



NOTICE

Invitation for Public Submissions on Draft Report

INQUIRY INTO THE *CHICKEN MEAT INDUSTRY ACT 1977*

The Economic Regulation Authority has published a draft report on its inquiry into the *Chicken Meat Industry Act 1977* and is calling for public comment. The draft report is available from the Authority's [website](#).

The inquiry, requested by the Treasurer on 1 February 2010, is to examine the effectiveness of the *Chicken Meat Industry Act 1977* and to develop findings on whether there is a need for legislation in the industry, and if so, in what form.

In the draft report, the Authority has examined how the Act is currently operating, the issues affecting the chicken meat industry in Western Australia, and the options available for addressing any issues. The structure of the industry in Western Australia, as in other states, is one in which the production and processing of chicken meat is dominated by two large chicken meat processors. The processors control most stages of production, apart from the growing of chickens, which is contracted out to individual farms.

The Act was enacted to "improve stability in the chicken meat industry". Under the Act, an average fee per bird to be paid to growers is determined on the basis of a notional cost of production model and published in the *Government Gazette*. The Act is administered by the Chicken Meat Industry Committee, which has equal representation by growers and processors, and which deals with disputes between the parties.

The Authority's key draft findings are that:

- There is a need for some form of regulatory intervention to strengthen the bargaining position of contract chicken growers relative to chicken processing companies.
- It is possible that, with regard to the setting of the average price and a prescribed form of agreement, the benefits of the existing legislation may outweigh the costs.
- However, regulations under the Act relating to the sharing of growth in production between existing growers are likely to act as a barrier to entry into the growing sector and should be repealed.
- The Authority will be examining further whether the Act, if retained, would need to be amended to improve the bargaining position of growers and to better encourage productivity growth in the Western Australian chicken meat industry.
- Another option available to growers is to seek authorisation from the Australian Competition and Consumer Commission for collective bargaining. Given the structure of the industry in Western Australia, the Authority considers that it is likely that such authorisation would be given.
- However, as disputes between parties under this framework would be dealt with through the courts or commercial arbitration, it is probable that dispute resolution and arbitration costs under authorised collective bargaining would be higher than under the Western Australian legislation.

After considering submissions on the draft report, the Authority will deliver its final report to the Government by 1 November 2010.

Interested parties are invited to make submissions in printed and electronic form (where possible) on the draft report by **4:00 pm (WST) on Friday, 17 September 2010.**

Submissions should be marked to the attention of Dr Ursula Kretzer, Manager Projects, and addressed to:

Inquiry into the *Chicken Meat Industry Act 1977*
Economic Regulation Authority
PO Box 8469
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PERTH WA 6849

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Confidentiality

In general, all submissions from interested parties will be treated as being in the public domain and placed on the Authority's website. Where an interested party wishes to make a submission in confidence, it should clearly indicate the parts of the submission for which confidentiality is claimed, and specify in reasonable detail the basis for the claim. Any claim of confidentiality will be considered in accordance with the provisions of section 55 of the *Economic Regulation Authority Act 2003*.

The publication of a submission on the Authority's website shall not be taken as indicating that the Authority has knowledge either actual or constructive of the contents of a particular submission and, in particular, whether the submission in whole or part contains information of a confidential nature and no duty of confidence will arise for the Authority.

For further information contact:

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LYNDON ROWE
CHAIRMAN

4 August 2010