

28 February 2024

Charlotte Wundersitz
National Farmers Federation
Locked Bag 9
KINGSTON ACT 2604



By email

Dear Charlotte,

RE: Submission on the Interim Report – Exploring the potential for a Code of Conduct to increase market transparency and competition in Australian poultry meat supply chains

The Victorian Farmers Federation (VFF) appreciates the opportunity to provide this submission to the National Farmers Federation regarding the Interim Report on price transparency.

The VFF strongly supports the recommendation made in the Interim Report that a Mandatory Code of Conduct is the best tool available to poultry meat supply chain issues. As outlined in the Interim Report, the processors have significant market power and a mandatory code administered by the Australian Competition and Consumer Commission will promote confidence and fair trading between all participants in the supply chain. The VFF notes that for the vast majority of growers there is really only one processor with whom they can negotiate with, which severely reduces the effectiveness of contract negotiations and commercial relationships. Growers are at the mercy of processors.

The VFF has been actively engaged in the consultation process leading to the preparation of this report and appreciates the efforts the NFF have made to engage all parts of the supply chain. However, the VFF is disappointed at the lack of engagement by processors and to some extent supermarkets. The fact that some supply chain participant chose not to fully engage with the consultation process further underlines the need for a Mandatory Code of Conduct.

Of particular concern to the VFF is the inequities in the pool system. Given their lack of bargaining power, growers have no choice but to participate in the pool system. Those growers who wish to are unable to negotiate a 'fee for service' payment structure.

The VFF is concerned that many factors affect grower performance and many of these can be outside the control of the grower. Some factors such as pick-up times and different quality nutrition are directly controlled by processors, but impact on grower performance and payment under the pool system. Those growers deemed to be below average performers, possibly for reasons beyond their control, may receive payments below the cost of production.

There needs to be a comprehensive examination of the pool system and reform to improve its transparency and to remove the inequitable treatment of growers and processors.

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rural communities since 1979.

The VFF supports the submission on the Interim Report provided to the NFF by the Australian Chicken Growers Council (ACGC) and request that the comment in the submission be given full consideration in the preparation of the final report.

There is a need to reinforce the message that processors have demanded significant capital investment by growers, at grower cost, but to the benefit of processors. In particular, processors have been requiring growers to upgrade facilities from 'standard shedding' to 'tunnel shedding'. The cost of doing this is borne by the grower without adequate recompense to the grower. In the case of building new sheds, no additional funding is provided by processors.

The VFF thanks you for the opportunity to provide input to the Interim Report on market transparency in Australian poultry meat supply chains. The policy contact for this matter is Glen Hepburn, Senior Advisor, Economics and Rural Affairs, via e-mail ghepburn@vff.org.au or phone 0427 440 048.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'C. Everist', with a stylized flourish at the end.

Charles Everist

General Manager – Policy & Advocacy

Victorian Farmers Federation