

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 214

Topic: Rice Marketing Authority

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Senator Heffernan asked:

Senator HEFFERNAN: We could spend hours of bureaucratic mumbo-jumbo on process but on the actual application for SunRice by Ebro, could you give me the working papers for that you have worked with. Take that on notice if you want to. Could we have the working papers—all correspondence between the various players—that made you arrive at a decision where there was Foreign Investment Review Board approval for a global cartel in non-tropical rice with the New South Wales Rice Marketing Authority, which is a statutory, legislated single desk, gifted in the sale process to Spain, which will create a global monopoly cartel in non-tropical rice. I would like to see in the working papers where you do not think that was against the national interest.

Mr Murphy: We will review and see what is available to be released. A lot of material that comes before the Foreign Investment Review Board is commercial in confidence. That is the only way the whole thing can work. But we—

Senator HEFFERNAN: Well we will be happy to take it in camera with a briefing.

Mr Murphy: All right. I will speak to the—

CHAIR: No, Senator Heffernan, we will not be, because, as I said in my opening comments, these are public hearings.

Senator HEFFERNAN: We did this in my committee as well.

CHAIR: Perhaps, but not here.

Senator HEFFERNAN: Different culture to here.

Mr Murphy: We are happy to assist, so long as we meet what our responsibilities are.

Senator HEFFERNAN: What consideration did you give—or didn't you know—that this was going to create a global monopoly?

Mr Murphy: We would have read—

Senator HEFFERNAN: Answer the question. Either you do not or you do.

Mr Murphy: We do.

Senator HEFFERNAN: You do know. You knew it was going to set up a global monopoly?

Mr Murphy: I do not know if you would say it was a global monopoly but in the papers that were put forward it puts forward all the information that is possible.

Senator HEFFERNAN: You do not know.

Ms Gerathy: The process—

Senator HEFFERNAN: This is a global monopoly in non-tropical rice.

CHAIR: Senator Heffernan, Ms Gerathy was about to respond.

Ms Gerathy: I was just going to talk about the process that—

Senator HEFFERNAN: I am not interested in the process. I am interested in this particular application and the details around it. Forget about the process.

CHAIR: Senator Heffernan, I do not think you are going to get an answer in the terms you would like.

Senator HEFFERNAN: I am trying to find out so they realise. This is the Foreign Investment Review Board that advises the government.

CHAIR: If you listened to the answer you might find out.

Senator HEFFERNAN: Do they understand they would have created, only the shareholders voted against it—

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.