

**IMPACTS OF THE WATER AMENDMENT (RESTORING OUR RIVERS) ACT
2023 ON NSW REGIONAL COMMUNITIES**

Organisation: SunRice Group

Date Received: 6 May 2025



Registered Office
57 Yanco Avenue, Leeton, NSW 2705 Australia
Locked Bag 2, Leeton, NSW 2705 Australia
T +61 2 6953 0411
www.sunrice.com.au

5 May 2025

Mr Roy Butler MP, Member for Barwon
Committee Chair
Legislative Assembly Committee on Investment, Industry and Regional Development

Delivered by email: investmentindustry@parliament.nsw.gov.au

Dear Mr Butler

SunRice Group submission to the Inquiry into the Impacts of the Water Amendment (Restoring Our Rivers) Act 2023 on NSW regional communities

As outlined in this submission, the SunRice Group maintains that the Federal Government's *Water Amendment (Restoring Our Rivers) Act 2023* (**the Legislation**) puts the future of the NSW rice industry at risk. We strongly encourage the NSW Government to urgently work with the Federal Government to develop a modified approach to the Murray Darling Basin Plan that ensures the long-term viability of irrigation-based production, industries, workforces and communities.

Background

The SunRice Group is a \$1.88 billion ASX-listed global food manufacturer and one of Australia's most iconic food brands. SunRice is Australia's number one rice brand, and has leading positions in 14 countries, including countries in the Middle East and the Pacific Islands.

With a 75-year heritage that began when a group of Riverina rice growers pooled their resources to build a single rice mill, the SunRice Group today sells approximately 1,500 value-added products across over 40 major brands into over 50 markets worldwide. The SunRice Group employs over 2,000 employees and has operations in 10 countries.

Regional economic contribution

The SunRice Group is a significant economic contributor and a major employer in the Riverina region of NSW in the Southern Murray Darling Basin (**Basin**) where over 98 per cent of Australian rice is produced. In years of typical production (approximately 500,000 to 600,000 paddy tonnes), the SunRice Group employs over 650 skilled workers in the Riverina region, supports around 500 Riverina ricegrowers, sources goods and services from close to 400 Riverina based small-medium businesses and injects over \$400 million in direct payments into Basin communities through salaries and wages, and payments to growers, suppliers, and contractors.¹

Our operations in the Basin include three rice processing mills and associated value-add facilities in Deniliquin and Leeton, a network of storage facilities across the Riverina, and the CopRice animal feed business which has facilities located at Leeton, Coleambally and Gunnedah in NSW and Tongala and Wangaratta in Victoria.

Based on FY2024

At risk: a 100-year Australian industry

*An iconic Australian brand
and added-value
food product*

\$10-15M
industry
investment in
RD&E,
leadership
& education

\$400M+
direct economic
contribution

500+
rice growing
businesses

600+
Riverina
employees

>500M
asset base



Support
for **377**
Riverina
small-medium
businesses

**Based on FY2024*

We are proud of the contribution that the SunRice Group makes to the national economy. This contribution was recognised by the NSW Government and the Export Council of Australia in awarding the SunRice Group the winner of the Agribusiness, Food and Beverages category at the 2023 Premier's NSW Export Awards, and by the Commonwealth Minister for Trade and Tourism upon inclusion of the SunRice Group as a finalist in the 2023 Australian Export Awards.

We are also proud of our NSW rice industry's legacy and in 2025 we celebrate both the 75th anniversary of the SunRice Group and 100 years of commercial rice production in NSW. These achievements each demonstrate the resilience and adaptability of our industry and our business.

Water productivity and climate resilience

The SunRice Group and the NSW rice industry have a long history of innovation and are committed to continuing to improve yields and increase water use efficiency to improve overall water productivity.

This commitment to improving water productivity was most recently demonstrated during the 2025 rice harvest when a Griffith based rice grower achieved a rice yield record of 17.3 tonnes per hectare grown across 31.2 hectares².

The success in water efficiency across the NSW rice industry is due to the collective investment of Australian rice growers, Governments and the SunRice Group over many decades in rice research, development, and extension. The current Commonwealth supported AgriFutures Australia Rice RD&E Plan's aspirational goal is to achieve a production of 1.5 tonnes of rice per megalitre of water used.³

The SunRice Group is also committed to decarbonising the rice supply chain, both domestically and abroad, and the NSW rice industry considers itself to be a leader in low emissions rice production. The SunRice Group is currently working with growers and researchers to verify the greenhouse gas emissions from the production of rice in Australia using different growing practices, through the *Australian Rice Emissions Pilot* project. Early results from the first season of trials at Rice Research Australia in Jerilderie NSW show that growing crops using the drill method (modern Riverina rice growing technique) reduced methane emission by 86% when compared to aerial-sown crops (a traditional Riverina rice growing technique).

In addition, in 2024 the Science Based Target initiative (SBTi) validated the SunRice Group's near-term science-based emissions reduction target. The SunRice Group has committed to reaching net-zero across our value

² Still to be officially validated as at the date of this submission.

³ <https://agrifutures.com.au/wp-content/uploads/2022/11/rice-RDE-.pdf>, p.9

chain by FY2050. At the time of approval, the SunRice Group was one of four companies in Australia to have an approved near-term and long-term scope 3 FLAG target.

Concerns with the Federal Government's Water Amendment (Restoring Our Rivers) Act 2023

The SunRice Group and our growers are committed to finding sustainable solutions to managing the distribution of water resources in the Basin.

However, the current Legislation puts the future of the NSW rice industry at risk. As outlined above, we therefore encourage the NSW Government to urgently work with the Federal government to develop a modified approach to the Murray Darling Basin Plan implementation that ensures the long-term viability of irrigation-based production, industries, workforces and communities.

In particular, the SunRice Group would like to see that measures that better balance the needs of irrigation-dependent industries and communities are prioritised above water purchase in the Southern Basin. Furthermore, we argue that the total funding of \$160 million allocated to NSW under the Sustainable Communities Program is grossly inadequate considering the annual economic contribution of the NSW rice industry alone is \$400 million per annum, let alone the broader contribution from the NSW irrigation economy.


For these reasons, the SunRice Group has previously requested the Federal Government to undertake specific consideration of the impact on food, fibre and beverage manufacturing in the Basin, including impacts for the respective workforces and supply chains. Respectfully, the SunRice Group considers that the perspectives and experiences of these manufacturers, their workers and unions, and the many and various businesses that participate in the supply chain, have not been sufficiently represented and considered in the Murray Darling Basin Plan discussions to date.

The SunRice Group also supports the submission provided by the Ricegrowers' Association of Australia, the industry body for the Australian rice industry, which has consulted widely on the impacts of this Legislation with rice growers, many of whom supply to the SunRice Group.

Finally, we would welcome the opportunity to host the Committee in the Riverina region to visit our operations and meet with our staff and some of the world's best rice growers.

Thank you for the opportunity to provide our submission to this Inquiry.

Yours sincerely,

A black rectangular redaction box covering the signature of Paul Serra.

Paul Serra
SunRice Group CEO

SunRice Group submission to the Legislative Assembly Committee on Investment, Industry and Regional Developments Inquiry into the Impacts of the Water Amendment (Restoring Our Rivers) Act 2023 on NSW regional communities

The SunRice Group is concerned about the impacts of the *Water Amendment (Restoring Our Rivers) Act 2023* (the **Legislation**) on the Southern Murray Darling Basin (**Basin**) food, fibre, and beverage manufacturing sector.

The Southern Murray Darling Basin is one of Australia's premier 'food bowls'⁴ and is currently home to some of Australia's most iconic value-added food, fibre, and beverage manufacturers reliant on irrigated agriculture.

These include the SunRice Group, Casella Family Brands, De Bortoli, Calabria Family Wines, SPC Global, Costa, Riverina Fresh, Southern Cotton, Real Juice Company, Daily Juice Co (and other brands owned by Bega Group), Select Harvests, Kagome and Simplot Australia (Leggo's, Edgell, Chicken Tonight, Raguletto, Harvest and Rosella Australia), not to mention a nationally significant dairy supply chain which includes companies such as Fonterra and Saputo Dairy Australia.

The total Gross Value of Irrigated Agricultural Production (**GVIAP**) in the Murray Darling Basin before value-adding was \$8.4 billion in 2020-21⁵. Tens of thousands of manufacturing jobs are connected to irrigated agriculture in the Basin.

Historical impacts on rice production during times of high-water prices and low water availability

Because rice growers are reliant on water sourced from the Basin, the volume of Australian rice produced is **directly** correlated to the availability and price of water in the Basin. For example, in 2019 when the average water price increased to \$460/ML, the total harvested rice crop declined to just 54,000 tonnes (compared to 2018 when the average water price was \$140/ML and the total harvested crop was 623,000 tonnes)⁶.

The SunRice Group has over time been proactively evolving its capability to help manage the impact of variability in the total volume of rice processed in our operations because of prevailing water policy and climate change. However, this has not occurred without significant challenges, including two seasonal mill closures (during the Millennium Drought and then again in the 2019 and 2020 crop years) due to extended periods of drought.

Concerns with the *Water Amendment (Restoring Our Rivers) Act 2023*

This Legislation provides for the potential recovery of up to a further 750 gigalitres⁷ of water from production. Whilst the SunRice Group has evolved our business model to mitigate and manage variability in climate, we are concerned that a change in the operating context of this scale will create a material cost 'shock' to the

⁴ Based on total gross value of agriculture (\$B), as at 30 June 2021, the Riverina Murray is the largest regional contributor to Australian agriculture after the states of NSW, Victoria, Queensland, Western Australia and South Australia at \$5.891 billion. See ABS Value of Agricultural Commodities Produced by Natural Resource Management Regions – 2020-21.

⁵ <https://www.abs.gov.au/statistics/environment/environmental-management/water-account-australia/2020-21>

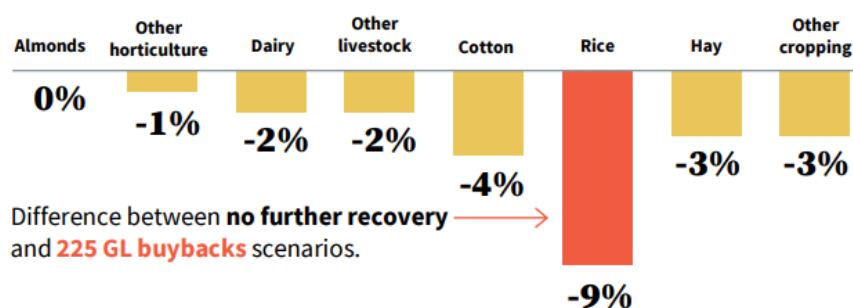
⁶ 'Estimating Water available and rice production 2023', Analysis by Rob Rendell and George Warne, RMCG for SunRice, Prepared 12 – 21 July, 2022.

⁷ Taking into account water recovery for the purpose of the 450 GL water recovery program and potential water recovery to address any shortfall in the Sustainable Diversion Limit Adjustment Mechanism Program. The current program shortfall is forecast to be between 190 GL and 315 GL, see [Sustainable Diversion Limit Adjustment Mechanism: 2023 Assurance Report](#) page 3.

Australian rice industry and our Riverina operations, without sufficient time to further adapt our business operations and growing practices.

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) in its report titled *'Future scenarios for the southern Murray-Darling Basin: Report to the Independent Assessment of Social and Economic Conditions in the Basin'* dated February 2020,⁸ forecast that the recovery of a further 450 gigalitres of water, amongst other factors, would lead to an increase in average water allocation market prices by between 28 – 50% across the Basin, compared to the 'current market scenario'⁹ at the date of the Report. ABARES states in this report that with this level of recovery, average prices are estimated to **remain above \$200 per ML in 8 out of 10 years** under the 'future market scenario'.¹⁰ Our view is that once the price per megalitre of water exceeds approximately \$150-\$200 per ML, rice becomes uneconomic to produce and process in Australia. In other words, at \$200 per megalitre **the future viability of the Australian rice industry is uncertain and at risk.**

Furthermore, last year's ABARES report titled *'The impacts of further water recovery in the southern Murray-Darling Basin'*¹¹ forecasts that the **rice industry will be the most adversely impacted industry as a result of water recovery.**



As shown in the above diagram, under a 225 GL water recovery scenario, the value of rice production in the Basin is forecast to decrease by 9%, more than double any other impacted industry. It follows that under a 450 GL (or more) water recovery scenario would result in at least a 18% reduction to NSW rice industries average gross value of production.

As a food manufacturing business, the SunRice Group must regularly consider the utilisation of our major assets. To ensure the viability of our operations, we require a minimum scale of product processed through our mills. If rice production and processing is limited in 8 out of 10 years, then we may be required to make commercial decisions about our Australian manufacturing operations to ensure the future sustainability of our business. Our Riverina asset base has a significant replacement value given the scale of our business and if processing were to be offshored, it would be difficult to re-establish processing in Australia. This would be a very disappointing outcome considering our NSW rice growers are amongst some of the most advanced and efficient rice producers in the world.

⁸Future scenarios for the southern Murray-Darling Basin: Report to the Independent Assessment of Social and Economic Conditions in the Basin', ABARES: Mihir Gupta, Neal Hughes, Linden Whittle and Tim Westwood – see <https://www.agriculture.gov.au/abares/research-topics/water/future-scenarios-smdb-independent-assessment-social-economic-conditions#background>.

⁹ Current market scenario defined in the Report as "Current irrigation development (horticultural plantings), current water recovery under the Basin Plan, current trade rules and commodity prices" as at the date of the Report.

¹⁰ 'Future scenarios for the southern Murray-Darling Basin: Report to the Independent Assessment of Social and Economic Conditions in the Basin', ABARES discussed at pages v and 13.

¹¹ 'The impacts of further water recovery in the southern Murray-Darling Basin' June 2024, ABARES
https://daff.ent.sirsidyntix.net.au/client/en_AU/search/asset/1035841/0

Through our recent engagement with Basin manufacturers across other industries, we understand that other operations are facing similar risks and that these manufacturers share similar concerns in making future investment decisions given the uncertainty created by this Legislation (on top of the many and various other factors contributing uncertainty in the current operating context).

The potential flow-on impacts from the closure of key Australian manufacturing assets in the Basin could include:

- the loss of thousands of manufacturing jobs in the Basin;
- the loss of significant gross domestic irrigated food production; and
- the loss of our domestic capability and food security independence at a time when the geo-political context means food supply chains internationally are becoming increasingly volatile. As a staple food globally, rice supply chains in particular are subject to government policy intervention by foreign governments.

From our discussions with government representatives to-date, We are concerned that a detailed economic analysis of the likely impacts to manufacturing supply chains and capabilities has not been undertaken in relation to this Legislation.

Due to these concerns, we strongly believe that the NSW Government should, or should otherwise encourage the Federal Government, to undertake a thorough analysis of the direct and indirect employment, gross domestic product (GDP), export and consequential supply chain impacts of this Legislation.

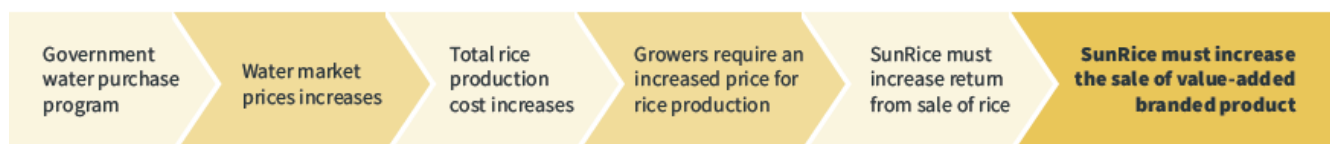
One of the objectives outlined in the Murray Darling Basin Plan's own overarching legislation, being the *Water Act 2007 (Cth)*, includes: "to promote the use and management of Basin water resources in a way that optimises economic, social and environmental outcomes." The SunRice Group is of the opinion that it is not possible to understand whether the current Legislation meets this objective if the economic analysis of the impacts to one of the most significant food, fibre and beverage manufacturing industries in Australian has not yet been modelled.

Furthermore, the abovementioned impact of the Government's water purchase program on rice production should be viewed in light of other water market pressures currently faced by the irrigation sector. In particular, over the last decade the Southern Basin water market has been strongly influenced by both the large growth in permanent horticulture plantings, and the apparent increasing volatility in weather and climate conditions. Both these matters also require the NSW Governments urgent attention.

Securing the rice industry through greater value-adding of products

Despite these concerns, and considering the Federal Government has significantly progressed the water purchase program pursuant to the Legislation, the SunRice Group has carefully considered how it can adapt to the forecast increase in the cost of water.

To overcome these impacts, the SunRice Group anticipates that it will need to invest approximately \$60–\$70 million domestically to further increase our capability to manufacture value-add rice products, to help boost returns to Growers and in turn increasing the likelihood our Growers can remain in the industry, through increasing production and sales of our higher value branded products closer to 100% of capacity (requiring an increasing shift away from bulk commodity sales).



To achieve this, the SunRice Group seeks to invest in projects that will:

- **Enhance manufacturing capability and capacity:** to support the sale of NSW grown rice to both the domestic and global markets, including through investment in our rice cakes, convenience rice products, and rice flour facilities, as well as through investment in improved packaging, warehousing and supply chain capability.
- **Increase investment in our world-leading rice production research development and extension program:** to improve yields and reduce water use and carbon emissions, and further develop varietal traits sought after in premium markets.
- **Circular economy investments:** to further value-add to our by-product and reduce waste, including Biochar.

The NSW Government must be part of the solution

The SunRice Group is seeking to work in partnership with the NSW Government to mitigate the potential impacts of the Legislation and to ensure the NSW rice industry can remain one of the largest employers in the Riverina region and one of the world leaders in producing water efficient, lower emissions rice and quality value-added branded rice products.

NSW Sustainable Communities Program

We understand that the purpose of the recently announced \$160 million NSW Sustainable Communities Program (**Program**) is to mitigate the impacts of Murray Darling Basin Plan government water purchase on impacted communities, industries, and jobs.

The SunRice Group has previously communicated to the Federal Government our view that the amount of funds allocated to this Program by the Commonwealth are inadequate and will not sufficiently address the primary impact caused to the irrigated food and beverage sector due to the resulting increased water market price, nor the flow-on impacts for related industries and communities. Considering the limited funding available, it is crucial that this Program targets the direct impacts of water recovery on the Southern Basin's irrigation food manufacturing sector, and in particular target projects that ensure ongoing jobs and economic contribution in this sector. As the industry forecast to be most impacted, the SunRice Group is of the view that part of the Program funding should be targeted to assisting the NSW rice industry to manage this structural transition.

We are currently concerned that the design of the program may not be sufficiently targeted towards projects or programs that secure long-term jobs and ongoing economic activity in impacted communities. We have communicated these concerns to the relevant Ministers and government officials and welcome the opportunity to discuss these concerns further with the Committee.

Other policy options for mitigating water market price impacts

In addition, we strongly encourage the NSW Government, both independently and in collaboration with other Basin Governments, to review and seek out opportunities to develop other policy options to mitigate the impact of increasing water market prices due to the Federal Government's water purchase programs, increasing horticulture plantings and increasing volatility in water supply due to more extreme climate and weather conditions.

Recommendations

We propose four key recommendations for the Committee:

1. The NSW Government urgently work with the Federal government to develop a modified approach to the Murray Darling Basin Plan that prioritises measures that better ensure the long-term viability of irrigation-based production, industries, workforces and communities in the NSW Southern Basin.

2. The NSW Government undertakes a specific review of the impact of the implementation of this legislation on the irrigated food, fibre, and beverage manufacturing sector. This process should include consultation with both the manufacturers, the unions representing the manufacturing workers, and the many and various local businesses who supply goods and services to these manufacturers. Respectfully, the SunRice Group considers that the perspectives and experiences of these manufacturers, their workers and unions, and these local businesses, have to date not been adequately heard nor addressed in implementing this Legislation.
3. That the NSW Sustainable Communities Program is designed to ensure suitable opportunities for impacted industries, operations, and workforces to invest in projects that increase their ability to structurally adjust to the impacts of the Federal Government's water purchase program, including the impact of increased cost of water in the Basin.
4. That the NSW Government in conjunction with other Basin Governments work collaboratively on policy changes to avert the serious impacts of water recovery and growth in permanent plantings, including the impacts of an increased water market price during the next multiple year drought sequence.

Conclusion

The NSW Government has a long history of advocating for the protection of the rights of water entitlement holders and the sustainability of the irrigated food and beverage sector.

We are grateful that the NSW Government continues to take a position against buybacks as the primary mechanism for recovering water due to the impacts for industries such as the NSW rice industry and businesses such as our own, as well as the many rural communities we support.

We ask that the Committee seriously consider our concerns and recommendations, and we would welcome the opportunity to host the Committee in the Riverina region to visit our operations and meet with our staff and some of the world's best rice growers.

Thank you once again for the opportunity to participate in this Inquiry.