

C.E.P.A does not want this
to happen to the Egg Industry.

Report points to poultry price fixing

By EDWARD BRUNETTI

The Prices Surveillance Authority believes there is price fixing in the poultry industry.

In a report just released on the table chicken industry, the authority says the industry is dominated by two companies, Amatil and Inghams Enterprises, and that as a consequence, companies controlled by them be declared persons who under section 21 of the Prices Surveillance Act are required to notify the authority of any price increases.

While not denying Amatil held a large share of the poultry market, a company spokesman said that even the PSA agreed the wholesale price of chicken had fallen in 1979.

The authority says almost 80 per cent of the dressed chicken market is supplied from large ver-

tically integrated operations run by the two companies and their affiliates and subsidiaries.

Other operators supply the remainder, but they rely almost entirely on the two major groups for their supply of day-old chickens for fattening.

The report says the current highly concentrated structure of the industry follows a series of acquisitions by Amatil and Inghams in recent years. Some of the acquisitions were examined by the Trade Practices Commission at their proposal stages.

In evidence to the authority, the TPC said that while it did not think it could sustain an action under the Act at the time of the acquisitions, it was monitoring the market and was confident Inghams and Amatil's subsidiary, Steggle's, would fall into the amended section 46 of the Trade Practices Act relating to monopolisation.

The two companies avoided TPC intervention by forming joint venture companies such as Golden Poultry in which they each owned half shares.

Under the unamended Trade Practices Act, the TPC could not add those shares to the companies' market shares when calculating their degree of market domination, as the joint ventures were not considered "related companies" under the Act.

Should the two companies breach the amended section 46 they will be prevented from using their market power to disadvantage the remaining independent producers.

The TPC said Amatil and Inghams "which trade through companies where there is considerable interconnection of ownership, are able to control the prices at which day old chicks are supplied to independent processors and at the

same time are competing against those processors in the market for the finished product".

Inghams and Amatil's position is enhanced by the relatively small size of their competitors.

Amatil wholly owns Steggle's Holdings, a holding company which incorporates wholly-owned integrated chicken subsidiaries as well as operating the New South Wales and Victorian "Big Rooster" fast food outlets. Table Talk Poultry Farms is a 50-50 joint venture of Amatil and Fielder Gillespie Davis. Golden Poultry is 49 per cent owned by Amatil, with Inghams owning the rest of the shares.

Inghams is a fully integrated chicken processing enterprise in its own right, covering all States except Western Australia and Tasmania. Golden Poultry operates in South Australia, Victoria, Western Australia and Tasmania.