

18 September 2020

Director
Perishable agricultural goods inquiry
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601
Via email: aginquiry@accc.gov.au

Dear Sir/Madam

Submission ACCC perishable agricultural goods inquiry

The purpose of Richmond Valley Council's submission to the ACCCC inquiry into perishable agricultural goods is to outline the situation regarding chicken farmers in our region of New South Wales and the impact that the current market practices are having on our regional economy.

The chicken industry is a significant contributor to the North Coast regional economy. In the Richmond Valley alone there are 16 farms equating to 65 direct jobs with a considerable number of indirect jobs in over 50 businesses and companies that supply goods and services to the industry. When this is multiplied across adjoining Councils, the number of jobs both directly and indirectly effected become significant. Independent economic modelling has identified the potential loss of the chicken industry within the Richmond Valley Council area as having negative economic impact of nearly \$20 million to our local economy and a cost of \$32 million to the state economy.

These farms have been operating under supply contracts to two major poultry companies Darwalla Group and Inghams.

In December 2017 Darwalla Group gave notice to their 5 farmers in the Richmond Valley that they would not be renewing their contracts and subsequently these farms have ceased to operate and jobs lost. In March 2019 Inghams corporation gave notice to their growers in our region that contracts will not be renewed. Hence we are now facing loss of the industry in the Richmond Valley. It is our understanding that growers in adjoining shires are facing the same predicament.

This has devastated the farmers and shattered the future of the chicken industry in the region. Farms that previously held assets in the millions, are now looking at huge losses. Local businesses and suppliers who service the industry are facing a decrease in trade with several businesses looking at downsizing or relocating due to the loss of trade. All of which will lead to significant job losses and have a considerable negative impact on communities.

Council has been supporting our chicken growers to advocate with Federal and NSW Government representatives to identify alternate market options to enable their investments in their farms to continue to provide a sustainable return and to contribute to the Richmond Valley's GRP. In our discussions with the growers they have raised concerns with the manner in which their contracts were withdrawn and how the chicken industry is developing.

Council encourages the ACCC to explore the experience in the Northern Rivers of NSW. It appears that the dominant market share held by big business has resulted in a loss of bargaining power creating negative outcomes for the growers and the regional economy.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Vaughan Macdonald', written in a cursive style.

Vaughan Macdonald
General Manager