



Chairman's Message

Surplus Eggs

The Industry is again embarrassed by surplus eggs not required by the local market, despite a 4% cut back in hen quotas in 1988.

Whilst the Board's sales have increased since Christmas, production continues to increase at an alarming rate.

In a normal season a few days of hot weather in early December will slow production down, this has not happened this summer in fact the mild weather has encouraged production.

Historically in the egg industry whenever producer returns are low, producers with better feeding and management techniques are able to lift production and together with steady generic improvement this means surplus eggs.

World wide consumption

trends for eggs are down, whilst one marketing company or co-operative may increase their sales against another company, the overseas countries as a whole are facing declining consumption.

In Australia the consumption patterns are fairly stable whilst production per bird is rising.'

The Board faces a difficult situation, following the PBRC report which criticised the Board for using levies to offset local produce losses. The Board then has two options, (a) to either increase sales or (b) cut quotas.

All Marketing Boards in Australia have been attempting to increase consumption, against the world wide trend of decline in egg consumption. The Victorian Board will increase its marketing activities over the next few

months but to persuade consumers to eat more eggs, increased marketing money will be needed.

The Board will need to put a package together whereby additional monies go to advertising and marketing with the expectation that a further cut in production will be temporary.

However the industry should be warned that on current predictions there will be a substantial surplus of eggs from after Easter all through to the end of the year.

The Board views the current situation very seriously. Even with a re-vamped marketing program it is likely any temporary quota cut will become a permanent quota cut by the end of the year.

Don Foster.

Quota Reductions

By Circular No. 9/89 the Poultry Farmer Licensing Committee has advised Producers of the need for a 5% seasonal quota cut to be effective from April 10 to July 30 (both days inclusive). Producers will already have had in the mail indication of their hen quota applicable for the period.

Whilst nobody enjoys having to make unpleasant decisions, nevertheless it is a duty to make those decision no matter how difficult. The Committee has been placed in such a position in the present circumstance of high surplus. Forecasts indicate that the Victorian surplus 1988/89 will be somewhere in the vicinity of one and a half million dozen eggs. This of course is completely unacceptable and at

variance with the reason for having quotas and a controlled industry.

As the only place to dispose of surplus eggs is either on the Export Market (where huge losses are experienced) or conversion of eggs into products and stock, with the resultant inventory and storage cost of these stocks, there is no option but to endeavour to control production to current local demand.

It has been of great concern to the Committee that despite the 3% increase in the current seasonal quota cut, which is the one operative from August 1, 1988 to February 28, 1989 from 16% to 19%, production of eggs is still increasing.

The Committee has reluctantly taken the decision to introduce new seasonal quota cuts for the dates indicated above.

Producers should also be aware that the Committee has foreshadowed the need for a seasonal quota cut which will be effective from August 1, 1989 until probably the end of February 1990. At the moment the Committee cannot advise the exact percentage of cut which will be applicable on August 1, although it is expected that it will be around the figure of previous cuts. The Committee will monitor the effects of the 5% cut to become effective on April 10 and immediately some figures are available an announcement about the spring seasonal quota cut will be made.

Franchisees Meeting

The first full meeting of Franchisees in the trolley system was held at the Board on Tuesday February 14.

Franchisees are Producer Agents who have the capacity to pack retail trolleys for the Supermarkets and who have entered into a Franchise Agreement with the Board. This agreement lays down condition of service and quality standards which must be performed and contains attention to marketing requirements.

The meeting discussed broad aspects of service to the customer (in this case the Supermarket) and a wide range of ideas and problems were covered both from the participating Franchisees and Board Staff.

Those present were shown the new T.V. advertisements and recipe segments which have been discussed elsewhere in this newsletter.

Franchisees were also given

comparison figures for sales into their Supermarkets comparing the same period for the previous 12 months.

The meeting lasted some four hours which was an indication of the interest and breadth of discussion at the meeting.

These Franchisees meetings will be held on a very regular basis as the success of the trolley market and the Franchise Agreements are vital to the sale of eggs in Victoria.

Eggs. Ready For Anything Cooking Class

Following the success of Virginia Hill's microwave demonstration in 1988, we are extending our consumer programme by introducing monthly evening cookery

demonstrations. We are excited by what is planned for the series, so come along and bring your friends. The first in the series is 'Almost Healthy' with Ann Creber, who is a well-known

Food Consultant, Stylist/Cookery Writer.

Ann will show how food can be both healthy and delectable by presenting a selection of varied

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Market Response Good But Egg Surplus Still High

It would seem that the mild summer we have been experiencing has contributed to the surplus egg production. Certainly the productivity from the States hen flock has increased. Despite the highest ever seasonal quota cut production has outstripped sales.

The Board has been successful in increasing sales this summer with a 4.4% four week average increase for the period ending February 2, 1989 compared to the same period last year.

Total trolley sales are up 1.33% for the year to February 4, 1989 compared to last year, while for the 4 weeks average to February 4, 1989 the trolley sales are up a massive 13.4% over the same period last year.

Undoubtedly the activity of the Marketing team has helped establish these increases.

Summer Advertising

Over January period heavy metropolitan T.V. Advertising was used. These advertisements featured a sporting theme based on cricket, tennis or golf to tie in with the main T.V. coverage over that period.

The ads contained local well known sports identities and excellent specific recipe food shots. An announcement was made to phone in for the recipe cards. The Board received over 100 calls per day for these recipe cards. The same cards were available in trolley stores for customer self selection.

Before the screening of the Australian open each day a special cooking segment was shown. These segments were produced 'in house' using our own Home Economists. The production and on air costs were an absolute bargain at less than

\$1500 each for a series of 6 segments. The same videos will be able to be used again thereby increasing their usefulness and cost effectiveness.

In Store Promotions

Our team of demonstrators are now back in Supermarkets demonstrating the use of microwave ovens for eggs and using the recipe cards mentioned above in their demonstrations. Costs for this activity have been kept to a minimum as we are sharing the promotions with National, The Victorian Dairy Industry Authority, Kraft and Arnotts Biscuits.

Consumer Education

Our schools and clubs promotions in the Board's Keysborough Auditorium have re-commenced after the Christmas break. These are designed to teach the groups all any prejudices in the audience.

Some American Consumption Problem Observations

For many years, the egg industry has used a lot of time, put forth a lot of effort, and spent a lot of money in the area of price discovery.

Our company is a producer and packer of eggs and also operates an egg breaking and drying plant. The sources of my comments are personal experience and personal research along with other public and private research and USDA reports

Two major factors in price discovery are:

- Supply and demand, and
- the price discovery system.

The industry is aware of what is happening on the demand side. Since 1968, our per capita consumption has dropped 73 eggs per person in 1978, the consumption was 271, and in 1987 each person consumed only 249.

Based on second quarter numbers from USDA, the 1988 per capita consumption number could be more nearly 238.

When a person in the egg business wakes up each morning he has no new customers to call on and only four places to go with his eggs, the retailer, the institutional user, the breaker, and export.

For many reasons, the distribution patterns of our eggs on the demand side is changing.

Most of the loss in egg sales at the retail level has occurred in the last five years, and our biggest retail loss has been this year.

Changing lifestyles and adverse health publicity are major reasons for this loss.

For some of the same reasons the retail has lost, the fastfood service has gained and has helped increase the sales to the institutional market.

From Poultry and Egg Marketing
November 1988.

Victorian Egg Production and Disposals

28 Weeks ended 14/1/89

	000 Dozen		
	1988/89	1987/88	%
Production			
Ungraded Receivals at Grading Floors	8,375	9,794	-14.5
Pack-to-Order Receivals at Grading Floor	6,209	6,740	-7.9
Packed directly by Producer Agents	<u>11,451</u>	<u>10,582</u>	+8.2
Total Recorded Production	<u>26,035</u>	<u>27,116</u>	-4.0
Sales			
Grading Floor Sales to Distributors	885	1,146	-22.8
Producer Agents Sales To Distributors	<u>4,519</u>	<u>4,467</u>	+1.2
Distributors Sales to Retailers	5,404	5,613	-3.7
Grading Floor Sales to Retailers	9,375	10,941	-14.3
Producer Agents Sales to Retailers	<u>7,075</u>	<u>5,913</u>	+19.6
Total Sales In Shell	21,854	22,467	-2.7
Local Products Sales (equivalent dozens)	<u>3,941</u>	<u>3,509</u>	+12.3
Total Sales including Products	<u>25,795</u>	<u>25,976</u>	-0.7
Net Variation from Local Requirements (including farm pulp and interstate purchases and sales but excluding useless).	<u>240</u>	<u>1140</u>	

Flock Analysis Report

As at 1/7/1988

Quota Breakdown	Producers	Quota	% of Total
1-20	8	140	.01
21-40	11	3251	.01
41-75	14	877	.03
76-250	52	8,367	.32
251-500	46	17,294	.66
501-1,000	30	22,494	.86
1001-2,000	35	52,169	1.99
2001-5,000	43	136,496	5.21
5001-10,000	50	380,838	14.53
10,001-20,000	45	622,440	23.74
20,001-30,000	18	430,574	16.42
30,001-40,000	8	285,065	10.87
40,001-50,000	4	174,215	6.65
50,001 and over	7	490,373	18.70
Total	<u>371</u>	<u>2,621,667</u>	<u>100</u>

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and innovative dishes from her recent cook book 'Almost Healthy'. This session is for people who love food and are interested in an almost healthy lifestyle.

Date: 14 March, 1989.

Time: 7.30 p.m.

Venue: Egg Farmers' Auditorium.

Cost: \$12.00 (\$8.00 Staff and Producers)

Refreshments and printed recipes will be available. Book by contacting Pam Goudie on Ext. 228.

Future cookery demonstrations to note in your diary are:

- Italian Microwave Cooking with Virginia Hill: Tuesday, 11 April and Tuesday 9 May.
- Introduction to Japanese Cuisine with Mr. Ito Osamu (with Sandra Dubs) from Spiral Foods: Tuesday 30 May.

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