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25th August, 1986.

The Hon. Evan Walker, M.L.C.,
Minister of Agriculture and Rural Affairs,
P.O. Box 500,
EAST MELBOURNE. 3002

Dear Mr. Walker,

I am writing on behalf of our Association to protest against the Prices Commissioner's Report on Victoria Egg Prices, August, 1986.

We feel that Professor Allan Fels was unreasonably harsh in defining an efficient egg producer. The model efficient egg producing farm he suggests is a 20,000 bird, controlled environment farm. There are only 2 or 3 farms in Victoria that he would claim to be efficient. This type of housing does not meet with the approval of the Animal Liberation Movement.

We believe the report is biased and goes against Labour Party policy to support the family farm. Instead of an egg price inquiry, it has developed into an industry restructure which is not practical at this point in time. Especially not over a 12 month period.

Any cost of production should include all the costs involved in the production of eggs including, land, hen quota, and farm house for security which is not included in the model farm. Interest on capital invested of 6.3% is too low, when some of our members are paying 17.5%. The risk of 3% is unrealistic.

The big mistake in Professor Fels model farm is in the sale of eggs: 20,000 hens laying 252.25 eggs each * 420,417 dozen annually @ \$1.14 per dozen = \$479,275. While he allows 10% mortality in the sale of spent hens, there is no allowance for mortality in egg sales. This equals 1,000 hens out of production annually.

Professor Fels used figures from The Random Sample test; this test is not involved in the 15% summer quota cut for 7 months from 1st August to 1st March. This equals 3,000 hens out of production for 7 months. Last year egg producers took a 3% quota cut on all hens over 2,000, this equals 540 hens not producing. These are facts that apply to egg producers in Victoria and must be considered.

While Professor Fels proved his figures several ways, some were on assumptions; one being that quota price reflects the profitability in eggs, the other was comparing egg prices in neighbouring States.

There is no mention of egg prices in South Australia who have prices above ours and no mention that in May, 1986 New South Wales prices were only 5 cents cheaper and they dropped the price to meet the rebel farmers price.

We could not see any deduction for hen levy payments; last year the levy was \$1.30 per hen or \$26,000 on the model farm, less allowance for quota cuts.

We believe the Government and the Egg Board were too quick to accept the report.

We will endeavour to meet with the Labour Party Rural Committee to discuss the future of the egg industry.

Yours sincerely,

K. Fitzgibbon,
SECRETARY

Copies sent to
David Kennedy,
Public Bodies Review Unit
J. Cain, Premier of Vic
R. Robins.