

# ***Statutory Review of the Poultry Meat Industry Act 1986***



**Industry &  
Investment**

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## ***Statutory Review of the Poultry Meat Industry Act 1986***

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Industry and Investment NSW  
161 Kite Street, Orange  
Locked Bag 21, Orange NSW 2800  
[www.industry.nsw.gov.au](http://www.industry.nsw.gov.au)

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# 1. Introduction

The Poultry Meat Industry Act 1986 regulates the relationship between poultry growers and poultry processors in New South Wales.

Section 26 of the *Poultry Meat Industry Act 1986* (the Act) requires the Minister for Primary Industries (the Minister) to review the policy objects of the Act. The requirement for this review was inserted in the Act when it was significantly amended in 2005.<sup>1</sup> The NSW Government implemented these reforms in order to meet its obligations under the National Competition Policy intergovernmental agreements. They wound back the extent to which the Government regulated the poultry meat industry in NSW and were designed to provide a transition to an open, unregulated market.

The Act requires the Minister to table a report on the outcomes of the review in Parliament four years after the commencement of the 2005 amendments.

As part of the review, consultation was undertaken with stakeholders representing growers and processors, including:

- the Poultry Meat Industry Committee (PMIC);
- the Poultry Meat Industry Advisory Group (PMIAG);
- the Poultry Contract Group of the NSW Farmers Association;
- the Australian Chicken Meat Federation;
- the Australian Chicken Growers Council;
- Bartter-Steggles;
- Inghams;
- Baiada;
- Red Lea;
- Cordina; and
- Sunnybrand.

Four submissions were received from stakeholders. Details of the issues raised in these submissions are set out in Attachment A. The former Minister for Primary Industries, the Hon. Tony Kelly MLC, also met with representatives of the NSW Farmers' Association.

# 2. Terms of Reference

The terms of reference for the review are to:

1. identify the policy objectives of the Act;
2. assess whether the policy objectives of the Act remain valid; and
3. assess whether the provisions of the Act remain appropriate for effectively and efficiently securing these objectives.

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<sup>1</sup> See the *Poultry Meat Industry Amendment (Prevention of National Competition Policy Penalties) Act 2005*.

### **3. Objectives of the Act**

The main objective of the Act is to regulate the relationship between the growers and processes of poultry meat. The Act does this by establishing a scheme which provides countervailing power to growers to prevent abuse by processors.

Continued regulation of the market to provide protection for growers was considered necessary when the Act was amended in 2005. Despite the presumption against regulatory intervention in markets established by the National Competition Policy,<sup>2</sup> the NSW Government determined that some level of market protection was warranted because processors continued to enjoy greater market power and measures needed to be in place to prevent them from abusing this power.

The Act also has several other objectives. These include:

- to assist the industry in its transition to a deregulated environment by developing marketing and negotiating skills amongst growers;
- to provide a process to resolve disputes between growers and processors;
- to establish a database of growers for animal health safety reasons; and
- to establish effective mechanisms to ensure compliance with the Act.

### **4. Background**

#### ***4.1 Industry Overview***

NSW is the largest producer of chicken meat in Australia, followed closely by Victoria. In 2007, the poultry meat industry in NSW was valued at around \$1 billion dollars,<sup>3</sup> representing approximately 40% of the total national output. The industry provides employment in regional and rural areas of NSW, employing about 1,000 people on farms and 5,000 in meat processing.<sup>4</sup> A significant number of people are also employed in the manufacture and distribution of chicken products in NSW.

The NSW poultry industry is vertically integrated. This means that firms are involved in the production of the produce (poultry meat) from beginning to distribution point. As such there is a strong mutual dependence between poultry growers and processors in meeting the needs of consumers, and balancing meat demand and bird supply. Processors contract growers to raise chickens or turkeys from chicks/poults to full sized birds. Processors provide growers with the chicks/poults, poultry feed and medications. Growers provide housing and care for the birds until they are collected by the processor. Growers traditionally work for the processor which operates in their region and in many cases have done so since the industry started in the region. Growers generally bargain collectively with their processor along regional lines. It is typical for a grower to remain with the same processor for the life of their farm.

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<sup>2</sup> The National Competition Policy was Australia's landmark microeconomic reform program. A key principle of the program was that competitive markets will generally best serve the interests of consumers and the wider community. See further: <http://ncp.ncc.gov.au/>

<sup>3</sup> "Industry Overview", Poultry Meat Industry Committee (2007).

<sup>4</sup> ABS 2006 Census figures.

The industry is unusual in the way it is integrated; while they view themselves as independent farming enterprises growers actually have something more akin to an employee-like relationship with their respective processor.

In NSW there are currently five processors and around 285 independent poultry growers who raise chickens and turkeys. More than 90% of chicken meat produced in NSW in 2009 was grown under contract, with processor-owned facilities raising less than 10% of birds.

Poultry processors operate in the Sydney Basin, Central Coast, Hunter, Tamworth, North Coast and Riverina regions.<sup>5</sup> Until recently Inghams and Bartters were the two largest processors in NSW and Australia. With its takeover of Bartters in July 2009, Baiada became the largest processor in Australia with more than 40% of chicken meat contracts in NSW. This takeover resulted in a major industry restructure in NSW, which has had a significant impact on some growers. For example, Baiada closed a major processing plant in western Sydney forcing some growers to negotiate contracts with a new processor, and former Bartter growers in the Hunter now grow for Baiada.

Baida and Inghams are national processors with operations in NSW, Queensland, Victoria, South Australia and Western Australia. Together they produce more than 80% of Australia's chicken meat.

Capital costs in the industry are high. The establishment of one tunnel ventilated shed on a farm with an annual throughput of 1 million birds may cost up to \$600,000 not including land costs.<sup>6</sup> As such, participants who have three to five sheds are committed to a long term growing relationship with their processor. Establishment costs for processing plants are also high: in the order of \$50 - \$60 million.

Oversupply in the market, high fuel prices and drought conditions have all had a significant financial impact on processors in recent years.

#### **4.2 *Future direction for the industry***

Consumption of chicken meat has increased from 8.3 kilograms per person per year in the 1960s to 38 kilograms per person per year in 2006.<sup>7</sup> In 2007 Australians consumed chicken meat at a higher rate of consumption per capita than red meat for the first time. A major driver for this increased consumption is price competitiveness.

Current trends suggest that the industry will be increasingly rationalised over the next five to 10 years, to achieve greater efficiencies in both the growing and processing sectors and to accommodate the pressures of urban expansion and aging infrastructure. In response to these pressures processors are likely to locate their business in states where production and distribution networks function most efficiently and suffer the least regulatory costs. In addition, the construction of large

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<sup>5</sup> "Industry Overview", Poultry Meat Industry Committee (2007).

<sup>6</sup> "Industry Overview", Poultry Meat Industry Committee (2007).

<sup>7</sup> Department of Primary Industries, State Government of Victoria, Chicken Meat Production, pp 2-3.

“greenfield” sites with new technology in other states has attracted processors, which has resulted in NSW losing some of its dominance.

For growers, the long term industry trend is toward larger, more intensive farms. This may lead to an increase in corporate farms with fewer small contract farms. Natural attrition due to aging farm infrastructure, particularly in the Sydney Basin, will continue. However, overall production in NSW is expected to remain relatively stable.

Importation of poultry meat into Australia is currently not permitted. This may change in the future.

Ensuring the NSW industry remains competitive, in light of developments elsewhere in the country, will be necessary to ensure NSW producers are able to maintain their share of the market.

### **4.3 History of Act**

The relationship between growers and processors in the poultry meat industry has been subject to regulation in NSW since the 1970s. When the current Act commenced in 1987 it provided for centralised price fixing by a 15-member Committee which approved poultry growing agreements.

Since its commencement the Act has been subject to three reviews: in 1999, 2001 and 2004.

The 1999 review was undertaken to fulfil the NSW Government’s commitments under the national Competition Principles Agreement (CPA). Under the CPA legislation should not restrict competition unless it can be demonstrated that the benefits to the community as a whole outweigh the costs, and that the objectives of the legislation can only be achieved by restricting competition. The review recommended that the Act be retained.

The 2001 review resulted in the following changes to the Act:

- the Committee’s price setting function was simplified by giving it the power to determine base rates for different classes of poultry;
- allowing consideration of shed types and geographical location in determining base rates; and
- the authorisation of collective bargaining between growers and processors for the purposes of the Commonwealth’s *Trade Practices Act 1974*.<sup>8</sup>

In 2004 the former Minister for Agriculture and Fisheries, the Hon. Ian Macdonald MLC, commissioned a further independent review of the Act to meet the State’s obligations under the CPA. The review found that poultry growers remained in a weak bargaining position, relative to processors, in relation to the negotiation of prices and terms and conditions of supply.<sup>9</sup> The review recommended:

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<sup>8</sup> See the *Poultry Meat Industry Amendment (Price Determination) Act 2002*

<sup>9</sup> Ridge Partners, *Review of the NSW Poultry Industry: A review of the Poultry Meat Industry Act undertaken in accordance with National Competition Policy*, October 2004, p3.

- reducing government regulation of the industry by shifting the focus of the Act from price setting to the development of contracts negotiated directly between the parties; and
- maintaining a statutory Committee to develop guidelines and a code of practice for contract negotiations, and to provide for the resolution of disputes.

These changes were consistent with developments in other agricultural sectors in NSW and Australia. The main policy aim of the National Competition Policy was to reduce the burden on the economy of unwarranted government regulation and provide a more competitive and efficient market framework for industry.

#### **4.4 2005 Amendments: the current Act**

In 2005 the Commonwealth Government threatened to fine the NSW Government on the basis that the Committee's price setting powers were in breach of the CPA; that is, the Commonwealth considered these powers to be anti-competitive and unjustified. In response and to implement the recommendations of the 2004 review, NSW amended the Act to:

- remove the centralised price setting function of the Committee;
- facilitate direct contract negotiations between growers and processors;
- authorise collective bargaining in contract negotiations between growers and processors for the purposes of the *Trade Practices Act 1974* (Cth);
- reduce the Committee membership from 15 to three; and
- establish the Poultry Meat Industry Advisory Group as a forum for growers and processors.<sup>10</sup>

#### **4.5 Poultry growing agreements: the current Regulations**

The Act requires that poultry growing agreements address the matters set out in the Regulation. The Act provides that a poultry growing agreement meets this requirement if it includes the standard provision in the Regulation for each matter (or another provision which addresses the matter).

In August 2008 the *Poultry Meat Industry Regulation 2008* (the Regulation) prescribed the matters that must be addressed by poultry growing agreements and the standard provisions that addressed each matter. These matters include:

- the term of the agreement;
- the method for negotiating the price paid per bird;
- standards for facilities; and
- dispute resolution procedures.

The Act provides that if an agreement between a grower and processor does not meet the requirement to address a matter prescribed by the Regulation, the agreement is taken to include the standard provision for that matter.

The standard period for a poultry growing agreement is five years. However, one year agreements may be entered into with the approval of the Committee. Until

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<sup>10</sup> *Poultry Meat Industry Amendment (Prevention of National Competition Policy Penalties) Act 2005.*

June 2009, the majority of growers were operating under 5-year contracts based on the pre-2005 version of the Act.

Under most agreements, the price paid per bird to growers is renegotiated every six months. Growers typically seek an increase in line with CPI to cover rising costs.

#### **4.6 2009 contract negotiations**

As noted above, under the Act most poultry growing agreements are for a term of five years. Most 5-year chicken meat agreements in NSW came up for renewal in the second half of 2009. Turkey contracts are due for renewal in 2010. In most cases processors renew agreements with the same growers, but there is no requirement for them to do so.

Contract renewal negotiations are usually a challenging time, with price (or “grow fees”) the main point of contention. The 2009 negotiations have been even more challenging for several reasons. Many growers have had to negotiate price directly with processors for the first time. Until 2006 the price paid per bird was set by the Poultry Meat Industry Committee (PMIC). In addition, the contract renewal period has coincided with the Baiada takeover of Bartter enterprises complicating the negotiation of new agreements for those growers affected by the restructure of the industry.

Despite a difficult period, most chicken growers have now signed new agreements. However, one group of growers has lodged a dispute with the PMIC, although they have signed new agreements. Two other groups of growers have commenced court proceedings. These 36 growers have not yet signed new agreements.

#### **4.7 Regulation in other jurisdictions**

##### South Australia - Chicken Meat Industry Act 2003

South Australia has three processors and approximately fifty growers. Its poultry meat industry is significantly smaller than the industry in NSW. However, there are similar issues surrounding the imbalance of power between growers and processors.

The *Chicken Meat Industry Act 2003* was repealed on 21 August 2009. In South Australia collective bargaining and dispute resolution takes place under an authorisation by the Australian Competition and Consumer Commission (ACCC).

##### Western Australia - Chicken Meat Industry Act 1977

Under the Act a committee has been established that performs a similar role to the Poultry Meat Industry Committee in NSW. The main difference is that the Western Australian committee is able to set the average price paid for chickens in grower-processor agreements. The committee can also hear disputes, and its determinations can be appealed to the State Administrative Tribunal.

##### Victoria - Broiler Chicken Industry Act 1978

The Act is still in force but the committee established under the legislation is no longer operating. The role of the committee was to make recommendations about

the terms of agreements, to handle disputes and determine the standard price for chickens.

#### Queensland - Chicken Meat Industry Committee Act 1976

The committee established under this Act is not permitted to set prices, although it may make recommendations about grower agreements and facilitate negotiations between growers and processors.

#### Tasmania

Tasmanian poultry meat growers have no state-level regulatory protection and are all contracted to one processor located on the mainland. These growers are also authorised by the ACCC to negotiate their agreements collectively.

## **5. Are the policy objectives of the act still valid?**

### **5.1 Market regulation**

The main objective of the Act is to prevent the abuse of market power by regulating the relationship between the growers and processors of poultry meat. The Act does this by providing an industry Code of Practice, mandating certain matters that must be addressed in poultry growing agreements, allowing growers to bargain collectively and establishing dispute resolution processes.

Poultry growing agreements *must* address the matters that are set out in clause 11 of the Regulation. If an agreement between a grower and processor does not address a matter, the Act deems that the standard provision for that matter (set out in Schedule 1 of the Regulation) is included as part of the agreement.

Collective bargaining is generally considered to be anti-competitive. A special exemption from the Commonwealth's *Trade Practices Act 1974* is needed to allow collective bargaining between participants in the market place. Importantly, section 9 of the Act authorises NSW growers to bargain collectively in their contract negotiations with processors.

The Act currently offers both parties a level of certainty in their negotiations and provides growers with a certain level of support by ensuring that basic requirements are included in agreements. As noted above (see section 4.5) a poultry growing agreement must include the method for negotiating the price paid per bird, the method and procedure for making payments and dispute resolution procedures.

The regulatory measures set out above are complemented by a voluntary code of conduct and contract negotiation guidelines. The Code and Guidelines are designed to assist the industry in its transition to an open market.

The Review of the Act has raised the issue of whether the matters to be addressed by agreements between growers and processors (and the standard provisions in relation to those matters) should continue to be set by the Minister. That is: whether the main terms and conditions of the contracts between the parties should be

prescribed in regulations or whether the contracts should now be negotiated directly between the parties.

In its submission to the review Inghams Enterprises characterised the legislation as “cumbersome, inefficient and unnecessary in the business environment”. On the other hand the NSW Farmers’ Association stated that the changes to the Act in 2005, in particular removing the Committee’s function to set base growing fees, has diminished the capacity of growers to negotiate financially viable agreements.

The market for poultry meat is a national one and other states are winding back their regulation of the industry. In these circumstances, NSW needs to consider further de-regulation of its poultry meat industry market.

## ***5.2 Poultry Meat Industry Committee***

The Act establishes a three-member Poultry Meat Industry Committee (PMIC) as a statutory corporation, which represents the Crown.

The Committee’s functions include:

- establishing codes of practice for use in negotiations between growers and processors;
- establishing contract guidelines for matters that poultry growing agreements should address;
- making recommendations to the Minister on matters to be addressed by poultry growing agreements and standard provisions in relation to those matters;
- investigating matters relating to the industry; and
- facilitating the resolution of disputes between processors and growers.

The Committee must seek advice and have regard to the views of the Poultry Meat Industry Advisory Group in relation to the development of codes of practice and contract guidelines; and the matters to be addressed by and the standard provisions for poultry meat growing agreements.

Fees paid by processors and growers fund the Committee and the Poultry Meat Industry Advisory Group (PMIAG). Processors are obliged to notify the Director General of Industry & Investment NSW (I&I NSW) when they enter into an agreement and to pay a notification fee of \$300 per broiler growing agreement signed with a contract grower, with 50% of this fee passed on to growers. I&I NSW provides secretarial support to the Committee.

Industry contributions for the 2009-10 financial year are expected to total \$85,000. Of this \$55,000 will fund stipends for the three members of the Committee. The remainder will be used to cover PMIAG member sitting fees, meeting and travel costs, and expenses for Committee initiatives.

The Committee contributed significantly to the development of the matters that must be addressed by poultry growing agreements and the standard provisions in relation to those matters as prescribed in the Regulation.

Given the prescribed matters and standard provisions for poultry growing agreements have only been in place for a year, and are currently being applied for the first time in contract negotiations, the Committee has not had an opportunity to review them.

The Committee has not conducted any inquiries under section 6 of the Act, however it has made several reports and submissions to the Minister on industry issues.

The PMIC has now carried out most of its functions under the Act. In addition, it prepared a strategic plan in 2008 which identified a broad range of initiatives, outside the scope of the Act. Initiatives that the Committee has been involved with under the strategic plan include:

- obtaining funding for a study of the economic value of the poultry meat industry in NSW;
- revising farming guidelines; and
- liaising with other organisations in the poultry meat industry.

There would appear to be an ongoing role for a committee in providing services to the industry in the negotiation of agreements, and in dispute resolution. In its submission to the review PMIC also proposed changes to the Act to allow it to obtain funding to undertake research for the industry.

### **5.3 Code of practice and guidelines**

The Committee released a *Code of Practice for Negotiations between Growers and Processors* and *Guidelines for Agreements* in August 2008. The Code provides guidance on the formation of grower groups for the purpose of collective bargaining. The Code and Guidelines are voluntary and submissions from industry indicate that they were not used to any great extent in the 2009 contract negotiations (the first round of 5-year contract negotiations since they were introduced).

Both the NSW Farmers' Association and the Poultry Meat Industry Committee recommended the Code be mandatory. The Committee suggested this could be done by prescribing the Code in the Regulations.

By definition codes of conduct are intended to act as a guide in setting standards of behaviour. It is, however, possible to amend the Act to make the Code mandatory. Alternatively, the Code could be amended so that it is mandatory for those processors that choose to sign it. This is the approach under the Australian Wine Industry Code of Conduct. This Code deals comprehensively with contract negotiations for the supply of wine grapes and includes a clearly defined dispute resolution procedure. Signatories are required to comply with the Code and the terms of the Code are imported into Agreements between signatory wine makers and those that supply them with wine grapes.

### **5.4 Dispute resolution**

The dispute resolution function of the Poultry Meat Industry Committee is designed to provide growers with additional protection. The Act requires that at least one of the three members of the Committee must have dispute resolution skills.

The Regulation provides that the Committee may assist in the mediation or arbitration of disputes, except a dispute which relates to the “amount of any fee payable under a poultry growing agreement”.

Prior to the 2009 contract negotiations, the Committee had only mediated one dispute in the previous four years. The matter was eventually referred to arbitration.

Despite industry experiencing significant difficulties in negotiating and renewing contracts in 2009 only two formal disputes were lodged with the Committee. One was withdrawn shortly after it was lodged. The other is awaiting mediation.

The dispute resolution processes set out in the Regulation (see clause 12) and the standard form provisions (see clause 17 of Schedule 1) reflect those processes which have been in operation for many years. These processes generally operate effectively with most disputes resolved at mediation.

As noted above some growers have commenced court action to enforce the terms of the agreement imputed by the Act.

Price is the subject of most disputes between growers and processors. However, the Regulation precludes the Committee from mediating or arbitrating disputes over price (see clause 12(4)). As a result more disputes of this nature are likely to end up in court. Court action imposes considerable costs on the parties and results in periods of lost income. A more effective, streamlined and timely dispute resolution process is needed to deal with price disputes to ensure that commercial relationships remain viable.

### ***5.5 Database of growers for animal health safety reasons***

Under the Act processors are obliged to notify the Director General of the Department of Industry and Investment (I&I NSW) when they enter into a poultry growing agreement. This notification provides I&I NSW with a means of tracking growers for disease management purposes.

Not all processors meet their notification obligations in a timely manner and the notification process does not capture processor-owned growing or breeder farms or other poultry sectors. However, the industry has been able to provide the Government with accurate information for disease management purposes when the need has arisen.

Retaining the notification procedure under the Act is not essential for the NSW Government to track growers for disease management purposes.

### ***5.6 Effective mechanisms to ensure compliance with the Act***

Inspectors have wide ranging powers to investigate breaches of the Act. For example, they have search and entry powers and powers to compel answers to questions when conducting investigations under the Act. These powers have, to

date, not been used. The compliance framework in the Act is outdated. Consideration should be given to updating the framework to reflect current regulatory practices.

## **6. RECOMMENDATIONS**

The poultry meat growing industry operates in a national market. Other significant poultry meat growing states, such as Victoria and South Australia, have substantially wound back state-level regulation of the industry in their states.

The NSW Government, along with other Australian governments, is committed to implementing the COAG National Reform Agenda and Regulatory Reform Plan. This means that legislation which restricts competition has to be justified on the basis that the benefits outweigh the costs, and that the objectives of the legislation can only be achieved by restricting competition.

To ensure the NSW industry remains viable and competitive, and to meet the Government's COAG obligations a strong case needs to be made to retain the *Poultry Meat Industry Act 1986*.

The main objective of the Act is to provide protection for growers in an environment in which their inferior bargaining position could potentially be abused by processors. The main mechanism to achieve this is by mandating that certain matters must be addressed in a poultry growing agreement and providing standard provisions in relation to each matter. The Regulation setting out the prescribed matters and standard provisions did not come into force until August 2008. The first major round of contract negotiations which were required to address these prescribed matters commenced in the middle of 2009. For many growers this is the first time they have had to negotiate price directly with processors since the Poultry Meat Industry Committee's price setting function was removed.

These negotiations have highlighted how difficult the transition to a more de-regulated market is for many growers. Many growers are yet to come to terms with the fact that the central body which fixed prices for them no longer has this function.

The Act was designed to provide a framework to assist growers develop skills which would enable them to operate in an open market. The code of practice and guidelines for contract negotiations are the main components of this framework. Following the 2009 round of contract negotiations issues have been raised about the effectiveness of the voluntary code of practice and guidelines.

In light of the issues raised above, it is recommended that I&I NSW conduct a further review of the poultry meat industry in NSW. The review should:

- examine the level of regulation required to provide appropriate protection for growers from unfair practices while ensuring the industry remains sustainable; and
- investigate effective mechanisms for the resolution of disputes between growers and processors.

The review should consider the costs and benefits of the following options:

1. stand-alone legislation tailored to the specific needs of the poultry growing industry [the status quo]; or
2. repeal of the existing legislation and either:
  - (a) an industry body to provide services to the industry to assist with the transition to a de-regulated market coupled with self-regulation, for example a voluntary code of practice; or
  - (b) utilising protections provided under the federal system through the Australian Competition and Consumer Commission.

In considering the options set out above I&I NSW should:

- investigate issues which arose in the 2009 round of contract negotiations;
- consider how the code of conduct could be made more effective; and
- examine the Australian Competition and Consumer Commission (ACCC) collective bargaining authorisation mechanism.

As part of this process I&I NSW should:

- consult growers and processors;
- consult the Poultry Meat Industry Committee and the Advisory Group;
- consult the Better Regulation Office, especially in relation to the application of the competition policy test.

**Steve Whan MP**  
Minister for Primary Industries

## Attachment A

### STAKEHOLDER SUBMISSIONS

#### **NSW Farmer's Association**

The NSW Farmer's Association is a peak, non-government organisation that represents the interests of the majority of commercial farm operations throughout the farming community in NSW.

The Association stated that poultry growers with the least bargaining power have been most affected by the Act, in particular the 2005 amendments that removed the Poultry Meat Industry Committee's price setting powers. Also the three year gap between the Act amendments and the commencement of matters and standard provisions for poultry growing agreements in the Regulation in August 2008 caused issues in negotiating the renewal of poultry growing agreements.

According to the Association, 80% of all agreements were due for renewal on 1 July 2009. The first modified contracts (ie poultry growing agreements in accordance with the current Act, and matters and standard provisions in the Regulation) were only received by growers at the end of April 2009. As at 6 July 2009, some growers had not received a new agreement to consider. The Association considered that by leaving negotiations until after the expiry date growers are placed in a situation where they do not have adequate time to consider the contract and negotiate terms. They noted that they were aware of negotiations where processors had refused to consider growers' requests or compromise on terms.

The Association believes that the loss of the Committee's function to negotiate contracts and set minimum base line growing fees has contributed to the difficulties currently experienced by poultry growers in trying to negotiate financially viable agreements.

#### **Inghams Enterprises Pty Limited**

Inghams is the second largest poultry meat processor in NSW, and is one of only two processors to operate nationally.

In their submission, Inghams identified the purpose of the Act as, "*to provide safeguards against anti-competitive behaviour by processors*" and that the two key features of the Act as being:

- 1. The provision of statutory authority for collective bargaining by growers in their negotiations with processors; and*
- 2. A requirement that certain prescribed matters be addressed in poultry growing agreements."*

Inghams supports collective bargaining under the auspices of an ACCC approved collective bargaining system. The ACCC has authorised collective bargaining arrangements between processors and growers in Victoria, South Australia and Tasmania.

With regard to the Committee and Advisory Group, Ingham's view is:

*“There is also in our view a further burden in the form of the Poultry Meat Industry Committee **and** Poultry Meat Industry Advisory Group. In our view this creates a level of duplication and administration in the industry that is not necessary and ultimately of little utility. While it may be appropriate that a register of growers be maintained, there otherwise seems little utility in the current structure.”*

Inghams summed up their submission by stating that, in their opinion, the legislation is “*cumbersome, inefficient and unnecessary in the business environment*”. Ingham suggests repealing the legislation, with the exception of the register of growers, which they suggest be retained for disease control purposes.

### **Cordina Chickens**

Mr John Cordina, Chief Executive Officer of Cordina Chickens (processor) and long serving member on the Poultry Meat Industry Committee, made a submission supporting the retention of the Act in its current form.

### **Poultry Meat Industry Committee (PMIC)**

Mr Steven Carroll, Chair, Poultry Meat Industry Committee made the following point in his submission on behalf of the Committee;

- the objectives of the Act have been met including the establishment of the Committee and Advisory Group as well as the development and implementation of mechanisms for the negotiation of poultry growing agreements between processors and growers, including the Code of Practice for Negotiations between Processors and Growers and the Guidelines for Agreements; and
- the Act is working well and has assisted the relationship between growers and processors.

He proposed two amendments, the first to prescribe use of the Code of Practice in the Regulation to ensure parties are required to abide by the Code, the second to allow the Committee to obtain funding to engage consultants to undertake research of benefit to the industry.