



## Marketing of Primary Products Amendment (Rice Marketing) Bill.

### Second Reading

**Mr KERRY HICKEY** (Cessnock—Minister for Mineral Resources) [7.34 p.m.], on behalf of Mr David Campbell: I move:

That this bill be now read a second time.

This bill was introduced in the Legislative Council on 12 November. The second reading speech appears at page 4,720 of the *Hansard* proof for that day. The bill is in the same form as introduced in the other place and I commend it to the House.

**Mr ADRIAN PICCOLI** (Murrumbidgee) [7.35 p.m.]: It is with pleasure that I lead for the Opposition in debate on the Marketing of Primary Products Amendment (Rice Marketing) Bill. The Murrumbidgee electorate contains about 75 per cent of the rice-growing area of New South Wales, so this bill will impact significantly on my electorate. The rice industry employs 400 or 500 people directly through rice mills and storage facilities and there are 2,500 rice farmers, so the rice industry is a significant industry in my electorate and in the whole of New South Wales. About 85 per cent of our \$800 million rice crop is exported. The rice industry creates many jobs in New South Wales and, in particular, in regional New South Wales. It also earns a great deal of foreign income for Australia. The future of the rice industry is under threat from other countries.

The rice industry in Australia is unprotected; there are no tariffs. Coles, Woolworths, Independent Grocers of Australia and any other organisations are free to import rice into Australia from anywhere in the world. Australian rice growers compete against a large international market. Australian farmers and SunRice, the organisation that processes rice and is responsible for value adding, are happy to compete against those markets as they have confidence in the efficiency of our rice industry. I said earlier that about 85 per cent of all rice grown in New South Wales is exported. The international rice market is compromised by subsidies and tariffs.

Honourable members would be well aware of the subsidies in the United States of America. Rice farmers in the United States receive more in subsidies for their product than Australian farmers receive as the final price for their product. American farmers receive a subsidy on top of the final price that they receive for their grain. Despite that fact, Australian rice farmers are extremely successful. Australian farmers face those types of difficulties, and they also have the difficulty of accessing markets in Japan, Europe and the United States. In one of the most distorted markets in the world we have an opportunity to assist the Australian industry by vesting the power to manage the marketing of rice in the Rice Marketing Board and SunRice.

The Marketing of Primary Products Amendment (Rice Marketing) Bill will extend that vesting power to 2007. Essentially that means that up until 2007 any rice grown in New South Wales must be sold to the Rice Marketing Board. Members of my family are rice farmers. Ever since my father migrated to Australia he has been a proud rice farmer. My father and my brother and 95 per cent of rice growers in New South Wales support the vesting of power in the Rice Marketing Board. However, a small number of good rice farmers do not agree with that provision. John Bonetti, a rice farmer from Griffith—and one of the most outspoken farmers in the district—does not support the vesting provision. He said that competition could lead to increased prices for paddy rice. The great majority of rice farmers want to retain the vesting provision as they regard it as an opportunity to gain a marketing advantage in a distorted international market.

The five-year extension of the vesting power is estimated to be worth approximately \$50 million a year in premiums to the New South Wales rice industry. If that provision were removed, Australian farmers would receive about \$50 million less for their product. The provision will ensure that the Rice Marketing Board and SunRice are the only vendors in Australia to market rice. The alternative is to have several Australian vendors competing to sell product throughout the world. The experience with other commodities is that Australian companies tend to bid each other down and vesting usually prevents that. We are very happy to receive the \$50 million per year in additional premiums. The vesting issue is significant for New South Wales because of national competition policy: We required some evidence that it would be in the public interest to retain vesting. The industry, the State Government and I believe that \$50 million per year in premiums is certainly in the public interest.

Although the rice industry is a terrific industry it is much misunderstood. It is an easy target for those who seek its demise because it is a large consumer of water. There is no denying that fact. Those who wish to destroy the rice industry cite statistics out of context to make it look bad. It is one of the few agricultural industries—perhaps it is the only one—in which the raw product comes off the farm and does not leave Australia until it is processed in some way. Many people cite statistics about returns per megalitre for grapes and horticultural products and claim that rice farmers receive only \$260 or \$280 per tonne. However, they fail to consider that rice from a New South Wales farm goes to the Rice Marketing Board and Sunrice, which then process it.

I received a package in the mail today, as I assume every member of Parliament did. I certainly hope that the honourable member for Coffs Harbour will take the opportunity to taste some of that product. The packaging of that three-minute rice product tells how much value is generated by one megalitre of water that is used to produce the rice in the product. I cannot remember the exact figure off the top of my head, but I think it is about \$7,000 per megalitre. I challenge almost any other agricultural industry to achieve a better return per megalitre. Sunrice and the Ricegrowers Association, which is the lobby group for the rice industry, have skilfully improved the image of the rice industry. As a member of Parliament and as one whose family is involved in rice farming, I understand the industry. I love it and my electorate loves it. However, as I said at the beginning of my speech, there are many misconceptions about the rice industry. The Ricegrowers Association and Sunrice have done a terrific job educating the public—and the parcel delivered today is part of that process.

The package also contained a booklet that detailed some misconceptions about rice. I will run through a few of them. The first misconception is that rice is a low-value crop. Simplified gross margins calculated at the farm gate are misleading because every tonne of raw grain that leaves the farm gate is processed further. Those gross margins fail to reflect the real value of the product from paddock to plate. The net worth of the product once it has been value added is the truly reflective figure. Value adding refers to the net worth of the product once the post-harvest processes undertaken by Sunrice that are required to get the product onto the plate—such as preparation, packaging and distribution—are taken into account. The value-added rice used in Sunrice three-minute express cups returns \$14,000 per tonne to the economy of Australia as a whole, and of rural New South Wales in particular. As I said earlier, the water used to grow the rice for that product is also value added and returns \$7,000 per megalitre. That is significant. The Australian rice industry is continually coming up with innovative new products to get more of our rice into those high-value markets.

The second misconception is that rice growing requires too much water. All food requires water for growth and at the plate, rice fares pretty well compared with other common commodities. For example, a serving of brown rice requires about 60 litres of water. This compares favourably with a serving of almonds, which requires a little over 300 litres of water; a serving of chicken, which requires 1,250 litres of water; or a serving of steak, which requires 4,657 litres of water. I urge those with a philosophical objection to irrigation to think about what they are eating the next time they sit down to dinner. Rice, vegetables, meat, almonds or any other variety of nut, orange juice and apple juice are all irrigated products.

The third misconception is that rice should not be grown in Australia as this is the driest inhabited continent on earth. However, according to the United Nations Educational, Scientific and Cultural Organisation, Australia is the fortieth wettest country out of 180 countries measured based on water available per head of population. We have far more water available than many other rice-growing countries. Australian rice growers are amongst the world's most efficient. They produce the highest yield—more than nine tonnes per hectare—when the world average is about five tonnes. Overseas growers can use up to five times more water than Australian growers use to produce a kilogram of rice.

The fourth misconception is that rice growers waste water. As I have said, my family is involved in rice farming and we certainly do not waste a drop of water, which is the most valuable resource on our farm and probably in New South Wales. It is a little-known fact that Australian rice growers often plant a second crop in their paddocks once the rice is harvested to utilise the subsoil moisture that remains from the first crop. So Australian rice growers get two crops from their rice paddocks. Unlike any other Australian agricultural industry, strict regulations exist for the growing of rice. Rice can be grown only in soils that are deemed suitable—that is, soils with a heavy clay content that minimises the amount of water that can seep into the water table. Many Australian rice farms are fitted with water recycling systems to ensure that water is used many times over. Significant benefits can be derived from recycling water. We recycle water on my family's property because water is expensive to buy and because it produces a valuable crop. We are not inclined to waste water, that is for sure.

Recycling water also delivers environmental benefits. Despite the rhetoric of those opposed to irrigation and farming and who claim that the Murray River is on the verge of death, river salinity measured at Morgan in South Australia is at its lowest level since before the Second World War. One reason for the drop in salinity is the irrigation practice of not allowing farms to use water on the ground and return it to the river. As water flows across a paddock it picks up nutrients and salt which it takes to the river. One reason for the improvement in the salinity level in the Murray River is implementation of improved farming practices.

The rice industry has well and truly led the way because it consumes significant amounts of water. The industry is super responsible and is doing all it can to improve the environment. The fifth and final misconception, according to the literature supplied by the Australian Ricegrowers Association, is that rice is grown in tropical climates rather than the Riverina climate. However, 80 per cent of rice produced in Australia is of the Japonica variety, which is a temperate climate rice produced in a few select microclimates worldwide. Japonica rice is perfectly suited to the Australian climate. It is a world-renowned specialty rice and is much in demand by the higher-priced international markets.

The rice industry is a fantastic industry that produces a huge economy for New South Wales and Australia. It provides export revenue but most importantly it produces jobs in New South Wales, particularly in the Riverina. It keeps family farms together. Sunrice employs many hundreds of people in regional New South Wales and provides incomes for families. The industry should be supported. I am a 100 percent supporter of the rice industry both through my family connections in rice farming and as the honourable member for Murrumbidgee. This legislation is welcome in my

electorate and in the ricegrowing regions. The Australian Ricegrowers Association and Sunrice lead agriculture in promoting the burgeoning environmentally responsible farming industry. They should be applauded for their magnificent work in informing the general public, and the rice industry should be given all the support that it can be given. I support the bill.

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