



The Ricegrowers' Association of Australia (RGA) passed a motion in June (2021) at Central Executive to support vesting and its continuation in its current form.

**The Ricegrowers' Association of Australia supports vesting based on analysis of the arrangements, which identified no loss of competition in the domestic market while providing net benefits to growers, their communities and the industry. This position is unanimously supported by the Branches and a recommendation from the RGA's Productivity and Industry Affairs Policy Committee.**

**This document has been prepared by the RGA to assist you in preparing your submission to the 2020 Review of Rice Vesting**

#### **Terms of Reference:**

- a. Do the benefits of rice vesting outweigh the costs to the community as a whole?
  - The review asks stakeholder 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.
- b. Are any net benefits (of the majority of these benefits) derived as a result of rice vesting along?
  - This review will also be asking stakeholders to make statements on whether any net benefits achieved through rice vesting are attributable to rice vesting along, 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 export marketing continue to provide benefit 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 arise, including how these could impact the rice industry either directly or indirectly.

## WHAT IS VESTING?

Under the **Rice Marketing Act 1983**, all rice produced in NSW is vested in the statutory authority known as the **Rice Marketing Board of NSW (RMB)**.

One of the main objective of the RMB is to ensure growers receive the best possible returns from NSW rice exported outside Australia. Taking this into account, the RMB has chosen to issue only one export licence. This licence is known as the **Sole and Exclusive Export Licence (SEEL)** and is currently held by **SunRice**.

The RGA is of the opinion that the benefits of this vesting arrangement outweigh the costs, and that the current arrangements identify no loss of competition in the domestic market while providing net benefits to growers, their communities and industry.

We note that the **domestic market** for rice is currently deregulated and therefore vesting places no costs on domestic consumers. In addition the cost of implementing the vesting arrangement is fully funded by growers and not taxpayers.

## BENEFITS OF VESTING

### Price Premium

This premium is a consequences of the following:

- **Ability to Maintain Key International Markets**  
SunRice's ability to maintain a continuous supply of rice to key international markets during the drought, despite record low levels of local rice production, reinforces the importance of SunRice's global business strategy. SunRice's understanding and experience in these markets, its ability to procure stock globally, and its investment in off shore facilities provides SunRice with an international trading advantage unlikely to be obtained by other local competitors.
- **Branding**  
SunRice's brands have very strong recognition in key markets. The SunRice brand is associated with an assurance about the local growing environment (sustainability) and the consistency of quality of the product. The strength of these attributes is maintained due to the varietal development and pure seed program, the processing infrastructure and the total supply chain quality assurance. SunRice has maintained the power of this brand in key markets despite strong competition due to not selling rice as a standardised commodity but rather its diversification through rice for animal feed, premium buyer (Sushi markets), health conscious products (brown rice, organic rice, Low GI products), consumer preference (Jasmine, Basmati, Arborio varieties)

- **Targeted Marketing and Total Supply Chain Quality Assurance**  
 SunRice’s ability to deliver quality product from ‘paddock to plate’ ensures that its varieties and products are developed specifically to service the needs and preferences of the highest value international markets. SunRice ensures that its level of supply for specific demands is met through using price signals. Quality control is adhered to through their oversight of milling and packaging process.
- **Research and Development (R&D) and crop support**  
 SunRice’s continued investment in R&D to not only ensure the profitability of its growers, but also the quality and characteristics of its product.

  - The majority of SunRice’s investment in research and develop (R&D) is managed through their Australian Rice Partnership with AgriFutures and NSW Department of Primary Industries and focuses on rice breeding. <sup>i</sup>
  - SunRice continues to provide funding for rice research and development to its subsidiary, Rice Research Australia Pty Ltd.
  - Collaboration continues with other partners, including North Queensland Rural R&D for profit project, Potential Food Agility CRC Grain quality project, ACIAR and others. <sup>ii</sup>
  - Pure seed scheme
- **Scale and Freight Advantage**  
 Freight scale advantages arise due to the benefit of delivering larger volumes into export markets thereby lowering delivery costs for NSW rice into export markets.
- **Buyers of Last Resort**  
 The Sole and Exclusive Export Agreement obligations SunRice to act as a buyer of last resort, meaning they will purchase every last tonne of rice produced by NSW rice growers provided it is of merchantable quality.
- **Meeting the Challenges of the International rice trading environment**

  - Rice = basic food staple
  - Australian growers operate without any production or export subsidies.
  - Australia is a small player in the world rice market (include the exact %)
  - Australia’s success on the world market is mainly due to Australian rice being regarded as a premium product.

**Other Community Benefits:**

- **Regional Wealth**  
 An increase in profitability in rural region will directly increase spending within that region, and will have a direct impact on the socio-economic standing of the community, and on the delivery of essential services.

- **Employment**

SunRice and its subsidiary companies employ 2,100 highly skilled and qualified people. A large majority of SunRice's Australian workforce is based in New South Wales. These regional employees help to sustain the regional communities across the Riverina. In recent production season 2018/19 and 2019/20 SunRice has seen significant job losses due to the impact of water reform, Murray Darling Basin Plan and impact of drought in the Riverina Rice Growing Regions.

In addition, increase profits for a farm business allow many businesses to source external labour, increasing work opportunities and populations of rural NSW communities. This has many positive impacts for these communities.

- **Community Support**

SunRice contributes to local regional communities through the acquisition of goods and services from local businesses and through sponsorship of a number of local community groups, social programs / events and charitable fundraisers.

## **COST OF VESTING**

The cost of running the RMB is fully funded by growers, a fact that is fully understood and accepted by them.

The domestic market was deregulated in 2006 and therefore there is no cost to the Australian consumer or taxpayer of the vesting and single desk marketing arrangements.

## **THE ROLE OF VESTING**

The removal of vesting poses a risk to the ongoing ability to extract price premiums for NSW rice exports derived from market power. The continuation of price premiums requires a co-ordinated body to avoid multiple NSW exports competing away the premiums and reducing competition within our communities.

## **PERIOD OF EXTENSION OF RICE VESTING**

Australian rice growers operate within a highly uncertain environment. Uncertainties increase the complexity of business, especially when managing extremely valuable land and water portfolios.

In the event that the review recommends that the rice vesting should be extended, it is recommended that the period of the extension be (insert time frame). This would provide growers with some level of certainty and ensure that a short term future for their businesses in the rice industry provided all other parameters are met.

Nevertheless, it is important that the recommendation date for any future review fall outside the political cycle to ensure rice vesting does not become a focus of any future election campaign.

## RGASUBMISSION DRAFTING TIPS

### Keep it short

- The submission length for an individual should be half a page of two pages, and for organisations up to five pages.
- Avoid long attachments. Instead flag additional information and advice that this information can be provided to the Department on request.
- Remember that someone has to read all submissions.

### Establish credibility

- Outline your experience with the issue
- Use moderate language. **Avoid bold, underline, CAPITALS** or exclamation marks to emphasise key points!!
- Acknowledge different perspectives.

### Content needs to be useful

- Keep content factual and evidence based. Focus on the technical or localised information you can add.
- Ensure you offer solutions to any problems identified.
- **Don't include information about water reform, basin plan or other key issues in the rice industry as these submission will not be reviewed!**

### Terms of reference

- The terms of reference are only a guide. You don't need to address them all – pick those of relevance.

## CONDUCT OF THE REVIEW

The review will be undertaken as summarised by the NSW DPI:

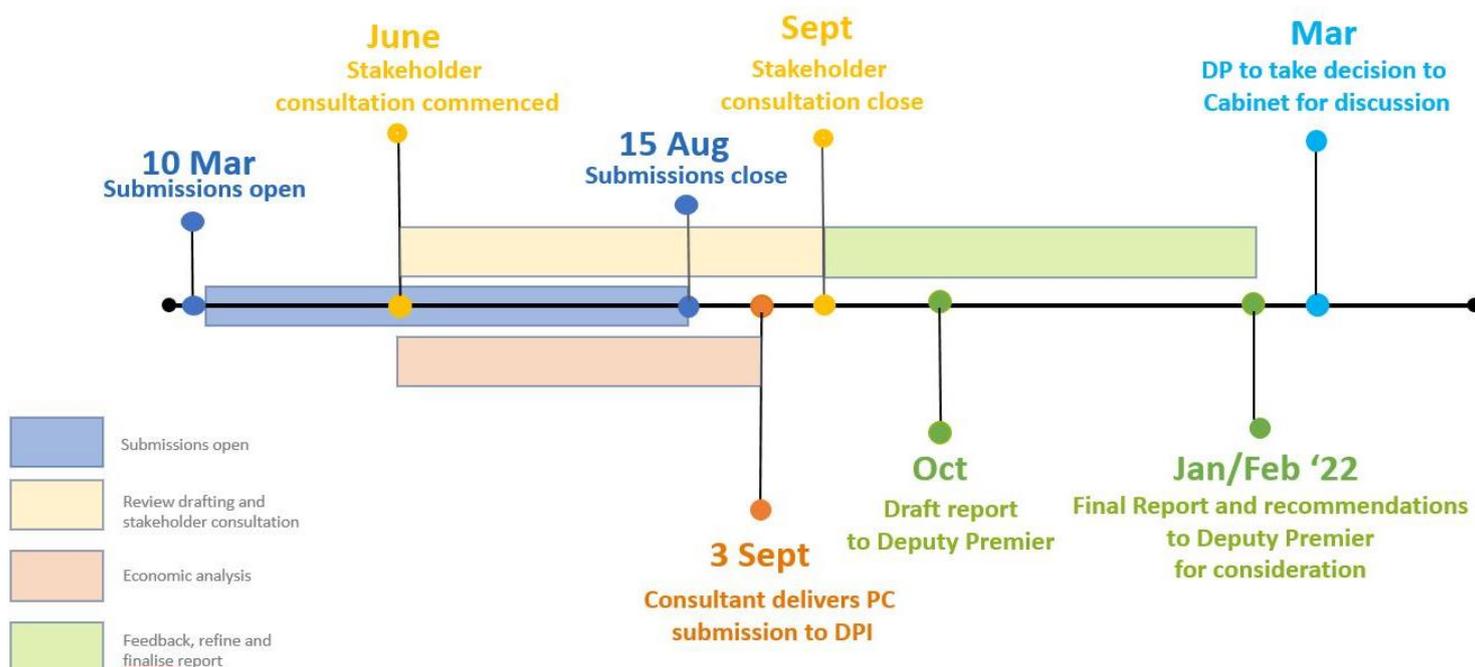
- There will be an open and public call for submissions
- Desktop research to analyse the industry in line with Terms of Reference
- The NSW Government will also consult with other relevant parties as deemed necessary to inform the review.
- A final report will be provided to the Office of the Deputy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

DPI invites written submissions to the review. Submissions can be e-mailed to [rice.review@dpi.nsw.gov.au](mailto:rice.review@dpi.nsw.gov.au) or mailed to the address below.

Rice Vesting Review

c-/ Mrs Michelle Anderson  
NSW Department of Primary Industries  
Locked Bag 21  
Orange NSW 2800

## Review Timeline



Should you require further help with your submission, please feel free to contact our policy officer Charleton Glenn 0455 558 035 or other members of our team.

<sup>i</sup> Rural Industries Research and Development Corporation (now AgriFutures) Rice Program Five Year RD&E Plan 2016/17 to 2021/22 p.15

<sup>ii</sup> Ricegrowers Limited, SEEL Annual Review Response, September 2018, commercial-in-confidence, p.2(b)