

DRAFT LETTER:

13th November 1980

Mr M. Jackman, Secretary
Commercial Egg Producers Association of Victoria
South Bendigo Branch
Symonds Street
GOLDEN SQUARE 3555

Dear Mr Jackman:

Thank you for your letter of 12th November outlining points of concern to your members in relation to the industry.

The Board is aware of the recent significant rises in the price of feed and is watching the situation very closely. It should be remembered that the Board has previously announced that any increases in the price of eggs which are necessary to cover increased production costs will be made in March or April each year so that the egg prices reflect the premium for Winter egg production and that egg production is not encouraged in the Spring or Summer.

The one cent per dozen increase in grading charge for eggs in cases is in effect a lower grading charge for eggs consigned on trolleys because the grading deduction on trollyed eggs will not be increased for at least the first six months of 1981. This means that the grading deduction of 7 cents for eggs on trollies will have remained constant for twelve months against a background where wage rates for Storemen & Packers have increased at the rate of more than 10% per annum (including the recent award of \$8 per week work value, effective 15th November 1980).

The 7 cents per dozen packing material charge was introduced in June 1980 and at the same time the producer price was increased by the same amount so that the net effect to the producer was nil. This specific deduction was made to highlight the cost of packing material when eggs or egg products are packaged for the local or export market. The packing material charge does not relate to the container use by the producer who consigns eggs to the grading floor, but covers the cost of one dozen cartons, outer boxes and pulp tins used when eggs or egg products are sold.

The Board believes that the problems associated with over quota hens at the time of the recent Spring quota cut have been satisfactorily solved. Producers who were over quota in September have made a voluntary contribution to Board funds to offset the cost of their surplus egg production. There are no producers with over quota hens at the present time and the Board does not foresee this as a potential future problem.

The problems which have occurred with the broiler industry have led to broiler breeder eggs surplus to hatching requirements being delivered to the Board. Although the figure is difficult to calculate accurately, the Board estimates that approximately 10,000 dozen per week have been consigned to the Board from the broiler industry during the past three months.

Of the hen levy which was collected for equalisation purposes during 1979/80 26 cents per hen or \$665277 was refunded to producers early in September. The balance of the hen levies collected have been used to cover losses associated with disposal of surplus egg production. These losses were much higher than anticipated due to:-

- (a) The declining value of the Yen against the Australian Dollar during the year.
- (b) Significantly higher packing material costs for egg products sold overseas.
- (c) Higher manufacturing costs per kg produced because of the low volume of products manufactured.

The net effect of these three factors was that costs associated with the disposing of surplus exceeded income by 3.71 cents per dozen before allowing anything for the value of the eggs. In 1979/80 the Board paid producers an average price of 81.53 ¢/dozen.

A.T. HARRISON
General Manager