



INDEPENDENT CONSUMER & COMPETITION COMMISSION

Media Release – Rice Industry Pricing Review – Draft Final Report (Embargo place until 20th September 2010)

The Independent Consumer and Competition Commission (ICCC) today announced the release of the Draft Final Report on the Rice Industry Pricing Review. Commissioner and CEO of the ICCC, Associate Professor Billy Manoka, said the Draft Final Report provides an opportunity for industry and other interested parties to comment on how the Commission will monitor the rice industry in Papua New Guinea (PNG) going forward.

The Commission currently monitors the factory gate price of Trukai Industries Limited's Roots rice products as well as the sea and road freight charges faced by Trukai. The preliminary findings in the Draft Final Report are to maintain the existing price monitoring arrangements for Roots rice products, PNG's most popular and widely consumed rice brand, against a benchmark index developed by the Commission and to cease sea and road freight monitoring.

Associate Professor/Commissioner Manoka said "there is clear evidence of competitive pressure in the rice industry in PNG with new importers entering the market and the number of brands available on supermarket shelves increasing from 10 to 19 since 2005." In addition to import competition, the Commission received submissions about increasing local production of "garden rice" having the potential to put downward pressure on rice prices, particularly in the Highlands.

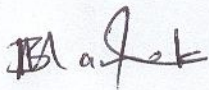
Despite increasing competition, the PNG market is dominated by imports and exposed to international market volatility. "The impact of the international rice price spike in 2008 saw prices paid by consumers in PNG increase rapidly" said Associate Professor/Commissioner Manoka. As a result, the Commissioner noted that there is value in the Commission maintaining monitoring arrangements of Roots rice products to gain a better understanding of the impact of international market volatility on the domestic market and ultimately the prices faced by consumers in PNG.

Associate Professor/Commissioner Manoka said that monitoring arrangements will continue for five years starting 1 January 2011, and that any time after 1 July 2013 Trukai will be able to provide evidence to the Commission that the price monitoring regime be removed. However, Associate Professor/Commissioner Manoka stated that should prices deviate significantly from the Commission's benchmark index the Commission can recommend to the Minister for Treasury that rice prices be re-declared for full price control.

As PNG's watchdog and regulator the Commission's review processes are public and transparent. Associate Professor/Commissioner Manoka thanked those stakeholders who have provided comment or submissions on the Rice Industry Pricing Review to date. He also encouraged all interested parties to continue to participate in the public consultation process as the Commission begins to finalise the next phase of the Review.

Submissions on the Draft Final Report should be received by 15 October 2010 with the Final Report expected to be released in mid November.

Authorise By

A handwritten signature in black ink, appearing to read 'B. Manoka', written in a cursive style.

ASSOC. PROF. BILLY MANOKA (PhD)
Commissioner & Chief Executive Officer

17th September 2010