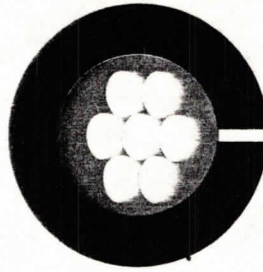


Fitzgibbon.

**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 20, 1990

Dear Producer,

re: Rate Changes Commencing July 2, 1990

You will be aware that our rates for cartage, dockage and grading have been held constant or reduced during the past 12 months. Below are details of the necessary changes in our rates to apply for the next financial year 1990/91. They will commence on July 2 1990 as we have done for many years in the past, and if all things remain equal, should be able to be held for 12 months.

There are two major factors affecting the magnitude of changes that need to be mentioned. Firstly, the number of eggs being collected in the outer lying regions has reduced rather dramatically over the past 12-18 months. Changes to truck runs have been made from time to time in an attempt to maximise the loads and minimise the miles travelled. This has not really been successful as most of the farmers who are the most distant are still in production and need to have their eggs collected. So the miles travelled have not changed all that much, whereas the eggs collected have. This has made the cartage section operate at a large loss, and this has to be addressed.

The other major factor affecting transport costs has been the cost of fuel. A year ago when we were carrying out this exercise, the price of fuel had in fact fallen by 4.6% over the period a year earlier, due largely to price cutting. This REDUCTION in fuel costs meant that our rate increases on cartage were only 6.7% last year. In the past 12 months, fuel costs have now increased by nearly 18% as the price cutting has ceased and the price has far exceeded the rate of two years ago.

Further rationalisation has taken place on the cartage service, and even with the impending rate increase, the total cartage service will still run at an operating loss. We will continue to look at ways of increasing our efficiency from time to time as the volumes of eggs change from area to area.

**GRADING**

Our records show in July 1984 Crystal Egg charged for the grading and service fee a total of 9¢ a dozen. This increased in December 1984 to 9.95¢ a dozen, and there it stayed for 3½ years. From July 1 two years ago, it increased to 10.45¢ a dozen, and in February 1989 went to 10.65¢ a dozen with the introduction of washing. In September 1989 it returned to 9¢ a dozen. In January this year, we re-arranged the cartage and grading to make our grading 10.3¢ a dozen.

The nett effect of all these changes is that grading has increased in six years from 9¢ a dozen to the current 10.3¢ a dozen. Clearly the company