

EGG FARMERS OF VICTORIA

The Victorian Egg Marketing Board trading as Egg Farmers of Victoria



TO : VICTORIAN PRODUCER ORGANIZATIONS

FROM : ALAN HARRISON
GENERAL MANAGER
VICTORIAN EGG MARKETING BOARD

DATE : 9TH OCTOBER, 1987

C.C. : ALL STATE GENERAL MANAGERS
: HUGH MCMASTER - A.C.E.P.
K. BAXTER - MANAGING DIRECTOR,
N.S.W. EGG CORPORATION
R. EVANS - PARAFIELD POULTRY RESEARCH CENTRE

Both the Victorian and New South Wales' Ministers of Agriculture have announced the formation of a Joint Company initially wholly owned by the New South Wales Egg Corporation and The Victorian Egg Marketing Board, to handle the manufacture and marketing of egg products in Australia and overseas (copies of the Press Statements are attached). The new company, Good Food Products Australia Pty. Ltd. will also consider the possibility of marketing a premium brand of shell eggs within the orderly marketing system in New South Wales and Victoria although no final decision has yet been made.

The Tasmanian Egg Board has also decided to join the new company and South Australia has also expressed interest.

The comments in the Press (typified by the attached article from the Age) which go further than the above facts, are speculative.

THE VICTORIAN EGG MARKETING BOARD

ALAN HARRISON
General Manager

news release

Statement by the Minister for Agriculture and Rural Affairs

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8th October 1987.

VICTORIAN AND NSW GOVERNMENTS FORM JOINT COMPANY

The Victorian and NSW Governments are to form a joint company — Good Food Products Pty Ltd — to sell eggs and egg based products on national and international markets.

The company will compete against commercial rivals in the market place and is expected to capture a \$50 million share in its first full year of operation.

Agriculture and Rural Affairs Minister, Evan Walker, announced the joint venture today while attending the Elmore Field Days, north of Bendigo. A similar announcement was made in Sydney by NSW Agriculture Minister, Jack Hallam.

"One of the first priorities will be the marketing of a premium brand of eggs," Mr Walker said.

"We expect the Good Food Products company to eventually turnover about \$200 million a year."

Mr Walker said rationalisation between the two State egg marketing authorities would mean lower operating costs and eventually, lower prices to consumers.

"The Victorian Egg Marketing Board and the NSW Egg Corporation recognise that changes had to be made to reduce manufacturing and distribution costs within Australia and on export markets."

He said the more efficient operations would also bring long term benefits to producers.

"Traditionally, as with the Dairy Industry, the authorities have often been at loggerheads."

"They are to be congratulated for overcoming 50 years of interstate rivalry to achieve a joint venture. It is a major and historic step for them, and for Australian primary industry."

The decision will see the two authorities merge their Manufactured Products Divisions to form a wholly owned subsidiary company.

"Negotiations are underway to lease egg products manufacturing plant to the company, and ensure that the interests of smaller producers and employees are protected in the transition stages," Mr Walker said.

He said South Australia and Tasmania were expected to become shareholders in the venture later this year, and other state egg marketing authorities may also wish to join the company.

At present New South Wales and Victoria supply about 70% of Australia's egg product market.

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Eggs

*Ed. Allenbury
Snr. Exec.*



Minister for Agriculture, Lands and Forests
New South Wales

PRESS STATEMENT

For simultaneous release by the Hon. J.R. Hallam, Minister for Agriculture, Lands and Forests - New South Wales and the Hon. E. Walker, Minister for Agriculture and Rural Affairs - Victoria

The N.S.W. Egg Corporation and the Victorian Egg Marketing Board have made an historic decision to merge their Manufactured Product Divisions through the formation of a wholly owned subsidiary - Good Food Products Australia Pty. Ltd.

The Hon. J.R. Hallam, Minister for Agriculture, Lands and Forests announced this in Sydney today (with his colleague the Hon. Evan Walker, Minister for Agriculture and Rural Affairs making the announcement in Victoria).

The decision to merge and move the operations under a corporate, rather than a statutory umbrella is a major and historic step in both Australian primary industry and the structure of statutory authorities. (The restructure of the N.S.W. Egg Corporation and the Victorian Egg Marketing Board in 1983 and 1984 respectively has made this progress possible.)

The two Statutory Authorities are aiming to operate the company on a strictly commercial basis as a corporate structure for the manufacture and marketing of all egg products both Nationally and to export markets and to promote and market special shell egg brands.

An early priority for Good Food Products Australia Pty. Ltd. will be to market a premium brand of shell eggs.

The combined turnover in egg products by the two Authorities on the National and overseas market is currently \$30 million and the special shell egg brands to be marketed are expected to lift turnover to over \$50 million in the first full year of the operation of the Company.

There is clearly considerable rationalisation possible between the two States and this will lead to a reduction in operating costs and long-term benefits to both consumers and producers.

Negotiations are currently underway between the two Authorities for the initial leasing of the egg products manufacturing plant to the new Company and to ensure that the interests of smaller producers and employees of the existing operations are adequately protected in the transition stages.

The two Authorities have indicated that other State Egg Marketing Authorities may join and South Australia and Tasmania are expected to become shareholders this year. While New South Wales and Victoria jointly supply about 70% of Australia's egg product market there is still potential for competition from other State Egg Marketing Authorities, said Mr. Hallam.

This joint venture between the two States is all the more historic because the task has not been a simple one. The complex legislative arrangements which surround many primary

industries in this country have been a major obstacle but both Boards recognised that changes had to be made to reduce egg product manufacturing and distribution costs both in Australia and in export markets.

Traditionally, as with the Dairy Industry, the Victorian and N.S.W. Egg Marketing Authorities have often been at loggerheads. The result has been a less efficient product marketing operation and a concentration on interstate rivalries instead of working together to expand the National and export egg product markets.

The two authorities are to be congratulated for steering a successful course through the traditional interstate rivalries of the past 50 years and achieving a successful joint operation.

JL ACK 9/19/87

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Mr
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as he was closing up his auto-parts store in Clayton. The bullet lodged near his spine and he spent more than a week in hospital.

ighting and the use of the weekly newsletter to inform other franchisees about the registration numbers of cars and descriptions of

wave of robberies, the pizza chain had dramatically increased security at its stores.

IEDY

States agree on scheme to rationalise egg marketing

By ROD FRAIL,
Sydney

The public could be speculating in egg shares within 18 months under a radical plan announced yesterday by the Victorian and New South Wales governments to merge their egg-marketing bodies and ultimately list the new company on the stock exchange.

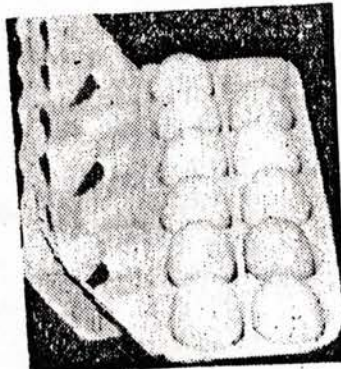
The company, which would eventually have a turnover of \$230 million, will be privatised, with egg producers and later the public being able to take shares in it.

With the conflict between the two states' dairying industries still smouldering, officials said the new egg body would reduce the amount of regulation and allow for orderly marketing across the border, with no distinction between Victorian and NSW eggs.

While they would not promise consumers an immediate drop in prices yesterday, the officials said the new structure would end considerable duplication in research and production, which added to costs, and would mean the price of eggs would be more sensitive to supply and demand.

The first step in the scheme, announced yesterday by the Victorian Minister for Agriculture, Mr Walker, and his NSW counterpart, Mr Hallam, is for the Victorian Egg Marketing Board and the NSW Egg Corporation to merge their manufactured products divisions to form a wholly owned subsidiary called Good Food Products Australia Pty Ltd.

The company will have a corporate structure and will manu-



Eggs: unscrambling regulations and marketing practices.

facture for the local market (about 70 per cent of production), and for the export market, which it is hoped will increase from \$15 million to \$60 million in four years.

The second step in the scheme is to turn the corporation into an unlisted public company with shares being issued to producers who now hold valuable hen quotas.

The final step, now under consideration, is to turn the company into a fully listed public company whose shares would be tradeable on Australian stock exchanges. The changes would take about 18 months to complete.

Mr Hallam said the historic agreement, the result of 12 months of negotiations, was a practical example of Labor governments' commitment to less regulation and intervention in areas where there was no need for government financial support.

"It is not like the empty words of the Opposition, who dogmati-

cally calls for deregulation or privatisation without saying where or how it should happen," he said.

However, it will not be easy separating the two egg boards from complex state and federal laws. The two governments have hired high-powered financial and legal advisers to help with the second and third stages.

NSW has hired the new investment bank, Whitlam Turnbull and Co Ltd, of which the former NSW premier, Mr Neville Wran, is a director. Victoria is being advised by the chartered accountants Deloitte Haskins and Sells. A former federal Liberal minister, Mr Bob ENicot, QC, has been giving legal advice.

Until now, egg production has been tightly controlled in both states, with every egg produced being vested in the two authorities. Eventually, anybody will be able to produce eggs, although only those with contracts with the new company, which will include those with existing hen quotas, will get a guaranteed price. Others will have to sell their eggs on the spot market.

Mr Hallam admitted that in past years the two state authorities had ruffled each other's feathers with interstate trade and price wars similar to the conflict in the milk industry. "If a similar program could be introduced for the dairy industry then it should not be rejected," he said.

The two governments have yet to decide if they will retain a share in the company. Shareholdings would probably be limited to prevent a rush by big producers for control of the company.

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