

THE COMMERCIAL EGG PRODUCERS' ASSOCIATION OF VICTORIA  
CENTRAL COUNCIL

BRANCHES:-

BENDIGO  
SOUTH BENDIGO  
WEDDERBURN  
MURRABIT  
EUROA

SECRETARY

Mr. K. Fitzgibbon,  
Strathfieldsaye Rd.,  
STRATHFIELDSAYE, 3551

Telephone 054395316

18th June, 1987.

Professor Allan Fels,  
Prices Commissioner,  
228 Victoria Parade,  
EAST MELBOURNE, 3002

Dear Professor Fels,

Thank you for the opportunity to forward this submission.

Our Association is represented on The Egg Action Committee and we support their submission and their cost of production figures which we believe to be more accurate than the figures used to assess the profitability of the egg industry last year. We think the Minister's criteria for the enquiry was reasonable, but think it is wrong for one man to make the decision as to who is an efficient producer.

The 20,000 bird controlled environment model farm is far too high. There are only 6 or 7% of Victorian laying hens kept under this system and to make this the efficient model suggests that more than 90% of Victorian egg farms are inefficient. It could have been fairer if the Minister had suggested an average producer or farm, this would have been much easier to assess, rather than have the efficiency level raised as reports continue.

Other discrepancies in the report are:-

- \* No consideration for value of land.
- \* Only 1/2 farm value considered for interest.
- \* No allowance for working capital.
- \* Money is not available at suggested 6.3%.
- \* No time allowed for shed cleanout.
- \* 18 week old pullets are not layers.
- \* The model farm worth around \$750,000 with stock would be out of production for about 2 months.

- \* No allowance for Summer quota cutback.
- \* No Commonwealth hen levy payments.
- \* Number of hours of labour estimated to run model farm too low. To employ a labourer at \$6.04 per hour to run a 3/4 of a million dollar project would be false economy. The skilled labourer required would cost from \$10 to 12 per hour.
- \* The Random Sample Test is now a selected test as not all eggs are collected from nests on fertile egg farms. These birds are of a higher standard to what are available to egg producers. This test should not be used as the main source for production figures.
- \* There is no allowance for goodwill when revaluing farms that have been sold.
- \* The price of eggs in N.S.W. has increased to where they are slightly higher than ours.

With so many of these items suspect, we think the base figures used in The Action Committee cost of production report are more accurate. It is wrong that Victorian Egg Producers should be penalised on false figures for 12 months and we will continue to be penalised until we get the base figures correct. The 12 cents per dozen drop in price did not increase shell egg sales and not all stores held the price down, especially on the large grade.

The Effects of the 12c per dozen price reduction:

One farm in Bendigo has sold quota of 20,000 birds, he has decided to concentrate on his meat chicken business. Other farmers have invested in the chicken meat industry to help keep their farm viable. A farmer at Wedderburn with quota of 2,800 has been forced to sell his farm. A farmer at Murrabit with quota of 7,000 has been trying to sell his farm for 3 years without much interest being shown, which proves that poultry farming is a far from attractive business to invest in.

Other farmers in the Euroa and Bendigo areas are considering selling their farms because of their reduction in income. These farmers have indicated to me that they have had to dismiss their casual labourers, and work longer hours themselves to make do.

I have been told that some of the larger farms in the Metropolitan area are in financial trouble also, which shows that the 12 cents per dozen drop has affected farms of all sizes.

There certainly has been little change in the type of housing in the industry in the last 12 months because of a very tight situation.

Cost Increases to Farmers since August, 1986.

S.E.C. Charges have increased 9.5% with a further increase of 4.9 % predicted in July or August this year.

Wages. There has been a \$10.00 a week increase in wages across the board with workers gaining other privileges as well.

Feed. One of the major costs on a poultry farm has risen also since August, 1986.

All prepared feeds increased \$5.00 per tonne on 1st June, 1987.

Home mixers have also been affected by these changes.

Meatmeal up \$30 - \$40 per tonne in June.

Lucerne Meal up \$20 per tonne.

Pollard up \$10 per tonne.

Denkavit which a lot of poultry farms use for rearing calves as a sideline has increased \$300 per tonne.

Egg Yolk Colour up \$10 per 5 Kilo container.

Egg Washing Powder up \$5 per 10 Kilo container.

Salt up \$15 per tonne.

Soya Bean Meal up \$40 - \$50 per tonne.

Drugs Amprolmix up \$10 per 2 litre container.

Piperazine de-wormer up \$2 for 500 grams.

Methionine Lysine up \$12 per 25Kg bag.

These figures obtained from C.E.P.A. Co-op. store in Bendigo should show you that farmers who were making a reasonable living before August, 1986 are under sever pressure to stay viable. Egg Board figures have shown a marked decline in registered producers from 427 in August, 1986 to 396 in May, 1987.

Producers have to work 7 days a week and we believe we deserve a reasonable return for our efforts.

Representatives of our Association would like to meet with you for further discussion on our submission when convenient.

I trust you will give this submission a great deal of thought and consideration, you have the future of 396 families in your hands.

Yours sincerely,

K. Fitzgibbon,  
SECRETARY.

*Send copies to R. Robins + 5 Branches*