



# ANNUAL REPORT 2002



# Our focus, our future

**S**unRice embraces a vision, goals and values to unite us and drive us forward with confidence. Our targets, actions, performance and rewards are shaped and measured by this management expectation.

## Vision

To be the world's favourite rice food company

## Visionary goals

- We will deliver unbeatable products and services
- We will have leadership that inspires and rewards excellence
- We will have winning business relationships
- We will grow through imagination and audacity
- We will understand our responsibility to achieve financial targets
- We will have simple and effective systems and processes
- We will be responsible corporate citizens

## Values

- Integrity in all we do
- Passion for the business
- Learning and its rapid conversion to action
- Single minded commitment to achieve our stated goals



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# Our business

**S**unRice is the international brand and identity of Ricegrowers' Co-operative Limited — a 53-year old co-operative, wholly owned by more than 2,000 Australian ricegrower members. The members sell their annual production to SunRice as the Rice Marketing Board of New South Wales' authorised buyer, for processing and marketing globally under the SunRice and subsidiary brands.

SunRice is one of Australia's most successful, vertically integrated agribusinesses, producing and marketing an extensive range of table rice and value added rice food products. Over recent years, we have transformed from a commercial grain handler into Australia's largest exporter of branded food products.

With annual sales of \$820 million, SunRice is a major contributor to Australia's export income, and, with our recent strategic move onto a multi-food brand platform, is on track to achieve our vision of being the world's favourite rice food company.

SunRice has a strong tradition of aggressive growth and value creation. We export 85 per cent of our production, which

represents 4 per cent of world trade and 39 per cent in Japonica varieties, with branded consumer packs making up to 70 per cent of our exports. We market Australian rice to more than 72 countries around the globe, and most successfully in our major markets of Asia Pacific, the Middle East and Europe.

Every year, Ricegrowers' farmer-shareholders grow between 1.2–1.75 million tonnes of paddy rice in an efficient and sustainable farming system. Water use is highly efficient and superior to that in other countries and for most other irrigated crops. The Australian rice industry is internationally competitive and operates without any production or export subsidies — unlike most of its major competitors.

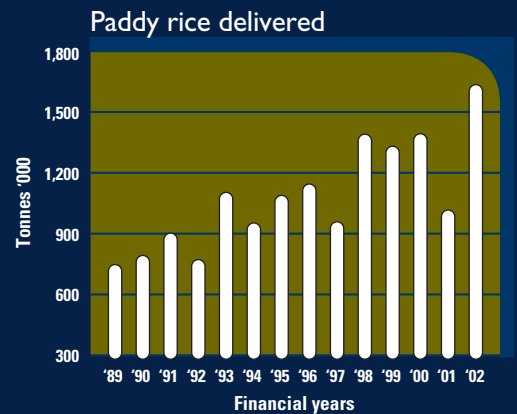
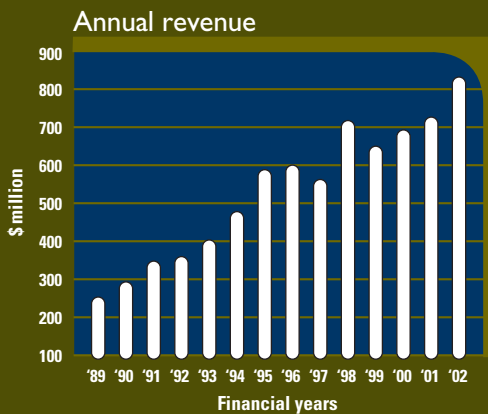
SunRice creates jobs in metropolitan and regional areas and helps secure the viability of significant regional communities. In fact, as an employer of around 1,200 highly skilled and qualified people, SunRice generates a quarter of the employment opportunities in the Murray Riverina region and has more than \$2.5 billion invested in the industry — in land, plant and equipment.

**Below (left to right) •**  
Chief Executive Officer, Gary Helou; Chairman, Gerry Lawson; and Deputy Chairman, Mark Robertson





# Crop — 2001 SunRice highlights



Good year-end result, despite record crop in depressed international rice market



Exceptional performance by all subsidiaries: Riviana Foods, CopRice Feeds and Byproducts, and Trukai Industries



Organisational shift to high performance culture



Entry of SunRice to multi-food categories — meals and snacks segments



Sales to new world markets — Korea and Taiwan



Continuing investments in technology and automation: Leeton Rice Flour Mill and automated packaging at the Leeton and Deniliquin Mills



Safety and quality reach new levels of excellence



The Rice Food Experts

## SunRice: our new trading name

SunRice is a readily recognised brand name for our products — now, it is a bold badge for our international company. Ricegrowers' Co-operative Limited now trades as SunRice.

To be the world's favourite rice food company, we need to create a single, strong identity in the minds of employees, consumers, customers and suppliers. SunRice, the product, and SunRice, the company, will be a united force to dominate highly competitive markets.

Ricegrowers' Co-operative Limited will remain the legal entity behind our business, but it will be the SunRice name and identity that we present to the world.

## SunRice reporting an award winner

The Ricegrowers' Co-operative Limited 2001 Annual Report won an Australasian Reporting Award — bronze award. We were awarded this prestigious professional honour for providing quality coverage against most of the demanding awards criteria, satisfactorily disclosing key

aspects of our business, and disclosing one major area in an outstanding manner. We are proud of this achievement and see it as one more way SunRice is forging ahead as the world's favourite rice food company.



# Chairman's report

## Facing the future with confidence

Despite intense global competition and record low international rice prices, our 2001 rice price was an excellent performance. The US rice industry's excessive use of subsidies and the ongoing water issue were major impediments to our industry during the year. However, our path of innovation and operating excellence crystallised many strategic initiatives and bolstered our brands and market position at home and abroad. This has been a major source of strength and success in an otherwise very difficult trading environment.

### US subsidy use a constant challenge

With the US Government's recent announcement of increased aid to farmers — another absurdity from a government that has increased payments by 70 per cent over the last ten years while extolling the principles of free trade — US rice farmers now receive A\$280 a tonne before they sell their rice and irrespective of the price they actually receive for their rice. In a country without subsidies, Australian rice farmers face reduced returns as our US competitors unnecessarily depress prices in our major export markets. The absurdity is heightened by the fact that, despite the subsidy abuse, the US is not actually increasing its market share. In fact, its share of the Japanese market has remained exactly the same for the past two years. When coupled with the fact that there is no duty on rice imported into Australia (30 per cent of all rice consumed) and that Australian consumers pay less for rice than other grocery items, such as bread and milk, the sheer injustice of the subsidy

situation hits home with full force. It also makes the domestic Australian rice market one of the most contestable in the world.

Fortunately, vesting is a marketing weapon we can use to fight the effects of the massive subsidies and protection our competitors enjoy. Vesting has helped the Australian rice industry to prosper and it gives us greater certainty in planning our significant investments in the Co-operative and regional economies. We must continue to lobby to use vesting until we are on an equal playing field with the rest of the world. I recently put the case to retain vesting to senior politicians. I hope that, as an \$820 million food business and Australia's largest branded food exporter, SunRice carries some weight in the argument.



### Unreliable water — an ongoing issue

Unfortunately, the ongoing water issue marred another crop year for our industry. We cannot have a viable rice industry without an adequate supply of affordable water — and yet, this still eludes us. Barely sufficient water at rice planting time challenged our growers during the year and flow limitations in the MIA, particularly in Coleambally, exacerbated the problem. New water sharing rules, combined with a dry winter, reduced our crop by about a fifth of that planted in 2000.

For Australia generally, the water issue cuts to the core of the wellbeing and sustainability of rural towns and their people — many of whom rely on irrigation industries for their livelihoods. For SunRice, unreliable water allocation is a major issue for the industry that affects our competitiveness and challenges our growth. A poorly planned approach to providing a reliable water supply by government policy makers has characterised our Co-operative's history and, regrettably, continues to cause real concern.



## Matching our talent to our vision

On a much more positive note, SunRice is aggressively expanding its market presence and the strength and performance of its products. We are on a path to becoming the world's favourite rice food company. In this dynamic environment, it is crucial that our people have the right skills and talents to drive our company forward. There are plans to sharpen our focus on the appropriate skill sets that will serve our ever-expanding business in 2002, and I applaud these initiatives.

## Downsizing the Board

A proud legacy of my predecessor, Terry Hogan, is a clear path to creating a more commercially skilled Board of Directors. In 2001, the Board unanimously decided to downsize from 14 to 10 directors in the best interests of its members and the business. The Board also decided that for it to be more proactive and to better serve a globally competitive company, it needed greater representation from external experts who bring specialist knowledge and an outside perspective. All Ricegrowers' Association branches fully support the strategic move to restructure the Board.

The Board has very high expectations of the skills and contributions of its future Board members, especially its grower members. We are establishing a new nominations committee to identify the appropriate people with the appropriate skills who will match members' expectations and add real value from the moment they join. I am confident the newly restructured Board will be a great asset to our prospering company.

## Restructuring SunRice and the rice industry

Against a constantly changing and challenging landscape, one reason the rice industry has survived and prospered is because we continually look at what we are doing and how we are doing it. The need for constant review is now greater than ever. Restructuring our business and industry for optimum performance has been on our agenda for some time. Much work has been done to streamline our systems and control our costs for greater efficiency.

We are now faced with options for further business and industry refinements, which we will be considering before presenting to members at our annual general meeting. Of course, members will be asked to ratify any changes the Board proposes and we encourage members' participation as we travel down the path of change.

## Sincere appreciation

My six months as Chairman have been interesting and challenging. I know we are completely focused on ensuring the rice industry not only survives, but also prospers. I thank Terry Hogan for an outstanding term as Chairman — the rice industry owes him a great debt. Fortunately, we will continue to work with Terry in his role as Chairman of the next Rice Co-operative Research Centre. Sincere thanks to my Deputy Chairman, Mark Robertson, and to the Board members for their great contribution; to Derrick Docherty, Chairman of the Rice Marketing Board and its members; to Minister Amery; Federal members Kay Hull and Sussan Ley; and to our State representatives, Adrian Piccoli and Peter Black for all their continuing support. Finally, I extend very special thanks to Gary Helou for his outstanding efforts and extraordinary energy, and to all the people of SunRice. A company is only as good as its people.

## The year ahead

All current indicators point to the fact that we have hit the bottom of the market and we now face a brighter future. We expect to significantly improve on our return to growers in the new crop year. While 2002 will present its own set of challenges and opportunities, I am confident we will work together to triumph.



**Gerry Lawson**

# Chief Executive Officer's report

## In pursuit of a high performance culture

**S**unRice rallied to deliver a good year-end result despite very difficult trading conditions, domestically and internationally. A record crop in a depressed international rice market meant many pressure points at all stages of our supply chain — receiving and handling paddy, processing, warehousing, and shipping, as well as selling our rice into markets best described as oversupplied and underpriced. Our year of record milling, marketing, and selling is testimony to the outstanding efforts of our people and systems working through the challenges of a very unusual rice year.

### Reaching for a high performance culture

Fact-based management remained our focus in 2001, but with greater emphasis on a high performance culture — rising to the challenge of budget commitments and stretching for more. Already, we have put systems and processes in place to entrench this important value set and make it a way of life.

A high performance culture will infiltrate our operating philosophy over the next few years. This is

a crucial way of life if we are to succeed in building a global rice food business.

Many challenges await us along this exciting journey. Investments in people, brands, technology, and high performance management systems will be key drivers as we institutionalise and leverage our dual strategic platform of operating excellence and innovation.

### Functional summary

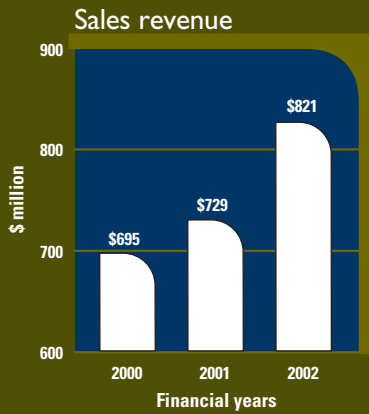
#### Marketing

Domestic marketing had a good year despite intensified pressure from subsidised rice imports and a rapidly changing domestic retail landscape. We made gains in grocery, food service, and food ingredients and unleashed

an avalanche of new value added rice-based food products, such as rice meals and rice snacks.







This has launched SunRice onto the Australian grocery map as a multi-fronted food brand with offerings ranging from simple table rice to more complex and higher value meal and snacking products. This is a crucial step in building our credentials as a mainstream food business.

We also combined the field sales forces of Riviana and SunRice to deliver cost and service synergies on this important distribution and merchandising front. We have high expectations of our new product launches, despite the difficulties and impediments we face as we compete in aggressive markets against offerings from many giant international food players.

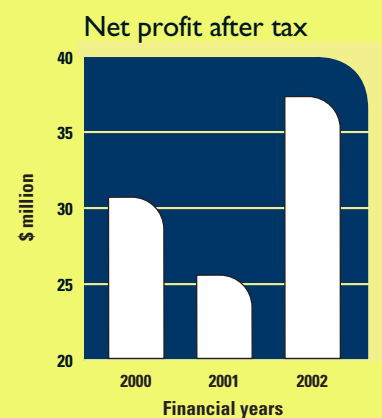
Our international marketing team, strategically positioned around the globe, dealt with the challenges of very difficult trading conditions to return a good result on the world markets in 2001.

Issues surrounding regulations, subsidies and access did not detract from our success in the major markets of Asia Pacific, the Middle East and Europe. A number of firsts were achieved during 2001-2002, such as the first shipment of 22,520 tonnes of brown rice to South Korea — the largest single break-bulk cargo to be shipped from Australia. Late in the year, the first sale of SunRice Opus variety short grain rice was made to the World Trade Organisation's new member country, Taiwan. We will be milling and packing rice in the

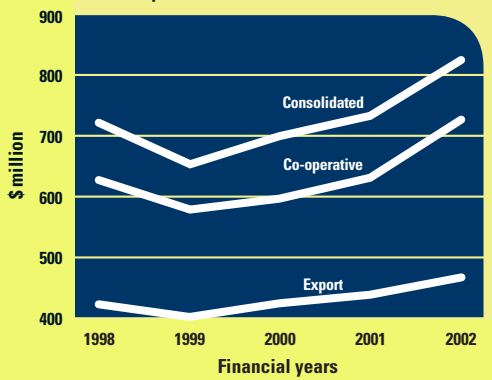


Riverina under the premium 'Koala' and hypermarket 'Kangaroo' brands for Taiwan, which we anticipate rapidly emerging as a valuable long-term market.

The coming 2002-2003 period will bring more challenges, but more importantly, opportunities to build on our heritage of quality and service in key markets.



### Consolidated, Co-operative and export revenue



### Operations

Last year's record crop resulted in a 40 per cent lift in product handling and processing. The Operations Group absorbed this increased load on our infrastructure by displaying managerial flexibility and the application of the significant benefits of our ongoing intensive capital investment program to deliver lifts in productivity and efficiency.

Our intensive capital investment program — underway in 2001 and ongoing over the next two years — is focused on capacity upgrades and automation in a deliberate strategy to put SunRice ahead of the world in terms of cost, quality, safety and innovation. We can claim our place in the world as one of the lowest cost producers.

The big investments in the Leeton Rice Flour Mill and the highly automated packaging facilities in Leeton and Deniliquin will ensure cutting edge quality, cost leadership, and operational flexibility in a more complex and demanding world market.

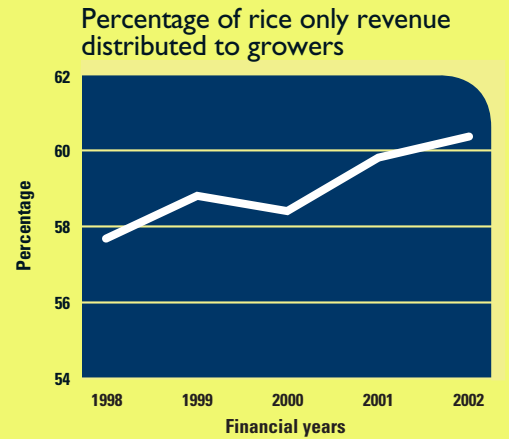
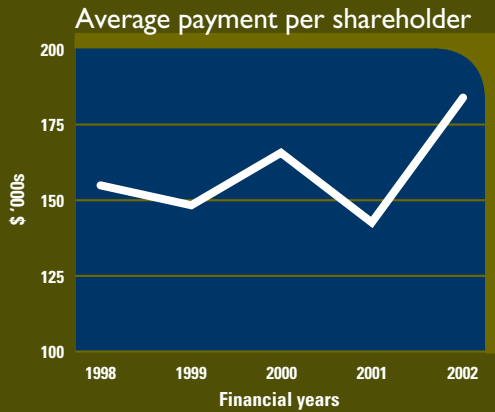
SunRice returned good results in quality and safety in 2001. We continued to increase our quality standards and decrease customer complaints. In occupational health and safety, we made outstanding achievements against our performance indicators and decreased work-related injuries. Our focus will not waver from this important objective.

### Finance

The year was marked by our continuing efforts to inject Finance into the business as a key enabling service for better decision making and a more commercial way of life. Daily reports tracking sales and operations key performance indicators, as well as forecasting methodologies, have been key outputs of our Finance team. Information Services led the important taskforce to launch Material Resource Planning II into Operations, which finally integrates our Sales and Operations Planning with mills and procurement — a long overdue operational need. The Finance and Information Services departments will continue to be critical organisational performance enablers.

### Human resources

As a result-focused organisation, we rely on people with competencies, passion and ambition to convert products and services to the highest delivery standards. Our emphasis on a performance-based culture is reflected in the many processes and forums put in place over the past 12 months, such as the introduction of a firmer assessment of on-the-job performance, competency-based pay structures, an incentive scheme to extract higher performance, and better training. The 2001 CEO Awards continued to showcase our best employees and their contributions to the organisation.



## Subsidiary business

### Riviana Foods

Riviana achieved an exceptional result with dramatic growth in its top and bottom lines.

This is the fifth consecutive year the company has posted record revenue and earnings — derived from its winning combination of business relationships, entrepreneurship, customer service, and a suite of successful brands and products in high growth categories. Riviana remains one of Australia's leading food importers.



### CopRice Feeds and Byproducts

CopRice performed brilliantly in the up-beat stockfeed business environment of 2001. The successful buyout of our joint venture business partner in the Ausfeed Feedmill at Cobden was a win for the organisation and a significant contributor to the strong performance of CopRice in 2001. CopRice is now entering a period of exciting growth, in both domestic and export, in extruded speciality products for companion animals segments.

### Trukai Industries

Trukai employed several strategic marketing initiatives in its continuing battle against a declining local currency, successfully maintaining volumes and meeting consumer needs. The company's multi-brand approach to dealing with falling consumer affordability helped stem the purchasing declines witnessed by many

food categories in Papua New Guinea. Branding, product extensions and distribution remain the core growth drivers for Trukai in an uncertain Papua New Guinea business environment.

## Future

During 2001, SunRice made solid progress along the path to becoming the world's favourite rice food company. This was a great business year, despite many difficulties, and laid a firm foundation for moving into the future with confidence. We can look past the unsettling conditions of 2001 to better trading and business conditions in 2002 and beyond.

I sincerely thank our Chairman, Gerry Lawson, and the Board of Directors for their leadership and support. I extend great gratitude to all our employees who displayed strength and determination in the face of unprecedented business challenges.

I look forward to working with all our stakeholders in shaping SunRice into the world's favourite rice food company.

**Gary Helou**

# Marketing in Australia and New Zealand

- Major launch into value added products
- Changing retail landscape
- Brands tested by subsidised imports
- Major integrated support campaign

Intense planning and development culminated in the launch of 42 value added rice-based consumer products in 2001, pushing SunRice past the table rice category to compete with some of the world's largest branded food marketers. This is a major and crucial step for our business and will be backed by continual product improvement to meet increasing customer and consumer demands.

Our products encountered a changing retail landscape this year. Global discounter ALDI arrived in Australia with its limited range operation offering only one rice product: one kilogram white long grain. Dairy Farm International exited Australia, causing the sell-down of Franklins stores, which strengthened Coles and Woolworths and various independent groups. Strong Western Australian wholesaler, FAL, gained a presence on the eastern seaboard, while South African Pick 'n' Pay returned to Australia, purchasing a number of established New South Wales stores.



The onslaught of heavily subsidised imported rice was another test for our brands and prices continued to fall despite the depreciated Australian dollar. We were able to maintain a premium in this testing time only through the quality and reliability of our rice and the equity built up over many years of established trust. Our determination to be the lowest cost producer of the highest quality product must prevail.

Rice sculptures will return as the centrepiece of our advertising campaign in 2002, as we strive to re-ignite growth in per capita rice consumption from its plateau of recent years. We will contest the 'wall of familiarity' consumers have for rice, bringing rice top of mind when wondering, *What's for dinner tonight?* Television advertising comprising several core rice executions and key value added products will mesh with print advertising, radio advertising in capital cities, targeted product sampling, trade promotions and public relations in a massive integrated program.

Value added rice-based foods, such as SunRice Meal Kits and Sensations Rice Chips and Tortillas are our most recent initiative and entry of rice into the growing convenience meals and







snacking markets. Our team is constantly monitoring world markets in rice-based foods to keep SunRice at the cutting edge of product development. We remain committed to driving profitable and sustainable category growth.

We have restructured our sales and marketing team for the most professional and cost-effective marketplace interaction. Regular interface with operations via Sales and Operational Planning continues to improve product freshness and availability. Finetuning our packaging graphics to comply with the Australian and New Zealand Food Authority's new food standards and continuing our stance against the use of genetically modified rice remain priorities.



**Above** • Product merchandising at Coles Knox City, Melbourne. Cost savings and enhanced customer service resulted from the amalgamation of the Riviana and SunRice domestic sales forces in 2001.

## Causing a *sensation* in convenience snacking



SunRice Sensations Rice Chips and Tortillas made a sensational entry into the convenience snacking category in 2001 — an exciting example of our value added rice-based consumer products that now compete with the world's big name brands.

Australia is munching on our Sensations range for its flavours and features: a guilt free snack, full of crunch, baked not fried, and gluten free. The chips are 97 per cent fat free and the tortillas are 95 per cent fat free, all wrapped up with the goodness of Australian rice. It's no wonder they're a sensation!

# Marketing SunRice to the world

- Record crop a marketing challenge
- First sales into a host of new markets
- Premiums maintained in all key markets

Our international marketing team rose to the challenge to sell additional volumes from a record crop into new markets at the best possible price, while maintaining existing markets, shares and premiums in 2001.

Conquering the challenge brought some firsts for our business. Our first shipment of 22,520 tonnes of brown rice to South Korea was not only the largest single break-bulk cargo shipped from Australia, but exciting evidence of Korea permitting access for foreign rice under its agreement for freer international trade in agriculture. We will pursue South Korea as an ongoing market.



Other first sales were made to a host of new markets, including Tanzania, Haiti and Puerto Rico. We applied our expertise in shipping and bulk cargo handling, developed over many years serving the Japanese market, to negotiate these new market entries.

Late in the year, we made the first sale of SunRice Opus variety short grain rice to the World Trade Organisation's new member country, Taiwan. We will be milling and packing rice in the Riverina under the premium 'Koala' and hypermarket 'Kangaroo' brands for Taiwan, which we anticipate rapidly emerging as a valuable long-term market.

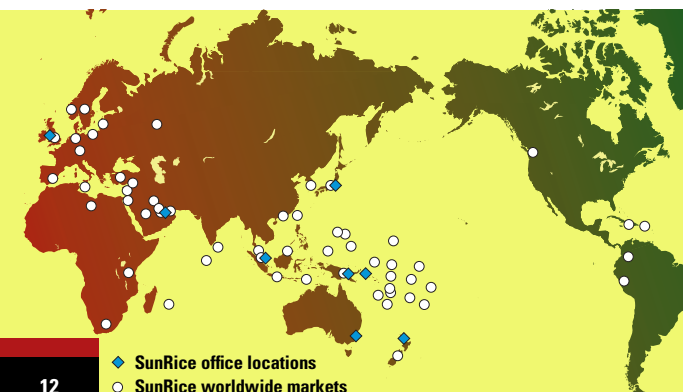
Our successful moves into new markets did not distract our attention from our key markets of the Middle East, Pacific, North Asia, and South East Asia. We maintained premiums over our competitors in each of these locations. The presence of our talented teams in Papua New Guinea, the Solomon Islands, Singapore, Tokyo, Dubai and Sydney were the force behind this outstanding result. Our strategically located offices provide active marketing intelligence for our business and direct access to SunRice personnel for our customers.

Building on our heritage of quality and outstanding service in key markets and researching new opportunities and avenues for growth across the globe will continue to be our twin challenges as we enter 2002-2003.

**Top left** • Servicing our important Japanese market — one of the key export markets in which SunRice maintains premiums over competitors. SunRice Business Manager — Asia Pacific, Milton Bazley, with Japanese buyers from ITOCHU: Assistant Manager, Shinae Moriki, and Senior Manager, Tadashi Nakamura

**Middle left** • New and innovative SunRice value added rice-based consumer products on supermarket shelves in Singapore. Our sales team in Singapore is one of six strategically located around the globe for active market intelligence and direct consumer interaction.

**Below** • International products, international flavours: SunRice Opus rice is the main ingredient of Sushi Paella being served at the Australian Embassy in Japan.



◆ SunRice office locations  
○ SunRice worldwide markets





The Rice Food Experts



AUSTRALIAN RICE GROWERS CO-OPERATIVE



**Top right** • Consumers in Dubai — and in more than 72 export markets across the globe — select SunRice products in specially translated packaging from supermarket shelves.

**Middle right** • SunRice rice ready for export at the Deniliquin Mill. SunRice exports 85 per cent of production and is a major contributor to Australia's export income.

**Right** • SunRice Sensations Rice Chips and Tortillas are causing a global sensation. Malaysians enjoy these new rice-based products for the same reasons as everyone else: they're a low-fat, high-flavour snack made from the goodness of Australian rice.

# Our operations

## Delivering unbeatable products and services

- Record harvest and processing year
- Significant cost savings in processing and supply
- New rice flour mill boosting competitive capabilities
- Dramatic improvement in safety performance

We have achieved a 20 per cent reduction in the cost of processing a tonne of rice paddy over the past two years — a direct result of industry-wide capacity upgrades generating higher throughputs at reduced operational costs. With our sights firmly set on boosting efficiency and achieving world-class standards in SunRice facilities, we will continue cost saving by commissioning two new packing plants at the Deniliquin and Leeton Mills in 2002.

Significant cost reduction has also been achieved in goods delivery to domestic and international markets. Our Supply Chain Group is pursuing other opportunities, identified in a major logistics review, to achieve excellence in customer service and supply chain costs.

A new dedicated rice flour mill came online at the Leeton Mill in February 2002. A state-of-the-art facility, the rice flour mill has improved our operational performance and given us the competitive platform from which to drive rice flour use in value added foods.



We have achieved a dramatic improvement in safety performance over the past two years and we continue to pursue a zero injury target. Our 27 per cent reduction in the Lost Time Injury Frequency Rate (LTIFR) recorded this year follows the 42 per cent reduction of 2000. Some positive industry-wide initiatives are providing structures, policies and procedures



**Above** • Speciality rice foods are a SunRice speciality; 2001 CEO Awards recipient, Charles Atkins, overseeing production of 3-Minute Rice at the Speciality Rice Plant in Leeton

**Left** • Safety and quality reached new levels of excellence in 2001: Flour Miller Dion Davis checks the flour sieves at the Leeton Rice Flour Mill

**Below** • New automated packaging equipment installed at the Deniliquin Mill — one outcome of our intensive capital investment program to deliver lifts in productivity and efficiency







for effective safety management and we are progressively implementing a behaviour-based safety program to augment existing safety management systems.

We have made outstanding progress implementing quality management systems in all operations. All our facilities maintain HACCP accreditation and a focus on Good Manufacturing Practice (GMP) — an important step in the pursuit of world-class facilities for our business. We upgraded our colour sorting capability at the Echuca and Coleambally Mills, further enhancing product quality for competing in world markets.



SunRice maintains a strong commitment to environmental responsibility in operations.

We have developed an environmental management system, with environmental reporting processes, for all sites. We have conducted energy and waste audits at sites and energy reduction guidelines are being implemented across the industry. We continue to use advanced control technology to regulate energy for drying paddy, and we are investigating projects using rice hulls for green energy production.

## Leeton Rice Flour Mill: adding value to value adding



The new Leeton Rice Flour Mill is adding real value to our ability to value add in today's competitive markets. Rice flour is a core ingredient in our exciting range of new rice-based consumer products.

The Leeton Rice Flour Mill is the largest rice flour mill in Australia and one of the largest in the world. State-of-the-art milling and packing equipment and computer control systems give us the capability to take in raw material and turn out finished packed product — all under one roof. Featuring dual roller mills capable of grinding all sizes and varieties of rice grains and high capacity colour sorters to optimum quality specifications, the new mill meets the most stringent sanitation requirements for the food industry and HACCP certification. A fully automated packing system demands less staff input, making this mill a cost-effective and valuable addition to the SunRice stable of world-class infrastructure.

**Above** • Another productivity and efficiency initiative: the new packaging plant at the Leeton Mill currently under construction

**Middle** • Saving power and the environment: Electrician, Simon Stubbings, installing new switch equipment to reduce power use at the Deniliquin Mill

# Our growers

## Enhancing grower performance through information and crop production services

- Limited water availability restricts crop size
- Climatic conditions challenge all growers
- New medium grain rice variety, Paragon, released to replace defunct Namaga variety

A relatively low water allocation at rice planting time was the first of two challenges growers faced in 2001. New water sharing rules that increase the share of water for in-stream use and a drier than average winter were the catalysts. The 149,500 hectares planted was 19 per cent less than the record 184,400 hectares planted in 2000.

After planting, water allocations increased significantly in the Murray Valley, but only marginally in the Murrumbidgee Valley. This led to a critical shortage of water during the peak demand period of January and February, particularly in the Coleambally region. Many growers de-watered large portions of their crop, which they later salvaged by purchasing scarce and costly temporary transfer water. The crisis took its economic and personal toll on many farm families in the region.

Below average growing conditions for most of the season was the second challenge. Cooler temperatures during the vegetative development phase reduced plant biomass and made weed control difficult. Cold night

temperatures in the early part of February caused some sterility damage in a portion of the crop at the pollen development stage of growth.

It was heartening for most growers, who expected yields to be significantly below average, to find a reasonably good yield at harvest time. The use of best management practices is clearly a powerful weapon against seasonal challenges. Total production of 1,241,711 tonnes was achieved at an average yield over all varieties of approximately 8.4 tonnes per hectare. Despite lower production compared to the previous crop, crop receipt was not trouble-free. Industrial action disrupted harvest for five days and higher than planned deliveries caused slow turnaround at some depots.



**Left** • Applying leading technology to rice production: rice harvesting using a Yanmar harvester from Japan, specially imported for RRAPL to harvest small research rice plots

**Below** • The sun rises on a new day of rice farming: a rice crop located between Tocumwal and Finley in New South Wales

**Above right** • Silos of pure rice seed at Finley, New South Wales

## 2001-2002 highlights

- High stocks of subsidised Asian rice significantly dampened market demand for long grain varieties. Rapid communication of this market signal to growers and seed issue adjustments drastically reduced production of our long grain varieties, Kyeema and Doongara.
- Grower Services dealt with approximately 6,000 member inquiries beyond normal business transactions. We implemented a call register to promptly deal with inquiries and any complaints.
- We conducted special member meetings at regional locations in March. These comprehensive briefings were well attended.
- Grower Services/Communications Group assumed operational responsibility for the Leeton and Deniliquin SunRice Visitors' Centres, following an extensive review. We will more closely align the Centres with the Ricegrowers' Association of Australia Inc industry promotion activities.
- Fertiliser and herbicide merchandising activities significantly reduced input costs for growers. Competitive pricing negotiated by SunRice set benchmarks for other suppliers.
- We significantly improved seed issue infrastructure at Finley, as part of a three-year program to bring the SunRice Pure Seed Scheme up to world's best practice standard.
- New South Wales Premier, the Honourable Bob Carr, launched a major project by SunRice and the Irrigated Agribusiness Taskforce. *The Murrumbidgee: assessing the health of a working river* project irrefutably confirmed that the river must be managed as a working river to support a range of activities, including irrigation.
- Growers gained a secure Grower Services web page on the SunRice corporate web site. This password-protected page provides most of the information sent to growers in hard copy form.



## Introducing Paragon



New medium grain rice variety, Paragon, is by its name's definition, the standard by which others are measured. Released at the Rice Field Day in March, Paragon was bred by the New South Wales Agriculture plant breeding team at Yanco Agricultural Institute using conventional plant breeding methods.

The initial cross to produce Paragon was made in 1992. Single panicle selections and unreplicated and replicated trials at Leeton and Deniliquin Research Stations and district sites followed for 10 years. Now in 2002, SunRice and growers welcome Paragon for its important attributes:

- a higher field yield (3–5 per cent above Amaroo);
- quicker maturity, which means more tonnes produced per megalitre of water used. In average seasons, Paragon matures around seven days quicker than Amaroo; in cooler seasons about the same as Amaroo;
- a slightly larger grain size than Amaroo (0.2 mm longer);
- slightly less chalk than Amaroo (fewer opaque areas in the grain); and
- similar cooking qualities to Amaroo.

Paragon is being multiplied in the SunRice Pure Seed Scheme and a limited area will be planted in 2002.

# People and culture

## Achieving our vision together

- Performance management system reviewed
- Competency-based pay structure introduced
- Achievement rewarded
- Training program strengthened

SunRice actively encourages a results-focused organisation. Fostering and sustaining a culture of high performance to achieve our vision is a core priority.

For a more consistent and structured approach to managing our team, we tightened the way we review and improve performance this year. Firmer assessment of individual on-the-job performance and a new learning and development tool to identify and plan individual improvement opportunities were communicated to salaried employees in briefing sessions across the business. We aim to encourage our people to assume greater personal accountability for contributing to the achievement of higher performance. We will build on our performance management initiatives in 2002.

We reached an important milestone for our business when we finalised our Workplace Improvement Agreement (WIA) in early May. As well as allowing for an annual wage increase of 3.5 per cent for two years from 1 October 2001, the WIA ushers in a new era of employee remuneration for SunRice. From May 2002, new employees will be paid solely under a competency-based structure, as we phase out our previous pay structure based on length of service.

We introduced new and improved training initiatives in 2001. A more structured program for employees working in paddy and two initiatives to improve our employees' general education levels — the recruitment of university graduates under our graduate placement strategy and a new external studies policy to encourage further study — were positive outcomes.

The CEO Awards that were so successfully introduced in 2000 continued as an important tool for acknowledging and rewarding performance across the organisation. The Awards receive strong support for formally recognising outstanding achievement and for producing role models for others to emulate. This program reinforces our results-focused leadership approach.

## SunRice salutes the winners of the 2001 CEO Awards



### Anita Custance

#### Winner, Sydney Office and Surrounds Overall winner

Anita joined SunRice in May 2000 as a receptionist in the Sydney Office. She was promptly promoted to the role of Customer Service Coordinator in the SunRice Customer Service Centre.

As the SunRice contact person for major customer, Kellogg, Anita contributed significantly to SunRice recently being awarded 'A' Class Supplier status by the food giant. She has received high praise from Kellogg and other customers for her outstanding customer service skills.

### Leeton Office

#### Site Winner: Mark Miller

Mark has a long history of delivering project outcomes and developing people. He is a pivotal player in all major projects. Mark's career with SunRice spans eight years: today, he is the Information Services Manager. Mark is building a workplace culture focused on performance, results and employee reward and recognition.



- 1 • SunRice CEO, Gary Helou, with the winner of the 2001 CEO Awards, Anita Custance
- 2 • General Manager — Grower Services/Communication, Mike Hedditch, with Information Services Manager, Mark Miller
- 3 • Company Secretary, Rod Fox, with Team Leader, Charles Atkins, and Speciality Rice Food Group Operations Manager, Bob Jones
- 4 • Quality Control Officer at CopRice Tongala, Damian Brennan, with General Manager — CopRice Feeds and Byproducts, Keith Hutton, and Feedmill Manager Tongala, Bob Cooper



## Specialty Rice Food Group

**Site Winner: Charles Atkins**

Charlie joined SunRice in February 1998 as a packerman at Leeton Mill and transferred to the Specialty Rice Food Group in

February 2001. He has quickly become a team leader, operating five packaging lines and making valuable quality, safety and efficiency improvements. His simple yet brilliant solution to a packaging problem has improved line efficiency by a massive 25 per cent.



## Coleambally Mill

**Site Winner: Peter Jones**

Peter is the Production

Manager, Milling and Packing at the Coleambally Mill. Together with the Coleambally Site Manager, Peter designed a simple system to allow bulk brown rice to be taken direct from the mill to bulk trucks, reducing the number of people necessary for the task from seven to one, and drastically reducing weekend overtime requirements.

## CopRice

**Site Winner: Damian Brennan**

Joining CopRice Tongala in 1995 as an assistant miller, Damian has progressed to the position of Quality Control Officer after leading a team to successfully implement quality measures under HACCP and ISO certification six weeks ahead of schedule. His priority now is to maintain the quality standards, which he is doing with unparalleled enthusiasm and drive.



## Deniliquin Mill

**Site Winner: Ian MacKnight**

A fitter with the Deniliquin Mill Maintenance team, Ian has designed an attachment

for bobcats that prevents back injury — a high risk to fitters working with motors in aeration fans. SunRice encourages employees to take ownership of site safety problems. Ian has taken up this challenge and is an outstanding example of success.



## Leeton Mill

**Site Winner: Paul Maytom**

Paul joined SunRice in 1967 in the pollard area and has progressed to his present role as Milling Manager. Paul has contributed significantly to SunRice's successful relationship with Kellogg and is also recognised for working with Leeton millers to achieve record throughput tonnages and other cost saving initiatives.



## Echuca Mill

**Site Winners: Max Blake and Ross Blackburn**

Max Blake and Ross Blackburn are fumigators at the Echuca Mill. Faced with new occupational health and safety policies restricting the height at which employees can work without a fall arrest system, this dynamic duo devised a more efficient and cost-effective fumigation practice that complies with safety requirements at a reduced operating cost.



5 • Production Manager Milling, Paul Maytom, with General Manager — Operations, Graham Harvey

6 • Mill Manager Coleambally, Mark Townsend, and Production Manager Milling, Peter Jones, with General Manager — People and Culture, Kerry Burke

7 • Information Services Manager, Mark Miller; Fitter, Ian MacKnight, and Manufacturing Manager Southern, Stephen Hartshorn

8 • National Quality Manager, Tim Norris, with Fumigators, Ross Blackburn and Max Blake

# Our subsidiaries



## Trukai Industries

Challenge, innovation and positive achievement characterised 2001 for Trukai Industries.

The continuing decline of the Kina influenced the market significantly, reducing the purchasing power of Trukai Industries and its customers and dampening consumer demand. The company countered this challenge with strategic marketing activities, including the expansion and promotion of the budget-priced and locally dominant Roots Rice range, using bonus packs and other initiatives that met consumer needs and helped maintain volumes. New products, including flavour sachet Roots Rice, were developed, while the sales and marketing team remained very active and focused on building strong partnerships with distributors.

Trukai Industries was the first major food manufacturer to return to the Bougainville market on a direct shipment basis — a significant and bold economic and political initiative, following a decade of civil disturbance. The company plans to increase shipping volumes as this sales centre fills the supply pipeline.



*Papua New Guinea's largest and most successful rice marketer*



Honouring its commitment to the Papua New Guinea Government to promote agriculture, Trukai Industries initiated live cattle sales to South East Asia. Shipments of cattle from smallholder farmers and Trukai Farms' own herd were delivered to the Philippines, providing an important alternate market for times when the domestic market is oversupplied.

Continued support from its customers, innovation, and an ongoing commitment from employees helped Trukai Industries maintain its strong position.





*One of Australia's leading food importers*

## Riviana Foods

For the fifth consecutive year, Riviana Foods posted record revenue and earnings — an outstanding performance stemming from winning business relationships with major customers and suppliers, consistently high levels of service and communication, and an extensive range of food products that add value and are convenient to use. Riviana Foods continued its commitment to product innovation, brand positioning, proactive pricing policies and margin maximisation.

An extensive print and outdoor media campaign on the Always Fresh brand in late 2001 increased consumer awareness and boosted Riviana's overall market leadership in the pickled vegetable category. Riviana Foods' ongoing commitment to brand consolidation was demonstrated in the revitalisation of the Admiral range of canned seafood, vegetables and fruits, with new contemporary packaging portraying clearer product descriptions and appetising serving suggestions.

With cost containment the objective, Riviana successfully negotiated revised shipping contracts and consolidated product offshore for direct shipment to state-based warehouses, eliminating the on-cost of interstate freight. Riviana achieved further cost reductions by sourcing alternative raw materials and finished goods. Riviana's pilot trial of self-regulation of imports with the Australian Quarantine and Inspection Service has the potential to eliminate costly inspections of imported product, while ensuring strict compliance with quarantine regulations.



The processing facility at Noble Park received HACCP accreditation. Riviana also acquired the processing plant and equipment from a New Zealand bottling plant to improve product quality, reduce costs and provide greater flexibility in ongoing new product development.



A significant strategic step was to amalgamate Riviana's domestic field sales force with that of SunRice.

This had many benefits: considerable cost savings and increased resources enabling greater customer service to retailers, a dedicated food service sales force, and the opportunity to launch into the specialised food service market in 2002 with an expanded product range.

These exciting initiatives coupled with more media support for Always Fresh and the strength of its people will maintain Riviana Foods' aggressive growth pattern in revenue and earnings.





# CopRice Feeds and Byproducts



CopRice Feeds and Byproducts recorded an outstanding year, making solid progress towards its core objective to maximise member returns by adding value to rice milling byproducts.

To strengthen growth prospects as suppliers to the Victorian dairy industry, SunRice gained full ownership of the Ausfeed Feedmill at Cobden, successfully buying out our joint venture partner. This feedmill, and those at Leeton and Tongala, worked to full capacity during the year, exceeding budgeted targets for production, turnover, gross margin, net profit and return on investment.



*A leading manufacturer, marketer and distributor of stockfeed, companion animal foods, and related products from rice milling byproducts*

A strong market for meat and dairy products, coupled with dry conditions and relatively high feed grain prices, drove strong demand for rice pollard and good selling prices in a year of record production. High levels of live sheep exports enhanced the situation and took demand for ground rice hulls to record levels.

Sales of extruded speciality products for companion animals increased in more sophisticated markets in Australia and overseas, bolstering capacity at the Leeton Speciality



**Far left** • Value adding for pet health: CopRice released Healthy Pet Rice for Dogs in 2001, a highly nutritious, highly digestible pet food made from natural brown rice and rice bran.

**Left** • Delivering grain at the CopRice Cobden Feedmill, which came under full ownership of SunRice in 2001 and was one of CopRice's three stockfeed mills to exceed all production and financial targets for the year

**Below** • The dawn of a new day and an exciting new era of domestic and international market growth for CopRice extruded speciality products for companion animals







Products Plant and encouraging the launch of a new company image and logo to appear on all CopRice packaging and delivery vehicles.

CopRice achieved a major landmark for a stockfeed manufacturer by giving priority to quality management systems and safety at work. Tongala and Cobden Feedmills received registration certificates for compliance with AS/NZS ISO 9001:2000 quality systems management requirements, HACCP (Hazard Analysis Critical Control Points) and GMP (Good Manufacturing Practices) from Quality Assurance Services of Australia.



**Above** • Storage silos: part of the CopRice infrastructure that helps this market leader maximise member returns by adding value to rice milling byproducts

**Far right** • Two of the people behind the products: Paul Grobes and Fiona Hanks in the control room at the CopRice Cobden Feedmill

**Right** • 'Taste testing' CopRice stockfeed: Farmer, Wim Kampsheer, feeds CopRice pellets to his dairy cow



# Rice production research

## Research and development for the benefit of ricegrowers

**S**unRice has a strong commitment to continuously improving the Australian rice industry and our farming practices through quality research and development. Our vision to be the world's favourite rice food company rests on research outcomes that push the outer limits of our knowledge and capabilities.

The 'Old Coree' rice farm near Jerilderie plays an important role in rice production research and development of best management practices. Rice Research Australia Pty Ltd (RRAPL) — a wholly owned SunRice subsidiary — occupies the 1,830 hectare 'Old Coree' site under an agreement between the McCaughey Institute, RRAPL and SunRice.

### RRAPL: research for ricegrowers

RRAPL is driven by its quest to provide a premier research facility for the benefit of ricegrowers. From early beginnings as a company whose small research and development projects were largely self-funded by commercial operations, RRAPL today is the central player in the development and control of new rice varieties for the New South Wales rice industry.

RRAPL evaluates the most promising new varieties for the rice breeding program and produces the breeders seed of these varieties and other released varieties. This breeders seed is the foundation of the SunRice Pure Seed Scheme. To service this important role, RRAPL is increasing and improving its seed production, harvesting, storage, cleaning and grading facilities.

### RRAPL research

#### *Seed testing and build-up of advanced breeding lines*

New South Wales Agriculture's rice breeding program at Yanco Agricultural Institute, CSIRO and many other collaborators use 'Old Coree' to test and build up seed for advanced rice breeding lines. The site has prime growing conditions and enables rapid build-up of breeders and foundation seed. The New South Wales Agriculture team is using 'Old Coree' to run rice nutritional trials, chemical demonstration sites, quality evaluation trials and other extension activities, which require varying amounts of RRAPL resources.



### *Rural Industries Research and Development Corporation (RIRDC)*

The RIRDC runs a range of research programs with RRAPL.

- **Alternative methods and cultural practices for establishing seed and nutritional trials:** Researchers are developing a plot seeder that precisely places seed and fertiliser for better rice crop establishment. The objectives are to trial sod seeding (direct drill) and combine seeding techniques with many new sowing attachments on the market.





**Left** • Scientists research rice flour for SunRice at the Bread Research Institute of Australia at Pymble, Sydney

**Far left** • RIRDC Technical Officer, Andrew Robson, and student, Rick Mitchell, monitor weather data in the field

**Above** • The SunRice commitment to quality research and development continuously improves the Australian industry and rice farming practices.

**Above right** • The Leeton Quality Appraisal Centre's Julie Deeves checks a rice plant matter sample for Near Infrared Analysis, which helps determine how much top dressing rice farmers need to apply.

**Centre** • RRAPL Manager, Russell Ford, in the eucalyptus plantation on 'Old Coree'



- **Improved seed storage and segregation for advanced breeding lines:** Researchers are striving to achieve three objectives with this study: (1) to reduce the risk of genetic changes occurring in long-term cultivars (by storing an adequate quantity of nucleus seed, used each year for the production of breeders seed); (2) to store significant quantities of seed of existing and new cultivars with unique grain quality attributes for rapid seed production when new markets arise; and (3) to reduce the risk of cross-contamination between cultivars during the early phases of the Pure Seed Scheme by establishing a facility that is completely separate from any paddy receivals and that features world best practice design, technology and quality control.

'Old Coree' is presently the storehouse of 65 rice varieties. RRAPL has recently expanded the rice seed multiplication areas at 'Old Coree' to allow selected rice cultivars to progress faster, which has prompted the need to improve harvest, segregation, drying and storage facilities.

RRAPL also provides crucial extension services, such as field days, demonstration days and workshops, which encourage grower awareness and involvement in RRAPL's research and development. RRAPL encourages industry visits and is also becoming more involved with promoting the production and marketing of quality rice.

### Rice research: the road ahead

The SunRice Pure Seed Scheme and the early generation breeding program provide SunRice with enhanced product quality and variety. In future, RRAPL will expand its role beyond this scheme. Herbicide development, nutritional recommendations, water use efficiency gains, and rice stubble management will be additional activities, while the role RRAPL plays as a visitor showcase and as a provider of extension services will also evolve. A greater role in the commercialisation of rice varieties and in shaping the links between, and the implications of, rice varieties in the value chain of growing, milling, and marketing will also redirect RRAPL's future as a central force in the rice industry.





# Environmentally responsible rice

SunRice aims to be synonymous with sustainable rice production. Our commitment to growing and producing environmentally responsible rice and rice products extends from paddy to packaging, with the objective of reducing the rice industry's effects on the environment. We stand by our assurance to consumers of Australian rice that our product has been produced with careful environmental consideration and we strengthen this assurance by constantly researching new environmental management systems and practices. Farming, milling and processing our rice comes under close scrutiny for opportunities to lessen the environmental impact and to live up to our core value to be responsible corporate citizens.

SunRice is proud to be part of an industry that is producing 'firsts' in environmental responsibility. A range of programs and initiatives, developed by and for the rice industry, are leading the way in the management and protection of natural resources and in greenhouse gas abatement.

## Rice environment policy

During 2001, the rice environment policy — developed over recent years by SunRice, the Ricegrowers' Association of Australia Inc, and the Co-operative Research Centre for Sustainable Rice Production — became a reality on our

shareholders' rice farms and in our mills.

The policy is our pathway to a healthy environment, with productive soils, clean air and diverse and robust natural habitats, rivers and watersheds. It recognises our drive to deliver safe and high quality rice and rice products and to protect the natural resources we use in the process.



Five environmental issues form the focus of the policy: salinity, chemical use, greenhouse gas emissions, energy consumption and waste. Underpinning the policy is a set of flagship programs, designed for on-ground action in addressing these issues: *Restoring the balance with biodiversity*, *The greenhouse challenge*, *Environmental champions*, *Healthy rivers and landscapes*, and *Industry performance and innovation*. Positive outcomes are already emerging from many of these programs.

## Restoring the balance with biodiversity

Researchers from the University of Canberra are identifying animal life on rice farms, with the support of the Rural Industries Research and Development Corporation (RIRDC), the Ricegrowers' Association of Australia Inc, the Co-operative Research Centre for Sustainable Rice Production, and the Co-operative Research Centre for Freshwater Ecology. In 2001, the first

**Above** • Salt Bush: a native vegetation managed by the rice industry to protect biodiversity and wildlife habitat in the rice growing system

**Below** • Jerry Wilcox of Riverina Helicopters spraying rice near Griffith, New South Wales

**Above right** • Farmer, Bernie Walsh, and Co-operative Research Centre for Sustainable Rice Production Researcher, Tim Farrell, inspect the results of cold water growing experiments on Bernie's Yanco rice farm

**Above centre** • The Perons Tree Frog: frogs are the most plentiful of any vertebrate on rice farms according to the first year findings of the 'Restoring the balance with biodiversity' environmental program.

**Below right** • Reducing the rice industry's effects on the environment is a priority for SunRice and its subsidiaries. Electrician, Bill Murphy, checks the electrical switching installed to save power at a CopRice feedmill





year's sampling results were released, showing 161 different species of vertebrates on rice farms — 116 types of birds, 21 reptiles, 13 types of mammals, seven frogs and four fish. Initial findings suggest that frogs are the most plentiful of any vertebrate on rice farms. Given that frogs are the preferred food of many snakes, mammals and birds, this has important flow-on effects in the food chain.

The study is also looking at farm attributes that contribute to the diversity of on-farm animal life. Farmers will use the results to decide and manage the layout and composition of their farms to most effectively conserve and enhance biodiversity.

### Environmental champions

Leading by example is always the best way to get results — and national and international attention. The environmental champion program puts the rice industry out in front as the only Australian agricultural industry to take such an innovative approach to on-farm environmental management.

Environmental champion farmers are those who showcase their best environmental practices and land stewardship as encouraging examples for other farmers to follow. The environmental champions program is a four-tiered accreditation program for recognising the environmental



efforts of rice farmers. Designed by the rice industry for the rice industry, the program is based on realistic targets for achieving sustainability on farms and across the industry.

### The greenhouse challenge

Australian agriculture, including rice production, contributes to greenhouse gas emissions. Weighing in to the global fight to reduce greenhouse gas emissions, the rice industry has developed its own Greenhouse Strategy. Developed by the Snowy Mountains Engineering Corporation, in partnership with the Ricegrowers' Association of Australia Inc, the strategy encourages rice farmers to measure the greenhouse gas emissions on their farms using an electronic scorecard and to reduce the amount of emissions using a range of suggested actions for the rice industry. Another Australian first from the rice industry, other industries are now looking to this program for positive strategies in greenhouse gas abatement.



# Our Board

Left to right

## GRAHAM BLIGHT

Whitton rice grower. Director since 1969. Directors' Committees: Member, Grower Services; Member, Rice Industry Co-ordination; Member, Irrigated Agribusiness Task Force. Honorary Councillor and Past President, Ricegrowers' Association of Australia Inc. Past President, National Farmers' Federation (1991–1994). Past President, International Federation of Agricultural Producers (World Farmers' Federation) (1994–1998). Chairman, MID Farmers' Co-op Society Ltd. Trade Representative, Australian Agricultural Industries (Cairns Group and WTO negotiations).

## BARRY BUFFIER

B Rur Sc (Hons) M Econ  
Churchill Fellow

Agribusiness consultant. Director since 1987. Directors' Committees: Chairman, Finance and Audit; Member, Remuneration. Director, Riviana Foods Pty Ltd. Board Member, New South Wales Rural Assistance Authority. Member, National Rural Advisory Council. Director, Rural Industries Research and Development Corporation. Former National Manager Agribusiness, Westpac Banking Corporation; Deputy Director General, New South Wales Agriculture.

## NORM McALLISTER

Dip App Sc Ag FAICD

Berriquin rice grower. Director since 1997. Directors' Committees: Member, Finance and Audit; Member, Grower Services; Member, Rice Industry Co-ordination. Director and Chairman, Rice Research Australia Pty Ltd. Director, Riviana Foods Pty Ltd and Silica Resources Pty Ltd. Chairman, RIRDC Rice Research and Development Committee. Fellow, Australian Institute of Company Directors.

## DAVID WOODSIDE

B Agr Sc

Benerembah rice grower. Director since 1984. Directors' Committees: Member, Finance and Audit. Representative, RIRDC Rice Research and Development Committee. Central Executive Delegate, Ricegrowers' Association of Australia Inc. Chairman, Area Brickworks Pty Ltd, Griffith.

## BRUCE BARBER

FAICD Cert (Ag)

Warrawidgee rice grower. Director since 1984. Directors' Committees: Member, Finance and Audit; Member, Grower Services; Member, Rice Industry Co-ordination. Director, Rice Research Australia Pty Ltd; Stockfeed Manufacture and Distribution Pty Ltd; Trukai Industries Limited. Chairman, RCL (SI) Ltd. Chairman, Solomons Rice Company Ltd. Chairman, Benerembah Irrigation District Environment Protection Trust. Fellow, Australian Institute of Company Directors.

The Ricegrowers' Co-operative Limited Board of Directors in the new Leeton Rice Flour Mill. The mill is one of the latest additions to the SunRice stable of world-class infrastructure.



## GERRY LAWSON

LDA (Dip Ag)

Mayrung rice grower. Director since 1985. Chairman since 2001. Directors' Committees: Chairman, Remuneration. Director and Chairman, Riviana Foods Pty Ltd. Director, Silica Resources Pty Ltd; Oryza Pty Ltd; Riviana (Australia) Pty Ltd; Anglo Australian Rice; Herto NV; The Sunrice Inc. Deputy Chairman, Rice Marketing Board. Central Executive Delegate, Ricegrowers' Association of Australia Inc.

## ALAN WALSH

Director since 2000. Directors' Committees: Member, Grower Services; Member, Irrigated Agribusiness Task Force. Representative, Irrigation Research Extension Committee. Central Executive Delegate, Ricegrowers' Association of Australia Inc. Secretary, Ricegrowers' Association of Australia Inc, Deniliquin Branch.

## NOEL GRAHAM

Caldwell rice grower. Director since 2001. Directors' Committees: Member, Grower Services. Member, Rice Marketing Board. Rice Marketing Board Representative and Alternate Delegate, Ricegrowers' Association of Australia Inc. Rice Marketing Board Delegate, RIRDC Rice Research and Development Committee. Chairman, Cadell Land and Water Management Plan.

## GRANT LATTA

FAICD FAIM ASA/CPA AAMI  
MBA Dip Bus Dip Eng

Director since 1999. Directors' Committees: Member, Finance and Audit; Member, Remuneration. Chairman, Grains Research and Development Corporation and GCMCorp Pty Ltd. Deputy Chairman, Export Finance and Insurance Corporation, and National Dryland Salinity Program. Director, Vision Systems Limited, Venture Capital Partners Trustee Board; Food Science Australia. Member, Australian Competition Tribunal (Federal Court). Past President, Australian Chamber of Manufacturers. Retired Director, Australian Trade Commission (AUSTRADE) (1994-2000). Former Executive Director, Lam Soon (Hong Kong) Limited (resigned 2000). Former Chief Executive Officer, Camerlin Consortium (1995-1997). Former Managing Director, Pacific Brands Food Group (1991-1995).

## BRIAN VIAL

B Sc Dip Acct

Moulamein rice grower. Director since 1993. Member, Rice Marketing Board. Member, Rice Research and Extension Committee.

## MARK ROBERTSON

Berriquin rice grower. Director since 1996. Deputy Chairman since 2001. Directors' Committees: Chairman, Grower Services; Member, Finance and Audit; Member, Rice Industry Co-ordination; Member, Irrigated Agribusiness Task Force. Chairman and Director, Trukai Industries Limited. Director, RCL (SI) Ltd; Solomons Rice Company Limited; Oryza Pty Ltd. Central Executive Delegate, Rice Growers' Association of Australia Inc.



# Our Corporate Management Team

Left to right

**Mike Hedditch** BSc Agr Dip Ed ACI  
*General Manager — Grower Services/Communication*

Joined Ricegrowers' Co-operative Limited in 1999 as General Manager — Grower Services/Communication, following a 13-year term as Executive Director of the Ricegrowers' Association of Australia Inc. Prior to his career with the rice industry, Mike worked for 14 years with New South Wales Agriculture as a District Agronomist.

**Kerry Burke** BA MIR (Hons)  
*General Manager — People and Culture*

Joined SunRice in April 2002. Kerry is a human resources professional whose experience spans companies such as National Foods, Coles Myer, North Limited, Visy, and Glad Products. He spent five years as an industrial/employee relations' advocate and consultant before becoming Business Unit General Manager in dairy and corporate strategy for National Foods.

**Claude Cassar** CA F Dip Bus Studies (Acctg)  
*Chief Financial Officer*

Joined Ricegrowers' Co-operative Limited in 1999. A chartered accountant, he has worked overseas in the United Kingdom, the United States and Asia, holding senior financial and management positions with multinationals, such as Dun and Bradstreet, Young and Rubicam Australia, the Dentsu Young and Rubicam Group in Singapore, and Price Waterhouse in Sydney.

**Keith Hutton** BSc (Hons) PhD FAICD  
*General Manager — CopRice Feeds and Byproducts*

Joined Ricegrowers' Co-operative Limited in 1981. He is a Director of the Co-operative Research Centre for Sustainable Rice Production and has extensive experience in corporate governance, general management, nutrition and the feeding management of companion animals and farm livestock.

**Gary Helou** BE (Hons) M Comm  
*Chief Executive Officer*

Joined Ricegrowers' Co-operative Limited in 1998 as General Manager Marketing and was appointed Chief Executive Officer in October 1999. Gary has extensive experience in the food industry, including 10 years international experience in Asia, in executive general manager roles at Simplot, Indofood and Pacific Dunlop Limited. He is a Director of Riviana Foods Pty Ltd, Trukai Industries Limited, Anglo Australian Rice, and The Sunrice Inc.

**Graham Harvey** BappSc MBA  
*General Manager — Operations*

Joined Ricegrowers' Co-operative Limited in 2000 as General Manager — Operations. Graham is an experienced manager, with 17 years experience in broad operational roles in FMCG and grain related industries, including multi-site responsibilities for Goodman Fielder.

**Russell Barratt** BE MBA  
*General Manager Marketing — Domestic*

Joined Ricegrowers' Co-operative Limited in 1999 and in 2000 was appointed General Manager Marketing — Domestic. Russell has a long career in fast-moving consumer foods sales and marketing for market-leading brands. He has previously held senior management roles, covering both retail and food service customer channels.

**Rod Fox** BA BEd  
*Company Secretary*

Joined Ricegrowers' Co-operative Limited in 1997 as General Manager Quality Systems and was appointed Company Secretary in 1999. Previously, he spent 30 years in executive roles with the Dow Chemical Company in Australia, Asia, the United States and Europe, where his responsibilities spanned human resources, quality performance and change management.

Members of the Corporate Management Team at the new Leeton packaging plant currently under construction.





# Our infrastructure

More than \$2.5 billion is invested in land, plant and equipment for the Australian rice industry. Ricegrowers' Co-operative Limited, trading as SunRice, owns extensive storage facilities and two seed grading plants throughout the rice growing region, as well as four world-class mills located at Leeton, Deniliquin, Coleambally and Echuca. Our Speciality Rice Plant at Leeton completes the infrastructure picture. CopRice Feeds and Byproducts operates stockfeed mills at Leeton, Tongala and Cobden.

**Below** • The new Leeton Rice Flour Mill: adding value to value adding



**Right** • Packaging our world-class product: Ellen Crockett overseeing 3-Minute Rice packaging at the Leeton Speciality Rice Plant

**Below left** • Tongala Stockfeed Mill: one of two CopRice Feedmills to receive registration from Quality Assurance Services Australia for compliance with a range of quality requirements — a major achievement for a stockfeed manufacturer

**Below right** • New automated packaging equipment at the Deniliquin Mill: helping to lift productivity and efficiency for SunRice



# Corporate governance

The Board is responsible for the Co-operative's overall governance and strategic direction. Goal setting, performance monitoring and ensuring internal control and reporting procedures are adequate, effective and ethical are the Board's responsibility. The Board gains an understanding of the Co-operative's businesses from regular reports, presentations and briefings on key issues and makes site visits to Co-operative operations.

## Board composition

In June 2001, the Board unanimously decided to restructure and downsize the Board to 10 directors. Following RCL director elections in August 2003, the Board will comprise four RCL active member directors; three grower elected members of the Rice Marketing Board (who must also be active members of RCL); and three external directors.

The Board's composition is determined by the Rules of the Co-operative and changes to the Rules to formalise the proposed reduction in the number of directors will be voted on by members at this year's annual general meeting. Currently, the Board comprises 11 directors, of whom two are external directors. Of the other nine directors, three are grower members of the Rice Marketing Board for the State of New South Wales who were elected by ricegrowers via postal ballot for a four-year term, commencing November 2001. The remaining six are RCL active member directors who will complete their terms at the end of the 2003 annual general meeting.

The initiative to downsize the Board is aimed at better serving the interests of members and better serving the needs of a commercial entity operating in a globally competitive marketplace. All Ricegrowers' Associations supported the strategic move to restructure the Board.

Particulars of each director's board meeting attendance for the past 12 months are included in the Finance Report.

## Compensation arrangements

Co-operative members determine directors' remuneration arrangements. All necessary expenses incurred by directors in the business of the Co-operative are refunded to them. Directors' remuneration details are included in Note 23 to the financial statements.

## Independent professional advice

The Board's policy is to enable directors to seek independent professional advice at the Co-operative's expense, after first discussing such intentions with the Chairman, who determines if the estimated cost is reasonable (but who will not impede the seeking of advice). In the case of the Chairman, reference is made to the Deputy Chairman.

## The Remuneration Committee

The Remuneration Committee comprises the Chairman and two directors. The Committee meets regularly throughout the year to review and make recommendations to the Board on remuneration, incentive schemes and related matters to recognise and reward performance.

## Finance and Audit Committee

The Finance and Audit Committee, comprising six directors, oversees the Co-operative's financial reporting and internal control systems, including trade practices compliance and risk management activities. The Chief Executive Officer, the Chief Financial Officer, the Internal Audit Manager and the PricewaterhouseCoopers partner in charge of the external audit attend all meetings.

A charter from the Board requires this Committee to provide a direct link between the Board and the Co-operative's internal and external audit functions. The Committee meets regularly with the internal and external auditors to review the scope and adequacy of their work and to ensure that remedial action is taken when issues arise.

The Committee reviews and advises the Board on financial information prior to the Board approving the release of the information to shareholders and regulatory bodies.

## Grower Services Committee

The Grower Services Committee comprises six directors. The Committee focuses on the relationship between the Co-operative and its growers and aims to strengthen that relationship by providing appropriate services and information. The Committee is governed by a charter approved by the Board, which includes reviewing policies to improve on-farm production of rice, payment schemes to shareholders, communication with growers and developments in rice research.

## Risk management

The Board recognises the wide spectrum of risk the Co-operative faces in its daily operations. To manage these risks, designated management functions including treasury, taxation, human resources, information technology and internal audit, work closely with operational and executive management to identify and manage business risk. The formal recognition of risk is a fundamental part of the management process. The Co-operative has implemented insurance arrangements and constantly evaluates the economic balance between self-retention of risks and risk transfer.

## Internal controls

The Co-operative has established a well-documented system of internal controls that take account of key business exposures. The system is designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information is reliable.

The Co-operative's internal audit function plays a key role in providing an objective and continuing assessment of the internal control system's effectiveness. It ensures information is reliable and has integrity, operations are efficient and effective and policies and regulations are adhered to. The Internal Audit Manager has direct access to the Finance and Audit Committee.

## Ethics

The Co-operative requires directors, management and staff to observe the highest standard of ethics.

## SunRice

### Registered Office

NIP 37 Yanco Avenue,  
Leeton NSW 2705 Australia  
PO Box 561, Leeton 2705  
Telephone 02 6953 0411  
Facsimile 02 6953 4733

### Rice Mills

Coleambally, Deniliquin,  
Echuca, Leeton and Lae

### Marketing Offices

#### Main Office

Level 32 BT Tower  
1 Market St, Sydney 2000  
PO Box Q166, QVB Post Shop 1230  
Telephone 02 9268 2000  
Facsimile 02 9264 3817

#### Auckland

Suite 8, Hinemoa House,  
184 Hinemoa St  
Birkenhead, Auckland,  
New Zealand  
PO Box 34323, Birkenhead,  
Auckland, New Zealand  
Telephone 09 480 1035  
Facsimile 09 480 1036

#### Dubai

Suite 412, Al Moosa Tower 1,  
Sheik Zayed Rd  
Dubai UAE  
PO Box 71947, Dubai UAE  
Telephone 9714 331 2349 or  
9714 331 2049  
Facsimile 9714 331 2249

## Subsidiaries

### Riviana Foods Pty Ltd

5 Corporate Ave  
Rowville 3178  
PO Box 1600, Ferntree Gully 3156  
Telephone 03 9764 3622  
Facsimile 03 9764 3343

### Papua New Guinea

Trukai Industries Limited  
Mataram St Lae 411  
PO Box 2129 Lae 411  
Telephone 675 472 2466  
Facsimile 675 472 6073

### Singapore

51 Newton Rd, # 08-04,  
Goldhill Plaza, Singapore 308900  
Telephone 65 6352 1768 or  
65 6352 1354  
Facsimile 65 6352 1292

### Tokyo

Australian Rice Growers  
Co-operative  
(ARGC) – Tokyo  
Level 7, Takegashi Building  
5-3, Kyobashi 3-chome, Chuo-ku  
Tokyo 104-0031, Japan  
Telephone 03 5524 1766  
Facsimile 03 5524 1767

### CopRice Feeds and Byproducts

Railway Ave  
PO Box 561, Leeton 2705  
Telephone 02 6953 0422  
Facsimile 02 6953 2776

### CopRice Feed Mills

Leeton, Tongala and Cobden

### Solomon Islands

Solomons Rice Company Limited  
*Trading As Solrice*  
PO Box 5, Honiara  
Telephone 677 30826  
Facsimile 677 30825

### United Kingdom

Anglo Australian Rice Limited  
PO Box 57  
2 Upper Pownall St  
Wapping Liverpool L692AT  
Telephone 44 151 709 8090  
Facsimile 44 151 709 3730



The Rice Food Experts



