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21st October, 1987.

Mr. David Ali,
Secretary,
Public Bodies Review Committee,
2nd Floor, "Treasury Gate"
1-15 Little Collins Street,
MELBOURNE. 3000

Dear Mr. Ali,

Thank you for your letter of the 14th inst., re the Final Hearing in relation to the Egg Industry.

I wish to submit copies of letters our Association has sent to the Minister for Agriculture and Rural Affairs, Professor Fels and the Egg Farmers of Victoria which we feel would support our Association's case re your Inquiry.

In concluding we strongly maintain that the Egg Board and the Quota System should remain but the make up of the Board needs to be reviewed.

Yours sincerely,

K. Fitzgibbon,
SECRETARY

Mr. Evan Walker,
Minister for Agriculture & Rural Affairs,

The Commercial Egg Producers' Association submission to
the Minister in Bendigo on 16th October, 1987.

Dear Sir,

The Commercial Egg producers' Association are concerned over the time the Inquiry into The Victorian Egg Marketing Board by the Public Bodies Review Committee has taken. This Inquiry has been in progress for over 2 years and has put a tremendous strain on the egg industry and the Egg Board.

Some of the early submissions are no longer relevant and a lot of people have had to up date their submissions. The Egg Board has also made many changes in this 2 year period.

Some of these changes being:-

- (1) Producer Agents and distributors are now allowed to compete for shops (not supermarkets), this has caused price cutting at times.
- (2) Egg Producers who pay all the Board Levies on the quota hen are now allowed to sell eggs at the farm.
- (3) Keysborough Grading Floor has been listed as the only designated floor for all Victoria. We have protested that this is a penalty for producing eggs in the country areas as we have to pay cartage to Keysborough.
- (4) The Egg Board introduced the 3 grades of eggs for shops.
- (5) Free range eggs and brown eggs are now available in shops.

(6) The Egg Board has taken over Tom Neylon's floor at Thomastown.

(7) We have seen the hen quota system extended to allow eggs to be exported to Japan.

A circular to producers on the 23rd September, 1987 expresses the pressure the Board is experiencing, we see the Board applying to The Public Bodies Review Committee that permits be issued for hens to produce eggs for local products. (A copy of the circular is attached.)

We didn't approve of the recommendation where all producers have to take a 5% cut in their standard hen quota, and have to apply for a 5% quota to produce eggs for products at a loss, (price about 80c per dozen).

Producers who send eggs to approved grading floors for grading already contribute 5% of their eggs for products and only receive 42c per dozen. There is no guarantee that eggs produced under the proposed products quota would go into products.

We would like to comment on the submission put to The Public Bodies Review Committee by Colla Bros. of Meredith. There are 10 members in the family who run the farm. It is the most modern farm in Victoria. They have built controlled environment fully automated sheds with 3 bird cages, but they only have one bird in each cage.

The family run 80,000 hens and make startling claims as to their production figures which we don't argue with. What they failed to mention was the cost of the installation of plant and shedding for 3 bird controlled and automated shed is \$26.00 per hen, as they choose to run only one hen per cage, the cost per hen for shed and plant only would be about \$80.00 per hen; multiply by 80,000 = \$6,400,00.

Regarding The Prices Commissioner's report on Victorian Egg Prices

We have enclosed a copy of our submission to Professor Fels and an upgraded balance sheet that proves that even Prof. Fels' model farm is not viable on today's prices. The idea of Prof. Fels fixing egg prices for 14 months without a review is unsatisfactory.

Regarding N.S.W. egg prices.

Their Board has budgeted for a 10c per dozen increase in price this year. It is difficult to compare Victoria and N.S.W. egg prices when our grades are larger. For instance in Victoria our 61 and 62 gram eggs go into the medium range, where as in N.S.W. they are in the top grade. This may sound trifling but the difference in price between medium and large at this time is 18c per dozen. This can make a big difference to producer's returns, especially producers with larger egg laying strains.

Regarding the future of Crystal Egg Grading Floor.

We believe that if all Bendigo eggs could be distributed in the North of Melbourne, Crystal could improve their financial position. They could benefit from the selling commission of around \$22.00 per trolley. With the closing of Tom Neylon's grading operation this should be possible. At the moment about 2/3 of our eggs are distributed in the North of Melbourne. This could also cut the cost of cartage which producers have to pay to deliver the balance of their eggs to Keysborough.

UPDATED FIGURES ON PROFESSOR FELS' MODEL FARM
20,000 BIRD CONTROLLED ENVIRONMENT

<u>EXPENDITURE</u>		<u>RECEIPTS</u>	
*Plant & Equipment	\$632,000		
Land	\$ 75,000		
Total Investment	<u>\$707,000</u>		
Interest @ 15%	\$106,050	*Eggs 420,417 dozen	
*Feed	\$168,210	@ \$1.02	\$428,825
*Labour	\$ 39,204		
*Cash costs	\$ 29,840	*Spent hens	\$ 5,040
*Depreciation	\$ 39,168		
*18 week Pullets	\$ 86,000		
Total Expenditure	<u>\$468,472</u>	Total Income	<u>\$433,865</u>

These figures prove the model farm is not viable -

Expenditure	\$468,472		
Income	\$433,865		
	<u>\$34,607</u>	down 8.23c per dozen.	

* indicates figures taken from Professor Fels' report and are 14 months old.