

REVIEW OF RICE VESTING INFORMATION PAPER

OVERVIEW

The NSW Government is undertaking a review of rice vesting in NSW. We are seeking submissions in relation to this review.

ABOUT RICE VESTING

There have been a number of reviews of rice vesting, with the latest one occurring in 2016. The 2016 rice vesting review made a recommendation to continue vesting, with a proclamation being signed by the governor of NSW on the 21 June 2017, extending rice vesting until 30 June 2022.

Pursuant to the *Rice Marketing Act 1983* (The Act), all rice grown in NSW is to become absolutely vested in and be the property of the Rice Marketing Board for the State of NSW (the Board).

Deregulation of domestic sales of NSW grown rice in 2006 meant the Board is able to issue Authorised Buyers licenses with no prescribed limit, for interested parties to sell NSW grown rice in the domestic market. Authorised Buyers pay fixed and variable annual fees to the Board to retain their license. The Board had 12 Authorised Buyers licenses issued for the domestic rice market in the 2018-19 financial year.

The Act prescribes that the Board is able to issue a single Authorised Buyers license for NSW grown rice to be sold into international export markets. The Board has entered into a separate but related Sole and Exclusive Export License (SEEL) with Ricegrowers Limited trading as SunRice. This arrangement constitutes what is sometimes referred to as the “single desk”.

ABOUT THE RICE MARKETING BOARD

The Board is constituted under the *Rice Marketing Act 1983* and carries out the statutory duties of the legislation. The Board has three principal objects to address their statutory responsibilities of vesting, as set out in the proclamation made by the governor on the 20th May 2009;

- a) to encourage the development of a competitive domestic market for rice;
- b) to ensure the best possible returns from rice sold outside Australia based on the quality differentials or attributes of Australian rice; and
- c) to liaise with and represent the interests of all NSW rice growers in relation to the Board's functions and objects.

REASON FOR THE REVIEW

The 2016 rice vesting review made a number of recommendations supported by the government, with one of them being to conduct another review prior to the end of the current vesting arrangements. The aim of the current review will be to complete the review in advance of the current rice vesting period expiring and provide the government the information required to make any decisions on the future of rice vesting.

The Commonwealth government, NSW government and some other states and territories are signatories to the Intergovernmental Agreement on Competition and Productivity Enhancing Reforms, as signed in December 2016. This agreement re-affirmed that application of competition principles are subject to a public interest test, such that regulation or government policy or practices should not restrict competition unless:

- the benefits of the regulation outweigh the costs to the whole community; and

- the objective can only be achieved by restricting competition to that extent.

In addition, the NSW government has a standard practice of reviewing legislation on a periodic basis to ensure the policy objectives of the legislation continue to be in the best interests of the state of NSW.

ABOUT THE REVIEW

The review will be conducted in line with the agreement set out in the Intergovernmental Agreement on Competition and Productivity Enhancing Reforms, setting out that states and territories should review legislation that restricts competition. As such a strong focus of the review will be on assessing whether the benefits of vesting outweigh the costs to the whole community, and that any benefits can only be achieved through restricting competition.

In order to do this the review will be looking to address three key questions:

A. Do the benefits of rice vesting outweigh the costs to the community as a whole?

The review asks stakeholders to identify the benefits and costs of rice vesting, and where possible to quantify these. The review asks for comment and quantification of benefits and costs to rice vesting outside of rice premiums alone, that may impact on the industry or on the community more broadly.

The review team will also conduct desktop research to assess the potential benefits and costs of vesting to the community mainly through the assessment of rice premiums achieved for NSW grown rice in the international marketplace compared to similar specification rice from alternate locations.

B. Are any net benefits (or the majority of these benefits) derived as a result of rice vesting alone?

This review will also be asking stakeholders to make statement on whether any net benefits achieved through rice vesting are attributable to rice vesting alone, or whether other reasons may be present for achieving net benefits. Where possible, analysis of submissions and other desktop research will assess whether any net benefits are delivered by the existence of the legislation alone.

C. In the absence of rice vesting, would a viable rice export market continue to provide benefits for NSW rice growers?

With declining rice production in NSW, the review invites commentary from stakeholders on whether a competitive export rice industry could continue to exist and prosper for the NSW rice industry in the absence of rice vesting. This information should include the opportunities and challenges that may avail, including how these could impact the rice industry either directly or indirectly.



TERMS OF REFERENCE

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As a part of the 2021 rice vesting review, the NSW Department of Primary Industries (DPI) invites stakeholders to provide a written submission into rice vesting in NSW as stipulated under the *Rice Marketing Act 1983*. Specifically, we request any submissions to address the following issues as a part of a submission;

- A. Do the benefits of rice vesting outweigh the costs to the community as a whole?
- B. Are any net benefits (or the majority of these benefits) derived as a result of rice vesting alone?
- C. In the absence of rice vesting, would a viable rice export market continue to provide benefits for NSW rice growers?

The information paper, accompanying the Terms of Reference, discusses each of the issues and provides further context to these questions. Both qualitative and quantitative information provided by stakeholders which addresses the Term of Reference will be taken into consideration in the review.

CONDUCT OF THE REVIEW

The review be undertaken as summarised below:

- There will be an open and public call for submissions
- Desktop research to analyse the industry in line with the Terms of Reference
- The NSW Government will also consult with other relevant parties as deemed necessary to inform the review.
- A final report will be provided to the Office of the Deputy Premier.

The Information Paper is available on the web at <http://www.dpi.nsw.gov.au> or can be obtained by emailing rice.review@dpi.nsw.gov.au

DPI invites written submissions to the review. Submissions can be emailed to rice.review@dpi.nsw.gov.au or mailed to the address below.

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