

SUMMARY of PRODUCER MEETING held at CRYSTAL EGG
7 p.m. WEDNESDAY JULY 6, 1988

PRESENT: Richard Guy, Wayne Boschetti, Tom Evans, Rob Boxshall
and some 30 producers

Richard Guy declared the meeting open and welcomed the very large gathering. It was noted that this was the largest number of producers to ever assemble at a Crystal meeting, and reflected the concern of all producers at the low returns in the industry.

(1) Washing Machine Update

RG advised that the arrival of the machine was expected on August 15. He explained that the cost of installation, new gas lines, provision of boilers and additional plumbing was in the region of \$30,000 and would be met by Crystal Egg, as well as operational costs, with the washer itself being provided by the Board. Producer costs would be 0.2c. per dozen, as their part of the tripartite agreement.

(2) Intake of Ungraded Bendigo Eggs

RG tabled intake figures which revealed that during the financial year just ended 5,287,900 dozen eggs were received for grading at Crystal. This compared with the intake over the past five years which had proved relatively constant, despite the loss of the Hazeldene farm. He explained that there was a possibility that the Fantasy Farm at Bridgewater could be acquired by a person who needed the grading services of Crystal. This would assist greatly with throughput and could lead to a reduction in service fees for everyone.

(3) Public Bodies Review Committee (PBRC) Implications

(i) Vesting RG reported that the vesting provisions of the Board were to be retained by the Government despite the PBRC Recommendation to the contrary. This decision proved the effectiveness of industry lobbying and must be welcomed by egg producers.

(ii) Quotas The farm limit of 40,000 hens was to be raised to 80,000 hens, and leasing of quota would be permissible.

(iii) Board Funding See attached letter from Mr. A. Harrison.

(iv) Producer Access to Retail Market The Melbourne retail market was to be opened up to producers who wish to deliver trolleys to Melbourne supermarkets (see Point 4 below). This will be done by franchise agreement from the Board.

(v) Grading Some deregulation of grading will be permitted to enable one producer to grade another producer's eggs. RG commented that Crystal would be opposing this for the Bendigo region, and added it could be useful for the industry in certain circumstances. The legislation had to be examined to see how it would apply. He stressed the need for the grading floor's intake to be held at least at current levels.

(vi) 50 Hen Limit The 20 hen limit for a farm needing quota was to be raised to 50 hens despite the PBRC Recommendation for 500 hens. It was agreed that this was a political compromise and the Government did not understand the situation. It was agreed that a large part of the egg market in country regions could be taken over by eggs from farms with 50 hens or less, as clearly these

farms would produce more eggs than the family of that farm could consume. This will be detrimental to quality and commercial egg producers' ability to sell their eggs.

(vii) Board Composition The PBRC Recommendation had been accepted and the Board numbers are to be increased to seven with the inclusion of an employee representative. It was noted that Mr. Nugent Smith had retired and had been replaced by a Dr. David McKinna. It was thought that as the Board for 1988/89 had not yet been announced, it may be announced simultaneously with the new Bill, when the qualifications of Board Members would be defined. It was suggested, however, that there was a great need for a producer member north of the Divide and that the industry in Bendigo should team together more to achieve this. Such inclusion would guarantee local producers more information about industry matters.

(viii) Pricing It was noted that the Board would continue to set prices, but that now such new prices would need to be vetted by a Prices Committee before implementation.

RG tabled a graph showing the average gross returns paid to producers in the Bendigo region since January. It highlighted the very low returns in the earlier part of 1988 and showed the increases when price adjustments were made. The Board Chairman's note of June 23 was read out which explained the recent 4c. per dozen reduction in the price of eggs. This was the net result of reducing the price of eggs to take back the effect of the change to 6 gram differentials (it was 7 grams between grades), after making allowances for the .5c a dozen grading increase, a rise in packing material and recent increases in feed costs.

(4) Distribution into Melbourne

RG announced that Crystal had secured 41 supermarkets in the north western part of Melbourne which required approx. 150 trolleys a week. The cartage contractor had been appointed and the new system would commence on July 25. Whilst costing an extra half cent a dozen in distribution costs, it was felt that the price negotiated was a good one and certainly much less than the \$20 per trolley price paid in Sydney. It was also noted that should eggs from Fantasy Farm come to Crystal, the equivalent Melbourne market would be made available to accommodate them.

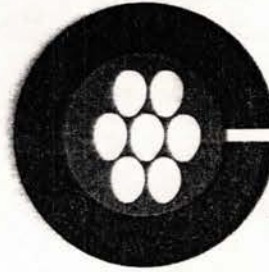
(5) Grading Fee Increase

RG explained that the half cent a dozen increase in grading announced by the Board and agreed to by Crystal would raise \$25,000 per annum. This will be more than absorbed with the National Wage Rise currently being negotiated at 6%, the Second Tier Productivity Rise of 4% and the implementation of a superannuation fund. He further added that this was the first increase since December 1984 and that the Board had made allowance for this in its recent price adjustment.

CONCLUSION: It was agreed that the meeting had been beneficial to all who attended and that it be held each three months in future. It was requested that the Minutes be printed and sent to all producers with their next fortnightly cheque. Richard Guy declared the meeting closed at 10.15 p.m., thanked everyone for their attendance, and invited them to partake of some supper. (The last stragglers left at 11.15 p.m.!))

CRYSTAL EGG COMPANY

Authorised Agent
Victorian Egg
Marketing Board



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RAG:gp:CEG
July 7, 1988

Mr. Alan Harrison,
Egg Farmers of Victoria,
FAX: *02

Dear Alan,

Following a meeting with producers at Crystal Egg last night, there are four issues upon which we have been asked to seek clarification. Your early attention to this would be much appreciated, and the information will be sent to all producers in the Bendigo franchise area.

(1) The Minister's Statement on May 4 states in part, "The Board will finance its operation from charges for services provided to producers whose eggs it handles. This means that the operations of the Board will not of course be subsidised by general industry levies on producers who do not use its services."

Producers in Bendigo are most concerned about the interpretation of the above. Does this mean that large metropolitan PA's who will soon have access into supermarkets for their eggs will avoid paying any Board levies, which must therefore be met by other producers, e.g. Bendigo producers? Could you enlarge on who pays for advertising, Board administration costs, product manufacture subsidy etc.?

(2) Are egg products for Victorian markets being produced in Sydney under the Good Foods Australia Pty. Ltd. label and thereby contributing to loss of sales and the very large quota cut?

(3) The Prices Commissioner quoted net return to producers of 114c. a dozen whilst at the same time local producers receive only 90c. Could you please give details why there is a very large disparity between these two figures and reasons for them?

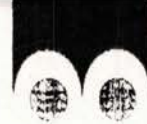
(4) Could you confirm that Board appointments for 1988/89 are the same as for 1987/88 with the exception of Dr. David McKinna replacing Nugent Smith?

Yours sincerely,

RICHARD A. GUY
Managing Director

EGG FARMERS OF VICTORIA

The Victorian Egg Marketing Board trading as Egg Farmers of Victoria



Facsimile Transmission

ATH/JV
Ref:27.405

7th July, 1988

Mr. R. Guy,
Managing Director,
Crystal Egg Co.
Garsed Street
BENDIGO

Dear Richard,

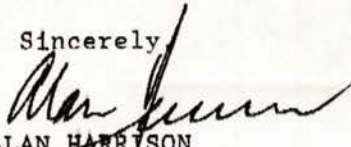
I refer to your facsimile dated 7th July, 1988 posing four questions which were raised at a meeting of Bendigo producers held at your Floor on th 6th July.

1. The concept that the Board must finance its operations on a fee for service basis has been part of Board and Government policy for a number of years. Clearly, administration and generic advertising costs will continue to be collected on the basis of quota levy but in the future the Board will not be able to collect levies to equalise local products or exports or to fund specific brand advertising such as wholemeal or free range eggs. Funds required to promote these brands will need to come from the wholesale margin applying to the sale of these specific products and not as a general levy on all eggs produced.
2. The marketing of egg products through Good Food Products Australia Pty.Ltd. has in fact expanded the egg product market for Victorian producers. The small additional quota cut this Spring was required to offset productivity gains in the industry and a small reduction in shell egg sales.
3. The expected net return to producers quoted by the Prices Commissioner of 114 cents/dozen was in error. The Board expects the average net producer return for 1987/88 to be 109 cents/dozen. I understand the reasons why some Bendigo producers have a lower figure than the average include:
 - (a) the percentage of small grades is higher, and
 - (b) transport pick up charges, which average 3 cents/dozen in the Bendigo area and additional service fee charges at the Bendigo floor of around 2 cents/dozen, represent an additional deduction from the published average figure.It should be remembered that Melbourne producers also have cartage charges from farm to grading floor which are not allowed for in the 109 cents/dozen average figure.
4. I confirm that the Board appointments for 1987/88 are:

Mr. D. Foster - Chairman
Mr. M. Peacock - Deputy Chairman
Mr. M. Taylor
Mr. P. Carpenter
Mrs. P. Lewisohn
Mr. D. McKinna

These appointments are for the period of 12 months to 30th June 1989.

Sincerely


ALAN HARRISON
General Manager