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To whom it may concern

**Submission on NZTGA Authorisation Application - confidential**

- 1) [Redacted]
- 2) [Redacted]
- 3) As I understand it, NZTGA is seeking authorization to discuss and agree proposed [Redacted] rates for chicken growing, and other contractual terms, on behalf of growers in the collective. It is concerned that without authorization it will breach competition law in discussing or agreeing those terms with Tegel on behalf of growers.
- 4) The Commission will be best placed to form a view on what the association can do without authorization, but I understand that it can provide advice at a level that assists growers in negotiating with Tegel, including by providing information across the grower group, and using information disseminated by Tegel, and information it has from its members in an averaged or aggregated form, it can provide advice and make recommendations in relation to non-price terms, under the general provisions of the Commerce Act, as every other industry association does.
- 5) For my part, while I can see some benefit in smaller groups with aligned interests negotiating collectively on specific terms, I do not see the need for the association to agree price terms on behalf of all Tegel growers, and I am a little concerned about the negative effects of them doing that.
- 6) The starting point for all the grower negotiations is that we have existing agreements (FMAs) [Redacted].
- 7) [Redacted]
- 8) [Redacted]
- 9) I do not agree the contracts that are negotiated separately would be less simple than the ones negotiated by the TGA. Also, Tegel is a large company and has 75 growers to negotiate with, so it is very much in its interests in managing that number of contracts to have them structured as variations to the FMA [Redacted].
- 10) I know the Australian Competition Authority, the ACCC, has authorized collective bargaining by chicken growers for 10 years on a number of occasions in Australia, but I would be surprised if the backdrop against which that was given was growers already having contracts that were not

able to be terminated for at least **[Redacted]**. When individually negotiating, growers can rely on their existing contracts and keep them as a baseline **[Redacted]**.

11) **[Redacted]**

12) **[Redacted]**

13) From my perspective the NZTGA is not behaving the way you would expect, given the Commission's comment in the Draft Authorisation that amongst other reasons (which are redacted) the reason an agreement will be reached is: "[63.2] The parties are in a 'symbiotic relationship': the growers are vested in Tegel's financial wellbeing and vice versa."

14) The Commission noted its view that the probability that Tegel would not participate in collective negotiations is so low that this could be excluded as a possibility [65]. I agree Tegel will negotiate in good faith with the NZTGA if it gets an authorization, as it always has done. But that does not mean it will reach an agreement, which as I understand it, is what needs to happen for the benefits claimed to arise.

15) **[Redacted]**.

16) In that context I do not understand is how it can be said that an assessment of the benefits of collective negotiation can be made now, for the next decade. All the matters that affect the negotiation power of Tegel versus the growers and create different conditions against which contracts need to be negotiated (including the ones set out at [68] in the Draft Authorisation) are extremely uncertain. Locking in the authorization proposed in the Draft Authorisation, for a decade, effectively is setting NZTGA up to guarantee continuation of the **[Redacted]** grower's current lifestyle and income for a decade, regardless of what it costs the company to continue to support that grower.

17) The exercise does not come without cost, either. **[Redacted]**.

18) **[Redacted]**.

19) I understand that Tegel in its submission on the Draft Authorisation suggested that the Commission specifically authorize collective bargaining for a year **[Redacted]**. But it concerns me if the authorization is open-ended and lasts for a decade, because that will likely lock in the behaviors and attitudes I have seen from the NZTGA which to me appear hard line and benefit only the **[Redacted]** growers, at the expense of all growers, and also at the expense of the company's ability to become more efficient and productive over what is a very long period of time.

20) **[Redacted]**.

21) I ask for confidentiality for this submission because it is likely to be prejudicial to my position with the NZTGA if it is shared, **[Redacted]**.

Yours sincerely

**[Redacted]**

[Confidential Attachment: **[Redacted]**]