



7th April, 1983.

Mr. K. Fitzgibbon,
Secretary,
Commercial Egg Producers Association,
Stanley Street,
BENDIGO, 3550.

Dear Sir,

Following our recent discussions regarding an increase in the allowance for grading, we suggest that a sliding scale be introduced rather than a flat increase across the board. The true cost of grading is then reflected in the grading charge, rather than the bigger consignments subsidising the smaller ones.

We anticipate the increases to vary according to the following consignment sizes.

DOZEN		CENTS PER DOZEN INCREASE IN SERVICE FEE
1440 + Over	4 trolleys and above	NIL
1080 - 1439	3 trolleys and above	.1
720 - 1079	2 trolleys and above	.2
541 - 719	18 - 23 cases	.3
361 - 540	12 - 18 cases	.4
121 - 360	4 - 12 cases	.6
0 - 120	Less than 4 cases	1.0

Our case relating to the need for an increase has been put forward on several occasions. We feel that the above system will offset some of the increases that we have incurred since November 1981!

Our need is for an increase of 0.88 cents per dozen, and because of the repeated requests for sympathetic consideration by producers, we shall implement a partial change now, and consider the rest in six months time on October 1st.

*agreement reached
grading in Bendigo area*

EGG COMPANY

Authorised Agent Egg and
Egg Pulp Marketing Board



Garsed Street Bendigo
Victoria 3550
Post Office Box 4
Phone (054) 431911

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We believe this system is better than any considered to date, as it is fairer, and reflects where the costs lie. We do not intend to apply such scale adjustments on a producer who splits his consignments for testing reasons, and hence has smaller consignments.

We have ordered and now received our new grading machine, in line with the "agreement" we had with producers last year. It is vital that the whole of the intake currently received at our floor remain at least at 5.5 million dozens per annum for this machine to produce the cost offsets expected.

We invite any producers to come in and see our new machine at any time. It is the latest of its type in the world, and we are very pleased with it so far.

We await your comments on the above sliding scale remuneration system.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'R. A. Guy', is written over the typed name.

R. A. Guy,
Managing Director.



No 853

28th March, 1983

Primary Industry Newsletter

Incorporating
**Rural
Australia**

Editor: KENNETH RANDALL

INDUSTRY ASSISTANCE IS A GAME WITH NEW RULES FOR RURAL SECTOR, SAYS MINISTER

Primary Industry Minister John Kerin warned rural organisations last week that their requests for assistance might have to be based more narrowly in future. Instead of thinking automatically of industry-wide schemes, the organisations might have to think about segments and the plight of individuals. Mr Kerin, in an address to the Victorian branch of the Agricultural Economics Society, left no doubt that primary industry would feel the pinch caused by the looming deficit as severely as any other sector of the economy. He said that on one day recently rural industry groups had put to him requests totalling \$200m to solve immediate problems. "In the situation of an enormous Budget deficit and pressing industry demands, what is required is a greater emphasis on targeting assistance to better meet both welfare and resource retention objectives," said the Minister. He considered the present drought relief measures did meet both objectives. But he added: "Given the current economic situation, requests for assistance to be directed at an industry as a whole need to be seriously scrutinised and the justification firmly established. This must influence the approach of primary industry organisations, as well as bureaucrats, to industry problems." The Department of Primary Industry, he said, had a role in helping the industry organisations adjust to the new rules in the assistance game -- "even if the new rules are only to be temporary".

CONSUMER FEDERATION TAKES ON EGG PRODUCERS OVER TRADE PRACTICES ACT EXEMPTION

AFCO, the Australian Federation of Consumer Organisations, has launched itself on a much more aggressive line than previously, with the egg industry one of its early targets. A new executive which took charge of AFCO last year installed a new director, Dr John Braithwaite, and abandoned the conservative approach of the organisation's first decade. Its foray into the egg industry is the biggest exercise of the new regime but more are to come. AFCO has made a submission to the Government opposing an application on behalf of the various egg marketing boards, by the Council of Egg Marketing Authorities for exemption from Part IV of the Trade Practices Act (under s172(2) of the Act). Similar exemptions are used by a number of primary producer organisations engaged in what amounts to monopoly-type practices and price-fixing in domestic marketing. A decision ultimately will have to be made by Cabinet. The review of CEMA's current exemption is one of several in progress at present and the outcome will be seen as an important pointer to the general attitude of the new Government to what had come to be regarded as near automatic approval.

PRICES COULD BE HALVED, CLAIMS AFCO: Dr Braithwaite said last week that Australians were paying twice as much for eggs as Americans and Canadians, despite similar costs of production. This indicated that deregulation of egg marketing could cut prices in half. "Egg prices in Australia are generally set by producer-dominated State marketing boards, which are ripping off consumers," he said. Dr Braithwaite said the Commonwealth Government could break up the egg price-fixing cartels by simply refusing the application for exemption from the TPA. Deregulation could result in massive savings for consumers, which could be repeated for many primary products. He suggested

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at the coming economic summit meeting should order the production of a series of papers on different areas of deregulation. "Many of our fundamental economic ills," he said, "have arisen from pandering to sectoral economic interests at the expense of the broader interests of all consumers." AFCO has been given observer status at the Summit.

QUOTA CONTROLS MISALLOCATE RESOURCES, SUBMISSION SAYS: AFCO's submission to the Government criticises the effects on consumer prices of the egg industry equalisation scheme, made necessary by over-production. It quotes the Victorian board as calculating that 2.5 percent over-production means an extra 2.5¢ dozen on the domestic price of eggs, and 12 percent excess production represents 10.6¢ dozen. The submission says, however, that the prices paid to producers are appreciably higher than is necessary to balance the total production and consumption of eggs, partly because of the producer domination of various boards. In turn, the level of prices continues to encourage excess production. The quota system, introduced to counter this, has distorted resource allocation, according to AFCO. Whereas an ordinary egg-laying hen could be bought for \$3-\$4, a quota holder costs \$10-\$15. The quota system has made it far more costly to go into production or expand an existing farm. But the root cause of the problem, says the submission, is lack of competition and the high producer prices.