

E.G. GREEN AND SONS, MARKET POWER ISSUES

539. Hon NIGEL HALLETT to the Minister for Agriculture and Forestry:

Has the government considered any market power issues that might arise if the successful bidder for E.G. Green and Sons were a company that already holds a strong position in the supply and marketing side of the Western Australian beef industry?

Hon KIM CHANCE replied:

I thank Hon Nigel Hallett for this question without notice. I have given some thought to this matter. I will not take long, but I need to walk honourable members through this issue. It is a concern. I must be careful because I do not want to identify a particular company. Indeed, this could apply to at least two different companies, if not more. Producers and others within the beef industry have raised this concern with us. It could be that the nature of a successful buyer of an interest, a major interest or all of E.G. Green and Sons, could develop a quasi-monopolistic arrangement that would be detrimental to the beef industry. Superficially, that is a matter for the Australian Competition and Consumer Commission to investigate and deal with in the event that it is thought it might offend sections of the Trade Practices Act, which is, of course, a commonwealth act. However, if an action of that nature resulted in locking up the beef supply chain in one corporation's hands, clearly that would become a matter for the state because of the risk that would exist of that monopolistic or semi-monopolist situation impacting on the whole of the beef industry. Since the matter has been raised by Hon Nigel Hallett and also by sections within the industry independently of Hon Nigel Hallett, I will enter into discussions with the ACCC to get its advice on the matter and to determine also what advice I can in turn give to the government about what action might need to be taken and what risk such actions might present to the state's interest.