

A MANDATORY CODE OF CONDUCT FOR THE MEAT POULTRY SECTOR

Background

Poultry meat is the least cost and most consumed meat in Australia at 50kg/person/year. Meat chicken farmers represent **more than 40%** of the assets in the AU\$7.9BN meat chicken industry. An average family farm is worth approximately \$6-8M depending on the area. Banks require processor contracts as a condition of loans.

The industry is more concentrated than Dairy, Franchising or Horticulture. Market power is owned by Inghams and Baiada, who control **more than 90%** of Australian genetics. With 2 main processors and 2 main supermarkets, processors are just a proxy for supermarkets in negotiations, so farmers LOSE. Inghams and Baiada have geographically “carved up” Australia so most farmers have only **one single processor** to contract to. The Processor owns the birds and the plants, but the grower holds most of the physical assets. Poultry farm investment is at least as high as in the Franchising sector. Dairy, Horticulture and Franchising all have Codes of Conduct.

*The government so far **refuses** to commit to a mandatory Code of Conduct for poultry meat farmers.*

Processor behaviour to farmers is appalling. Some growers are currently forced to grow without contract, or offered a longer contract with an instant termination clause. Payments might be made very late, with the processor inviting the grower to “see them in court”. Farmers may be forced to “compete” in payment pools with inputs manipulated by the Processor.

But the government refuses to commit to a mandatory Code of Conduct for poultry meat farmers.

Commercial retribution is common and can include instant termination, including for farmers who represent others in ACCC authorised collective negotiations. Farmers “pay” for deaths and disposal of processor’s birds. Weighbridge tickets may be falsified. Farmers are forced to sign standardised agreements with no prices or lose their bank loans. Farmers are forced to “upgrade” farms at the processor’s whim, requiring investment in the \$100,000’s+, but the savings from that investment are captured by the processor.

***Still** the government will not commit to a mandatory Code of Conduct for meat poultry farmers.*

The ACCC acknowledges misuse of power by processors, and lack of countervailing power for farmers. The Productivity Commission Perishable Goods Inquiry (2020) noted inefficient allocation of risk, harmful use of bargaining power, lack of transparency on price and non-price factors, lack of certainty in investment decision making, and commercial retribution among other issues.

Meat poultry farmers are subsidising supermarket profits by being forced to operate at a loss.

***Still** the government will not commit to a mandatory Code of Conduct for meat poultry farmers!*

Processors argue no action is needed. Efficient farmers are being forced out of an industry in the face of an identified need for more farms.

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Why are poultry meat farmers being treated as second class farmers, when their investment is more than most other highly productive Australian farmers? Why is this government picking farming favourites when meat poultry farmers are amongst the most efficient in Australia? What will it take to get equity with the Horticulture, Dairy and Franchising sectors?

MEAT POULTRY FARMERS NEED A MANDATORY CODE OF CONDUCT, AND THEY NEED IT NOW.