

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 28

Topic: Takeover of Sunrice

Hansard Page: Written

Senator Heffernan asked:

1. May we please have the paperwork that the Board said it would release in relation to its approval of the takeover of Sunrice? If not, why not?
2. Ebro's takeover of Ricegrowers, which holds a statutory 'single desk' to export rice, would have meant, it seems, loss of economic sovereignty to Madrid over rice exports. Loss of economic sovereignty over the ASX was a factor on its takeover by the SGX not being in the Australian national interest (see Treasurer's statement no 030 of 8 April 2011). Please explain the Board's approach to this aspect of the proposed takeover.
3. Statutory single desks are notoriously under-regulated, as shown in the case of AWB. Did the Board take into account the level of regulation of the statutory single desk for rice exports that would apply to Ebro if it had taken over Ricegrowers? If so:
 - a. What features of the regulation did it take into account?
 - b. Did it receive submissions or documents from the NSW Rice Marketing Board?
 - c. Please supply documents received on the regulatory issue.
4. Did the Board take into account that if Ebro had taken over Ricegrowers that the price of rice paid to growers would be governed by Paddy Purchase Pricing Rules and that a Growers Advisory Board would advise Ebro on prices? If yes:
 - a. Did it receive submissions or documents on these rules and on the Board?
 - b. Please supply documents received on these matters.
 - c. Did the Board have any examples on how the pricing rules would work and the how the Growers Advisory Board would operate?
5. Did the Board take into account any protections to ricegrowers in respect of the quantity of rice Ebro would apply or the price Ebro would pay, if Ebro had taken over Ricegrowers.
6. Did the Board take into account that if Ebro took over Ricegrowers, the interests of ricegrowers would be taken care of by 'buyer of last resort' arrangements?
7. If so, what were the arrangements the Board took into account?
8. If the "the buyer of last resort arrangements in the Rice Marketing Act 1983" what What are the arrangements in the Act

9. If there are no arrangements in the Act – what actually did the Board have in mind?
10. If the buyer of last resort arrangements are linked to the Sole and Exclusive Export Agreement between the Rice Marketing Board and Ricegrowers, did the Board see the Sole and Exclusive Export Agreement?
11. Was the Board aware that ricegrowers and shareholders have never had a copy of Sole and Exclusive Export Agreement, and that the agreement has been secret?
12. If the takeover had occurred, Ebro would have become the sole buyer of rice for export and the overwhelmingly dominant buyer of rice for domestic consumption. Why would this be attractive to Australian ricegrowers? Or in the national interest?
13. Could not FIRB have waited for the decision of the shareholders before making its own decision, so as not to pre-empt the shareholders?
14. Were the tax implications of a takeover considered, and if so what were they?
15. The precedent from other agribusiness takeovers is that they result in loss of country jobs, work going overseas and agricultural imports (Berri juice, fruit canning near Shepparton etc). Did the Board consider these possibilities with Ebro and how potential unemployment was in the national interest.
16. Who applied for FIRB's approval?

Answer:

It is normal practice not to publicly comment on particular proposals or on submissions provided to the Foreign Investment Review Board as they are received on an in confidence basis on the explicit understanding that they be treated as such.

In providing advice on proposed acquisitions, the Foreign Investment Review Board consults with relevant Commonwealth and State agencies. In addition, submissions or views from key stakeholders and the community are also taken into account.

The Foreign Investment Review Board considers a variety of factors in providing its advice, including domestic and global competition, market concentration, Australia's ability to protect its strategic and security interests, and the impact on Australian tax revenues, employment and the environment.

In advising on the national interest, the Foreign Investment Review Board balances potential sensitivities arising from a particular proposal against the benefits of foreign investment to the sector and more broadly.

Where national interest concerns emerge, the Foreign Investment Review Board Secretariat will discuss these with the applicant to ensure these are addressed so that the national interest is protected. This may result in a proposal being amended, or undertakings accepted, or conditions being imposed in order to address significant concerns. Where national interest concerns cannot be adequately addressed, the Foreign Investment Review Board will advise against approval.