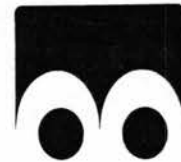


# EGG FARMERS OF VICTORIA

The Victorian Egg Marketing Board trading as Egg Farmers of Victoria



TO: ALL PRODUCERS

CIRCULAR NO. 36/88

5th May, 1988

re Public Bodies Review Committee

The Victorian Minister for Agriculture and Rural Affairs, The Hon. Evan Walker, last night made a Ministerial Statement to Parliament on Egg Marketing.

Attached is the Press Release which was also issued which summarises the points made in the Minister's Statement.

Copies of the Statement will be made available to the Industry early next week and the Board's comments will be announced after its Board Meeting to be held on Wednesday 18th May next.

THE VICTORIAN EGG MARKETING BOARD

JEAN VIPADI  
Secretary

# Ministerial Statement on Egg Marketing

*(presented to the Parliament of Victoria by the Hon. E. Walker, M. L. C.  
Minister for Agriculture and Rural Affairs, on Wednesday 4th May 1988)*

In this statement I shall outline the Government's response to the reports by the Public Bodies' Review Committee on egg marketing arrangements, and indicate the legislative changes which are proposed.

## The Public Bodies Review Committee Inquiry Into Egg Marketing

The Public Bodies Review Committee, after extensive inquiry, reported to the Parliament in November 1987 on the Poultry Farmer Licensing Committee, the Poultry Farmer Licensing Review Committee and on The Victorian Egg Marketing Board. These are three of the sixteen agricultural marketing boards and authorities being reviewed by the Public Bodies Review Committee. The Committee has concluded that there are serious problems with the current egg marketing arrangements. This conclusion is consistent with the findings of a number of earlier inquiries into the Victorian Egg Industry.

The Public Bodies Review Committee made extensive and detailed recommendations for reform of egg marketing in Victoria. Before responding in detail to these recommendations, I would like to make some general comments on the key considerations that shaped the Government's response.

The Egg Industry is an important rural industry. There are currently around 400 licensed egg farmers in Victoria, and the industry has a gross annual product of about \$80m. If we count only egg farms with a quota larger than 1,000 hens, then there are around 200 of these farms in Victoria with an average size of around 13,500 hens.

The Government's policy is to encourage the development of the Egg Industry within Victoria. However there is evidence that constraints under the existing legislation are restricting the ability of producers to adjust and to adopt new innovations. For example controlled environment shedding, which is the most efficient production system, is common in other countries but has been only slowly adopted in Victoria.

Another major consideration from the point of view of producers is the potential threat from interstate trade in eggs. The Government wants the Victorian Egg Industry to be able to withstand competition from eggs produced interstate. In particular, the Victorian Industry needs to be fully competitive with that in New South Wales. We do not want to find ourselves in the position that New South Wales does with milk. In the milk industry the slowness of the New South Wales industry to adjust and maintain its efficiency has made it vulnerable to more efficiently produced and lower cost milk from Victoria.

The Government also has a responsibility to ensure that the needs of consumers are adequately considered. This is particularly the case in an industry where producers have effective control over both the price of eggs and the quantity produced, and where the major beneficiary of the legislation is a small number of egg producers. There is evidence from the Public Bodies Review Committee and from recent reports of the Prices Commissioner that eggs are over-priced. If steps are taken to improve the overall efficiency of the Egg Industry then there is scope for both producers and consumers to benefit.

For some time now I have been of the view that the Egg Industry is suffering from excessive regulation. The Government does not propose to deregulate the industry to the extent proposed by the Public Bodies Review Committee. However, steps are proposed which will free up the industry. A regulatory framework will be retained but producers will have greater scope to secure profitable marketing opportunities for their eggs.

A major and continuing role is envisaged for

# ***news release***

Statement by the Minister for Agriculture and Rural Affairs

Enquiries: Telephone (03) 651 5676 Telex 34261 Fax (03) 651 5169

Wednesday, 4th May, 1988

## **STRICTLY EMBARGOED AGAINST DELIVERY**

### **EGG INDUSTRY TO BE FREED-UP**

The State Government today announced moves to reduce excessive regulation in the Victorian egg industry.

Speaking in State Parliament today, the Agriculture and Rural Affairs Minister, Mr. Evan Walker, said the changes through legislation would promote more competition, leading to fairer returns for producers and lower retail egg prices for consumers.

Mr. Walker delivered his response to the all-party Public Bodies Review Committee report, which called for total deregulation of the egg industry.

While the proposals outlined by Mr. Walker go a long way towards freeing-up the industry, not all the deregulatory recommendations made by the committee will be adopted by the Government.

"A regulatory framework will be retained, but producers will have greater scope to secure profitable marketing opportunities for their eggs," Mr. Walker said.

The proposed shake-up will bring the Victorian egg industry into line with other agricultural industries in Victoria and interstate, he said.

"A key motivation for the changes is the threat of interstate egg trade. We must be competitive," Mr. Walker said.

"We do not want to find ourselves in the position that NSW does with milk. In the milk industry, the slowness of the NSW industry to adjust and maintain its efficiency has made it vulnerable to more efficiently produced and lower cost milk from Victoria.

"The Government's policy is to encourage the development of the egg industry in Victoria, but there is evidence that constraints under the existing legislation are restricting the ability of producers to adjust and to adopt new technology," Mr. Walker said.

"For example, controlled environment shedding, which is the most efficient production system, is common in other countries, but has only been slowly adopted in Victoria."

A key part of the proposed changes is the doubling of the maximum hen quota to 80,000 hens.

"This will give egg farmers the scope they need to become more efficient and competitive, a factor that has been missing from the industry for some years," Mr. Walker said.

There will also no longer be a 1,000 hen limit on the amount of quota which can be bought at one time, which will give the industry the flexibility it needs to become more efficient.

The power to set egg prices will also be removed from the Victorian Egg Marketing Board and be instilled in a proposed egg price tribunal to be chaired by the Prices Commissioner, Prof. Allan Fels.

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While the Board will retain its ownership of eggs (vesting), under the proposed changes the existing produce agents system which works under the umbrella of the Board, will be expanded to provide greater access to the market.

The Board is currently negotiating with producer agents for greater access to supermarkets.

"But it is expected that most producers will continue to make the most of the considerable marketing expertise of the Board.

"It is also expected that small producers may take advantage of the freer marketing arrangements and might develop 'niche market' products, such as brown or 'free range' eggs, which could require separate marketing," Mr. Walker said.

"It was also the view of the Public Bodies Review Committee and the Prices Commissioner, Prof. Allan Fels, that egg prices are too high," Mr. Walker said.

"Costs of egg production have moved downward in real terms as a result of advances in the way that hens are housed and fed and because of breeding improvements.

"In recent years, lower grain prices have further contributed to lower costs of producing eggs, though these effects may be temporary," he said.

"These cost savings have not been passed on to the consumer to the extent that they should have," Mr. Walker said.

"Egg prices have gradually decreased so as not to penalise the more inefficient producers, but the industry is now at a flashpoint, at which it cannot continue to prop up inefficiency.

"By striking a middle ground between regulation and deregulation, the industry will be given the opportunity to become more efficient and stave off interstate threats, yet offer a measure of protection for producers," Mr. Walker said.

"I do agree with the PBRC that hen quotas are not in the long-term interest of the industry, and while a limit will remain for the time being, it will be reviewed in 1994," he said.

The Licensing Committee will have ultimate say in who is granted a licence to buy quota, and will work closely with the companies code to prevent undesirable concentration of ownership.

"The purpose of the proposed changes is to allow the industry to modernise and adopt the cost reducing technology, and ensure that it can compete effectively with the egg industries of neighbouring States," Mr. Walker said.

"There will be greater competition in egg marketing, but the Egg Board will continue to play a dominant role. Egg prices should be fairer, both to producers and consumers," he said.

Barbara Sharp  
Press Secretary  
651 5676/651 7833  
0405eggs

VICTORIAN  
EGG  
MARKETING  
BOARD

OFFICE  
OF THE  
CHAIRMAN

TO: ALL PRODUCERS

CIRCULAR NO. 37/88

10th May 1988

re: Government Statement on Egg Marketing

The Victorian Minister of Agriculture & Rural Affairs has now outlined the Government's response to the reports on egg marketing arrangements in Victoria.

A copy of his Statement to the Victorian Parliament on the 4th of May 1988 is attached.

The Board will be considering the Statement on the 18th of May and will then provide a more detailed response.

The general thrust of the Government's announcement is in line with the Board's submissions to the Public Bodies Review Committee and reflects the direction in which Board policy has been moving and is therefore welcomed by the Board.

With this further definition of policy, I believe we are now in a position to achieve an even more efficient Industry within a more predictable legislative framework which will allow producers to plan for the future with confidence.

THE VICTORIAN EGG MARKETING BOARD

*D J Foster*

D.J. FOSTER  
Chairman

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# EGG FARMERS OF VICTORIA

The Victorian Egg Marketing Board trading as Egg Farmers of Victoria



CIRCULAR NO. 39/88

19th May, 1988.

TO: EGG WHOLESALERS  
(PRODUCER AGENTS)  
(GRADING FLOORS).  
(SELLING DEPOTS)  
(DISTRIBUTORS)

RE: ADJUSTMENT TO EGG PRICES

Effective Monday 23rd May 1988, wholesale and producer prices are adjusted as follows:-

<u>Grade</u>	<u>Base Wholesale</u> <u>Cents per Dozen</u>
67	1.90
61	1.73
55	1.54
49	1.15
43	.90

The unchanged recommended wholesale margin is 3% of base wholesale price plus fixed handling charge (including delivery) of 90 cents per 15 dozen box for sales to major stores (\$1.30 per 15 dozen box for major store in the country and \$1.60 per 15 dozen box for sales to minor stores.)

The recommended price structure, effective Monday, 23rd May is shown on the attached confidential price schedule for sales from the Board's selling locations.  
NOTES:

- The definition of a major (or large) store is one that buys 20 or more boxes per week.
- Country areas are defined as areas other than Melbourne and Metropolitan Geelong, Bendigo and Ballarat.
- Free Range premiums effective 23rd November, 1987 are  
67 & 61 60 cents per dozen (\$9.00 per box)  
55 & 49 35 cents per dozen (\$5.25 per box)
- Wholemeal Premiums effective 26th October, 1987 are  
61 30 cents per dozen (\$4.50 per box)  
55 30 cents per dozen (\$4.50 per box)
- In response to many requests from producers a recommended farm gate price has been set as follows:-

	<u>Per Dozen</u>	<u>Per 15 Dozen Box</u>
67	\$2.02	\$30.25
61	\$1.85	\$27.05
55	\$1.65	\$24.70
49	\$1.25	\$18.64
43	\$0.99	\$14.80
55 (half dozen)	\$1.67	\$25.00

EGG FARMERS OF VICTORIA

*J. Vipadi*

JEAN VIPADI  
Secretary

*Jean*

VICTORIAN EGG MARKETING BOARD EGG PRICE TABLE

BOX OF 15 DOZEN PRICE:

Effective Date: 23-May-88  
Date Issued: 13-May-88

	67 GM	61 GM	55 GM	49 GM	43 GM					HALF-DOZ 55 GM	
WHOLESALE PICK-UP											
Base Wholesale Price	28.50	25.95	23.10	17.25	13.50					23.40	D9
WHOLESALE DELIVERED											
Base Wholesale Delivered Price	29.00	26.45	23.60	17.75	14.00					23.90	D2
RETAIL (MAJOR STORES) PICK-UP	29.90	27.30	24.35	18.30	14.45					24.65	F9
RETAIL (MAJOR STORES) DELIVERED											
Delivered Price	30.25	27.65	24.70	18.65	14.80					25.00	F2
Delivered Outside normal Hrs. Country	30.90	28.30	25.35	19.30	15.45					25.65	F8
	30.65	28.05	25.10	19.05	15.20					25.40	
RETAIL (MINOR STORES) PICK-UP	30.45	27.85	24.90	18.85	15.00					25.20	E9
RETAIL (MINOR STORES) DELIVERED	30.95	28.35	25.40	19.35	15.50					25.70	E0

# The Victorian Egg Marketing Board

551 Chandler Road, Keysborough, 3173



Postal Address  
P.O. Box 141  
Noble Park, 3174

Telephone  
798 7077

Registered Telegraphic Address  
"BOARDEGG", NOBLE PARK, 3174  
Telex No. 39540

22nd March, 1988

## CIRCULAR NO. 26/88

TO: ALL PRODUCERS

RE: MARKETING BROWN EGGS

### SALES

Mrs. McKeachie's wholemeal eggs were released on a test market basis through eight major supermarkets on 20th July, 1987. Over the 6 month period since then consumer acceptance of this product has been excellent. Sales are still only running at 2,000 dozen/week because sales have been limited by supply. If our supply problems could be overcome, demand is estimated to be close to 10% of total shell sales or 90,000 dozen/week.

### SUPPLY

Due to shell colour variations within flocks it has not been possible to depend on a system of "approved flocks" and from October 1987, wholemeal eggs have had to be hand selected for colour by the Producer or Grading Floor packing the eggs.

### PRICE

Currently wholemeal eggs are packed in 56 gram and 63 gram grade only and the following premiums apply:-

- (a) premium for sorting - 23 cents (sorted eggs must be a brown colour 30+ on the Hunter Scale).
- (b) premium to the packer - 2 cents
- (c) additional cost of packing material 5 cents.

Total premium on the wholesale price 30¢ per dozen.

For approved sorted ungraded brown eggs in the 56 gram or 63 gram grade the premium to the producer is 23¢ per dozen.

### MAJOR PROMOTION PLANNED

A major promotion campaign for wholemeal eggs has been scheduled for the spring of 1988 featuring a very exciting Television commercial with strong "back up" point of sale. The theme will treat the "wholemeal" brand as a natural and nutrition "fun pack" to make eggs a more exciting product to the consumer.

The objective is to increase shell egg sales overall and to establish the wholemeal brand at 5 to 10% of total sales.

.../2

To improve the supply of brown eggs for this major promotion, the following changes will apply to the current wholemeal programme.

- (a) With the change to new weight grades on the 2nd May, 1988, wholemeal eggs will be sold in all grades 49's, 55's, 61's and 67's. The 67 gram wholemeal eggs will be sold mainly on 20 egg trays through market outlets and in conjunction with fresh fruit and vegetables in the fruit shops and some supermarkets.

All the other grades will be sold in paper mache one dozen cartons featuring a high quality printed label similar to that now used on the plastic ovo-pac wholemeal cartons. These cartons will be available from June, 1988.

- (b) The premium for sorting brown eggs will be increased from the 1st July, 1988, to the following:-

(i)	premium for sorting	25¢/dozen
(ii)	premium for packing	2¢/dozen
(iii)	additional cost of packing material	3¢/dozen


Total premium on the delivered wholesale price:- 30¢/dozen

#### SUMMARY

Clearly the problems of supply with brown eggs will need to be overcome before a major promotion such as the one planned for wholemeal eggs can be justified.

The Board is optimistic that the new packing material and the increased sorting incentive will go a long way to improving the supply of this exciting new pack and allow a major promotion programme to be launched which, if it is successful, will not only establish the wholemeal brand, but improve egg sales overall.

THE VICTORIAN EGG MARKETING BOARD

  
ALAN HARRISON  
General Manager

# POULTRY FARMER LICENSING COMMITTEE

551 Chandler Road, Keysborough, 3173

Phone: 798 7077  
P.O. Box 88  
Noble Park, 3174  
Telex: 39540

CIRCULAR NO. 25/88

24TH MARCH 1988

TO: ALL PRODUCERS

SUBJECT: 16% SEASONAL QUOTA REDUCTION FOR 1988/89

The Committee has decided to seasonally reduce Hen Quotas next year by 16%. This cut back figure has been arrived at after allowing for the surplus which occurred this year and the programmed increase in shell egg and product sales anticipated by the Board. The plan is to achieve a zero surplus for 1988/89. This reduction will not apply to the first 2,000 hen quota at a farm and will be effective from Monday 1st August 1988, to Tuesday 28th February 1989 (inclusive).

## PRODUCERS MAY APPLY FOR A LARGER REDUCTION FOR A SHORTER PERIOD


All producers will be required to cut 16% for 30 weeks 2 days OR any greater percentage cut may be applied for a shorter period of time with the same hen day equivalent.

In hen days this is equivalent to:-

<u>% Cut on Quota over 2,000</u>	<u>Number of weeks Cut Applies</u>
16	30 weeks 2 days
20	24 weeks 2 days
25	19 weeks 3 days
30	16 weeks 1 day
40	12 weeks 1 day
50	9 weeks 5 days
100	4 weeks 6 days

An application form for flexible quota adjustment in the spring of 1988 is attached. This application will place producers on an "Advance Booking Register". Producers wishing to participate in this voluntary program should apply before 30th April 1988. The applications of those on the advance booking register will be accepted. Later applications will only be accepted if the quota reduction fits into the overall supply management system.

Once an individual proposal is accepted by the Committee the dates and the amount of flexible cut will become the producer's legal quota entitlement which will be enforced under the legislation unless a further application is received and accepted by the Committee.

  
R. KEEDLE  
Secretary

NOTE: PRODUCERS WHO PREFER TO ACCEPT THE 16% CUT FROM 1ST AUGUST 1988 TO 28TH FEBRUARY 1989, SHOULD NOT FILL IN THIS APPLICATION.

**APPLICATION FOR FLEXIBLE  
QUOTA CUT - 1988/89**

Current Licence Nos. ....

Place to which the Licences relate .....

.....

Name(s) of Licensee(s) .....

.....

Current Hen Quota .....

Period of Time (inclusive): From .....To.....

No. of Days .....Percentage .....

Note: Percentage of cut and period of time must be equivalent to 16% for 30 weeks 2 days.

Signature of Applicant .....

Date .....

To be returned to the Poultry Farmer Licensing Committee before 30th April 1988.

# The Victorian Egg Marketing Board

551 Chandler Road, Keysborough, 3173



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798 7077

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"BOARDEGG", NOBLE PARK, 3174  
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29th March, 1988

CIRCULAR NO.: 27/88

TO: ALL PRODUCERS

SUBJECT: PAYMENT OF QUOTA CONTRACT CHARGES

The introduction of the Quota Contract scheme which permits the collection of the Board's Marketing and Administration costs on hen quota has been in the main very successful. The scheme was designed to make producers' returns simpler and to reduce administrative costs. Whilst these two objectives have been achieved, some of the cost saving is being eroded by a small group of producers who allow their payments to fall into arrears. This causes a lot of extra administrative work and naturally increases operating costs.

Producers who do not pay the quota contract charge on the due date are placing an additional burden on the producers who do meet their commitments on time. As continued non-payment of the quota contract charge becomes an extension of credit, the Board will have no option but to cancel this special privilege.

In future the following action will be taken when quota contract charges are in arrears.

Any producers who have two (2) or more quota contract notices outstanding will be contacted in writing giving them fourteen (14) days to bring their payments up to date. If payment is not received by the end of the fourteen days, a second and FINAL letter will be sent asking that full payment be made by a stipulated date. If payment in full is not made by this date, the Quota Contract will be referred to the Board for cancellation and charges will thereafter revert to a marketing and administration charge on eggs produced.

The holders of Producer Agent's Contacts (both General and Farm Door Sales) must pay particular attention to these instructions as any decision by the Board to cancel the Quota Contract payment scheme will also result in the cancellation of their Producer Agent's Contract. Furthermore, it is Board policy that when a Producer Agent's Contact is cancelled because of arrears in payment of quota contract charges, then that Producer Agent's Contract will remain cancelled for a minimum period of three (3) months and no subsequent application for the reissuing of a Producer Agency will be considered until satisfactory credit arrangements are established with the Board.

THE VICTORIAN EGG MARKETING BOARD

JEAN VIPADI  
Secretary