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Inquiry into the Chicken Meat Act 1977  
Economic Regulatory Authority  
PO Box 8469  
Perth Business Centre  
PERTH WA 6849

**Re: Submission "Inquiry into the Chicken Meat Act 1977"**

*The Chicken Meat Act 1977 was enacted to improve stability in the chicken meat industry, repeal the Chicken Meat Industry Act 1975, to provide the continuation of the Chicken Meat Industry Committee (CMIC) and for other incidental purposes. This legislation was largely bought into play by growers whom were looking for assurance of returns in order to obtain finance and assist in managing shed building programs and therefore protect financial viability for chicken meat growers. Bartter Enterprises submission based on the intent of the Chicken Meat Act 1977 as outlined above is to repeal the Act in its current form on the basis the intent of the legislation is no longer applicable for the reasons mentioned below.*

Western Australia and other States (NSW, SA, QLD and VIC) also have Acts relating to their Chicken meat industries, although it appears industry participants have had little recourse these to the various Acts over recent years. A notable difference exists to the Western Australia Chicken Meat Act when compared to other state Acts in they do not provide determination of an average fee that is paid to growers. In Western Australia it appears this fee setting mechanism via the CMIC is the primary reason behind the Act being continued from a grower's perspective. Bartter Enterprises believes the fee setting mechanism is not necessary a required process as growers in other states and Western Australia have opted out of the Act and have private, long term (10-15years), secure contracts in place clearly outline the roles and responsibilities of both parties, fee review mechanisms and agreed dispute resolution processes all which operate independent of the Act and Regulations. Bartter Enterprises currently has opted out contracts operating in Western Australia as well as the other states. Other chicken meat operations in Western Australia also have growers operating on opted out contracts including Mt Barker which all growers are on opt out contracts. The opt out growing contracts are designed and implemented to provide surety for both parties, growers and processors, and be mutually beneficial to enable sourcing of finance and industry re-investment achieved.



Bartter Enterprises supports the view that regulation of a market, such as through legislation, is not necessary and indeed can be counter productive, in a market where full or effective competition exists. Full or effective completion it could now be argued is the case in Western Australia with 5 established processors operating including Ingham's, Bartter Enterprises (Baiada), Prestige Poultry, Mt Barker and Finesse. Mt Barker and Finesse in recent years have established their own chicken meat growing operations, established contract growing agreements, grown significantly in processing production numbers and given growers flexibility in growing arrangements as well created strong demand for shedding/growing capacity which in turn has led to a shortage of shedding/growing capacity.

Bartter Enterprises in recent years has been required to source additional grower capacity from new growers on top of existing farm shedding conversions/upgrades and natural expansion in order to meet local market demand resulting from continuing population growth thus ensuring market supply was achieved. This is contrary to one of the major points for establishment of the Chicken Meat Act of 1977 meaning where grower returns were being negatively affected by declined throughput. If anything the imbalance has been the other way and upon Bartter Enterprises not actively seeking to redress the imbalance and assist in establishing this additional growing capacity in the Bartter growout biosecurity standards, health and welfare, OH&S would have been compromised plus productivity performance would have declined resulting in Western Australia having a higher cost base. This would have made Western Australia less competitive overall on a national basis and hence subject to additional eastern states imports. Increased imports would have been required to avoid potential loss of market share and ensure guaranteed supply to national supermarkets and fast food companies which facilitate a high degree of competition between processors to secure supply contracts based largely around a tender process secured on lowest price and 100% supply.

Anti competitive growing fee determination mechanisms have been in part a contributing factor to why one of the Western Australian larger processors has cut back local chicken meat processing production numbers, increased imports sourced from the eastern states and abstained from participating in the CMIC meetings and fee review process.

Bartter Enterprises view is to clearly to grow the Western Australian chicken meat business which will provide benefits to the Western Australian economy including growers, processors and all ancillary related businesses however this will only be achieved on the basis growing fee mechanisms are clearly understood, viable and impacts of such mechanisms are not over priced compared to other regions. Over priced growing fees will only stifle this planned growth, lead to increased imports from others regions and restrict future capital investment into the state.

**BARTTER ENTERPRISES**  
2/04/2010.