

MONSANTO AND INTERGRAIN — PARTNERSHIP

476. Mr M.P. MURRAY to the Minister for Agriculture and Food:

My question is about the recent partnership between the Monsanto company and InterGrain.

- (1) Was there an audit on InterGrain's intellectual property to determine its worth?
- (2) If yes to (1), what was the total worth of InterGrain's intellectual property?
- (3) What are the current and projected future earnings from InterGrain's intellectual property?
- (4) Is the contract between Monsanto and the government a reward for the introduction of genetically modified crops into Western Australia by Monsanto?

Mr D.T. REDMAN replied:

I thank the member for Collie–Preston for the question, which was, in one sense, a good one.

Mr M.P. Murray: Well, well, well, the arrogance has gone away!

Mr B.J. Grylls: Don't expect that to continue!

Mr D.T. REDMAN: I want to work through some of the things the member raised, but I highlight that one aspect of the question is sound. I will continue my answer.

- (1)–(4) For the benefit and understanding of members in the house, I wish to provide an explanation of exactly what happened. Back in, I think, 2007, under the former Labor government's watch, InterGrain was formed through an association between the Department of Agriculture and Food—through the Western Australian Agriculture Authority—and Grains Research and Development Corporation. I think three-quarters of the shareholding was owned by the government through the agriculture authority, and it behaved in a commercial way. It took over the plant breeding arrangements that were housed in the Department of Agriculture and Food for wheat at that time. Since then, it has established itself as one of the leading cereal breeders in Australia.

Mr M.P. Murray: And you've stuffed it!

Mr D.T. REDMAN: Now, 80 per cent of Western Australian grain is grown from InterGrain varieties, and, since then, it has also taken on barley.

InterGrain is one of about four or five cereal breeders in Australia, and it is faced with deciding where it goes next to maintain a competitive advantage. It behaves in a commercial way, as it should do, and it was a decision of the former government to put it in that place; I supported that decision then and I support it now.

Mr M.P. Murray: We did not sell out.

Mr D.T. REDMAN: Other cereal breeding companies in Australia have taken on commercial partners for a whole range of reasons.

Mr M.P. Murray: Privatisation by stealth!

Mr D.T. REDMAN: One of the reasons is to access technology; another is to access germ plasm. By definition, if we just keep our own IP and access to our own germ plasm, it is very small in comparison with what is out there in the rest of the world. Building up relationships with other companies is very important to the long-term productivity of the breeding, and also the competitiveness it is able to maintain in the marketplace to develop products such that growers can see productivity improvements.

A decision was made for InterGrain to consider other commercial partners, and it looked at about nine suitors. The one that came up trumps as the one that best met the organisation's needs was Monsanto.

Mr M.P. Murray: Payback!

Mr D.T. REDMAN: Quite rightly, I expected a level of sensitivity to that, which was something I discussed very closely with InterGrain. I also discussed it with the Premier, and a decision to support that was made by cabinet. I support that decision for a whole heap of reasons, such as it is about access to germ plasm and breeding technology.

The member's question was about the valuation of the company, and there was certainly a commercial arrangement whereby Monsanto paid for its rights to have a shareholding in it. I also understand—I want members to be aware—that that shareholding was capped at about 26 per cent, and the state government, through the Western Australian Agriculture Authority, maintained the majority shareholding. Unfortunately, for reasons of commercial confidentiality, I cannot share that with the member.

Several members interjected.

Mr E.S. Ripper: Are you prepared to say that to the Auditor General?

Mr D.T. REDMAN: Absolutely.

It is absolutely the right decision to say that we need to respect the confidentiality of the value that Monsanto paid for a shareholding in InterGrain, because, straight away, a valuation can be made on that company, which behaves in a commercial manner against all other plant breeding companies across Australia. That is not something I can share, but it is the right question to ask, and the member can take it from me that Western Australian grain growers have received value for money in this relationship, and it is my opinion that they will now have access to technology that they have not had access to before through this relationship, such that we can make sure that the cereals that are being delivered to Western Australian grain growers are in the forefront of what is delivered around the world using some of the best technology to ensure that they are competitive in the international environment, which is always a challenge. When growers are faced with seasons such as we are having now, drought conditions, the challenges of high-priced fertilisers and so on, we need to make sure that we have varieties that can deal with those challenges.