

# Australian Chicken Growers' Council Limited

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To:

**The Agricultural Competitiveness Taskforce**

**Department of Prime Minister and Cabinet**

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Australian Chicken Growers Council (ACGC) represents the interests of poultry meat growers nationally through six state organisations.

These are:

- New South Wales Farmers Association Poultry Meat Group
- Queensland Chicken Growers Association,
- South Australian Poultry Meat Group.
- Tasmanian Farmers and Graziers Association Chicken Meat Group,
- Victorian Farmers Federation Chicken Meat Group,
- West Australian Broiler Growers Association.

As the peak representative body for contract chicken meat growers in Australia, the ACGC appreciates the opportunity to comment on the development of the Agricultural Competitiveness White Paper. Additionally the ACGC would like to thank the Department for the opportunity to provide comment both through our current and previous submissions as well as the recent round table meetings. The ACGC would note that all of the following comments are made in connection to those issues raised at round table meetings with the Department.

The ACGC is a member of the Australian Chicken Meat Federation and as such, fully supports any comments made in their submission.

Of particular interest to the Chicken Meat sector is the third issue addressed in the paper, *Competition and Regulation*. The poultry meat industry is rather unique in its structure, in that it is vertically integrated which allows reforms and technologies to be implemented within the industry quickly and efficiently across the industry to maximise production. The specialised non-portable nature of the industry while making the industry efficient, also makes growers economically captive and presents them with little opportunity to change their circumstance due to contractual arrangements.

The ACGC would point the taskforce toward the comments made in our previous submission and at the round table with regard to the commercial relationship between processors and growers. The structure of the industry inherently causes a significant imbalance of bargaining power with growers having little leverage when it comes to negotiation. Additionally the authorisation for negotiation currently used in most states while being largely effective if both growers and processors undertake the negotiation in good faith, lacks the presence of a robust dispute mechanism if processing companies fail to negotiate fairly. The ACGC has identified this as a priority in stakeholder meetings with the Department, and firmly believes that a clear process for dispute resolution that empowers growers needs to be outlined as a priority.

The other area of concern to the ACGC is the ability that supermarkets and third party entities have to influence on-farm production systems, specifically with reference to the supermarket driven RSPCA Accreditation Scheme. Currently the animal welfare and Codes and Standards are negotiated with all stakeholders and based in science and industry best practice rather than consumer perception. To ensure that industry productivity is maintained, it is important that industry be included in development of practices that impact on the operation of farms. The ACGC would encourage the Department to make it a priority to put in place mechanisms that ensure that that industries are not unfairly imposed upon by a third party commercial entity.

We would note the recognition by the Department of the importance that Research, Development and Extension (RD&E) plays in improving the productivity of agricultural enterprises. We would however, raise concern in regards to recent funding cuts to the area with particular reference to those cuts to RIRDC. RD&E is essential to enhancing efficiencies, improving market access and preventing losses from disease and environmental factors. Furthermore, the ACGC would note that we not supportive of

several of the points in policy idea 20 – *Strengthening the RD&E System*, particularly points a), b) & e). Firstly in regard to point a), 'that RD&E should be aligned to deal with community needs', is not something that the ACGC supports. Because RD&E addresses issues that affect industry, its priorities should be driven by industry. Secondly with reference to point b) we are not of the view that a new body or taskforce needs to be developed as the current bodies are comprehensively servicing the functions required of RD&E. The ACGC does note however that we support the coordination of cross-sector research programs of a collaborative nature. Finally the ACGC is not supportive of the decentralisation of research bodies such as RIRDC to regional areas. Moving bodies that provide such central collaborative functions to regional areas will result in increased travel costs for government and stakeholders as well as decreased efficiency of communication. Additionally you could expect a period of the body operation in a state of disarray as a result of the loss of key staff who do not wish to relocate to a regional area.

Similarly the ACGC notes the importance of a vigorous biosecurity system to maintain high levels of productivity within the industry. Australia's ability to produce disease and pest free produce provides Australian producers with a significant market advantage for export; additionally it also allows our industries to perform at a high rate of productivity without being hampered by regular disease outbreaks. The ACGC supports the inclusion of Biosecurity and RD&E as priorities of the Agricultural Competitiveness White Paper.

Again the ACGC would like to thank the Department for the opportunity to be included in the formulation of the direction of the Agricultural Competitiveness White Paper.

Regards,



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