rice season**
- **As a consequence of the interest received from growers to its record fixed paddy price contracts, and the decision to hold over volume from C19, SunRice now expects to maintain a milling program in the Riverina through 2020.**

SunRice has today announced further changes to its Riverina manufacturing operations, as a consequence of the C19 rice crop, which at 54,000 tonnes was the second-lowest on record.

The changes are part of a broader programme announced in November 2018, which followed a comprehensive review of SunRice's operational footprint as a consequence of the small C19 crop harvested earlier in 2019.

Reconfiguration of assets in Riverina

These changes, which will take effect from 15 November 2019, impact the Deniliquin and Leeton mills, and also Australian Grain Storage sites across the Riverina, and are expected to regrettably result in the reduction of approximately 32 full-time equivalent (FTE) positions across milling, packing, maintenance, paddy and warehousing operations.

This takes the total number of employees affected by the reconfiguration to approximately 130 FTEs since the first announcement in November 2018.

SunRice understands this is a difficult time and the Company's priority throughout the process moving forward, is the welfare of our people. The Company will work with employees to re-deploy where possible, to limit the number of people who leave the business.

SunRice now expects to maintain a milling program in the Riverina through 2020

Despite the continuation of drought, low general security water allocations and high temporary water pricing – which contributed to a low C19 crop – SunRice has taken two key decisions which it now expects will maintain some form of milling at its Deniliquin and Leeton mills through 2020.

The first, announced in August 2019, was to offer record fixed paddy price contracts for C20 of \$750 per tonne for Medium Grain Reiziq, \$950 per tonne for Koshihikari and up to \$1,500 per tonne for organic paddy. The second is to carry over rice from the C19 crop harvested earlier this year.

SunRice can today announce that given the interest received from growers to its record fixed price contracts, and the decision to carryover volume from C19, it now expects to maintain a milling program at its Deniliquin and Leeton mills through 2020.

Commenting on the reconfiguration, SunRice CEO, Mr Rob Gordon, said:

“Unfortunately the drought, low general security water allocations and high temporary water prices continue to negatively impact annual irrigated industries, including the rice industry, in the Riverina region of NSW.

“While today’s changes relate to the milling of the low C19 crop, harvested earlier in 2019, we remain concerned about the ongoing impact of the low water availability and high prices ahead of planting of the C20 crop later this year.

“Despite that, SunRice has been pleased with the response from rice growers to our record contracts offered in August 2019.

“These fixed price contracts were designed to replenish paddy and seed stocks, underpin SunRice’s Riverina milling program and assist SunRice in meeting premium demand in markets.

“Given the interest we have received, SunRice expects to receive a volume of rice which will allow some form of milling to continue at its operations in Deniliquin and Leeton through 2020.

“We will have greater clarity on the expected C20 crop after the conclusion of planting later in 2019. We understand that these changes have been, and continue to be very unsettling for our employees, and we continue to remain committed to being open and transparent.

“When water is available at affordable prices, the rice industry is the powerhouse of the Riverina – directly contributing more than \$400 million per annum in years of historically normal production.

“In those years, SunRice employs more than 500 people directly across the Riverina, and pays more than \$90 million per annum in wages and salaries. We also pay more than \$250 million to growers via paddy payments, and more than \$60 million to over 400 Riverina companies, from transport and logistics, to accommodation and catering.

“We know that the knock-on effects of these direct economic benefits are significant in the local communities within which we operate in the Riverina.

“SunRice is committed to our Riverina operations, as we have been for nearly 70 years, however we remain concerned at the ongoing impact of low general security water availability and high temporary water prices on annual irrigated industries moving forward.”

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