



The Rice Marketing Board

FOR THE STATE OF NEW SOUTH WALES

Objects of the Board:

1. To encourage the development of a competitive domestic market for rice.
2. To ensure the best possible returns from rice sold outside Australia based on the quality differentials or attributes of Australian grown rice.
3. To liaise with and represent the interest of all NSW rice growers in relation to the Board's function and objects.

FACT SHEET 4: Vesting

Vesting is a policy mechanism of the New South Wales government based on the proposition that providing a single statutory authority, the Rice Marketing Board for the State of New South Wales (the Board), with the legal right to control the marketing of rice produced in NSW will yield net benefits to the NSW rice industry and general community.

By the NSW Governor's proclamation under s. 56 of the *Rice Marketing Act 1983*, rice is divested from the producers and becomes absolutely vested in and the property of the Board. In 2006, the domestic rice market was deregulated, meaning that the Board no longer has market control over rice sold on the domestic market. The Board now appoints Authorised Buyers under licence to purchase, on the Authorised Buyer's own account, any NSW-grown rice.

Through vesting, the Board has authority over who is allowed to export NSW rice by issuing one export licence. The Board has granted Ricegrowers Limited the sole and exclusive right to export rice at this time.

In December 2016, the NSW Minister for Primary Industries, Niall Blair and Member for Murray Adrian Piccoli announced that the NSW Government would renew the vesting powers of the Board until 30 June 2022, following an extensive review and consultation period. The review found strong evidence that a price premium exists for rice exports, partly due to our market power advantage. Other findings from the review were:

- Evidence that part of the price premium is derived from sources that benefit from co-ordinated export sales and that vesting provides a proven way to achieve this;
- That the current cost of vesting is small at around \$1/tonne;
- That the benefits of vesting are highly likely to outweigh the cost;
- That the costs from restricted marketing are limited as indicated by the very strong support for the continuation of vesting within the Murray and Riverina community and in particular from growers;
- Evidence that current existing arrangements are discouraging the future growth and development of the rice industry in northern NSW, which may have substantial future costs from lost export earnings; and
- That there are concerns the governance structure of the Board prevents it from representing the industry in an impartial manner.

For more information please contact the Secretary on 02 6953 3200.