



**Australian
Competition &
Consumer
Commission**

Our Ref: A91294
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7 August 2015

Mr Des Hindson
Executive General Manager – Southern Region
Inghams Enterprises Pty Limited

By email: dhindson@ingham.com.au; aetherington@ingham.com.au

Dear Mr Hindson

**Proposed amendments to South Australian Inghams chicken growers' authorisation
A91294**

I refer to the submission from Inghams Enterprises Pty Limited (Inghams) received by the Australian Competition and Consumer Commission (the ACCC) on 22 June 2015 in relation to the South Australian Inghams chicken growers' application for a minor variation to authorisation A91294.

I note that in its submission, Inghams expressed support for the proposed minor variation but also raised another issue in relation to the existing authorisation. That is, Inghams submitted that the terms of authorisation A91294 should be amended so that the free range chicken growers and commercial barn raised chicken growers with which Inghams negotiates have to negotiate as separate bargaining groups.

On 7 August 2015 the ACCC issued its Determination in relation to the minor variation application. For the reasons set out in that Determination, the ACCC did not consider the matters raised by Inghams as part of its consideration of the application for minor variation.

I note that the ACCC may, itself, initiate a review of an authorisation if, amongst other circumstances, it appears to the ACCC that there has been a material change in circumstances since the authorisation was granted.

The purpose of this letter is to advise you that the ACCC does not propose to initiate a review of authorisation A91294, at this time, and to provide you with reasons for this position.

Inghams submits that it has commenced contracting with free range chicken growers in South Australia since the authorisation was granted. Inghams has expressed concerns that because of differences in their shedding, growing fees, growing cycles, rearing techniques and batch rates free range and barn raised chicken growers should have to negotiate as separate bargaining groups.

The ACCC accepts that differences in the process for free range and barn raised chicken growing mean that there will be differences between the contractual arrangements Inghams

has with each category of grower. However, the ACCC also notes the South Australian Inghams chicken growers' submission in response to the concerns raised by Inghams that the two categories of growers also have many interests in common, that relevant differences can be accommodated in a single bargaining process and that nearly all of Inghams South Australian free range growers also raise conventional non-free range chickens for Inghams.

More generally, the ACCC notes under the terms of the existing authorisation free range growers are able to negotiate with Inghams separately to barn raised chicken growers. The decision about whether to do so would have regard to the efficiencies that are likely to result from having a single bargaining group and any inefficiencies that may arise from negotiating contracts with two categories of growers through a single process.

In this respect, the authorised collective bargaining arrangements are voluntary for all parties. If Inghams' preference is to negotiate separately with free range and barn raised chicken growers it is able to exercise that preference.

For these reasons, the ACCC does not consider that the issue raised by Inghams signifies a material change of circumstances since the authorisation was granted. Accordingly, the ACCC does not propose to initiate a review of the authorisation, at this time.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Tanya Hobbs on 02 6243 1029 or adjudication@accc.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Richard Chadwick', with a long horizontal line extending to the right.

Richard Chadwick
General Manager
Adjudication