



The Hon. Tony Burke MP

T R A N S C R I P T

Interview with Leon Byner, 5AA

9 December 2010

Subjects: Murray Darling Basin plan – foreign investment in agriculture

E&OE only

LEON BYNER: Merry Christmas to Tony Burke, Tony, good to have you on the show.

TONY BURKE: Merry Christmas to you too, Leon.

LEON BYNER: Now, where does this leave us now, because first of all, the MDBA head's gone, you'll put somebody else in there, I don't know that's going to make a lot of difference to what's going to happen, because I just want you to tell me three things.

One, where does the MDBA go now, with its report, given that it's got to go back to the drawing boards, because you consulted the Water Act, and you found that food production and socioeconomic factors must be as important as the environment. I always assumed that was the case, but of course there were some who thought it wasn't, and then of course we've got this very generous gift from nature, albeit from events that right now are very unfortunate from flooding, but the river's going to be much healthier.

TONY BURKE: Well first thing, in terms of the job of the MDBA, they always had to come up with a draft plan next year. What happens now is they continue that work, plus they do so on the information that we were able to provide to the Australian Government Solicitor that says it is part of their job to optimise not just the environmental, but the economic and social outcomes as well, and we don't

have to get into a situation where people say, oh, to get a healthy river therefore we have to sacrifice townships, that's now how this works.

We can have healthy rivers, food production and strong communities, and that's what the Act says, that's what, when it went through with Malcolm Turnbull as Water Minister he believed it says, that's what we believe it says, and that's what the process will now go ahead and do.

LEON BYNER: Okay. The former CEO said in the media that it's an almost impossible job.

TONY BURKE: Mike Taylor has a view that is different to the Government's about what the Water Act requires. The concept that I referred to a moment ago, that you can optimise economic, environmental and social outcomes, that's directly from the Act, and there as one of its objectives, it's one of the purposes of the legislation in the first place.

So on his interpretation, you'd have to ask him on that, but certainly his interpretation was very different to mine. He said that he'll stay on into January so we can have a smooth transition to whoever takes the role after him, and I've thanked him for that, but the situation's quite simple. Ultimately the buck stops with me, I need to sign off on the final plan and it will optimise all three outcomes.

LEON BYNER: Alright, now on the growers at the moment, we got massive amounts of water from the floods coming down the Murray, and it's going to do a lot of good things for the river that we were told would take years and years, luckily nature's done it much more quickly, but in the meantime, our growers are still on a percentage of their allowance, whereas others get 100 per cent. Is there anything you can do to make that fairer?

TONY BURKE: That's part of an agreement between all the states, about the maximum amount for each state, and South Australia's in an unusual position, because there's carry-over from the previous year, which is taking up some of the allocation, so that's why that's happening. I presume - the ministers, we're all getting together at the end of next week, on Friday, we've got a meeting out at Albury, and I presume that these sorts of arrangements will be issues that the State Ministers want to work through then.

LEON BYNER: Well, absolutely, given that there's so much more water. So minister, what is your understanding of how much better the situation is for the Murray, as we speak?

TONY BURKE: Oh, the system's in much, much better health. We need to remember that even though with assets like the Lower Lakes and the mouth of the Murray it starts to look better straight away, there's a number of your different wetlands up and down the basin where the recovery has clearly commenced, but it

does take a bit longer than just getting that initial volume of water to restore the whole health of those sorts of assets.

But the challenge for me now, with this, is when the system's in better health, there's actually less pressure to do anything about over-allocation, and that's the thing that I have to be able to push through, because if you say, oh well, there's no pressure to do anything now, let's wait till we're in crisis again, then the next drought will look very much like the last one, and I don't want to see that happen.

So while there's less pressure for reform at a time like what we're experiencing at the moment, it's actually the best time to go ahead, and also the easiest time to help communities through a transition.

LEON BYNER: We have a situation now where America, through - and they're not the only country, but for example, a major US-backed company, is scooping up irrigators' entitlements, and they're running on a \$500 million global water purchasing strategy. Now the fact is that most of this is done for reasons of speculation, not investment, and certainly not agriculture. Do you think that is in the national interest?

TONY BURKE: I've some significant problems with a whole lot of how the water market currently operates. There is a lack of transparency in the water market, we have people raising this when they're actually interested in selling water to the Government, because they don't know what the going rate is.

We've got a system with water brokers at the moment, where there's no regulation really of water brokers at all, and I'm just concerned as to whether or not we're providing enough protection for people in that market.

So there's a series of reforms for transparency on the water market, that I've been talking to the peak irrigation and farming groups about, I've got some people doing some work on, and you know, what you've raised there is one of a number of issues where we just don't have the transparency in the water market at the moment that you would expect, and that you have in other sorts of markets.

LEON BYNER: Yeah, well I'm glad that you're moving in that direction, because as we know, the Murray-Darling Basin area is about 40 per cent of our food bowl, and whilst the Prime Minister made the comment that we produce twice as much food as we use ourselves, the big food tasks for a global situation, where the population's increasing by three billion, sooner rather than later, would seem to me that for Australia to take advantage of globalisation, rather than be victim of it, rather than sell off our farms to other countries or principalities or sovereign interests, who are very shadily backing some of these private companies, rather than do that, we

would be better producing from this land, and supplying the rest of the world, rather than letting them buy the business and supply their own territory.

You know, dairy at the moment is really interesting, the price of milk is high, and indeed you can get it cheaper.

There was a show on A Current Affair recently where some people were buying it infinitely cheaper than what it's being sold for in the supermarkets, but there is a global shortage of milk.

Now if the Chinese for example, or any other country, were to come in and purchase milk interests, and then supply their own markets, that would not be to Australia's advantage.

So whilst I welcome investment, as I know you do, minister, the fact is there's a big difference between that, and the sell-off of an asset where you bundle it up, and you produce off it [breaks up].

TONY BURKE: The biggest concern that I've had, and we've spoken about this before, is when you have investment coming from a company that is effectively a Government rather than an ordinary business. Now that's why the threshold on any investment like that is set at zero, because there's no doubt that there is a very strong reason to have a national interest test there. If someone's got some investment, sometimes it helps them upgrade their equipment and things like that, and everybody, including the Australian farmer, does better out of it.

What we would not want to see would be the sorts of investments where it's actually being done by a Government with the intention not of operating within the market, but actually of separating out from normal methods of sale. So that's why those thresholds are at zero, because the number of concerns you've raised there are very real, particularly in a concept where food is just going to become such a valuable asset and commodity around the world, with the growth in population. A country that can farm as smart as Australia can, has a really significant export advantage, if we do this right.

LEON BYNER: Now you told me, when you visited me in the studio earlier this year, that you wanted to reinvigorate manufacturing in the regional areas of Australia. Have you taken that any further?

TONY BURKE: Well that's food processing, that form of manufacturing.

LEON BYNER: Yes.

TONY BURKE: At the time I had the ag job, so that agriculture job's now taken by Joe Ludwig, he has taken that further now. There is now a group that's started needing to bring together all the different areas of Government policy that go to that value chain with food.

One of the problems has been we've had agriculture looking at the farm gate, food processing being looked at in another area, transport being looked at by another minister, export's being looked at elsewhere, consumer issues looked at somewhere else, and there's never been an attempt in Australia, to bring it altogether, and unless you can start to bring those policies together, then something like food processing will always be at a disadvantage, compared to other forms of manufacturing.

The other thing is, if I can just come in quickly, it's something that Simon Crean's looking at in the context of the Murray-Darling Basin plan, when we finally get there, and that's to look at what are the downstream industries where you have to have a critical mass of production, to keep those downstream processes functioning, whether it be in areas where you've got your food processing that's associated with grapes, or with milling, or anything like that, there's a critical mass issue, where if you fall below, you suddenly have a massive impact on a town, and those issues we need to work through.

LEON BYNER: I believe you're going camping for Christmas?

TONY BURKE: That's right, that's right, although I'll tell you, I went with the kids the other weekend, to pick up a couple of tents, and I saw a couple of three-man tents, and said, we'll get them, they went around and found a tent that looked like a small, urban development, it was just - I said, that's not the idea of camping, so we're going to settle it at the beginning of January, we'll go and decide on our purchases, but their concept of camping seems to be very different to mine, I tell you.

LEON BYNER: Tony, Merry Christmas, and we'll look forward to talking with you next year.

TONY BURKE: And to you, Leon, see you.

LEON BYNER: That's the Water Minister, Tony Burke, who I thought you might want to hear from today, and there's some interesting and positive news on the horizon.

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