



## *Improving market transparency in perishable agricultural goods industries*

# **Chicken meat industry first workshop 24 August 2021: Workshop communique**

### **Background**

In late 2020, the Australian Competition and Consumer Commission (ACCC) conducted an inquiry into bargaining power imbalances in supply chains for perishable agricultural goods (PAG) in Australia. The inquiry recommended that the government explore measures to increase price transparency in PAG industries to increase competition in those industries.

In response to this recommendation, the Australian Government, through the Department of Agriculture, Water and the Environment (DAWE) has committed \$5.4 million to improve price and market transparency in PAG industries by:

- delivering co-design workshops with PAG industries to understand their market transparency issues, opportunities and requirements
- delivering a grants program to develop and implement tailored mechanisms to improve price and market transparency.

The workshops provide an opportunity for participants to discuss price and market transparency issues in their sector, brainstorm ideas to improve transparency and co-design the details of solutions going forward.

### **Workshop outcomes**

Eighteen industry and government representatives attended the first chicken meat price and market transparency workshop. The objective of the first workshop was to discover and analyse the issues, barriers and opportunities to achieve market and price transparency in the chicken meat industry.

Participants ([Appendix A](#)) worked in small groups that explored:

- Issues – Negative characteristics within the chicken meat industry that decrease price and market transparency.
- Barriers – Negative characteristics external to the chicken meat industry that decrease price and market transparency.
- Internal opportunities – Positive characteristics that exist within the chicken meat industry that can potentially increase price and market transparency.
- External opportunities – Positive characteristics outside the chicken meat industry that can potentially increase price and market transparency.

Throughout this process, issues and barriers (and consequently, opportunities) were categorised as either legislative, regulatory, industry specific, general process, technology driven, consumer driven and other (for example, environmental).

Participants agreed that there is a lack of transparency in the chicken meat industry, however there were disparate views about the impact on the industry. The processor representatives broadly considered that there was no evidence that a lack of transparency created a problem, as the market was operating effectively under the current system. While the grower representatives considered that the lack of transparency was a significant issue, as growers don't have the market information to understand pricing and make important business decisions.

Table 1 identifies and categorises the key themes of issues, barriers and opportunities identified at the workshop. It should be noted that there were a diverse range of views raised in this workshop and Table 1 does not represent an agreed industry position.

**Table 1 Issues, barriers and opportunities**

Category	Issue/Barrier	Opportunity
Regulatory	Unequal bargaining power between growers and processors that is perceived to manifest in price inequity.	An Industry code of conduct that would include principles of price transparency, supply chain costing and dispute resolution mechanisms.
Chicken meat industry	Price signalling not coming to the grower and information asymmetry. Complex pool system and contracts are opaque – no transparency between or within regions on how price is determined and how criteria are used to assess price.	Architecture exists to enable contractual mechanisms for data sharing. Forward contracting for those growers on shorter term contracts (less than 5 years in length). Forward physical and financial modelling for regions; making information available to growers before they invest.
Process	Benchmarking in pricing is not available to growers including cost of production, wholesale and retail.	Frameworks and processes in play to enable benchmarking, including return on investment data.
Information	Lack of information transparency; growers not able to verify market or information provided by supply chain.	Index pricing based on data, collated and managed by independent body. Government to publish pricing, for example, through ABARES, ABS.
Environmental	Getting to Net Zero 2050 – who and how will it impact? Who will pay for that impact?	Forward modelling for regions, similar to dairy farm monitoring project for the dairy industry.

## Priority opportunities

The following priority opportunities were identified by grower representatives but do not represent an agreed industry position by processors:

- Potentially a voluntary code of conduct OR mandatory code of conduct to include price transparency, supply chain costing and dispute resolution mechanisms.
- Benchmarking and data sharing on process, costs and returns.
- Government or independent body to collate and publish price or index.

## Next steps

The outcomes of the first workshop provide the basis for generating ideas for potential solutions to improve price and market transparency in the chicken meat industry.

Ideas generation will be co-designed by participants in future workshops.

## Appendix A: Participant list

- AgriFutures Australia
- Australian Chicken Meat Federation
- National Farmers Federation
- Victorian Farmers Federation
- New South Wales Farmers Association
- Australian Chicken Growers Council
- Golden Cockerel
- Turosi
- Inghams
- Woolworths
- Australian Competition and Consumer Commission
- DAWE Agricultural Policy

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