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POST-WAR MARKETING OF EGGS.

(G.S. Jolly.)

The post-war position of many primary industries has been occasioning considerable concern to Governments - both Federal and State - and to primary producers throughout Australia. Included in these industries is that of poultry farming.

Government Statisticians throughout Australia experienced great difficulty in obtaining complete figures of the production of eggs in the various States in pre-war years and therefore an accurate picture of production prior to the war cannot be given. Statistics regarding exports, however, are available and these show that the Australian Overseas export of poultry products is confined chiefly to eggs in shell, which are mainly consigned to the United Kingdom.

New South Wales, Victoria and South Australia are the largest exporters, the total value of exports of eggs and egg products in 1937-38 amounting to £703,639.

In accordance with the terms of the Ottawa Agreement a customs duty varying between 1/- and 1/9d per 10 dozen was imposed by the Government of the United Kingdom on imported eggs of foreign origin, and this assisted Australia to obtain a larger share in this valuable market. Exports from Australia rose from less than 3 million dozen valued at £219,000 in 1928-29 to 21.7 million dozen valued at £1.1 million in 1934-35, but declined to 11.3 million dozen in 1937-38.

During the past few years there has been a huge increase in egg production in Australia as the following figures indicate:-

<u>Year.</u>	<u>Production.</u>
1943-44 . . .	89,000,000 dozen (of which N.S.W. produced 47.24%)
1944-45 . . .	Estimated 105,000,000 dozen
1945-46 . . .	" 115,000,000 "

Contract with United Kingdom.

It was announced by the Commonwealth Controller of Egg Supplies in October, 1944, that the British Ministry of Food had undertaken to purchase the whole of the Australian exportable surplus of eggs for the season 1944-45 and 1945-46 and a quantity not exceeding one million cases (each 30 dozen) for the 1946-47 season.



The statement further indicated that the purchase of the Australian egg surplus in 1947-48 would be considered in the light of circumstances which had developed by December, 1946, which would govern any undertaking regarding quantity and prices.

At the same time the great development which has taken place in the industry renders it imperative that a long-range plan of orderly marketing should be formulated. This plan, if it is to be successful, should, inter alia, be directed towards increasing local consumption of eggs, the home market after all being the most remunerative.

#### War-Time Control.

During the war, the Commonwealth Government, under National Security Regulations, assumed control of the marketing of all eggs produced in Australia, and appointed a Commonwealth Controller of Egg Supplies. The Controller conferred with the Egg Marketing Boards in New South Wales, Queensland, Victoria and South Australia and arranged that they would act as his agents, the Boards attending to the receiving and physical handling of eggs under his direction.

With the cessation of hostilities there appears every likelihood that the Commonwealth-controlled scheme will be discontinued within a relatively short period and, owing to the enormously increased production which has occurred during the war years, the Boards in the four States mentioned are apprehensive regarding the future outlook of the industry, unless some agreement can be reached which will obviate Interstate dumping with its attendant price-cutting.

#### Conference of Egg Marketing Boards.

Having regard to the foregoing, the N.S.W. Egg Marketing Board convened a conference of the four Boards referred to - there are no Boards in Tasmania and Western Australia - to discuss industry problems. This conference was held at Lapstone on 15th and 16th August, when the Boards were in unanimous agreement that some form of co-operation on a Commonwealth-wide basis is essential if chaos is to be prevented in the industry.

As a result of prolonged deliberation the conference carried certain resolutions and formulated certain plans in broad outline for implementing them. Particulars of the resolutions and the proposed scheme are appended.

One of the principal features of the proposals is that a central authority would be set up, comprising one member from each of the existing State Egg Marketing Boards, to take the place of the existing "control." Another important aspect of the scheme would be the fixation of uniform prices throughout Australia.



Each of the Boards represented at the conference undertook to approach their respective State Governments to ascertain whether there is power in the Acts under which they operate to enable them to become parties to the scheme, and if there is no such power to seek amendments in the various State Acts to permit of their doing so.

The directions in which the Acts may require to be amended, if it were decided that the introduction of such a scheme is necessary and desirable, are as follows:-

- (a) to permit Boards to join a central authority, such as that proposed;
- (b) to authorise Boards to sell eggs to the central authority and either buy them back or act as agent for the central authority in re-selling them; or,
- (c) to permit of the Boards making a contribution to the central authority say at a rate per dozen for stabilisation purposes.

With regard to (b) the position is that under the Commonwealth Control Scheme now operating, the whole of the eggs produced in Australia become vested in the Commonwealth Controller and the value of the eggs constitutes security for finance which is made available to the Controller by the Commonwealth Bank.

As previously stated, the Egg Marketing Boards at present actually handle the eggs for the Controller, acting as agents for him under agreement. In actual practice they purchase eggs from the producer and sell under the Controller's direction at such prices as may be determined by the Prices Commissioner from time to time. The method of operation is that if the wholesale price of eggs is fixed at 2/- per dozen the Boards (a) sell eggs at 2/-; (b) pay the producer 2/- per dozen less  $1\frac{5}{8}$ d for receiving and handling, etc., and less 1d pool for stabilisation expenses making a net payment of  $1/9\frac{1}{2}$ d; (c) retain  $1\frac{5}{8}$ d and (d) pay the Controller  $1/10\frac{1}{2}$ d. The net result of this arrangement is that the Boards receive a handling fee of  $1\frac{5}{8}$ d per dozen to finance their operations and the Controller 1d per dozen for stabilisation purposes. The stabilisation charge is necessary to meet the Controller's administrative expenses and to meet losses on sales at lower than the price paid to the producer, e.g. on export sales and pulp, etc.

The plan proposed is designed to bring about a similar result with the exception that the central authority, representative of the Boards themselves, would replace the Governmental authority now controlling the marketing of eggs.

#### Method of Operation of Proposed New Scheme.

It is understood that the scheme now envisaged would operate in the following manner:-



- (1) The Board would pay the producer say 2/- per dozen less say  $1\frac{5}{8}$ d handling charges and less 1d per dozen pool stabilisation charge, netting the producer  $1\frac{1}{9}$ d per dozen.
- (2) The Board would then sell the eggs to the central authority at  $1\frac{1}{11}$ d per dozen.
- (3) The central authority would either re-sell the eggs to the Board at 2/- to enable it (the central authority) to obtain the 1d pool stabilisation charge, or alternatively the Board would sell to the central authority at the price stated and instead of buying the eggs back again would act as agent for the central authority and sell the eggs on its behalf at the price of 2/- per dozen.

This would have the same effect as the present Commonwealth Scheme under which the Board operates on  $1\frac{5}{8}$ d, and the Controller of Egg Supplies on 1d per dozen. It may be, of course, that these rates would be altered and they are being used in this statement only for illustrative purposes.

Perhaps the simplest method would be for the Boards to deduct the stabilisation charge from the producers' cheques in addition to the amount it retains for financing its own operations and remit the amount of the stabilisation charge to the central authority. It has been learned, however, that there is considerable doubt as to whether the Bank would be prepared to finance a scheme on this basis as it would only have the security of, say, 1d per dozen, whereas it would require the security of the eggs, and this would only be achieved by the Board selling the eggs to the central authority.

### Industry Consultation.

The Boards in their desire to take poultry farmers into their confidence arranged that full publicity should be given to the proposals so that the industry would be conversant with what is being proposed to stabilise the industry on an Australian-wide basis.

The New South Wales Egg Marketing Board has now published copy of the proceedings of the conference in its official journal, "The Poultry Farmer," and the matter is also fully dealt with in "Poultry," a newspaper widely circulated in the industry. Representatives of the Board and the Associated Poultry Farmers of Australia have also had a preliminary discussion on the proposals. It is not yet known what the reaction of the industry will be but the issues are of such major importance that it is to be hoped that any discussions on the merits or demerits of the proposed scheme will be characterised by a desire to offer constructive rather than destructive criticism. If the plan is not acceptable to the industry the question arises as to whether any satisfactory alternative can be suggested in its stead.