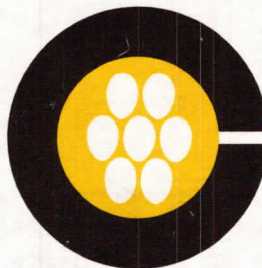


CRYSTAL EGG COMPANY

Authorised Agent
Victorian Egg
Marketing Board



Garsed Street Bendigo
Victoria 3550
Post Office Box 4
Phone (054) 431911

Fax: (054) 41.2615
RAG:gp:CEG
June 22, 1989

Dear Producer,

As the end of the financial year approaches, we have seen the end (hopefully) of Government Inquiries into our egg industry. The Egg Bill has been debated and passed in both Houses of Parliament, and I believe our local country-based egg industry has much to be grateful for. Messrs. David Kennedy, Michael John and Ron Best and others all worked hard within their Parties to help bring about some amendments which were strongly supported by the VFF, CEPA, Egg Board, Crystal and others. I think it was a victory for common sense.

If you cast your mind back to the Public Bodies Review Committee Report, published nearly two years ago, and recall its Recommendations, and compare those with the end result, you should be pleased. We now have:

- (a) Hen quotas retained until at least 1994;
- (b) Vesting powers retained for VEMB;
- (c) 2,000 hen exemption level retained;
- (d) Control over interstate eggs retained;
- (e) Discretionary powers for VEMB over PA's retained;
- (f) 21 days notice (not 90 days) for quota cut notice;
- (g) 2% production surplus allowed;
- (h) Hen quota leasing;
- (i) Regulations removed from Act;
- (j) 100,000 hen farms allowed;
- (k) A larger Egg Board;
- (l) A different Licencing Committee;
- (m) An Egg Prices Review Panel;
- (n) Other minor changes, including possibly no dockage assistance.

The last four might not be welcomed by all, but the others should be. The industry should now enjoy some peace and stability which should encourage investment. I shudder to think of the countless hours consumed in writing reports, summaries and letters to lobby our politicians and bureaucrats. Maybe it has all been worth it. Time alone now will tell.

If you are unclear on any of the changes introduced into the Act, don't hesitate to contact the Board, or myself, who will be pleased to explain them.

There are some other local issues which need explanation and adjustment from July 3, 1989. These are:

(1) Payment Terms

As explained some time ago to the executive of CEPA and others at a meeting at Crystal, we are not being paid by the Board for our eggs sold to supermarkets until three weeks after the week in question. Producers will be aware that we have paid producers two weeks after the week of receipt. This delay has occurred since the introduction of centralised

invoicing to the major stores. Our complaints to the Board over several months have had no effect. They choose not to pay us any earlier as (they claim) they do not receive the money from the supermarkets until three weeks after delivery.

We therefore have no alternative other than to pay producers three weeks after the week in which the eggs are received, after we receive the cheque from the Board. The cost to Crystal since this began has been \$350 a week and can no longer be sustained.

The Board agreed we could delay payment, but asked that we give maximum notice before implementation. We have exhausted all other channels and now must move, by delaying one week the first payment in July, and then producers will receive regular fortnightly cheques after that (but three weeks from the end of the week in which the eggs were delivered).

(2) Cartage

If your eggs are collected by our pick-up service, the attached letter provides details of our annual increase, based on cost increases since May 1988.

(3) Dockage

From July 1, 1989, producers will be required to pay three quarters of the cost of transport for the eggs sent to Melbourne, and other freight costs associated with packing material, return of trolleys etc. This has been set at 3.4 cents a dozen on all eggs received at Crystal (graded and ungraded). This will operate until the proclamation of the Bill which does not, it seems, provide for dockage assistance. This anomaly is being checked at the moment.

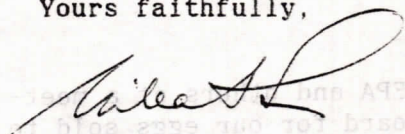
(4) Grading Charges

Despite grading charges (combined with our service fee) only going up 0.5 cents a dozen since January 1985, we shall continue to hold current levels for a few more months at least. This is in spite of a falling intake (15% since the end of March, when compared with the comparable period a year ago), which we need to further monitor and examine.

The Board's own position is unclear, as we believe they cannot continue to sustain their grading floor losses. The appointment of the new Board may clarify or further cloud this issue.

Costs continue to rise everywhere, and our intake is falling. Our mutual dependency is very much in our minds and hence the delay at this time. We hope the gesture is welcomed by producers.

Yours faithfully,



RICHARD A. GUY
Managing Director