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# Agrekon

VOL. 8 No. 4

OCTOBER, 1969

Editorial Committee: A.J. du Plessis (chairman),  
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## REQUIREMENTS FOR CONTRIBUTIONS

Articles in the field of agricultural economics, suitable for publication in the journal, will be welcomed.

Articles should have a maximum length of 10 folio pages (including tables, graphs, etc.), typed in double spacing. Contributions, in the language preferred by the writer, should be submitted in triplicate to the Editor, c/o Department of Agricultural Economics and Marketing, Pretoria, and should reach him at least one month prior to date of publication.

The Journal is obtainable from the distributors: "AGREKON", Private Bag 144, Pretoria.

The price is 25 cents per copy or R1 per annum, post free.

The dates of publication are January, April, July and October.

"AGREKON" is also published in Afrikaans.

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## *General Comments and Announcements*

### Production and marketing of hen eggs— the contract system and levy on chicks in New Zealand

During May, 1969 a four-man mission under the leadership of the Deputy Chairman of the National Marketing Council visited New Zealand and Australia on behalf of the Egg Control Board to study the control measures in egg marketing in those countries. The mission has submitted a fact finding report which will be made available to the poultry industry by the Egg Board.

The mission found the contract system in operation in New Zealand particularly interesting. Under this system the production of sufficient eggs of good quality is promoted but at the same time undesirable surpluses are discouraged. Control is exercised by an Egg Marketing Authority established by Regulations in accordance with the Primary Products Marketing Act, 1953. It consists of three Government and six producer representatives who are all appointed by the Governor-General on the recommendation of the Minister of Agriculture.

Under this system contracts are awarded to egg producers for a specific number of hens - when the system was commenced in 1966, the number of hens which a producer had on 31 August, 1965 plus certain further concessions, were taken into account for the granting of the first contracts.

One of the conditions of the contract is that a producer may not increase the total number of hens specified in the contract without the prior permission of the Egg Marketing Authority. Another provision is that a producer must provide the necessary facilities to store eggs under controlled temperatures.

Depending upon the demand and supply position, new contracts and increases in existing contracts are granted by balloting. Prospective producers

who do not succeed in obtaining a contract, may nevertheless enter the egg producing industry. Similarly established producers who wish to expand, but who cannot obtain a larger contract may decide to expand production without a contract. To produce without a contract involves certain financial disadvantages, namely:

The Authority *inter alia* fixes maximum trade prices and when production leads to the output of undesirable surpluses these maximum prices are reduced. All producers are subject to price reductions but to those who hold contracts a supplementary payment for the eggs covered by the contract is made out of the Authority's funds to which all producers contribute, including those not holding contracts. The funds are derived from a levy imposed on day-old hen chicks. The New Zealand Government also contributes 3c (N.Z.) per dozen eggs.

In this manner producers who produce without contracts themselves largely carry the financial burden resulting from surplus production.

To obtain funds, apart from the Government subsidy, the Authority imposes a levy of 30c (N.Z.) on every day-old hen chick hatched in an incubator. All hatcheries have to be registered with the Authority and on the sale of less than 101 day-old hen chicks the owner of the hatchery is responsible for the levy. On sales of more than 100 chicks at a time the owner issues a debit note for the levy to the buyer and sends a copy to the Authority. The buyer is then responsible for the levy. When day-old chicks are sold without being sexed, half are deemed to be hen chicks. The levy does not apply to chicks intended for the broiler industry.