Future Proofing
The Rice Industry
Rice Research and Development
2018 Levy Review
Background to the review

A recent independent review of the Rice Research and Development (R&D) Levy was conducted by Betzner Consulting Pty Ltd. It was initiated by growers to ensure that there will be sufficient research and development funds to continue important work around varietal development and water use efficiency, thereby ensuring that rice remains competitive. The Ricegrowers’ Association of Australia (RGA) and AgriFutures Australia (previously RIRDC) managed the review process with broad stakeholder engagement.

The RGA Central Executive recommends that the Rice Research and Development Statutory Levy be changed to $6 per tonne, representing an increase of $3 per tonne from the current rate. This recommendation is based on the results of the Review.

The proposed increase would provide the Australian rice industry with access to an additional $1.6 million per year, or $7.5 million over 10 years, to fund critical projects that will assist in securing the industry’s future.1

Benefits of an increased levy

The proposed levy increase to $6 per tonne would deliver benefits for all growers in all rice growing regions through significantly increasing returns per megalitre.

Changes to the levy will sustain the research effort and capacity in years of low rice production therefore offering a greater security of funding to support research, development and extension (RD&E) projects.

The R&D Levy funds collected per year2

1. Based on the 12-year average crop size for rice of 570,000 tonnes.

2. All data is extracted from AgriFutures Australia Annual Reports 2006 to 2016–17.
The rice industry plays a very valuable role in Australian agriculture, delivering export revenue, jobs and contributing significantly to the economic well-being of the regional communities in which it operates.

Our rice industry
The rice industry’s strong future is dependent on high quality research, development and extension which is funded by the Rice R&D Levy.

Australian rice growers are the most efficient and productive in the world, growing rice varieties ideal for the Australian climate as well as matching global consumer food demand.

With water availability a key challenge for the industry, ongoing research and development has improved water use efficiency by 50 percent in the period since 1991\(^3\), with the potential for further savings.

Production, processing and packaging of rice has created up to 8,000 regional jobs.

Generates around $800 million revenue per annum.

Australia’s third largest cereal grain export, and ninth largest agricultural export.

About your levy
The Rice R&D Levy, which is applied to all rice produced in Australia and delivered to a processor, is co-funded by the Australian Government which matches levy investments in RD&E to a cap of 0.5 percent of the Gross Value of Production. Presently, the Statutory Rice R&D Levy paid by growers and administered by AgriFutures Australia is set at $3 per tonne. Additional funds for rice RD&E are provided by NSW DPI and SunRice via the Australian Rice Partnership, as well as from other government grants and external funding sources.

For example, the Viand (YRM70) variety which was released in 2018 and offers growers a late planting, double cropping option, delivering significant water savings over existing varieties, was bred through the Australian Rice Partnership.

---

**Your levy at work**

The Australian rice industry is largely dependent on the availability of water for flood irrigation, which can be scarce and expensive to purchase. Coupled with high value competitor crops, the pressure for the Australian rice industry to lift water productivity is ever present.

As a result of RD&E, our rice growers use 50 percent less water to grow their crops than growers in other countries. To maintain this competitive edge, ongoing excellence in RD&E is key.

Currently there is a significantly lower proportion of funds directed toward RD&E in rice than in many other crops, including wheat and cotton. Growers reinvest, on average, less than one percent of Gross Value of Production in rice R&D.

Although remarkable progress has been made over the last decade, more is needed to ensure the sustainability and profitability of rice production in the future. The Review found that with current funding constraints the AgriFutures™ Rice Program requires additional funding especially in the development of more water productive rice.

**RD&E to improve water efficiency** has seen the development of agronomic systems and new varieties that use less water with increasing yield. A number of rice farms are now achieving 1.2 to 1.3 t/ML.

**Research and development priorities**

Research and development priorities identified by industry stakeholders are established in the AgriFutures Australia Rice Industry R&D Plan 2016/17–2021/22 (Rice R&D Plan). Of the ten future RD&E priorities, the first five relate to improved water use efficiency for rice production systems. The other priorities include crop protection, farming systems analysis including rotational cropping, and extension.

Breeding to meet market requirements also facilitates an alignment between the Rice R&D Plan and SunRice’s Strategic Priority of Premiumising Commodity Markets. The Breeding and Quality projects aim to deliver higher prices for our more specialised rice types, which in turn improves security of the Australian production. Additional effort in this area is crucial to our ongoing success of reaching maximum grower returns.
Levy outcomes

The Rice R&D Levy, which is unchanged since 2006, has delivered an exceptional return on investment for growers, providing approximately $7 of value to the grower for every $1 invested\(^4\). Our RD&E program has ensured growers have access to technology and information that makes them the most efficient growers of the best quality rice in the world.

The Rice Extension Program is funded through the Rice R&D Levy and employs three extension professionals whose role it is to connect rice growers with new research, technologies and innovations so they can be adopted on farm. The adoption of best management practices has increased t/ha, reduced ML/ha and improved grower profitability. With the levy increase the program will be able to continue to add value to research outcomes for growers.

The results\(^4\)

<table>
<thead>
<tr>
<th>Project Cluster</th>
<th>Benefit-Cost Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice variety improvement projects (Variety Improvement cluster)</td>
<td>7.8 to 1</td>
</tr>
<tr>
<td>Industry capacity building projects in training, communication and extension (Industry Capacity Building cluster)</td>
<td>3.9 to 1</td>
</tr>
<tr>
<td>Projects in the area of precision farming and sustainability, crop inputs, crop protection and grain quality, and blue-sky research</td>
<td>7.1 to 1</td>
</tr>
</tbody>
</table>

“We feel the proposed increase in the Rice R&D Levy is vitally important. Due to increasing competition from other commodities, it is important that we continue to invest in research to develop high value, high yielding and water efficient rice varieties.”

Denise and Ian Kelly, Rice growers, Coleambally

---

What does this mean for me as a rice grower?

The benefits of RD&E flow directly to a grower’s bottom line in the form of higher yields, lower water use, higher paddy prices, reduced costs and greater sustainability.

The R&D Levy fund

Contributions:
- **Farmer** makes a small contribution per tonne
- **Government** equivalent co-contribution*
- **Other** external industry contributions, partners and grants

Funds prioritised through AgriFutures Australia Rice Advisory Panel into initiatives

R&D returns $7 of value for every $1 of investment
Outcomes result in on-farm benefits, industry sustainability and market advantage

“*The Government co-contributes dollar-for-dollar up to a cap of 0.5% of the Gross Value of Production (GVP)*

“When we first started growing rice 43 years ago, we were happy to achieve 5 t/ha in rice production. Now we’re producing up to 15 t/ha through R&D driven improvement of processes and growing new varieties like Topaz and Doongara.”

Peter Draper, Rice grower, Leeton
How will the increased R&D funding be used?

The additional investment that would be generated from additional levies is recommended for the development of improved genetics and production systems for Australia.

Increasing the rate of genetic gain in rice breeding will be achieved through:
- Continued implementation of molecular marker technology in mainstream rice breeding
- Evaluation of novel genetic resources
- Proficiency program for quality laboratories
- Exploratory research in grain quality

Some of the funds will also be invested in increasing the capacity of the existing breeding, best practice agronomy management and extension programs.

The rice industry has great opportunities ahead with a burgeoning global demand for the nutritional benefits of rice.

To meet these opportunities and challenges – to future proof the rice industry – we need to have access to the very best in research outcomes. A key success factor is extension programs to enable the findings to be applied on farm. Simply maintaining the current level of RD&E funding is unlikely to deliver these outcomes within the desired timeframe.

“I am very passionate about research and development. I am supportive of increasing the levy because the existing levy model needs additional investment to refine our agronomic system in relation to things like herbicide use and growing techniques for new varieties.”

Michael Hughes, Rice grower, Deniliquin

Where to next?

The decision about whether to increase the Rice R&D Levy is in the hands of levy payers.

50 percent + 1 vote are required to enable the levy to be changed – so your vote is really important.

A ballot will be conducted and closes on Monday 15 October 2018. The RGA encourages every rice levy payer to take the opportunity to vote.

To ensure all levy payers have the information that they require to make an informed decision, RGA will be consulting widely at grower meetings as well as providing information on the RGA website and social media.
Take the opportunity to become well informed. Make sure that you complete and return your ballot paper when it arrives in the mail.

Visit www.rga.org.au