

Egg Action Meeting
24th February, 1988.

Mr. Chairman, Ladies & Gentlemen,

I am not happy about being here tonight. There is a breakdown in communication between the Government, The Prices Commissioner, The Egg Board and the Producers, to the extent that producers have to hold special meetings in order to get a reasonable return for their eggs.

We realize that there has been terrific pressure on the Egg Marketing Board from these people as well as the Public Bodies Review Committee who took 2 years to bring down their report.

Although the Prices Commissioner has the task of reviewing prices, it is the Egg Board's job to set the price of eggs.

The criteria for the review of egg prices on the 3rd of October, 1986, sounds reasonable but the interpretation set by Prof. Fels is not.

Item 1. There will be a reasonable return to efficient producers. I don't think anyone thought that Prof. Fels would have set the efficient level so high. A 20,000 bird, fully automated, controlled environment farm is far too high for our present industry.

Item 2. Productivity gains will be accounted for.
This could be interpreted as the more efficient we get, the less we receive.

Item 3. Significant movement in feed costs will be accounted for.
This sounds very good but it is not happening.

Item 4. Victorian producer prices will not be significantly more than sustained levels in competing States.
This has worked against Victorian producers who have a better controlled marketing system than New South Wales, who work on larger surpluses and have the rebel farmer problem. They have no summer cutback in N.S.W.

Item 5. Prices to producers will be set so that production which is surplus to Victoria's fresh egg needs, is not more than 2% of total production.

This is out of the producer's hands. It is up to the Egg Board to sell our eggs at the best possible prices.

Item 6. Prices to producers will take account of quota prices to the extent that quota prices reflect profitability as determined by the Prices Commissioner.

Quota price has never been taken into account when setting egg prices. It is good business for producers to invest in hen quota to fill empty cages and keep farms viable, it does not suggest high profit.

Other discrepancies in the report are :-

- + No consideration for value of land.
- + Only $\frac{1}{2}$ farm value considered for interest.
- + No allowance for working capital.
- + Money is not available at the suggested 6.3%.
- + No time allowed for shed cleanout.
- + 18 week old pullets are not layers.

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Discrepancies cont.

- + The model farm worth around \$750,000 with stock would be out of production for about 2 months.
- + No allowance for summer cutback.
- + Number of hours of labour estimated to run the model farm is too low. To employ a labourer at \$6.04 per hour to run a $\frac{3}{4}$ of a million dollar project would be false economy. The skilled labourer required would cost \$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.

With so many of these items suspect, it is wrong that Victorian Egg Producers should be penalised on false figures for 18 months and we will continue to be penalised until we get the base figures correct.

The I2c a dozen drop and further drops in price associated with the 3 grade alteration last year did not increase shell egg sales and not all stores held the price down, especially on the large grade. The idea of keeping the price of eggs down to help the housewife balance her budget is a no-no.

A I2c a dozen increase in the price of eggs would cost each person in Victoria 5c a week. How did I work this out? There is 1 laying hen to each person in Victoria. The average hen lays 5 eggs a week, the I2c a dozen increase equals 1c per egg. This is small when our Bendigo Advertiser last week reported Bendigo families are paying \$3 a week too much for petrol.

Some of the figures used by Prof. Fels in his report are now $2\frac{1}{2}$ years old. Since the report we have seen feed prices, chickens, wages, S.E.C. power and petrol etc. all go through the roof.

The Commercial Egg Producers Association are disappointed with the model farm approach, especially when there is no way it is a viable operation.

What does Prof. Fels consider a reasonable margin of profit? Any small business man who goes to his bank for finance and cannot show a profit margin of 19% will have trouble getting finance.

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

Our Association supports the hen quota system and The Egg Marketing Board and realize that their job is being made difficult by outside influences.

Presented by Ron Robins,
President of The Commercial Egg Producers Association of Victoria.