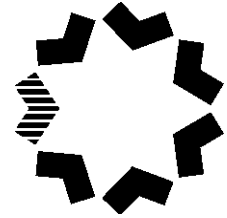


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MEDIA RELEASE

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National Competition Council acknowledges NSW Govt. Allowing Competition in Domestic Rice Marketing

The National Competition Council (NCC) acknowledges NSW's decision to fulfil its National Competition Policy (NCP) obligations by reforming regulation of its domestic rice marketing sector.

National Competition Policy commitments that all Australian governments agreed to require that legislation restricting competition is reviewed in order to prove such legislation is in the public interest. Governments agreed that legislation not demonstrated to be in the public interest, or unnecessary in achieving a public interest, would be reformed.

In the case of rice marketing in NSW, the public interest in having a single desk for exports was adequately demonstrated but domestic control was not shown to be necessary. The result was that NSW was free to retain the export single desk but needed to allow domestic competition in order to meet its National Competition Policy commitments.

The NSW Minister for Primary Industries has today announced that a single desk for exporting rice from NSW will be maintained, but domestic competition will be permitted through the introduction of an authorised buyer scheme.

This reform of NSW rice marketing will provide rice growers with greater choice in terms of who they sell their rice to and potentially lower costs for consumers.

Under the NSW plan:

- A single desk arrangement for rice exports from NSW will be retained
- An "authorised buyer" scheme will be introduced for domestic trade in rice
- The Rice Marketing Board will administer the scheme, subject to appeals to the NSW Administrative Decisions Tribunal
- The single desk will be protected through the sanction for any person or corporation found to have breached the conditions of their licence (i.e. exported rice) through the loss of their authorised buyer permit for a stipulated period of time
- These arrangements will commence in 2006, after the current crop has been harvested

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The NSW plan provides safeguards for the export single desk while allowing the benefits of greater competition in the Australian market.

Today's announcement represents the culmination of a journey commenced in 1995, when a NCP review of NSW rice marketing recommended retaining the export monopoly but removing the domestic monopoly. In 2004, the New South Wales Government conducted a further review. That review also supported the single desk for exports, but in the opinion of the Council, did not provide adequate justification for why competition needed to be restricted in the domestic market.

It is the Council's role to assess the performance of governments in meeting NCP commitments. Where governments fail to meet the commitments they agreed to, the Council may recommend deductions from competition payments that are made to governments for meeting NCP commitments.

The Council examines NCP reviews to ensure that they are robust and properly justify restrictions on competition in line with commitments made by all Australian governments to the NCP.

NSW's delay in reforming its domestic rice marketing arrangements has been regrettable and inconsistent with its competition policy commitments. Consequently, in its 2004 Assessment, the Council recommended, and the Australian Government subsequently accepted, a suspension of 5% of NSW's 2004-05 competition payments (approximately \$13million).

On the basis that the decisions taken by the New South Wales Government are now implemented quickly, the Council will be able to recommend to the Australian Government Treasurer that the suspended payments be released and NSW will avoid the prospect of further penalties in relation to regulation of rice marketing.

That recommendation will be included in the Council's assessment report, which will be submitted soon. Council assessment reports are available publicly once the Australian Government has considered them.

The Council looks forward to the NSW Parliament speedily implementing legislation to reform the regulation of the domestic rice market and thereby open this sector to the benefits of competition. The passage of such legislation will result in the Council assessing NSW as compliant with its National Competition Policy undertakings and therefore there will be no further need for suspension of competition payments.

For Further Information:

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