REPORT
of
ROYAL COMMISSION
into
Matters Relating to the Marketing and Distribution of Eggs

Presented to both Houses of Parliament

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1955
Royal Commission to Inquire into Matters Relating to the Marketing and Distribution of Potatoes, Onions and Eggs

REPORT ON EGG INQUIRY.

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SECTION 1.

Constitution, History and Powers of the Western Australian Egg Marketing Board.

The Western Australian Egg Marketing Board is constituted under the Marketing of Eggs Act, 1945, as amended.

The Board consists of six members appointed by the Governor in accordance with Section 7 of the Act as amended.

The Chairman is Mr. C. L. Harvey, a journalist by profession, who is not engaged or financially interested in the business of producing or selling eggs.

There are three producer representatives, Messrs. M. Stocker, H. Cole and C. Rodgers, who themselves are all commercial producers within the meaning of the Act. These three gentlemen were elected by the commercial producers for appointment by the Governor.

There are two consumer representatives, Mr. G. F. Charles, who represents the trade and d'yellowing section of the industry, and Mr. K. D. Wilson, a retired civil servant.

The Chairman holds office during the pleasure of the Governor and the other members for a period of three years from the date of their appointment.

A "Commercial Producer" is defined by the Act as being a "producer who owns or controls more than one hundred and fifty head of adult female poultry."

A "producer" is defined as "a person who owns or controls 20 adult fowls and/or ducks and sells the eggs or any of the eggs produced thereby."

Under Section 21 of the Act, a producer shall not sell or deliver any eggs to any person other than the Board and a person other than the Board shall not purchase or take delivery of any eggs from a producer except that certain eggs may be sold or delivered as allowed under Section 23 of the Act.

Under Section 23 of the Act, the Board may grant a permit to any producer authorising him to sell eggs to a person other than the Board subject to the conditions set out in his permit. The Board may further grant a permit to any person to purchase eggs from
Western Australian egg production from 1948-49 to 1953-54, taken from the Board's audited figures, is as follows:

Production Trends—The Influence of the "Surplus"—The Effect of the Overseas Market on Returns to the Industry.

The Board's head office and chief grading floor are situated in West Perth in premises leased from the Metropolitan Markets Trust. In addition, it has receiving and grading floors at Fremantle, Narrogin, Bunbury and Geraldton, whilst it has a pulping plant at Robb's Jetty, South Fremantle.

The Board's chief executive staff comprises the General Manager, Mr. C. R. Mayo; the Secretary, Mr. R. N. Hubbard, and the Accountant, Mr. Vivian Pope.

The Board's total staff, averaged over the year 1954-55, was as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Staff Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perth</td>
<td>205</td>
</tr>
</tbody>
</table>

SECTION 2.

Production Trends—The Influence of the "Surplus"—The Effect of the Overseas Market on Returns to the Industry.

Western Australian egg production from 1948-49 to 1953-54, taken from the Board's audited figures, is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Dozen.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948-49</td>
<td>7,537,843</td>
</tr>
<tr>
<td>1949-50</td>
<td>812,416</td>
</tr>
<tr>
<td>1950-51</td>
<td>443,507</td>
</tr>
<tr>
<td>1951-52</td>
<td>8,793,766</td>
</tr>
<tr>
<td>1952-53</td>
<td>7,929,348</td>
</tr>
<tr>
<td>1953-54</td>
<td>7,640,421</td>
</tr>
</tbody>
</table>

Since the completion of evidence, the following figures for the year 1954-55 have been made available:

<table>
<thead>
<tr>
<th>Dozen.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total received at Board floors</td>
</tr>
<tr>
<td>Direct sales by producers</td>
</tr>
<tr>
<td>Direct sales by storekeepers</td>
</tr>
<tr>
<td>Total production</td>
</tr>
</tbody>
</table>

Of the total production for the years 1948-49 to 1954-55, the following table shows the yearly percentage of production handled by the Board:

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948-49</td>
<td>78.84</td>
</tr>
<tr>
<td>1949-50</td>
<td>78.07</td>
</tr>
<tr>
<td>1950-51</td>
<td>80.31</td>
</tr>
<tr>
<td>1951-52</td>
<td>84.95</td>
</tr>
<tr>
<td>1952-53</td>
<td>87.56</td>
</tr>
<tr>
<td>1953-54</td>
<td>88.94</td>
</tr>
<tr>
<td>1954-55</td>
<td>85.72</td>
</tr>
</tbody>
</table>
The position of the Australian egg industry generally and the Western Australian, in particular, cannot be properly understood unless it is realised that we produce far more eggs than are required for local consumption. Accordingly, large surpluses from each State have to be exported at the best price which can be obtained.

In the nine years of Board control in Western Australia up till 2/7/55, over 72,000,000 odd dozen eggs were produced in this State and approximately 30,000,000 of them, or 41.09 per cent., had to be marketed out of the State. The smallest surplus we have had was 28.68 per cent. of our production, and the greatest 54.49 per cent.

The following table shows the extent of the export of eggs from this State for the years 1948-49 to 1953-54:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eggs in Shell</td>
<td>2,048,100</td>
<td>2,048,100</td>
<td>1,545,819</td>
<td>1,882,530</td>
<td>2,414,325</td>
<td>2,334,000</td>
</tr>
<tr>
<td>Frozen Egg Pulp</td>
<td>717,177</td>
<td>1,151,570</td>
<td>1,362,317</td>
<td>3,270,803</td>
<td>2,359,199</td>
<td>47-70</td>
</tr>
<tr>
<td>Total</td>
<td>3,106,666</td>
<td>3,199,677</td>
<td>2,907,380</td>
<td>3,245,347</td>
<td>4,755,128</td>
<td>4,843,199</td>
</tr>
<tr>
<td>Values—</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Eggs in Shell</td>
<td>245,049</td>
<td>279,410</td>
<td>221,097</td>
<td>353,458</td>
<td>531,486</td>
<td>528,303</td>
</tr>
<tr>
<td>Frozen Egg Pulp</td>
<td>112,736</td>
<td>85,887</td>
<td>144,065</td>
<td>203,448</td>
<td>464,573</td>
<td>569,614</td>
</tr>
<tr>
<td>Total</td>
<td>357,784</td>
<td>365,397</td>
<td>366,862</td>
<td>558,906</td>
<td>995,739</td>
<td>1,097,917</td>
</tr>
</tbody>
</table>

These figures have been obtained from the Board’s Eighth Annual Report which has been tendered in evidence. Since the completion of evidence, particulars of eggs exported in the year 1954-55 have been made available to me, and are as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In shell to the United Kingdom</td>
<td>1,099,500</td>
</tr>
<tr>
<td>In shell to sundry destinations</td>
<td>1,800,090</td>
</tr>
<tr>
<td>Total</td>
<td>2,899,590</td>
</tr>
</tbody>
</table>

As Pulp—

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>To the United Kingdom, Singapore, Italy and Behrein</td>
<td>1,057,781</td>
</tr>
<tr>
<td>Total</td>
<td>3,957,371</td>
</tr>
</tbody>
</table>

The overseas market was worth £771,726 15s. 11d. and represented 45 per cent. of the total production of 8,793,766 dozen.

It will, therefore, be seen that in 1953-54, the Western Australian egg industry brought £1,087,917 into the State from overseas and in 1954-55, £771,726 15s. 11d. The importance of the industry to the State is not often realised and appreciated, and it is only when its export statistics are compared with other primary industries that its value to the State and Commonwealth can be understood. The following figures, for which I have to thank the Western Australian Government Statistician, make the position clear. Ships’ stores are included in the export value:

<table>
<thead>
<tr>
<th></th>
<th>1953-54</th>
<th>1954-55</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef</td>
<td>375,185</td>
<td>1,018,832</td>
</tr>
<tr>
<td>Mutton and Lamb</td>
<td>437,440</td>
<td>696,048</td>
</tr>
<tr>
<td>Butter</td>
<td>70,315</td>
<td>70,794</td>
</tr>
<tr>
<td>Eggs</td>
<td>1,090,500</td>
<td>779,688</td>
</tr>
<tr>
<td>Crayfish Tails</td>
<td>1,171,221</td>
<td>1,237,766</td>
</tr>
<tr>
<td>Canned Meats</td>
<td>273,085</td>
<td>302,419</td>
</tr>
<tr>
<td>Wheat</td>
<td>5,635,764</td>
<td>13,738,956</td>
</tr>
<tr>
<td>Barley</td>
<td>438,185</td>
<td>641,596</td>
</tr>
<tr>
<td>Oats</td>
<td>263,093</td>
<td>456,729</td>
</tr>
<tr>
<td>Flour</td>
<td>5,851,806</td>
<td>3,609,745</td>
</tr>
<tr>
<td>Fresh Fruit</td>
<td>1,059,199</td>
<td>1,922,594</td>
</tr>
<tr>
<td>Hides and Skins</td>
<td>1,647,349</td>
<td>1,454,005</td>
</tr>
</tbody>
</table>

Wool, of course, is not comparable, and the figures for this item have not been shown.

Whilst the surplus exported overseas contributes materially in its own way to the national economy, the very fact that there is such a surplus over local requirements cuts down the return to the industry, because the overseas markets are not prepared to buy our eggs at a price which will give an adequate return to the producer.

Many say that we sell our export eggs at a loss, and this is perhaps true. As far as the Board is concerned, it is a loss, because it must sell the surplus at a price below that paid to the producer in the first instance. From the producers’ point of view, it is a loss if the export price is reduced to such an extent that his overall price for local and export does not return him a margin over and above his cost of production.

Accordingly, in order to give the producer an overall price, which in the circumstances
is reasonable, it is necessary to have a price equalisation scheme whereby the price paid by the local consumers is in excess of that paid by the overseas consumers. I will deal with this equalisation scheme in some detail at a later stage.

As far as the industry itself is concerned, the more eggs sold on the local market, with a consequent reduction of the exportable surplus, the better it will be for the individual producers. In the course of my report, I shall deal with the various suggestions put forth to remedy the position, but whatever can be done—if in fact anything can be done—will not be accomplished in a week or two, a month or two, but only after a gradual process, dictated in the long by the law of supply and demand.

The industry itself is not entirely to blame for the position in which it finds itself, that for the year 1953-54, out of a total production of 9,403,492 dozen eggs, it was necessary to export 4,893,199 dozen at what is tantamount to a loss. Undoubtedly, the poultry farmer in Australia has been encouraged to produce eggs since the war, with the results that I have outlined. The Commonwealth Government itself has not been unmindful of this and last year, when the British market for our eggs deteriorated, it granted a subsidy to the industry of £250,000, the Western Australian share of which was £15,399. This would hardly have happened if the Commonwealth Government had considered poultry farmers to be making excess profits.

The deterioration of the British market has been a serious blow to the Australian egg industry generally, and the impact on Western Australia has been very severe, owing to this State exporting a bigger percentage of its eggs than any other.

In 1953-54, of the 4,893,199 dozen eggs exported by this State, 3,149,839 dozen were exported to Great Britain. The balance of our export surplus, namely, 1,743,360 dozen, went to sundry markets, the chief of which were Singapore, Saudi Arabia, Colombo and, to a very minor extent, Egypt and Aden. It must be borne in mind that the above figures include eggs exported in shell, and eggs pulped for export.

Contact must be maintained throughout the year with the Malayan and Saudi Arabian markets, even when production is low and eggs scarce. These markets will be lost to us if supplies are not regularly kept up to them.

The bulk of our frozen egg pulp is sold to England, but the bulk of eggs in shell is sold to buyers in countries other than Great Britain. In 1953-54, frozen egg pulp was sold to England at a better price than eggs in shell.

The deterioration in the English market for eggs in shell is chiefly due to the British Government paying a subsidy of 2s. per dozen to the producers of local eggs. This subsidy, which in one year cost the British Government approximately £22,000,000, was granted in an endeavour to stabilise prices and prevent the cost of eggs rising. The price of local eggs, accordingly, did not rise, and the price of imported eggs was considerably reduced as a result.

There are no immediate prospects of the British market improving, and the future is regarded as rather shaky. A net price of 2s. 6d. per dozen only is expected for the coming season.

The sundry markets are much more profitable than the British market, and Western Australia exports 51 per cent, of the total Australian eggs exported to these countries. Malaya and the Persian Gulf bring in over £100,000 a year to the Western Australian producer.

Australia now exports about 40 per cent. of its total production of eggs. It is evident, if thought is given to the problem, that so long as surpluses exist they must be taken from the local market and sold overseas at the best possible prices. In my opinion, it is necessary to have some co-ordinating body with statutory powers to do this. Voluntary organisations, such as co-operatives, have failed in the industry. During the war, a voluntary Egg Stabilisation Committee was established, and without doubt it worked very well and received the co-operation of the industry.

In those days, however, there were not the large surpluses we have now, overseas markets were not depressed, and the deductions made for equalisation purposes were very small compared with now. Equalisation payments were collected by means of stamps purchased from the committee. On 15/2/40, the contributions were only 1d. up to eight dozen, 2d. up to 16 dozen, and 4d. up to 32 dozen. At the time, the wholesale price of special new-laid metropolitan eggs was 1s. 5d. to 1s. 6d. per dozen. (Information from The West Australian of 15/2/40.) I fail to see how any voluntary organisation could evolve a system for the collection of equalisation payments of the proportion required with present-day marketing conditions.

The Commonwealth Government saw the difficulties likely to be encountered by the industry and the Egg Export Control Act, 1947-1954, was enacted and the Australian Egg Board constituted. This Board has a representative on it from each State other than New South Wales, which has two representatives. This is because New South Wales produces approximately 50 per cent. of the Australian production. The Australian Egg Board is responsible for the control of all export of eggs and egg products from Australia. No eggs or egg products can be exported from Australia except under license from the Australian Egg Board.

Western Australia has joined with three other States in a pool for marketing its eggs in Great Britain. New South Wales exports on its own behalf and outside the pool. The price in Great Britain is entirely competitive and not covered by any Government-to-Government agreement. The price in Singapore
is fixed by the Australian Egg Board, and in the other export markets is competitive.

The price of egg pulp sold within Australia is fixed by a voluntary and non-statutory body known as the Egg Producers’ Council. Its personnel is comprised of representatives from each State Egg Board.

Disregarding form and constitution for the moment, and bearing in mind the problems arising out of over-production, I consider than an Egg Board, with statutory powers, is essential to the interests of the egg industry in Western Australia. It is necessary to take off the surplus of eggs within the State under some form of orderly marketing, whereby all producers have to share equally in the low overseas price. With our large surpluses, and allowing for the greatest co-operation between producers and merchants alike, I do not feel that this objective could be achieved by free marketing, particularly when it is realised that private enterprise would necessarily have to export at profitable rates.

This season it appears that the industry can expect a maximum of 2s. 6d. per dozen net from the British market. I feel that without some form of orderly marketing and the existence of a compulsory equalisation scheme, this figure would not be realised.

I further consider that it is essential that the Board have the right to say what eggs be delivered to the Board and out of these, which must be sold locally in shell or pulp, or exported in the form of eggs in shell or pulp.

SECTION 3.

The General Principles of Price Equalisation with Relation to Overseas and Home Markets.

Price equalisation occurs when a commodity is sold on one market at an unprofitable or low return to the producer, and sold on another with a price loading, so that the overall price from both markets is made reasonably profitable to the producer.

In order to have a fund with which to equalise the returns from the sale of eggs on both the overseas and home markets, the Board makes a pool charge on each dozen eggs sold to the consuming public. This pool charge varies according to the proportion of eggs being exported at the time; to the anticipated price from the overseas and home markets; and to the amount of money that happens to be in the pool at that particular time.

At certain times of the year, when there is little, if any, export of eggs, pool charges are negligible, or entirely abolished. At the time of writing this report, however, export is heavy, the return from the British market is very low, and there is a very heavy pool charge of 8d. per dozen.

Producers regard pool charges as being deductions from their returns, and take the view that but for these charges their returns would be higher. Consumers argue that but for the pool charges the retail price of eggs would be less. However, I incline to the view that under a system of price equalisation the pool charges should be regarded as an integral part of the general price structure, and not the responsibility of either producer or consumer.

As overseas credits are vitally important, and as the Egg industry plays quite a substantial part in acquiring these credits, I consider it equitable for the home market to subsidise, or equalise, the overseas market. Nevertheless, it is important that the Board, in applying any system of equalisation, should adhere to certain principles. It should see that equalisation charges are kept to a minimum, and that they are fairly and equitably imposed. Every effort should be made to use these charges for the purpose for which they were intended, that is, to recoup the loss in taking off the surplus eggs from the local market, and not for any other purpose. Furthermore, the equalisation system should be regarded as being fair and equitable only if consumers are required to pay for their eggs a price which is not altogether out of proportion to that paid for other items on the “C” series index.

In order to appreciate the principles of price equalisation, it is important to understand the general price structure, and the levelling effect of the overseas price on local prices.

If the local price were governed entirely by supply and demand on a free market, it is difficult to estimate what the real position would be throughout the year, but past experience would leave no doubt that there would be violent price fluctuations. Evidence before the Commission, and which I accept, indicates that when production was low and export down to almost nothing, prices soared. As soon as there was a surplus on the local market, it immediately became depressed to the price at which the surplus could be sold.

Accordingly, I incline to the view that in the shortage months of April, May, June and early July, the same thing would again happen under a free market. It has been said in evidence that a retail price of 8s. per dozen could readily have been reached during the past season. It has been said in New South Wales that in early July the amount of £s. 6d. per dozen would have been reached but for the Board and price equalisation.

When eggs are scarce, then, according to the law of supply and demand, the price must rise. If, however, there is a price equalisation fund in credit, it can be utilised to keep the price within reasonable limits.

For the period 1949-50 to 1954-55, the average equalisation charges throughout the year have been as follows:—

<table>
<thead>
<tr>
<th>Period</th>
<th>Charge per dozen</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949-50</td>
<td>1.42d.</td>
</tr>
<tr>
<td>1950-51</td>
<td>2.89d.</td>
</tr>
<tr>
<td>1951-52</td>
<td>3.60d.</td>
</tr>
<tr>
<td>1952-53</td>
<td>4.20d.</td>
</tr>
<tr>
<td>1953-54</td>
<td>3.64d.</td>
</tr>
<tr>
<td>1954-55</td>
<td>2.83d.</td>
</tr>
</tbody>
</table>
With regard to the overseas market, it should be borne in mind that the pool charges are based not only on the egg value but also on the cost of exporting the eggs, which is somewhere in the vicinity of 7½d. to 8d. per dozen. This includes the cost of cases, fillers, wire, cold storage, cartage and Australian Egg Board charges. For example, the f.o.b. price of eggs exported to England is 3s. 1d. per dozen, but the net price approximately 2s. 6d. per dozen.

SECTION 4.


The pool period is for twelve months, and at the end thereof, in accordance with Section 32(1) of the Act, the net proceeds from the sale of eggs must be paid to the producers.

In arriving at the net proceeds, the Board is entitled to make the following deductions:—

(a) Dockages on account of the quality of eggs.
(b) Cost of freight and other charges.
(c) Cost of marketing.
(d) Administration expenses and expenses for carrying out the Board's powers under Section 18, limited to 10 per cent. of the proceeds of sale.

The Crown Solicitor has advised the Board that it has no power to establish a Price Equalisation Reserve Account, as there is nothing in the Act to empower the Board to equalise the price which may be obtained from year to year. He has advised, however, that the Board has power to establish a reserve fund for buying or building a property, and that, accordingly, moneys can be transferred from the Board Administration Account to such Reserve Fund.

The same position arose in New South Wales, and the Crown Solicitor there advised the New South Wales Egg Board that, should it choose to meet the cost of buildings by deductions from the proceeds of sale of its eggs, it had powers so to do.

If the Western Australian Egg Marketing Board is to operate as a trading concern, it is necessary that it have power to capitalise for essential purposes. Is it right, however, that moneys collected specifically for equalisation purposes and paid into an account known as the Pool Equalisation Account, be used for something other than equalisation, notwithstanding the fact that the Board has the legal right to do so?

I do not consider that a system of price equalisation should be converted to a system of financial manipulation. Whilst being fully aware of the fact that a system of price equalisation must take into account the marketing charges incurred in removing the surpluses from the local market, I consider that the line should be drawn somewhere, and that the Pool Equalisation Account should not be used for the purpose of financing the Board's general undertakings.

With regard to the question of General Reserves for equalisation purposes, it is worthy of note that in any equalisation scheme, the producers who contribute to the pool in any one year may not necessarily be contributors in the following year, and therefore not in a position to receive continuous benefits.

Further, and in addition to the fact that the Board is not empowered under the Act to create such reserves, it may be argued that an equalisation charge is not really a deduction from the price paid to the producer, but is in fact a levy. If such is the case, it is contrary to the Commonwealth Constitution, because a levy is a duty or excise, and can only be imposed by the Commonwealth.

In referring to the finances of the New South Wales Egg Marketing Board, the New South Wales Auditor General commented as follows:—

“In the application of the system of pool accounting it is scarcely to be expected, in the circumstances confronting the Board, that the accounts of each pool period will be balanced in strict accordance with the Act”.

Everyone, I think, will agree with this statement, but if this balance cannot be achieved, the Act should be amended, or the Board should endeavour to keep within its terms and avoid large surpluses. With fairly accurate knowledge of what the British market will bring in the future, the Board should be better equipped to balance its affairs within each Pool period.

SECTION 5.

The Method of Fixing the Wholesale Price of Eggs, and its Effect on the Producer.

It is obvious from evidence submitted to the Commission, that a price fixing formula has never existed, and it is equally obvious that the Board has never been in a position to draw up any such formula.

However, the Board has, in the past, followed a definite procedure in arriving at a wholesale price. This procedure has been outlined by Mr. C. R. Mayo, the general manager of the Board, and has been supported by exhibits produced to the Commission.

Mr. Mayo states that it has been his practice, at the commencement of each financial year, to present to the Board an estimate covering the anticipated production and sales trends for the ensuing 12 months.

This estimate, in addition to showing the anticipated production figures for the season, has also shown the expected returns from the sale of eggs on both the home and overseas markets.
Included in the estimate have been three alternate price ranges and three alternate charge ranges, and on these alternatives the Board has fixed the wholesale price and the administration and pool equalisation charges, from time to time throughout the year.

According to Mr. Mayo, the wholesale price has been regarded as the “Gross” price paid to the producer, and it is from this price that administration and pool equalisation charges have been deducted.

It is essential to recognise that under an estimate system such as this, it has not been possible for the Board to make allowance for all factors which might affect trading during the period covered by the estimate.

Perusal of some of the estimates submitted to the Commission in the form of exhibits, suggests that variable factors in the past have been as follows:—

(a) Production—as affected by seasonal conditions.
(b) Export of eggs in shell—to British and sundry markets.
(c) Export of pulp—to British and sundry markets.
(d) The extent of local demand.
(e) The quality of eggs likely to be delivered to the Board—with its resultant effect on the quantity of pulp produced.
(f) Winter storage.

I am of the opinion that no real significance has been attached to the cost of production in these estimates. It is quite evident that the deciding factor in arriving at a price has been the anticipated return from the sale of eggs on the various markets.

It has never been intended by the Board that the estimates should be regarded as a price fixing formula, and it is evident that whenever the estimates have been revised, or the wholesale price varied, the change has taken place as the result of the influence exerted on the Board’s trading activities by one or more of the variable factors previously outlined.

The estimate system was not adopted by the Board for the 1954-55 season. Obviously, this decision not to operate according to estimates, was the result of a difference of opinion which had arisen within the Board during the previous season and which concerned the application of the various price rises as set out in the estimates.

Board members, when questioned during the hearing of evidence were unable to clarify the position as regard the method of arriving at the wholesale price.

The Chairman of the Board, Mr. C. L. Harvey, stated that the price was “Governed by what we anticipate we will get overseas.” Mr. Harvey also stated that the Board had been unable to co-relate the cost of production and the wholesale price.

Mr. C. Rodgers, a producer member, admitted that the Board had been unable to fix a wholesale price commensurate with the cost of production, due to the influence of the British market.

Mr. H. Cole, a producer member, when asked on what basis he, as a producer member, acted in fixing the wholesale price, said, “I would like to do it on the cost of production, but unfortunately it is hard to do so, for the simple reason that we must take in supply and demand.”

Mr. M. Stocker, a producer member, considered that producer members endeavoured to get as near as possible to the cost of production in fixing the wholesale price. He admitted, however, the difficulty of accurately assessing a cost of production figure.

Mr. K. D. Wilson, a consumer representative, stated that in fixing the wholesale price, the cost of production “Must be kept in mind.” He admitted that cost of production figures could not always be relied upon, and that supply and demand exerted influence on prices.

It thus becomes obvious that the Board has in the past, and as a matter of general policy, varied the wholesale price from time to time, in accordance with the following factors, in order of their importance:—

(a) The law of supply and demand, as applied to the sale of eggs on the home and overseas markets.
(b) The financial condition of the Pool Equalisation account at the time of the decision.
(c) An assessment of the amount of Pool Equalisation charges that could reasonably be met by the home market.

The cost of production although no doubt ever present in the minds of the producer members, has been forced out of the calculations by virtue of the more pressing importance of supply and demand.

As an example of the procedure followed, and the difficulties encountered by the Board in its assessment of a wholesale price, I refer to recent changes in the wholesale price of eggs.

On the 15th August, 1955, the wholesale price of eggs on the local market was 4s. 6d. per dozen. Of this amount, the producer received 3s. 6d. per dozen, and the balance of 1s. was retained by the Board for administration (4d.) and pool equalisation (8d.) charges.

At that time, the Board was selling approximately 25 per cent. of its eggs on the local market at the wholesale rate of 4s. 6d. per dozen, and the balance on the overseas market at an average net return of 2s. 6d. per dozen on the British market, and 3s. 11d. per dozen on sundry markets.

The pool equalisation charge of 8d. per dozen was intended to equalise the returns from the overseas and home markets, but in actual fact, the pool equalisation account for the period showed a deficit.
Reduced to simple terms, this meant that the Board was selling its eggs at an average price which was below that being paid to the producers, viz., 3s. 6d. per dozen.

The Commonwealth Bank, which finances the export of eggs, took the view that in the circumstances, the price being paid to the producer was in excess of an economic rate.

Accordingly, when faced with the prospect of an increased overdraft due to trading losses, the Board was left with two alternatives:

(a) To reduce the wholesale price.
(b) To increase the pool equalisation charge and so increase the wholesale price.

The Board recognised that a high equalisation charge was not desirable, in view of the added burden which would have been placed on the consumer. With the increased wholesale price due to increased pool equalisation charges, the consumer is always likely to show resistance to the resultant increased retail rates, with a corresponding decrease in local sales. The producer, not appreciating the high deductions, is inclined to take the line of least resistance, and seek an outlet for his eggs on the "black market," thus evading the payment of the Board charges.

Accordingly, the wholesale price of eggs on the 5th September, 1955, was reduced to 4s. per dozen. The Board continued to deduct 1s. per dozen for administration (4d.) and pool equalisation (8d.) charges. The producer, as a result, received 3s. per dozen for his eggs.

Bearing in mind the influence being exerted on sales returns by the overseas markets, the obligation on the part of the Board to dispose of the surplus at the best possible prices obtainable and, above all, the fact that at the time almost 75 per cent. of production had to be exported, I consider that the Board took the only practical course open to it.

This was, of course, a great blow to the industry, and reflected the influence which the wholesale price exerted on the producer's net returns. It can be seen that the Board members, in spite of their awareness of the plight of the producers, had no alternative but to consider the cost of production as being secondary to the law of supply and demand.

I, therefore, consider that the Board, in following a wholesale price fixing procedure based on the estimate system, has followed the only logical course.

There is no alternative which, in view of the evidence submitted, I can recommend, and to my mind the solution to the problem of low returns to the producer does not lie in any alteration to the Board's present procedure.

The fixing of the wholesale price, and its relation to the problems of the producers, is part of the overall financial picture and recommendations have been made in other sections of this report, concerning equalisation charges, efficiency within the industry, the adjustment of retail margins to allow some relief to producers and increased activity with regard to the promotion of sales on the home market.

SECTION 6.
The Wholesale and Retail Price of Eggs in Relation to the Price of Wheat, Bran and Pollard.

I shall deal with the retail margin on eggs under a special heading, but it is necessary in making a comparison of prices generally to consider some of the recent retail prices. During the last two or three months the price of eggs has varied in accordance with the price determination principles I have already set out. For example, retail prices since the 1st July, 1955, have been 6s. 1d., 5s. 2d. and now 4s. 7d. per dozen.

The price of 6s. 1d. was ill-timed in that it was imposed at a time when production was rising and the Board knew it would have to be reduced within a fortnight. Had it been imposed some little time earlier, it may, perhaps, have been justified. The Chairman says, he, himself, was against the rise and there were probably other Board members of the same mind. This price included a nine-penny retail margin which, in my opinion, was excessive.

Even allowing for what I consider high retail margins, 5s. 2d. per dozen and 4s. 7d. per dozen bear more than a favourable relationship with the cost of production, the basic wage and the cost of living generally.

The public cannot expect, in the present-day economy, that the price of a particular commodity such as eggs can remain stationary whilst the prices of everything else soar. The present-day price of eggs compared with pre-war prices speaks admirably for organised marketing. The basic wage has tripled, costs generally have multiplied themselves over and over again, yet the maximum price of eggs today has not increased to the same extent over the pre-war maxima.

The price of eggs today bears a favourable proportion to the cost of wheat compared with the same proportion pre-war. When similar comparisons are made with the price of bran, pollard and mashes, more than a favourable proportion is maintained.

I am indebted to Mr. G. D. Shaw and Mr. H. E. Braine, Managing Trustee, Wheat Pool of Western Australia, for some very interesting figures which have enabled me to make a comparison of pre-war and present-day prices. Mr. Shaw has obtained his information from Western Australian newspapers and Mr. Braine, naturally enough, from his position with the wheat pool.

In April, 1939, the basic wage was 4s. 2s. 3d. Today it is 5ls. 12s. 5d. Wheat was 4s. 1d. per bushel. Today, if the purchaser can buy at the rate of 50 tons per month and pay cash with his order he can obtain it for 14s. 11d. per bushel. If he buys in truck loads of six tons or more he can get it for
14s. 3½d. per bushel, on order. If he buys in lots of 120 bushels or more from country bins, ports or depots, he can buy it for 14s. 5d. per bushel. If, however, a producer is in a small way and cannot afford to buy in big lots and for cash, he can purchase in bags and pay up to 16s. 3d. a bushel from merchants, if the wheat is delivered to the farm. Damaged wheat is available, but the supply is erratic and if it deteriorates rapidly. I can hardly imagine the poultry farmer being able to purchase 50 ton lots at a time, so he would have to pay the prices in the higher categories.

In 1939 bran was £5 a ton, today it is £22 10s. Pollard was £4 a ton, today it is £23 10s. Mixed mashes in 1939 were £7 3s. a short ton and today are round about £30 9s. 6d.

Wholesale egg prices for 1939 were as follows:—

<table>
<thead>
<tr>
<th>Month</th>
<th>Price per dozen</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>1s 9d. to 2s.</td>
</tr>
<tr>
<td>May</td>
<td>2s. 1½d. to 3s. 3d.</td>
</tr>
<tr>
<td>June</td>
<td>2s. 3½d. to 3s. 4d.</td>
</tr>
</tbody>
</table>

The corresponding Board prices for 1955 were as follows:—

<table>
<thead>
<tr>
<th>Month</th>
<th>Price per dozen</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>4 9</td>
</tr>
<tr>
<td>May</td>
<td>4 9</td>
</tr>
<tr>
<td>June</td>
<td>5 0</td>
</tr>
</tbody>
</table>

The months of scarcity, namely, April, May and June, were taken for comparison because, normally, the price level reaches its highest peak in these months and it is in these months that consumers normally complain about the high cost of eggs. Bearing in mind gluts and depressed prices of pre-war, other months of the year also bear favourable comparisons.

For the seasons 1929-30 to 1938-39, the average return to growers for wheat pooled was 3s. 3d. per bushel at ports or about 2s. 10d. at country sidings. The average metropolitan retail price for eggs from 1930 to 1939 inclusive was roughly 1s. 5d. per dozen and the wheat grower could, over the period, buy his eggs for a penny or two less. If, therefore, he paid 1s. 3d. a dozen for his eggs and sold his wheat at 2s. 10d. per bushel, he received 2.43 dozen eggs for one bushel of wheat.

Paying roughly 5s. 3d. for his eggs this year, the wheat grower could purchase 2.43 dozen eggs for 12s. 7d. This is the figure guaranteed to him for all home consumed wheat and 100 million bushels or export wheat.

The factors affecting the prices of wheat and mill offal are woven up with our national economy and there is nothing that the poultry farmers can do about the matter and it is outside my province to comment. All I can say is that whilst the poultry industry depends on these all-important products and has to pay the present high prices, it cannot reduce the price of eggs to any great extent.

SECTION 7.

The Influence of the Cost of Production on the Wholesale Price of Eggs.

Very considerable evidence was given about the price of eggs in relation to the cost of production. Many producers have said that the present price of eggs is simply not giving them their cost of production and unless there is an immediate rise in the local price the industry will be ruined.

There is no doubt in my mind that egg production in this State is a poor man's industry. The evidence discloses that with one outstanding exception many producers are not making their costs of production, others are just merely existing, whilst others are making moderately comfortable livings, in nearly all cases with the help of their families.

The outstanding exception is Mr. Alf Hampton and his son, who usually start off the season with 6,500 birds. Through outstanding efficiency and, I may say, savoir faire, they have reduced their costs to 2s. 5d. per dozen. Last year, they produced 85,250 dozen eggs and showed a net profit of £5,305. 4s. 2d. The average poultry farmer in Western Australia, owing chiefly to lack of capital, will be a long time emulating the two Hamptons.

Another witness, in 1953-54, made a net profit of £1,600 from an average flock size of approximately 1,600 birds. To do this, he worked very long hours, seven days a week, assisted by his wife and two sons.

Mr. Butcher and his mother earned a net £1,463 in 1953-54, literally working from early morning till late in the night.

Other witnesses gave evidence of earning £1 to £1 2s. 6d. a bird on the hen day basis in 1953-54, with flocks varying from 1,000 to 1,500 birds, and another witness and his son made £27 a week each, from a flock of 2,200 birds.

These are the top incomes disclosed in evidence. There may be others making greater profits, but they have not come before the Commission and given evidence.

The great variation in incomes is due to the variable efficiency within the industry. It is impossible to lay down a standard of efficiency and consequently it is impossible to arrive at a standard or average cost of production figure.

On 29/9/54 the Minister of Commerce and Agriculture announced that a field survey would be conducted by officers of the Bureau of Agricultural Economics to give a comprehensive review of the economic structure of the Australian egg producing industry. A field survey was conducted in the five mainland States, using the year 1953-54 as a base. On p. 1 of the Survey Report the following paragraph appears:—

An absolute measure of the average cost of egg production throughout Australia has not been attempted. This is
because of the complex structure of the industry in Australia and the wide variations within it. Also, when sideline production is high the available techniques of costing do not admit a high degree of accuracy.

A cross-section of farms, 123 in number, were weighted according to States and grouped into different levels of yield per layer to show the effect of yield on costs per dozen eggs. As the average yield per layer in Western Australia is 12½ dozen eggs, the survey shows that the average net cost of producing a dozen eggs in this State, based on that yield, is 47.71 pence. This figure is not based on a sufficiently comprehensive inquiry and, owing to a number of factors, such as understated production and variation in feed prices, cannot be regarded as accurate. The survey has, however, shown that there is a definite relationship between the yield per layer and the feed cost per bird and per dozen.

In arriving at the figure of 47.41 pence, matters such as the value of land and improvements, value of plant, depreciation and the cost of the producer’s own labour assessed at £1 17s. 9d. per week, were taken into consideration.

Some of the witnesses who gave evidence before me left out one or more of these items in assessing their incomes from egg sales and their figures show a more healthy financial position than is, perhaps, warranted. I feel sure that on present prices, Western Australian producers, who only produce the State average of 12½ dozen eggs per bird, are already on their way out of the industry, and as the production figures for 1954-55 are down on the previous year, some have evidently left the industry already.

If the figure of 47.41 pence is correct, producers on the State average actually lost money in 1954-55 because the overall return to producers for eggs of all grades was only 3/4.99d. The year before it was 3/9.95d.

Much evidence has been given that the Board should endeavour to fix its price to the producers on more or less a cost plus basis and take as the base the figure of 47.41 pence found to be the cost of production. This figure is based on a production of 12½ dozen eggs to the bird, but the survey also disclosed that a producer who produces 13 to 15 dozen eggs to the bird has a net cost of 42.79 pence per dozen, whilst a producer who gets 15 dozen or better has a cost of 39.57 pence per dozen. All the best incomes in the industry are naturally made by men coming within the latter class.

In my opinion it would be entirely wrong for the Board to base its price on a cost plus system especially taking the State average as a base. Evidence has been given, which I accept, that producers who can only get 12½ dozen eggs to the bird are either inefficient or have poor birds. Furthermore, fixing the price on that basis would be unfair to the consumers who are already subsidising the overseas market and they don’t want the added burden of subsidising the inefficient poultry farmer.

Mr. Caswell, a very knowledgeable man in the industry, and Mr. Schapper, Senior Research Fellow in Agricultural Economics, University of Western Australia, point that, economically, price determines cost and I am bound to agree with this. In any case, it is economically unsound to base the price on a cost of production formula or on an average cost of production when it is impossible to arrive at any “norm” in the industry. The board has to look forward and see what it will charge before it sells its eggs. At the same time, I do not think it can be blamed for taking into consideration the effect of a price rise or drop especially when the industry is dependent on so many factors such as wheat, bran and pollard, mixed mashesses and the like, the price of which is beyond the control of the industry.

Since the sittings of this Commission were concluded I have received information that the Egg Producers’ Council has applied to the Commonwealth Government for a subsidy to the industry to be paid over a period of five years. I understand that the matter is still receiving consideration and no reply has yet been received.

Having heard evidence from many honest witnesses on the subject, I have no doubt that with the ruling price of eggs even the average efficient producer must be feeling the pinch. Food costs are something beyond his control and no efficiency on his part can reduce the cost of wheat and wheat offal.

At a later stage I shall deal specifically with the present set-up of the Board. At the moment, I shall confine myself to saying that an all-producer Board, as sought by many producers, would in the long run ruin the industry. Without being unkind in my views, I feel that a Board constituted along those lines would immediately use 47.41 pence as the basis and then proceed to act on a cost plus basis. If this is done, the price to consumers would reach economically unsound levels, the inefficient producers would still be in the industry, more would be attracted to the industry and the surplus would be bigger than ever. The price would sound very nice, but the producers would not be able to sell their eggs.

One witness, an accountant and an ex-producer, and very obviously a “special pleader,” considered that a man’s annual wage for running a flock of 1,750 birds should be £1,076 19s. 6d. He said a farmer should see what it will charge before he sells its eggs. He then have at the very minimum an all-the-
year retail price of 6s. 3d. It is no wonder the more practical members of the industry said that the figures produced by this witness were ridiculous.

A producer-member of the Board gave evidence that a producer averaging 13½ dozen eggs to the bird would require throughout the year an average net profit of 1s. 7d. to 2s. a dozen. He suggested a minimum gross return of 4s. per dozen could be given to the producer whilst maintaining a retail price of 4s. 6d. This is, of course, impossible and later this witness agreed that the retail price would necessarily have to be raised. The evidence shows, without doubt, that it is a fallacy to work on a more or less guaranteed price system in the egg industry.

There is, however, considerable substance in the proposition that the local price of eggs can be stabilised by means of a stabilisation fund working on somewhat similar lines to the equalisation scheme.

Under a stabilisation scheme the consumer pays the same price throughout the year, even when eggs are scarce. Producers and consumers are usually better satisfied when prices are stable. Producers who supply eggs in the scarce period, however, must be protected and given some price incentive. Consumers are better able to budget for their eggs although throughout the year they might be paying the same average price as where fluctuations occur.

A stabilisation scheme must be very carefully administered and should not be introduced where large deductions have to be made because this only encourages the black market. Such a scheme is hampered by the difficulty in arriving at a definite cost of production figure and the lack of constancy in the overseas market. Such schemes have worked in the past, but considerable thought should be given before deciding to introduce price equalisation for the home market.

SECTION 8.

The Financial Transactions of the Board.

(a) General Accounting.

Since its inception, the Board has presented its yearly accounts in the form of an annual report and statement of accounts.

Copies of the reports from the 1st July, 1946, to the 3rd July, 1954, have been tendered in evidence.

The annual accounts of the Board are subject to audit and report by the Auditor General and all his reports have been submitted to the Commission.

In the early stages of the Board's existence, some difficulty was experienced in reaching an agreement on the form of presentation of the accounts, the Auditor General taking the view that the Board's method of presentation did not conform with the Audit Act. Accordingly, the accounts are now presented in the form required by the Auditor General and whilst in accordance with the Act, the Board feels that more detail therein would be of greater assistance to the producers.

In order, therefore, to present more detail of the financial workings of the Board to the producers, the Board prepares a supplementary statement of financial operations. This supplementary statement is attached to the annual report and made available to all producers.

I consider the Board is to be commended on its policy of issuing a supplementary statement with the annual report and I suggest that the practice be continued. As many of the producers have little knowledge of intricate accounts, the Board could go a step further and supply each producer with a clear and easily understood explanation of the financial affairs of the Board prepared without any form of apparent disguise. Illustrative graphs might be more easily followed than a multitude of confusing tables and schedules.

Mr. W. J. Robinson, now Accountant at the Crown Law Department, but who was formerly an inspector of the Auditor General's Department, had personally audited the Board accounts since its inception right up till last year. Mr. Robinson gave evidence before the Commission that the accounts have always been kept on a sound basis and from an audit point of view have been entirely satisfactory. Furthermore, he considered that the Board had adopted an excellent accounting system which does credit to those who initiated it.

Attention is drawn to recommendations which I have had elsewhere in this report concerning amending legislation to widen the scope of the Auditor General's powers in respect to the Commodity Board Accounts.

(b) Creation of Reserves.

Interesting information can be gleaned from the Board's accounts of the last few years. The following figures have been taken from the Board's supplementary accounts and the annual reports as audited by the Auditor General.

The figures for 1951 are illuminating. The Price Stabilisation account in the supplementary figures showed a surplus of £42,104 16s. 9d. There was a deficiency on handling and administration of £7,029 8s. 3d. and I do not think the Board was unreasonable in deducting this from the price stabilisation surplus. The Board Administration Account as shown in the audited figures showed a surplus of £35,075 8s. 1d. There was already a balance of £21,956 17s. 5d. in this account carried forward from the years 1947-48 and 1948-49. Added to this, was an allocation by the Board to the Pool Equalisation Account of £35,991 8s. 8d. The bulk of which represented surpluses over the years from the Pool Equalisation Account.
From the £57,991 0s. 8d. the Board then transferred the sum of £31,989 17s. 5d. to the Building Reserve Fund. This represented 30,710,275 dozen eggs at 1d. per dozen including allocations made for the current year and retrospectively as follows:

<table>
<thead>
<tr>
<th>Season</th>
<th>Dozen</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948-49</td>
<td>7,929,348</td>
<td>7,929,348</td>
</tr>
<tr>
<td>1949-50</td>
<td>7,640,421</td>
<td>7,640,421</td>
</tr>
<tr>
<td>1950-51</td>
<td>7,471,291</td>
<td>7,471,291</td>
</tr>
</tbody>
</table>

The sum of £26,001 3s. 3d. representing the balance of the Board Administration Account was then carried forward to the 1951-52 season.

In the year 1951-52, the Pool Equalisation Account as shown in the Supplementary Account, showed a surplus of £3,785 7s. 2d. The Marketing and Administration Account showed a deficit of £12,942 13s. 7d. Transferred to the General Revenue Account, this deficit was offset against the surplus of £3,785 7s. 2d. from the Pool Equalisation Account, resulting in a deficit in General Revenue of £9,157 6s. 5d. This deficit was, in turn, transferred to the Board Administration Account, and offset against the balance of £26,001 3s. 3d. which had been brought forward from the 1950-51 season, resulting in a balance of £16,843 16s. 10d. being carried forward for the 1952-53 season.

In the year ended 30th June, 1953, there was a surplus of £30,023 4s. 1d. in the Pool Equalisation Account. There was a deficiency in the Board Marketing and Administration Account of £5,405, 11s. 9d. This deficiency was transferred to the General Revenue Account and offset against the surplus of £30,023 4s. 1d. transferred from the Pool Equalisation Account, resulting in a surplus for the year of £26,017 12s. 4d. in the General Revenue Account.

The accounts then reveal that an amount of £30,023 4s. 1d. was transferred from the Board Administration Account to a "General Reserve Account," and after the deficit for the year in the Board Administration Account—amounting to £3,405 11s. 9d.—had been offset against the balance of £16,843 16s. 10d. brought forward from 1951-52, a further balance of £13,438 5s. 1d. was carried forward for the 1953-54 season.

In the Auditor General's Report for the year 1953-54, is a reference to this General Reserve Account. It appears that on the 2nd October, 1953, the Board resolved that this "General Reserve" was to be used solely for price stabilisation. On the 22nd December, 1953, for the reasons previously given, the Crown Solicitor advised that this action was contrary to the Act. However, perusal of the 1953-54 accounts shows that the amount of £30,023 14s. 1d. remained in the General Reserve account as at the 30th June, 1954.

The 1953-54 accounts show that the Board had a gross income of £2,141,699 1s. 5d. and a deficiency of £3,807 14s. 2d. in the Pool Equalisation Account whilst the Board Administration Account showed a surplus of £108 4s. 3d. This surplus was added to the sum of £13,438 5s. 1d. brought forward from the previous year and accordingly the sum of £13,546 9s. 4d. was carried over to the next year.

**SECTION 9.**

**Consideration of the Financial Sections of the Marketing of Eggs Act.**

If the Government is prepared to extend the provisions of the Act for a further term, I respectfully suggest that some consideration be given to the financial sections, and that wherever needed, they be re-drafted. There has been some difficulty in interpreting these sections, and on quite a number of occasions the advice of the Crown Solicitor, and an eminent Queen's Counsel, has had to be sought.

Section 32 (1) makes it incumbent on the Board to pay to producers who consign eggs to the Board during the pool year, the net proceeds of sale of all eggs received from producers during such year.

If, therefore, at the end of the pool year, the Board after having made all necessary deductions, finishes up with a surplus, such surplus must be distributed to the producers. The terms of the section are mandatory, but are rendered entirely nugatory by section 32 (4).

Under Section 32 (4) as amended by Section 4 of Act No. 19/1949, the Board is entitled to deduct from the proceeds of sale any sum not exceeding 10 per cent. of such proceeds, and place the same in the Board Administration Account for use by the Board for administration expenses as they arise from time to time and for the purpose of exercising any of the powers or of carrying out the duties and functions imposed on it by the other provisions of the Act. I might add that it is hard to imagine any public or semi-public body possessing wider powers than those conferred on the Board by Section 18.

Under Section 32 (4) therefore, the Board may, by a stroke of the pen, as it were, use up any surplus which under Section 32 (1) it is bound to distribute to producers, provided that in doing so, it does not exceed its allowable 10 per cent. Whilst the Board has finished some pool periods with considerable surpluses, relying on Section 32 (4), it has merely carried the surpluses forward or transferred them to some other account, and has never made a distribution of same to the producers.

The anomaly created by the two sub-sections as they now stand should be cured by amending legislation, and some directive policy might, perhaps, be specifically set out in the Act.
The essence of a pool scheme is that producers are paid the net proceeds of sale for their eggs. Usually advance payments are made progressively throughout the year, and if at the end of such period there is a balance, the balance is distributed by way of final payments. There are peculiar difficulties in administering a pool system in the egg industry, because eggs are being produced throughout the whole year, whereas in other primary industries controlled by Boards, the commodities covered by such a system are purely seasonal.

The language of section 32 (1) does not make it any easier for the Board to distribute a final surplus, and it is extremely difficult to make such a distribution in the exact terms of the section.

In order to do so, the Board would have to keep a detailed account of the proceeds of sale of each grade of egg throughout the year, so that each producer who consigned eggs to the Board could be credited accordingly. This would involve considerable expense, especially if it turned out that there was no surplus at the end of the year.

The difficulty of accounting would be further added to when it is realised that a proportion of all eggs of various grades and quality are pulped, and pulp is sold only in one grade.

There would be further expense in addition to keeping the records, in the compilation, writing and despatch of final distributions, and perhaps even in tracing producers who may have left the industry. This makes one wonder, unless the surplus is very substantial, which it should not be, whether the distribution as contemplated by the Act might not be disproportionate to the benefit derived by the producers. It is estimated that a final distribution on this basis would cost somewhere between £2,000 and £3,000.

It has been suggested to me that the difficulties could be overcome by deleting all the words after the word “him” in line 5 to the end of section 15 (1). If this were done, the sub-section would then read: “Subject to this Act the Board shall, out of the proceeds of eggs disposed of by it under this Act, make payments to each producer of the eggs delivered to the Board, in respect to the eggs delivered by him.” This, in my opinion makes the sub-section vague, and uncertain, and it is not clear what payments the Board must make to producers nor on what basis.

Apart from the uncertainty of the language, however the proposed amendment does not provide for a pool period, or the distribution of a surplus should there be one. It is interesting, however, in that in reality it sets up a system of purchase from the producers, rather than providing for a pool. This is not unique, for I understand that this is the system adopted by the New South Wales Egg Marketing Board.

If the Board purchases the eggs from producers, it must base its price to them on what it thinks it can get for the eggs on both the home and overseas markets, due allowance being made for marketing and administration expenses. This is exactly what happens in a pool system, except that under the latter the Board must account to the producer for the proceeds of sale.

It has been suggested that the problem of distributing the proceeds of sale might be overcome by creating two pools within the year, but there are many practical difficulties in the way of this, particularly with regard to expense.

I consider that the pool system should be continued, and that section 32 (1) be amended to empower the Board to make payments to each producer of the proceeds of sale “On such equitable basis as it seems meet”, or by permitting it to make a distribution to producers “As far as practicable” on the basis of the net proceeds of sale.

This would allow for the deductions under Section 32 (4) and (5) to be appropriated to the purposes of the Act without creating the present anomalous position. This might appear to be giving the Board too much power, but if the Government is prepared to accede to my recommendations that the Auditor General be empowered to comment on the economic working of the Board, the interests of producers should be adequately protected. Perhaps the Auditor General could also be empowered to make a specific comment on this particular point.

In considering any necessary amendments, I recommend that the figure of 10 per cent. set out in Section 32 (4) for permissible deductions be drastically reduced. If this is done it will provide an adequate safeguard against the Board over-spending. Past experience has shown 10 per cent. to be unnecessary. Such a deduction in any one year would very nearly amount to £100,000.

The Legislature might be prepared to define the words “Administration expenses of the Board” in Section 32 (4), although perhaps this is not so important in view of the provisions of amending Act No. 19/1949. The interpretation of these words, however, has given the Board some difficulty in the past, and it is extremely difficult in many cases to say what is a Board Administration expense, as distinct from a marketing expense or vice versa.

SECTION 10.

The Benefits of Orderly Marketing as Applied to the Egg Industry in Western Australia, with Recommendations as to the Continuance of the Board’s Existence.

Having considered the evidence before this Commission, and having arrived at the conclusion that some form of organised marketing is required to remove the surplus eggs from our local market, it is necessary for me to recommend the form that such marketing should take.

Parliament has given the industry a Board and, as there is no evidence to suggest that the Board has failed materially in the purposes for which it was established, I can see no reason why it should be dissolved.
I feel that Parliament passed the Marketing of Eggs Act not only because of the surplus problem but because it felt that there was some substance in the general antipathy of the industry towards the agency system, under which the real profits were made not by the producers but by some of the merchant speculators.

In free marketing days, eggs were sold direct from producer to retailer or consumer, but the bulk was sold through agents. Four or five agents operated as auctioneers and the others acted as buying agents and based their prices on the auction floor prices.

Agents charged five per centum commission, plus a transaction charge of 6d. This meant that if a producer marketed his eggs twice a week throughout the year he paid £2 12s. a year in transaction charges.

As I previously pointed out, evidence indicates that there were violent fluctuations in price, there was no regulation of the supply of eggs, and on some days there was a decline in price—up to 6d. per dozen—during the actual auction period.

Mr. G. D. Shaw, a man who has spent many years in the industry and part of this time as a buyer, gave evidence that all a big buyer had to say was, “I do not want any eggs this morning” and the price immediately dropped. If the same buyer started to buy early, the price rose.

In my opinion, any system under which this sort of thing could occur is to be condemned, and to revert to such a system would be iniquitous.

It is not reasonable to say that such a situation would not again occur. An extract from “The London Times” of the 1st August, 1955, points out that within the British scene wholesalers are tempted to accumulate supplies of eggs and hold them in anticipation of a rise in price. Apparently it does happen in England, and it could happen here if there was no control.

Alternatives have been suggested and it has been argued that there is no need to revert to these conditions and that the ideal system of organised marketing would be for the Board to act merely as a regulatory body, and to leave the physical handling of the eggs to private enterprise. Under this system the Board would regulate the supply of eggs to the market, take off the surpluses, sell them overseas and fix the overall return to producers. It is envisaged that private enterprise would do all the handling, grading, candling and marketing of the eggs.

This particular system is operative in South Australia and also in New Zealand. The other States of the Commonwealth have legislation very similar to that in existence in this State.

In South Australia the conditions are not quite the same as here because a large proportion of that State’s eggs are produced in the country, at distances remote from the market. The quality, therefore, suffers and a greater proportion of the eggs have to be pulped and sold overseas in that form. In Western Australia we send overseas something like 133 cases of eggs every ton of pulp, whereas in South Australia the proportion is 35 cases to each ton.

The evidence available to the Commission does not disclose that private enterprise in South Australia is handling the eggs any more efficiently or cheaper than the Western Australian Board, which is responsible for the candling, grading and physical handling of all eggs delivered by producers.

Figures placed before the Commission show that the South Australian grading charges are 4d. per dozen whereas the Western Australian Board’s charges for administration, grading and handling amount to 4d. per dozen. Included in this 4d. is a contribution of one farthing per dozen towards the building fund. Evidence has also been given to the effect that in South Australia last year there was a delay of up to a fortnight between the delivery of eggs, the candling and grading and the eventual disposal to the retailers.

A further point of interest is that only one witness, Mr. H. E. Lindsay, came forward with a proposal involving the handling of eggs by private enterprise. Mr. Lindsay is the secretary and director of the Diamond Ice and Cold Storage Co. Pty. Ltd., Osborne Park.

This company has adequate refrigeration facilities and space for candling and pulping but no available machinery for the latter purpose. Mr. Lindsay considers that his company’s premises, situated in Scarborough Beach Road, are ideally situated as a centre for the Osborne Park-Wanneroo districts and that the company could handle and market all eggs from that area.

Mr. Lindsay further suggests that chilling centres could be established in other districts and that competition amongst private firms would be most advantageous. It is a matter of policy as to the better system, but I incline to the view that a cheaper or better quality egg will not be made available in this manner. Mr. Lindsay did not, during his evidence, recognise the fact that all eggs are not first grade, that his company would have rejects and second quality eggs on hand, and that many eggs would have to be pulped, and pulped, in my opinion, close to the export centre.

Furthermore, Mr. Lindsay could give no concrete proposals as to costs, nor was he able to say that his firm could do the necessary handling cheaper than the Board, although the specific question was put to him.

Centralisation of handling does tend to make for cheaper costs. Although, generally, costs have risen very markedly in the last few years, the Board’s present charges are a fraction less than they were three or four years ago. This is due to the increased volume of eggs coming through the floors and also because the Board has been able to install labour saving machinery.
Another strong argument in favour of orderly marketing is that a concern of the Board's size has an added advantage in being able to place very large orders for cases, fillers, tins for pulp, and so forth, at reduced prices. Further, when materials are scarce and there is only one buyer in the field, prices of these items do not tend to rise as much as when competition is clamouring for supplies.

The Egg Board is able to lease its pulping premises at Robbs Jetty at the very reasonable rental of £12 per week, simply on account of the large volume of business it gives the Western Australian Meat Export Works.

In New Zealand, the egg marketing authority was established under the Egg Marketing Authority Regulations, 1953.

The physical handling of eggs, including the receipt, cinding, grading and distribution of eggs, the manufacture of egg pulp and the chilling of eggs, is carried out by licensed distributors appointed by the authority for the purpose.

The authority does not take ownership of the eggs which are sent by producers, on consignment, to the various licensed distributors. Pool accounts are established in the books of the licensed distributors and these accounts are audited by officers of the authority.

There is a price tribunal in New Zealand and this allows the licensed distributor 7½ per cent. on sales for his services.

New Zealand produces 40,000,000 dozen eggs per annum and the Government subsidises the authority to the extent of 4d. for every dozen eggs distributed by it. In Western Australia, under our present system, no subsidy is granted and I do not think that a subsidy would help, as this would mean increased production, without any relative increase in efficiency, which in the long run would mean ruin for the industry.

Another form of organised marketing is that suggested by a Joint Committee of both Houses of Parliament in Tasmania in 1953. It suggested an authority in place of a Board, the main functions of which were to be the purchase of surplus eggs in the flush season, the necessary processing of them and the holding of stocks against estimated demands during the off season.

This might account for some of the surplus, but the balance would have to be sold overseas at the same poor prices, and the overall return to the producer would be no better. Furthermore, evidence has shown that the W.A. Egg Marketing Board, owing to seasonal variations and other causes beyond its control, has lost quite a lot of money as a result of the storage of eggs to cover demand during the off season.

There were only two witnesses, both producers, who were against orderly marketing. These were Mr. H. P. Chalmer and Mr. T. Platt. Mr. Chalmer, an honest witness, is a successful producer and I respect his opinions. His chief grounds of complaint, however, were against administration. Mr. Platt, who has been convicted of under-stating his monthly return to the Board, did not impress as being a witness with anything constructive to offer.

Some witnesses did not like the form and construction of the present Board; some did not like its methods of administration; some merely had personal grievances, but the majority believed in organised marketing of some description. No one offered any alternatives not already discussed in this report.

Accordingly, and if it is the policy of the Government to continue with organised marketing, I cannot recommend any better form than the existing system. All the other mainland States are facing the same difficulties as ourselves and have, in the main, Egg Marketing Boards constituted on lines similar to our own. I am not saying that the present form of the Board is ideal or that vital improvements could not be effected, but I do feel that organisation, plus control, is essential to the poultry industry in this State.

I am not prepared, however, to recommend any long-term extension of the Board's life. Board representatives have asked for a further ten or fifteen years but I consider that an extension for a further five years would be sufficient. In that time, stock can be taken of the industry, and if it is not on its feet by then, all things being equal, it never will be. In five years' time the Government should be in a position to judge whether the industry has been successful in rehabilitating itself and whether, in view of the economic position then pertaining, continuance of an organised marketing system is really necessary. In making any decision, the needs of both consumers and producers will have to be very carefully weighed, as, in my opinion, the existence or not of a Board is dependent on the advantages, if any, gained by the community as a whole.

SECTION II.

Factors Affecting Efficiency within the Poultry Industry.

The chief troubles with the Australian poultry industry today are related to, firstly, the number of birds carried per man, and secondly, the number of eggs produced per bird. These two factors may be called "Major limiting factors to efficiency in this industry."

In 1953-54 the Commonwealth Bureau of Agricultural Economics carried out "An Economic Survey of a Sample of Commercial Egg Producers." The survey took in only farms of 1,000 birds or more because that was considered to be the minimum number for a commercial producer.

All the Poultry Advisers of the various Departments of Agriculture in the Commonwealth are unanimously of the opinion that one man should be capable of running 2,000 birds. I certainly think this is the ideal that should be sought by anyone calling himself a commercial producer. If a producer can run this number of birds, at the same time getting more eggs to the bird, all things be-
ing equal, his income should appreciably rise. He could certainly accept a lower return per dozen for his eggs.

The ultimate aim should be, therefore, to make each poultry farm have a greater carrying capacity. It will be immediately argued that if each poultry farmer does this and increases the number of eggs to the bird, there will be a greater surplus than ever and the industry will be worse off than before. I do not think this is the position, because in the poultry industry, more perhaps than in any other, efficiency varies to such a great degree. Some witnesses have said that it is impossible for one man to run 2,000 birds. I have, however, seen such a one-man farm and run so efficiently that the particular producer has more leisure time than many producers with farms carrying much smaller flocks. Most of the knowledgeable men in the industry admit 1,500 birds to be the economic minimum for a commercial producer. I have seen many farms run by poultrymen, calling themselves commercial producers, who have layouts which are out of date, poorly designed and incapable of returning anything but a bare and meagre living to their owners. Unless these farms are radically altered and modernised so that all unnecessary labour and duplicated effort is cut out, a further reduction in the price of eggs will send them out of the industry.

Increased efficiency shown by an increase carrying capacity and an increase in the number of eggs to the bird will widen the gulf between the efficient and the inefficient producers. All farmers will not be able to make the grade and eventually a smaller State total of better hens will result, made up of larger average flocks of birds. This would mean that, overall, there would be less eggs, less export at ruinous prices and better returns for the farmers. I think this theory is sound and is supported by expert evidence given during the course of the inquiry. Furthermore, I think it is practicable. As Mr. H. P. Schapper, Senior Research Fellow in Agricultural Economics, University of Western Australia, puts it, "Less eggs is the only solution to too many eggs."

The Board has been given to the industry to market its eggs but it would be falling in its duty to the public if it charged an excessive price to the consumer simply to cover the inefficient producer.

Taken as an industry, the Australian egg producers are not efficient, and in the last twenty years there has been no improvement in the average laying capacity of our birds. In Western Australia the average laying capacity per bird is only 150.

Mr. Ralph Morris, the Poultry Adviser of the Western Australian Department of Agriculture, says that in many aspects we are twenty years behind America. This is particularly so in breeding and genetics which after all, determine the quality of the birds.

Mr. Morris further says nothing has been done in the past, in Western Australia, to produce better stock. Until last year, when it opened its own poultry research station at Leederville, the Department of Agriculture had no facilities to assist the industry.

Poultry farmers themselves cannot improve the standard of the birds without assistance from experts seised with the knowledge of genetics, and the necessary breeding campaign will have to be carried out by selected breeders in collaboration with the Department of Agriculture experts.

Whilst in the past our breeding campaign has been stationary, other countries have made considerable progress. Mr. Albany Maston Bell, one of our leading hatcherymen, gave evidence that in America one pen of Leghorn hens made a net profit of eight dollars, ten cents per head over feed costs in 51 weeks. This is approximately £3 11s. 6d. per head.

According to an article in the London "Times" previously referred to, the British hen now lays 15 eggs a year more than before the war, an increase from 150 to 165. This is attributed to better management methods, particularly for winter production, more careful selection of breeding by the hatcheries, and the higher quality feeding stuff available. The article went on to point out that in the Netherlands, the hen's laying capacity is said to have risen from 150 eggs before the war to 200 now.

What has been done in other countries can be done here. The Commonwealth, as well as the States, is fully alive to the fact that the quality of our stock must be improved and a comprehensive and scientific breeding campaign carried out. A recent conference of Commonwealth representatives and Poultry Advisers from each State Department of Agriculture was held and it was unanimously decided that improvement must be made in the general type of the Australian fowl.

Mr. Morris, who is a Graduate in Agricultural Science of the University of Western Australia and a conscientious and thorough officer, has definite plans which he has formulated in evidence and which he feels confident will result in better hens, more eggs to the bird, less surpluses and eventually cheaper eggs.

Cheaper eggs are tied up with many problems and have direct relationship with such matters as the reduction of surpluses, the change in the pattern of production, costs of production and efficiency, better and more productive flocks, price in its relations with the maximising of monetary returns and the creation of greater home consumption. All these problems, in my opinion, can be met and solved by a well constituted Board, operating within the structure of an orderly marketing system.
SECTION 12.

The Influence of the Egg Production Pattern on the Poultry Industry and its Relation to the Relative Efficiency of Various Poultry Farmers.

Normally, hens are more productive in the last six months of the year. Production then declines and they go off the lay in the autumn. Production, particularly in April, May, June and early July, slumps and the average producer suffers very materially. The householder, who usually runs a few fowls and who is popularly or unpopularly dubbed by the industry as the “backyarder,” cannot get his hens to lay during this period and he comes on to the market as a consumer. It is estimated that the backyarder, who produces in the flush season of the year, actually produces 1,000,000 dozen eggs a year. He consumes some himself and sells others over the back fence.

If the pattern of production, therefore, can be altered so that hens can be made to lay in the scarce months of the year, another method of reducing our surplus of eggs will have been discovered. This is not a theory and has been accomplished by a certain number of farmers in Western Australia. It has made a very great difference to production in England, on the Continent and in America, and concrete evidence is available that in America this pattern trend has affected the price of eggs. The following quotation from the U.S.A. Yearbook of Agriculture, 1954, at pages 469-470 will illustrate this point:—

In the 1920’s they began to take advantage of the discovery that the daily duration of light is the regulator of the bird’s egg-laying process. Accordingly they put their layers under electric lights in the fall and winter. Artificial illumination for layers now is standard practice; with other innovations it has boosted egg production per layer in November from 3 or 4 eggs during the 1920’s to 12 in 1952. Egg prices in November, therefore, are not so high now as they used to be in comparison with prices during the rest of the year. Instead of averaging 42 per cent, above the annual average, as they did in the 1920’s, November egg prices to farmers now typically run at about 17 per cent. above the annual average. The seasonal variation in egg prices has been similarly affected at all levels of trade. As a further result, a declining phase of egg marketing is the storage of shell eggs for consumption in which used to be short months of supply; the seasonal price changes no longer warrant as much storage.

The above extract shows that an American producer carrying 2,000 birds could have increased his November production by 18,000 eggs over the years. At the same time, it is fair to assume that his production in the spring would decrease and thus cut down the seasonal surplus.

The change in pattern in Western Australia can be accomplished by good management, the use of lights, correct feeding, healthy stock and proper housing. There is no doubt that the producer who does all this can maintain a good level of production in the autumn.

The Department of Agriculture is very adamant in its views that the change of pattern is one of the chief answers to the surplus problem and, to demonstrate its practicability to the industry, it established what are called “pilot farms.” These farms, five in number, are quite novel and I saw them written up with very great enthusiasm by an expert in a N.S.W. poultry magazine.

No financial assistance of any kind is given to these farms by the department. They are merely farmed in collaboration with and under the guidance of departmental officers by producers who are willing to listen to advice and test out certain well defined and practicable theories. The farms were already being formed when selected by the department about three years ago. In the main they are poorly laid out, and as they are typical of the general lay-out of poultry farms in the State, they were selected chiefly to achieve satisfactory production per bird and to show that a change in the pattern of production was possible. These farms have been eminently successful, and last year, of all the eggs supplied by them to the Board, 93.7 per cent were graded first quality hen and medium.

Furthermore, of the eggs produced by these farms last year, 26.7 per cent. were produced in the three off season months. The industry as a whole only produces 18 per cent. of its eggs during this period and reaches its peak production in September and October, whilst all the pilot farmers reached their lowest level in these two months.

Figures for the year 1954 show what two pilot farms have done. The figures for others are just as good. Mr. R. V. McGregor has a farm carrying 1,500 layers or more. It is practically under water most of the winter and yet under these conditions produced 176.6 eggs per bird on a hen basis and 211 per bird on a hen day basis. The best production was in the off season. Mr. A. C. N. Butcher, who has carried up to 2,300 layers, has a straggling sort of farm, and, with the assistance of his able mother, obtained 202 eggs to the bird on a henhouse basis and 215 eggs on a hen-day basis. His peak production was also in the off season. In one day he and his mother walk over 7 miles doing their ordinary duties on the farm. (A hen house basis is when the number of eggs to the bird is calculated according to the number of birds with which the season is started whereas on the hen day basis the number of eggs per bird is calculated according to the average number of birds on hand during the season.)
High production figures and good off season production have been achieved by other farmers who gave evidence, and their returns compare very favourably with the pilot farmers, Mr. T. S. Greay, who works under very great difficulties, Mr. D. F. Robinson and Mr. J. C. Taylor are but a few. Mr. R. O. Youngberg is another producer who has excellent figures, but I shall deal with him more specifically when discussing the costs of production.

Every farmer in the industry is not going to achieve the figures or the pattern of the pilot farms. The small farmer, in many instances, is not sufficiently interested to go to the extent of applying proper management practices, others carry on egg production more as a side line and just plod along. Others prefer a larger turnover in the Spring even at a smaller return per dozen.

If the industry as a whole, however, adopted the same pattern as the pilot farms, we would be exporting eggs in April, May and June, but would not be doing so at all in the Spring, and we would then probably be just meeting our own requirements.

This altered pattern can be the saving of the industry. Experts here and abroad favour it, and it has been achieved with very marked success in other countries and the same thing can be done in Australia. It is to be noted that as a result of the altered pattern in Great Britain, more local eggs are available in the winter and there is not the same demand for ours.

The Department of Agriculture has given the lead and it must carry on with further extension work and further education of the producers generally and the industry, if it is to survive, must co-operate with the department.

SECTION 13.
The Importance of Increased "Home" Consumption as a Counter to Over-production.

The Board realises that another partial answer at least to the surplus problem is the sale of more eggs on the local market, yet it adopts an entirely defeatist attitude to the matter.

I do not think it is unfair to say the Board takes the view that with the advent of Spring the backyarder comes into his own, there are just too many eggs about, and the surplus will simply have to be exported. It seems to consider saturation point has been reached in local consumption and that irrespective of better advertising and sales promotion, nothing can be done to increase local sales.

Instead of asking for legislation to license and control the backyarder, the Board should enter into keenet competition with him. It can do this by offering a better guarantee as to the quality of its eggs, but it can only do this if the producers co-operate more fully with the Board, and I will deal with this aspect in detail under the heading of "Quality." A better egg is the best advertisement the Board can have. At the moment the Board takes the view that a price reduction in the Spring does not greatly increase consumption, but the evidence tends to show this is not true. Furthermore, the converse is very definitely true because when the price goes up it is immediately followed by a drop in sales.

At present, the Western Australian Egg Board contributes ½ of a penny per dozen to the Egg Producers' Council for advertising purposes. Apart from a few advertisements in the "Australian Women's Weekly," little else in the way of advertising seems to have been done in this State.

The Board employs Mr. R. O. Youngberg as a sales promotion officer. It is his duty to build up good will with the various store-keepers, who number over 1,500. One-third of his time, however, is spent on inspection work, which means that one day he is building up goodwill and the next he is breaking it down by looking for breaches of the Act. This officer, who has some very good ideas in the way of increasing sales, should be employed full time on this work.

The Board's only other advertising activities seem to include the placing of tin signs in various shops exhorting people to eat more eggs. In my opinion, something more concrete than that is necessary to increase the sales of eggs.

The Board should, as Mr. Schapper points out, have regard to trends and see what the total volume of consumption is at various prices through time, paying attention to changes in the total income of the population. In this way it can maximise the gross volume of money sales. This can all be worked out from figures which must be in possession of the Board. A strong recommendation which I make to the Government is that an economic consultant, versed in marketing, should be available to all these Boards. His services should be invaluable in estimating the trends which I have just discussed. If the maximum monetary returns from local sales are increased, the less will be the impact of depressed overseas prices.

Evidence was given that if every person in Australia were to eat two more eggs per week, there would be no surplus. A sales promotion scheme was originated within the industry and all sections, including the Poultry Farmers' Association, breeders and hatcherymen, produce and feed merchants and, lastly, the Board, said that they were all ready to co-operate. Meetings were held and the Board was represented by an observer. The Board would not commit itself until it heard something concrete in the way of suggestions put forward by these meetings. In my opinion, however, the Board is charged with selling the industry's eggs and the onus is on it to increase sales. It should not, therefore, remain aloof, but should take the initiative in sales promotion and should seek the active co-operation of the industry.
The Board should have been the prime mover in calling all sections of the industry together.

Better efficiency, better sales promotion and a better egg should result in more sales and probably a cheaper egg. It may even mean that the backyarde would find it cheaper to become a purchasing consumer rather than go to the trouble and expense of running fowls.

Evidence has been given as to how advertising has increased the consumption of eggs in America. Relative prices, the levels of income, consumer preferences, the availability and price of other foodstuffs, however, must all be taken into consideration when comparisons are made, and this is extremely difficult to do. Furthermore, in America there are different climates and surpluses in one State may be disposed of when other States are short. In Australia all the seasons correspond and do so the surpluses. Advertising and propaganda are not necessarily a complete answer to the surplus problem, but taken into consideration with the other factors I have discussed, they should play an important part in helping to reduce the surplus of eggs in this State.

SECTION 14.

The Handling, Grading and Packing of Eggs by the W.A. Egg Marketing Board.

If the Board devoted the same meticulous care and attention to the handling of local eggs as it does to the export, no measure of criticism of the Board would ever be justified.

The Board egg sold on the local market is, generally speaking, of quite good quality, but it is admitted even by the manager himself that the standard could be better. We have seen that the producers must send a good egg to the Board and it is up to the Board to see that under its handling the quality does not deteriorate.

Many of the Board's employees, handling eggs, are quite young girls, with a fair sprinkling of older and more experienced women. Some of the girls need a greater sense of responsibility but they more or less do a good job. When eggs are being candled and graded for export, however, a very thorough check is kept on the handling by Department of Commerce officers who are stationed at the Egg Board premises. I saw these officers at work and they check about 10 per cent. of the eggs after they have been packed. The handlers of the eggs know this and know that faults can be traced back to a particular candler or grader. Despite every care being taken by the candlers and graders, some faults, but not very many, are discovered.

The Department of Commerce officers are very experienced egg men and extremely thorough, and without doubt their presence ensures the very excellent quality that our export eggs have attained.

The Board Manager says 80 per cent. of eggs sold on the local market are as good as the export. This is not good enough and 100 per cent. is the goal that must be attained.

The senior candlers are conscientious and now and again they check the other girls in their candling of the local eggs, but a thorough check, similar to that carried out by the Department of Commerce men, is not a regular procedure. If the eggs are not up to standard they cannot be exported. I think everyone will agree in principle that if local eggs are not up to the same standard they should not be sold on the local market. If they are not good enough for the people of other countries to eat, they are not good enough for our public to eat.

As the Department of Agriculture is charged with the administration of the Agricultural Products Act, I recommend that representatives from the department with regard to eggs intended for the local market, adopt exactly the same procedure as the Department of Commerce officers. All the employees would know that their work would be subject to test by persons other than Board employees, and the public could have every confidence that if there were anything wrong with the eggs it would not be due to the fault of the Board or its employees. What better guarantee could the Board give to the public than to advertise its eggs as "Agriculture Department tested" or "Candled and Graded under the Supervision of the Department of Agriculture"? I feel sure that if a consumer were to get a stale or unsatisfactory egg under these conditions the odds would be that, except by mischance, the trouble would lie with the retailer.

The Board manager, Mr. Mayo, Mr. Morris of the Department of Agriculture, and others, all agree that this scheme is possible and that it would be a good idea. Arrangements regarding finance can be agreed on by the Department and the Board. There is nothing unusual about the scheme, as the department already recognises its responsibility for the quality of potatoes and its inspectors examine them on their arrival in Perth and do not hesitate to reject them if they are faulty.

Under the present system, identification slips are placed in the cases of eggs and the candlers can be identified, but this is not of much use when complaints are subsequently made by consumers who have purchased them from a retailer, because the fault might even be that of the retailer himself.

It is, of course, essential that once the eggs arrive at the Board premises they be candled, graded, packed and despatched to or picked up by retailers as quickly as possible, especially in the hot summer months. It has been suggested by witnesses, some of them producers, that too much delay occurs in the Board's handling of the eggs and that they remain too long on its premises. No tangible evidence has, however, been brought to show that there are delays which might not also occur under private enterprise. I believe the Board is very
quality-conscious and endeavours to make the turnover of eggs as rapid as possibly.

One serious feature the Board has to contend with is the producer who markets his eggs on a Friday afternoon. These eggs cannot be candled on the same afternoon and the alternatives are for the Board employees to work overtime, candle, grade and pack and then place the eggs in some suitable form of cool storage to await the first available delivery or pick-up, or immediately place them in cool storage and candle, grade and pack on the next working day.

Complaints were made that during the festive seasons the Board has advised producers to deliver their eggs before a certain date or otherwise hold them till the next working day. This, in summer months, is extremely bad and is something that should not occur again. The Board is in the nature of a public utility and should have some staff available over a long week-end or holiday periods to receive eggs and place them in cool store. This, of course, entails expense, but is something which the industry must bear. In fairness to the Board, it must be said that those eggs which were delivered to the Board on the last working day prior to Christmas, 1954, were placed in cool store over the holiday period.

If every producer had some form of cooling on his farm, the above procedure would not be necessary, but until everyone has such cooling I cannot see any other alternative.

At the moment the Board has no cool storage premises of its own and this necessitates further expense in transport and payments to private cool storage firms. For reasons I shall give later, I am not in favour of the Board acquiring its own premises at the present time.

The Board manager agrees that a cool room could be installed in the Board's present premises and that two alternative propositions are possible. One would cost £6,000 to £8,000 and if a cellar under the office was used, it could be erected for £3,000 to £4,000. Under the latter scheme the chief cost would be about £2,500 for the chiller unit. The only difficulty with this scheme is that the cellar is not on the grading floor and the eggs would have to be transferred from the other side of the street. As a fork-lift truck is on order, however, the transfer of 1,000 cases could be effected with very little cost. The cool room would hold about 1,000 cases or more, which would be quite sufficient.

I consider that the above scheme should be carried out immediately so that the Board could be in a position to operate under it successfully this summer. If properly supervised, beneficial results should be noticeable from the beginning.

At the premises of Olson Brothers, California, the eggs are under refrigeration all the time, except for the brief period when they are being candled.

Under candling, the quality of an egg is determined by the shadow and position of the yolk, together with the size of the air cell. Normally, the larger the air cell, the older is the egg. Our Western Australian regulations provide that the size of the air cell shall not exceed \( \frac{1}{4} \) inch, whereas the Commonwealth regulations make the maximum 3/10th of an inch. It is alleged that Deparement of Commerce men do not always work to this, but they certainly should do so if it is laid down. Consideration should be given to amending our regulations to correspond with the Commonwealth, so that the local and export egg can be made to correspond in every way both in quality and size.

Under our present regulations, if the egg is on the borderline and just within \( \frac{1}{4} \) inch and technically just within the regulations, the Board has no alternative but to pass it. If there is any delay in the egg reaching the consumer there is every likelihood, particularly in the summer, that the egg will be stale on arrival. There should be sufficient margin to ensure that, all things being equal, the egg will arrive in perfect condition.

Before packing, eggs are stamped with a distinctive coloured ink. These colours are varied from time to time which allows the Board to ascertain the particular time at which every case of eggs was handled. This is very useful should a complaint arise as to quality. It has been suggested, however, that the date of candling should be stamped on each egg so that the public may know when their eggs were checked by the Board. At first sight this seems a very good idea, but it gives the consumer no guarantee as to quality. It is possible under this system that a man who markets only once a week could have his eggs stamped with a later date than the man who markets three times a week, yet one man is marketing fresh eggs and the other not so fresh. I consider the present system to be the best.

The following is another interesting paragraph from Messrs. Olson Brothers' letter:—

"In regard to length of time from collection to retailer, we pick up the eggs one day, candle and pack the next, and deliver to the retailer next day. At times we move faster than this, and at times we do not move this fast; but normally we do not have more than two days receipts on hand—that is to say, we will have a day's receipts and a day's candled production at the same time'. The evidence is that during the summer months, except at week-ends, eggs are not kept on the Western Australian Egg Marketing Board premises for longer than 24 hours. It is admitted that there are odd occasions when they may be kept longer. In the winter, it is said they might be kept up to 48 hours. I myself think it might be longer. From what I have seen and from the evidence, there is a kind of laissez faire attitude about the winter egg, the Board realising that it keeps fresh for quite a long time. In my opinion, however, speed and efficiency are just as important in the winter, and the consumer should be given his eggs as soon as possible after they are laid.
Generally speaking, the Board's turnover of eggs from receipt to delivery is just as speedy and efficient as that of the American firm which I have quoted, the essential difference being, however, that the Board premises are not refrigerated.

Subject to the comments I have made, I think it may be fairly said that the Board sells as good an egg as it gets from the producer.

A representative from the Housewives' Association complained that the housewives want to be able to purchase their eggs direct from the producer and the middleman should be cut out. Admittedly, when eggs are bought direct from a poultry farm, the purchaser should get fresh eggs, and fresher perhaps than when bought direct from the Board or in a shop. Can anyone deny that a man who buys a cabbage or a cauliflower after having seen it cut in the grower's garden does not get a fresher vegetable than if he bought it in the shop? Is this, however, an argument that the greengrocer should be abolished?

There is nothing whatsoever to prevent a householder or any other person buying eggs direct from a producer or from a store which purchases direct from the producer. Some consumers are unfavourably situated with regard to purchases direct from producers. Others are not desirous of following this procedure, whilst others prefer the convenience of buying from the local store.

The commercial life of a country with its big cities and its areas remote from the producers, requires some intermediaries to handle commodities such as eggs, which are essential items in the diet of the people. Sir Stafford Cripps, hardly a supporter of the Staffs Board of Trade said:

"Distribution is a very essential part of the whole process of providing the people with what they need or want, and in industries where there is a very large number of producers and retail distributors there is the need for some intermediary pool into which supplies can flow in bulk and out of which they can go in small parcels. That is the wholesale pool".

The "wholesale pool" in this case is, of course, the Egg Board, and because of its semi-Governmental and monopolistic nature, it is not to be expected that it should carry commodities such as eggs, which are essential items in the diet of the people. From my own observations, the producers who are in every other respect the most efficient, are also the most quality conscious, and this of course, is not to be unexpected. The man who gets a good number of eggs to the bird, usually gets the least rejection for poor quality eggs.

The poultry farmer who does not concern himself with quality, very frequently causes the Board to be blamed for lapses in quality for which he himself is responsible.

Evidence has been given that many producers market their eggs once a week only, even in summer. In some instances the producers giving the evidence have admitted to marketing their produce on the once-weekly basis. Under this system, some of these eggs are at least 7½ days old when they arrive at the Board premises. I consider it doubtful as to whether these eggs have been kept in cool rooms before being delivered to the Board.

Should these eggs happen to pass candler tests, they are then passed on to retailers. Goodness knows when the consumers get them. Fortunately, in most cases, candling
can detect the faulty eggs, and the producer who markets once weekly eventually suffers by having his eggs down-graded.

However, some of these eggs do get out to the public by error, perhaps, of the candler, who after all is human and can make mistakes. In some instances the egg is in a "50-50" condition, and under the Agricultural Products Act Regulations, the producer is given the benefit of the doubt, with the result that the egg is allowed to be marketed.

I shall deal with this matter of the "50-50" egg at a later stage, and it will suffice for the moment if I say that the benefit of the doubt must be given to the consumer, and not the producer, and the egg rejected.

Frequent marketing, especially in the summer, is the first improvement that must be effected. There are some producers who actually designate their eggs to the Board five times a week. Most producers, however, seem to market their eggs twice a week in the summer, and this is not enough.

The Board exhorts producers to market at least three times a week in the summer. Producers retort that this would increase costs, and that they could not stand the increased expense.

The Government of the State has given the producers a Board, which after all is favoured treatment, and I consider that the producers will have to co-operate with the Board and assist in the marketing of better quality eggs.

Under open marketing, and as at present applies in the case of permit holders, a particular producer soon acquires a reputation for quality—and this reputation is jealously guarded. There is no reason why all producers should not strive to improve the quality of their eggs which they market, and thus assist in raising the prestige of the Board, and in the long run, improve the conditions existing within the industry.

It has been pointed out that even if eggs are marketed twice a week, some of them are almost four days old when they reach the Board. Some producers add to the difficulties of the Board by marketing on Friday afternoon, a procedure which is not conducive to speedy handling.

It is interesting to note that in May, 1941, the Minister for Agriculture commented on the disadvantages of marketing eggs late in the week. The Minister, in a Press statement which appeared in "The West Australian" of the 6th May, 1941, drew attention to the fact that in the event of eggs being marketed later than Wednesday in each week, the merchants would have great difficulty in having them graded and candled before the week-end. This may have been due to wartime shortage of labour, but this was not stated.

One producer who markets once a week in the winter, and who "endeavours" to market twice a week in the summer, is one of the sternest critics of the quality of the Board egg.

My comments regarding the necessity for frequent marketing apply particularly to the district of Mundijong, where eggs are at present only marketed once a week. Mr. Webb, a young poultry farmer in the district, who is keen and energetic, should be able to arrange some co-operative or other system whereby the eggs can be marketed more frequently. It is in the interests of the producers in the district to do so.

It is essential, apart from frequent marketing, that certain essentials be carried out on the farms. This is not my opinion, as a layman, but the opinion of all the experts in the industry. These essentials are all reiterated from time to time in the various poultry journals throughout Australia, so the industry should be fully aware of them. I feel, however, that they are not universally attended to by the industry.

Many complaints about the quality of the eggs concern, firstly, the colour of the yolks and, secondly, the freshness.

Yolk colour plays a very big part in the sale of eggs in Western Australia. Most consumers favour a nice bright yolk and associate the pale anaemic-looking eggs with poor quality. In some other parts of the world, including one or two of the United States of America, consumers prefer the pale yolk, but it is definitely not the case here. The edible quality of the two kinds of eggs is apparently the same and there is no difference in nutrient value. One South Australian expert, however, has ventured the opinion that the egg with the bright-coloured yolk has the better keeping qualities.

The bright-coloured yolk can only be achieved by supplying the fowls with green feed which contains a pigment known as xanthophyll and it is this that colours the yolk. Moreover, green feed contains carotene, which is converted into Vitamin A in the bird's body. It is obvious from the colour of a goodly percentage of our eggs that, despite oft-repeated advice by the Department of Agriculture, green feed is not being generally fed to the fowls. If the industry wants to sell more eggs locally, the consumers should be sold what they want.

With regard to freshness, a good quality fresh egg is one that when put on glass will not separate. An egg that has a white of low density, that is more fluid, separates when broken out and does not hold the yolk up. The average person likes to see an egg with a firm white and the yolk standing up with a bright yellow colour. In America, hens are bred whose eggs are noted for their high proportion of thick white. Our fowls are not up to the same standard and the whites of the eggs here have not the same consistency. The older an egg becomes, the more the white is likely to lose its solidity. In the summer months, the egg breaks down more rapidly but the degree of breakdown depends on where it is stored and what happens to it after it is laid. In this State, whilst it is not always the case, a thin white is a fair measure of test for freshness, and
when the housewife bases her opinion as to freshness on the state of the white, she is not far out. Generally speaking, if it runs in the pan, it is stale.

The responsibility for the delivery to the Board of good quality, fresh eggs, rests primarily with the producer. Until such time as the responsibility is recognised, and suitable action taken by the industry as a whole, the consumers will continue to criticise, and to resist buying the commodity on which the poultry farmer relies for his very existence.

SECTION 16.

Elementary Rules to be Followed by Producers with Regard to the Improvement of Quality.

The following elementary rules should be observed on every poultry farm, but it is admitted that not every farmer carries them out. Firstly, the producer must keep his nests cool and have proper nesting material. He must then keep his yards and sheds clean so that the eggs will not be soiled. There must be ample nests so that the birds will not crowd into a nest and break or damage the eggs. The eggs must be collected frequently during the day in wire or perforated buckets so that the body heat can be taken out of the eggs as soon as possible. After collection, the eggs should be kept in the coolest place on the farm.

Egg fillers and cases must be kept cool and it is essential that the eggs be cool when packed and kept that way until marketed, which should be three times a week.

Some farms which I visited have little or no cooling facilities whatsoever. The egg rooms, if they may be called such, would in my opinion every farm should be equipped with one. In America, most farms have some cooling system of some kind or other and modern conditions demand this. Since the completion of the sittings I have been handed a letter dated the 23rd September, 1955, from Messrs. Olson Brothers of North Hollywood, California, who are large handlers of eggs and amongst the leaders of the egg industry in the U.S.A. The following is an interesting paragraph from the letter:—“All of our producers have some means of cooling out their eggs immediately after gathering. It ranges from non-insulated rooms with just evaporating coolers to well insulated and refrigerated boxes with humidity and temperature controls.” Surely if this cannot be completely achieved, it can to a certain extent be emulated.

Mr. Morris says there are very few completely satisfactory egg rooms and off-hand he would say there might be a dozen in Western Australia.

Another matter in my opinion which calls for very adverse comment is the practice of some producers who leave their eggs at the front gate to be picked up by carriers. Very often they are left without any protection from the fierce summer heat and sun. In my opinion this practice is nothing short of disgraceful, and should be prevented by regulation, with provision for heavy penalties in any instance where a producer is found guilty of an offence under the regulation.

Carriers, and producers who deliver their own eggs, should also see that the eggs whilst in transit are adequately protected from the sun and delivered to the Board premises as quickly as possible.

All the matters discussed above should be brought very forcibly to the notice of producers by the Department of Agriculture. Education and encouragement of the producer is preferable to compulsion, but certain fundamentals must be observed. The Department, I know, is short of officers and is acting its best in the way of educating producers, but further inspection work must be carried on, particularly amongst some of the “sideliners” of the industry.

At the present moment, officers of the Poultry Branch, Department of Agriculture, are responsible for the administration of the Agricultural Products Act and must see that its provisions are enforced. On the other hand, the same officers, six in number, are responsible for encouraging the industry in better breeding and husbandry methods. The same have to act, as it were, as policemen and advisers at the same time. This is all wrong.

There should be a special inspection section of the Department, distinct from the advisory section. The Poultry Branch has obviously concentrated on the advisory side and has only enforced the provisions of the Agricultural Products Act, as far as quality is concerned, when a complaint has been made.
SECTION 17.

The Influence of "Grade" on Quality.

Grading has to do with the actual size of the eggs as distinct from the quality of the eggs themselves. Undoubtedly when many consumers refer to poor quality eggs they are referring to grade. If the consumer has to pay high prices for his eggs, he is entitled to nothing but the best both in grade and quality.

For many years the grading of eggs has been discussed within the industry and it has always been realised that the grading of our local eggs should be altered. Nothing, however, has ever been done about it. Every thinking man who gave evidence—Mr. Morris, Mr. Mayo, producers, retailers and consumers—unanimously agreed that the local grades must be altered.

The grading of our local eggs is provided for in the regulations gazetted under the Agricultural Products Act. These regulations are administered by the Department of Agriculture. Regulation 37 of the Regulations under the Marketing of Eggs Act provides that no person shall sell etc., eggs of any quality or grade other than the qualities and grades specified in the Regulations made under the Agricultural Products Act.

Hen eggs are marketed locally in two grades, first quality hen and first quality medium. The minimum weight for a first quality hen egg is 1½ oz. and the total weight of a dozen eggs must not be less than 24 oz. This allows for a great variation in size and it has been said that some of the eggs in a dozen pack have the same proportion as a marble to a baseball. This may be exaggerated but nevertheless is a very apt illustration. A purchaser, when he buys a dozen first quality hen eggs, gets a total of 24 oz. in weight, but when he sees some large eggs and some small ones in his purchase, he immediately thinks he has been cheated. It is bad salesmanship, a poor advertisement, and can quite easily mean the sale of less eggs.

First quality medium eggs are all eggs from 1¼ oz. up to 1½ oz. in weight. There is no average weight. The price of these eggs is less than first quality hen. The demand for them usually comes from hotels and cafes. At the present moment the producer who gets the very large egg, usually a double yolk, is penalised. It dwarfs the standard grade egg and is generally pulped. These eggs should be put in a special grade and sold at a premium rate. The evidence is that a good market exists for them. In America there is a ready sale for them and they are sold as "jumbos".

Evidence has also been given by men who have been in the industry for many years that there is a ready sale for little eggs on the local market. I know there is a good market for these in Malaya.

I have seen eggs graded for the local and overseas market and a child could immediately see the difference. There are four grades of export eggs and they are made up in what are called 12, 14, 15 and 16 lb. packs, these being the respective weights of 10 dozen eggs. The uniformity in size is immediately apparent.

Mr. Morris says that it would be highly satisfactory if the local grading were made to conform with the export, provided there is the extra grade for the "jumbos" or specials. Mr. Mayo agrees with Mr. Morris and therefore suggests the following grades:—

1. 1¼ oz. up to 1½ oz.
2. 1½ oz. up 2 oz.
3. 2 oz. up to 2½ oz.
4. 2½ oz. and over.

An alteration of the present grades will require an amendment to the Regulations under the Agricultural Products Act. I feel sure that the Department and the Board will agree on the above grades, or something very similar, and I recommend accordingly that the Regulations be amended.

Mr. Mayo suggests second and third quality grades and that they would perhaps be all right for people on the lower income range. In my opinion, not only would this lead to abuses but I believe that there is only one quality for the people of this State poor or rich, and that is the best. With our surplus, this marketing of inferior grades would be a most unwise and a disastrous policy. If eggs are not first quality, they should be pulped, not eaten by poorer members of the community.

SECTION 18.

The Quality of the Egg, with Relation to the Permit System.

It is generally accepted that the permit holder who sells direct to the retailer should sell a better egg than the Board. The General Manager of the Board, Mr. C. R. Mayo, in theory at least, agrees with this contention. The permit holder grades his own eggs. I doubt if many of them candle to any great extent, except as a check now and again, but few complaints are ever made about the permit holders' eggs. The chief reason, of course, is that the individuality of the permit holder does not become suppressed and it is to his benefit to acquire a reputation for quality.

Selling direct to the shops, there is no delay as with eggs being held up at the Board premises whilst being candled and graded. Most storekeepers who purchase their eggs direct from producers are highly satisfied with the quality. In the year 1954-55, producers sold direct to storekeepers and others 9¾ per cent. of the State's production. This percentage was 17.83 in 1952-53 and 19.35 in 1944-45.
It would be unfair if permit holders were not required to pay their equalisation charges and contribute to some extent to the Board's administrative expenses. Accordingly, they have to pay 2d. for administration which includes their share of Board administration, administration of the permit system, their contributions to the Poultry Trust Fund and building and plant reserve. Last year the position was shortly this: The permit holder contributed 2.83d. for equalisation and 2d. less for administration than the producer who consigned his eggs to the Board floor. The charges imposed on the permit holder should be regularly reviewed and kept to a minimum. Immediate steps should be taken to see if the contributions to the Board's general administration expenses could be reduced.

Any producer may apply for and be granted a permit to sell. The Board requires a monthly return to be submitted so that necessary records may be kept and proper dues collected. This exception is made, however, that permits are not usually granted to producers living in close proximity to the Board's country branches. These branches are established as a convenience to producers in certain country areas and producers should help these branches by marketing through them.

A further condition imposed by the Board is that between August and November, permit holders are restricted to selling 40 per cent. of their production under their permits and must consign the balance to the Board. The Board adopts an argument in favour of this with which I don't entirely agree. It says that most permit holders try and sell all the eggs they can under their permits, many selling up to 90 per cent. of their production. When eggs become scarce, these producers cannot keep up their supplies and the stores or consumers to whom they were selling, look to the Board for supplies. The Board, in order to meet the position, has to ration supplies to the regular purchasers. This is rather a specious argument and savours of face-saving, because the limit of 40 per cent. in the summer does not increase the winter supply. Furthermore, it is open to the suggestion that the Board wants more twopences and more eggs in order to keep up the already high standard of the export egg. Admittedly, the permit holders sell their best eggs to their customers and send the rest to the Board. There are so many eggs, however, that in the long run I don't think this matters to any great extent. Furthermore, the permit system has so many advantages that it should be encouraged.

One great advantage of the system is that within the broad scope of the controlled marketing system it at least savours of private enterprise, and, as I have pointed out, the individual producer does not lose his individuality. Another is that the permit holder offers a competition in quality to the Board and the Board must see to it that its eggs come up to the permit holder's quality.

It has long been suggested that there exists a widespread prejudice against the Board egg, but evidence has not substantiated this. I feel that if the Board has a cool holding room, has no hesitation in rejecting doubtful eggs and penalises the producers who market infrequently, the quality of the Board egg should be even superior to the permit holders. I say this because every Board egg is candled and graded and if checked by Department of Agriculture officers, it will have a very big advantage over the best that the permit holder can produce.

SECTION 19.

The Influence of the Fertile Egg on Quality.

Up till this year, many complaints regarding quality received by the Board in the months of January, February and March, when investigated, have indicated that fertile eggs have been sold to the public.

This has not been entirely the fault of the Board. Fertile eggs, if sent to the Board shortly after being laid, may fail to show signs of germination when graded and candled. However, due to the effect of high temperature conditions, the same eggs, by the time that they reach the consumer, may reveal advanced stages of germination.

This year, the Board withheld fertile eggs from the market, and put them in cold storage, to be brought out in the winter. This was not entirely successful, and the Board lost money through this procedure. This was in spite of the fact that the producers had been paid 6d. less per dozen for the fertile eggs. These eggs, before being released to retailers, had to be re-candled, and the loss in quality was pronounced.

Under the present system, the Board requests all producers to market fertile eggs in cases clearly marked “FERTILE.” Sometimes producers endeavour to deceive the Board, and do not comply with this request. It may be said that sometimes these eggs are sent in unmarked either through error or inexperience.

I consider that producers who are not breeders should not have cockerels on their farms, although I do realise that in some instances it is difficult to determine the sex of a bird, and when the discovery is made, it is too late.

I would recommend that a regulation be gazetted, making it compulsory for all producers to market fertile eggs in cases or containers clearly marked “FERTILE EGGS.”

Eggs marketed accordingly could be graded separately throughout the year, and paid for at a slightly lower price that the unfertile eggs. The price could be varied according to the period of the year in which the eggs were marketed.

The Egg Marketing Board is charged with the duty of selling first quality merchantable eggs, and should not be expected by breeders and others to “palm off” on the public, something of unmerchantable quality. There is
a process known as “Thermostabilisation,” which is a form of pasteurisation and which is supposed to kill the embryonic germ of the fertile egg, but as yet in Australia at least, there is much more room for experiment in this process.

In my opinion, the fertile eggs should be marketed only in certain parts of the year and subject to certain conditions as follows:—

(a) From April to October, fertile eggs could be sold locally with little risk of complaint.
(b) Fertile eggs should not be cold-stored or exported.
(c) During the warm weather from November to March, these eggs should be withdrawn from the local market and made into pulp.

SECTION 20.
The Quality of the Egg, with Relation to the Responsibilities of the Retail Trade.

I consider that the responsibility for the biggest percentage of stale eggs sold to consumers can be attributed to certain careless retailers.

Some retailers are in no way “Quality conscious”. They buy their eggs infrequently, and they have inadequate storage facilities. I consider that the provisions of the Agricultural Products Act should be rigidly enforced against retailers who offend in the above respects.

This criticism applies particularly in the case of the smaller men who purchase more eggs than they can handle within a reasonable period, simply to save themselves the trouble of purchasing more frequently. It is hard to understand why a greater number of retailers do not avail themselves of the Board’s frequent delivery service.

On many occasions, when complaints as to quality have been investigated, it has been found that a retailer has had the eggs in stock for upwards of three weeks. In some instances, this has happened in the summer months. Invariably it has been found that the storage of eggs without benefit of refrigeration, has contributed to the deterioration in quality.

Inquiries have proved that some retailers, when stocks reach the level of the last filler, purchase more eggs, and promptly place the new stocks on top of the old. Eventually, when this bottom filler have regularly carried the imprint of a cat’s paw. Storekeepers such as this should not be allowed to handle perishable items of food, and the sooner that they are out of business, the better.

As I have said, the Board frequently gets the blame for poor quality eggs which is rightly attributable to the retailers themselves. When consumers complain about quality, it is very convenient for the retailers to have an “Aunt Sally” in the form of the Board, and they make the best use of it.

Both the Department of Agriculture and the W.A. Egg Marketing Board lay much of the blame for poor quality to the retailer, yet, unless a complaint is made, make no inspections of retail establishments at all. It is absolutely essential that from time to time storage conditions be checked and regular inspections made to see that quality is maintained. Both Board and Departmental officers agreed in evidence, that such inspections were most desirable. I consider that the primary responsibility lies with the Department of Agriculture, because it is its duty to administer the Agricultural Products Act.

Of what use is it to improve the quality of eggs produced on the farm, the methods of transit to the Board, and the facilities on Board premises, if eggs are to be allowed to deteriorate in retail “hot boxes”?

As an example of the “Don’t care” attitude, right in the heart of the city is one shop-keeper who for months has displayed eggs in a window facing one of our busiest thoroughfares. The sun beats in through this window right on to the eggs, and I am sure that a hotter spot could not be found in the shop. To make matters worse, and perhaps as an indication of the time that the particular eggs have been kept in the shop, the eggs on the bottom of the filler have regularly carried the imprint of a cat’s paw. Storekeepers such as this should not be allowed to handle perishable items of food, and the sooner that they are out of business, the better.

There is plenty of competition amongst retailers of eggs, and my advice to the public is not to buy eggs from any retailer who does not take adequate steps to store them properly. If the eggs are lying about in summer, the odds are that they will be stale, and not worth buying, so take your custom elsewhere.

There are quite a few retailers who cannot sell ten dozen eggs a week, and this is the minimum number the Board will sell. I recommend for consideration that the minimum to these retailers be five dozen. It is useless for the Board to advise retailers to purchase two or three times per week, when some of them cannot sell the minimum ten dozen in the week.

Sometimes the consumer is to blame for the deterioration in the quality of the eggs purchased, simply because they have been kept too long before use. Complaints have been received from consumers, and on investigation it has been discovered that right in the middle of summer, the eggs have been purchased two or three weeks prior to the complaint being made, and the eggs subsequently kept without benefit of refrigeration.
In emphasising the responsibility of the retailer with regard to the quality of the egg sold to the public, it is again stressed that the egg is of an extremely perishable nature, and must be treated on similar lines to those items, such as butter and milk, which show more obvious and outward signs of deterioration when mis-handled by the careless retailer.

SECTION 21.

Retail Margins.

Since the Commission was appointed, the following wholesale and retail prices for first quality hen eggs have prevailed:

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The retail margin is nominally fifteen per cent. of the board floor price and is the rate agreed to by the Retail Grocers’ Association of W.A. (Inc.). As far as I can ascertain, the majority of retailers adhere to this margin but there are many who do not. Some grocers have been indulging in price “wars,” others have used eggs as a catch line, and in some cases the margins have been reduced to 2d. and 3d. per dozen or even less.

The retail margin in Western Australia is the highest in the Commonwealth and compares unfavourably even with New South Wales where costs are usually higher than here. In N.S.W., when the Board price was 5s. 8d. per dozen, the retail margin was only 5s. 4d. plus 1s. 4d. for cartage. Simultaneously, in Western Australia the Board price was 5s. 3d. and the retail margin was 10d. Certainly included in the tenpence was a charge of approximately 1s. 4d. for cartage, but comparisons are still unfavourable. Also, in connection with cartage, it is pointed out that many retailers buy their eggs from permit holders and have them delivered to their premises free.

In the sale of eggs the retailer does less than any other man in the industry. For example, the Board candles, grades, packs and sends out its eggs for 3s. 7d. per dozen. Compare this charge with the retailers’ recent margins of 10d. down to 7d. There is no comparison, in my opinion, in the value of the respective work done. The retailer takes no risks such as confront the producer, who has a constant battle with disease in his flocks, the elements and all the other hazards which constantly harass the man on the land.

Many retailers say there is little, if any, profit in eggs and they merely handle them to provide a service to the public. Some of the big firms, in particular, say they have many breakages which, of course, reduce their profit, whilst others say they have very few at all. Evidently some have more careful employees than others, and is it right that the public should pay for the careless employees in the trade?

If the retail figures are analysed, it will be found that the present margins are very remunerative and there is considerable substance in the suggestion that a maximum margin of sixpence per dozen is ample.

When the wholesale price of eggs was 5s. a dozen, the cost of landing eggs into store, assuming the Board was delivering, was 5s. 8d. per dozen in 30 dozen lot cases, and 5s. 12d. per dozen in 15 dozen cases. The fraction over 5s. represents the delivery costs which vary according to whether they are sold in 30 dozen or 15 dozen lots.

The gross retail margin on 5s. was 9d. a dozen and if a storekeeper bought in 30 dozen lots, his gross profit would be 8s. 2d. per dozen or 13.4 per cent. On a 15 dozen case the gross profit would be 7s. 8d. or 12.7 per cent. It would be a very small business that did not turn over 30 dozen eggs a week. On every 30 dozen eggs sold, a retailer makes a gross profit of £1 6s. 9d. after they are landed into his store.

Mr. Mayo says most stores would turn over at least 30 dozen eggs twice a week, so that the gross profit on this basis is £2 1s. per week or £106 12s. a year. Some storekeepers turn over their stock of eggs three times a week and if they buy on credit, as many do, they never have to lay out any of their own money at all.

The evidence is that quite a number of stores sell 16,000 dozen eggs a year and that it does not require a big store to sell that quantity. One store in Subiaco bought 16,000 dozen in a 13-month period. One city store bought 19,000 dozen eggs in the same period, another bought 90,251 but used some in its own bakehouse. Many stores buy 7,000 to 10,000 dozen eggs a year for re-sale and, with a 6d. margin per dozen, the gross profit would represent a fairly large percentage of their gross income. A storekeeper turning over 16,000 dozen eggs a year would make a gross profit of £400 on one line only. If a 9d. margin were charged, there would be a gross profit of £500 a year.

A great deal of handling can be saved if storekeepers buy their eggs from the Board in cartons. They cost 2d. each, are quite attractive in appearance and cut down breakages. No paper bags or other wrappings are needed, there is less labour and the cost of the carton could well be absorbed in the 6d. margin. When storekeepers turn over their stock two or three times a week, I consider the present margin excessive, and if it were kept to 6d. no injustice would be done. I agree with Mr. Mayo and other witnesses when they say the margins should be 6d. when the wholesale price is over 4s. and perhaps 5d. when 4s. and under.

SECTION 22.

Reasons in Support of the W.A. Egg Marketing Board being given Statutory Power to Determine the Extent of Retail Margins.

The Board has the difficult task of equalising the prices from two different markets,
one of which is very unsteady. In view of the circumstances prevailing at the particular time, the Board must endeavour to fix the wholesale price so that the producer obtains as reasonable a return as possible and the consumer his eggs at a reasonable price.

At any given time, an economically reasonable price to the consumer may not necessarily mean a reasonable return to the producer. With a reasonable adjustment of the retail margin, however, it would be possible at a just price to the consumer and a just margin to the retailer to give the producer a just return. Furthermore, the same reasonable adjustment could be made so as to reduce the retail price and still give a better return to the producer. The undermentioned examples will serve as an illustration.

Under the present price fixing procedure, when the retail price is 5s. 9d., the wholesale price is 5s. If the Board handling charges are 4d. and the equalisation charges 8d., the producer gets a net 4s. The retail price, having regard to the season and the flow of production, might be quite reasonable. On the other hand, the return of 4s. to the producer for the particular time of the year might be unreasonable and he might need another 3d. to cover him. The way things stand at present, justice can only be done to him by increasing the retail price by 3d., which, in turn, is an added burden on the consumer. The retailer, however, will benefit further because he will get 15 per cent. on the new wholesale price. If the retail margin were reduced to 6d. a dozen, the producer could still be given a large share of the 3d. without any alteration of the retail price. If, after a week or two, it were found that the producer only needed a return of 4s. 2d., the retail price could be reduced accordingly.

At the present moment, the Board has fixed the wholesale price at 4s. which, in my opinion, gives the producer a very inadequate return of 3s. The Board cannot raise the price without imposing a very heavy equalisation charge, which, as we have seen, is undesirable. The retail price at 4s. 7d. cannot in the circumstances be said to be anything but reasonable. When you consider however, that the producer gets 3s. for all his labour and anxiety, while the retailer gets 7d. for selling the eggs over the counter, it seems out of proportion. If the retailer were getting 5d. a dozen, the extra 2d. would very materially help the producer.

It is the Board's duty to try and stabilise the egg industry, and in my opinion it cannot do this unless it has the power to fix all margins and make an equitable distribution of the price amongst all those, from the producers to the retailers, who handle the eggs. Many manufacturers, business proprietors, wholesalers and others who handle goods, fix the price at which retailers may sell. Some wholesalers and distributors fix the price below which retailers must not sell are not supplied with the goods. Others are bound in some way or other in their conditions of sale and this does not seem to evoke criticism and is apparently tolerated by the public.

The Marketing of Eggs Act must come up for review this Parliamentary session, and if the Government considers it should be renewed I recommend that the Board be given the power to fix the retail price. I am not in favour of the price being fixed by a Prices Commission or other tribunal not seized with the peculiar difficulties pertaining to the industry because I do not think the fixing of margins comes within the general policy of price fixing.

It is not unusual for a Marketing Board to possess these powers and similar powers are given to the various marketing boards constituted in South Africa under the Marketing Act, No. 26 of 1937, as amended. Paragraph 98 of the Marketing Act Commission at page 27 is as follows:

The Boards are, however, also accorded powers to regulate products in view of the aim of the Marketing Act to reduce the price spread between producer and consumer. For this purpose, as has been shown, price control by the boards is frequently carried through right to the consumer.

In New Zealand also, the retail margins are fixed in New Zealand. Even in Western Australia, the Milk Board fixes the retail rates of milk and this does not seem to evoke much criticism.

SECTION 23.

Comments and Recommendations with regard to the Constitution and Form of the W.A. Egg Marketing Board.

Any business which has an annual turnover of approximately £2,000,000 is a very large organisation, and it is essential that it be run according to sound economic and business-like principles. The Western Australian Egg Marketing Board is such a business and it is therefore necessary that the Board, which, after all, is a Board of Directors, should be composed of the best brains that can be obtained in the State.

At the present time any commercial producer, that is, a man who has 150 adult female birds, is entitled to be elected as a producer representative to the Board. This is the only qualification necessary and undoubtedly the past many men with little business acumen, who have successfully wooed the electors, have obtained a seat on the Board. Half the Board can be constituted in this way and it is hardly the most efficient method of selecting men to carry on a very large business undertaking. The producer members may be excellent poultry farmers but have they the qualifications necessary to make them successful business men? I am not saying there are no competent men within the industry; undoubtedly there are many able men associated with the industry, but, if as Board members, they dis-
play the type of business acumen which does not result in an increased return to the producer, they are not on the Board after the next election. Only one man has ever survived two successive elections. It is more than obvious that many producers do not understand the problems of the industry or the difficulties confronting the Board.

Many producers are asking for an all producer Board. If this were brought about, it would be a bad thing for the industry and the people of the State and would lead to nothing but confusion. Mr. K. M. Cowin, a pilot farmer and a man of considerable perception, does not think producers should be represented on the Board at all and that the selling of eggs should be left to men of proved administrative skill and business ability.

Mr. Cowin is thinking along the right lines but I would go a step further and say there should be no sectional interest on the Board at all. I feel certain, however, that any Minister for Agriculture, in selecting a Board, would hardly fail to appoint a competent poultry farmer as a member. In my opinion, in the event of any such appointment, the poultry farmer should be appointed as such, and not as a producer representative, or as a representative of the industry.

It has not been difficult to ascertain from the minutes and otherwise, that the Board has not always been a happy family. A very excellent contrast is the Potato Marketing Board which appears to work very harmoniously. The Egg Board has been too inclined to divide into sections and the cleavage between the producer and consumer representatives has been most marked. This is a bad thing when the chief object of the Board is to sell eggs and do the fair thing by everybody in the community—the producer, retailer and consumer.

The Chairman of the Board was originally a consumer representative and the producer members seem to regard him with suspicion. On one occasion an actual motion of no confidence in the Chairman was moved, seconded and carried.

At this stage, it is necessary to speak frankly and I hope without offering offence.

Mr. Harvey, in addition to being Chairman of the Egg Board is:

(a) A Councillor of the Cottesloe Council.
(b) Chairman of the Beach Works Committee.
(c) The Cottesloe representative on the Local Government Association.
(d) The Local Government Association representative on the Library Board.
(e) A member of the Town Planning Board of Western Australia.
(f) A Journalist by profession.

I am of the opinion that considerable time and energy are required from the Chairman of an organisation like the Egg Board, and if Mr. Harvey is to continue as Chairman he must shed some of his other duties.

Considerable thought has been given in England to the establishment of marketing schemes, and in 1946, a committee of independent persons, under the chairmanship of Lord Lucas, was appointed to inquire into the working of Agricultural Marketing Acts. Subsequently the Committee issued its report which has become known as the "Lucas Report." At page 58 of the Report, appears the following paragraph:

The main conclusion to which an examination of past experience and the future needs of marketing organisations has led us is that, at any rate for the major agricultural commodities listed in the First Schedule of the Agriculture Act, the authority to which, in future, should be entrusted the primary responsibility for marketing strategy in Great Britain is neither a Government Department as at present nor a statutory board set up and controlled by producers as was provided for in the Agricultural Marketing Act, but an independent body which, for want of a better name, we shall refer to as the "Committee Commission." . . . .

A further extract, also on page 58, is as follows:

To some extent, the size of the Commissions will vary with the amount of work which they will have to do, but we are of opinion that the number of members should be as small as possible since, in our experience, small executive bodies generally work more efficiently than large ones.

Dealing with the personnel to be appointed to these Commissions, the Lucas Report went on to say:

If suitable persons having experience of the production processing or distribution of the commodity concerned were available to serve on the Commissions their particular knowledge and experience would undoubtedly be of value, but Ministers should not, in our view, be thus limited in their field of choice. They should, if necessary, be free to canvass the general fields of industry, commerce, finance and public administration in order to secure persons of the calibre needed. We are strongly opposed to any form of nomination of members of the Commodity Commissions by outside bodies. Members of Commissions will be, in fact, the business executives of the taxpayer and as such they cannot be responsible, as delegates, to anybody else. Each member of the Commission must be interested solely in serving the aims of the Commission and must not be diverted by responsibilities or affiliations to sectional interests.

We think it is important, however, that there should be direct and immediate means of contact with private interests whose operations will be affected by the work of the Commissions. We
recommend, therefore, that separate Advisory Committees should be nominated by producers, processors, wholesalers, retailers and other sectional interests concerned, for the purpose of consultation on matters of common concern.

I very early formed the opinion that the present method of constituting the Board was unsatisfactory and that the only qualifications for appointment thereto should be integrity and proved commercial ability. Since making up my mind about this, I have had the opportunity of reading the Lucas Report in detail and I think it sets out very aptly and better than I can put into words, the principles which should be followed in constituting commodity boards such as the Egg Marketing Board.

I therefore recommend that the Minister for Agriculture be empowered at his discretion, to appoint four members to constitute the Board. The Minister has an overall picture of the industry and those engaged in it, with the result that it is within his province and ability to appoint the best men. I should imagine that he would probably select some or all of the members from within the industry, but he should not be fettered in any way, as better and more capable men may be offering from outside.

Perhaps it may be thought necessary to include a poultry farmer and this could, if desired, be specifically provided for in any new legislation.

If the above proposals do not meet with the approval of the Government, the only thing to do is to carry on with the present method of constituting the Board, subject to certain modifications.

Three elected producer members are not necessary. There should only be two, one elected by the commercial producers and the other appointed by the Minister.

There should be two other members appointed by the Minister purely on account of their ability and knowledge and not as representatives of any particular section of the community. After all, we are all consumers and taxpayers.

The Chairman, under both my proposals, should be appointed by the Minister from those selected to constitute the Board, and should be given a deliberative vote to be exercised in any way he thinks fit.

I would like to see investigated the question of the establishment of a Directorate of Marketing within the Department of Agriculture. Such a directorate has been established in Queensland with, it is claimed, very successful results, but no concrete evidence has been brought before the Commission which would enable me to make up my own mind. In theory, the establishment of such a directorate would make for close liaison between the Department and the various boards, of which the Director could be an ex officio member. I think the proposition is worthy of consideration and it may eventually be of considerable advantage to the State.

As I said previously, I also consider it necessary that the services of somebody trained in agricultural economics should be available to all the commodity boards and this is something which could be brought into effect immediately. There are trained agricultural economists within the State and it seems a pity not to use their services where they are urgently needed. These comments would apply particularly if the Government were to accede to my second proposal for the altered constitution of the Board. In both cases, however, these men could be used with advantage.

Under both my proposals, but particularly under the first, it is essential that close liaison be maintained with all those engaged in the industry and that is where some of the Lucas Report recommendations might be adapted to local conditions.

The Report recommended the continued existence of Producer Boards working in co-operation with the Commodity Commissions and that their chief function should be "to find the greatest scope for constructive activity in the promotion of measures designed to raise productive efficiency." In England, within a particular industry, the Report recommended that the Producer Board should negotiate prices with the Commodity Commission and see that any contracts entered into with it were adhered to by the producers. All the latter suggestions are not necessary here, but the Poultry Farmers' Association could be used as a very strong nexus between the Board and the producers and could even constitute a sub-committee as recommended in the Lucas Report.

In my opinion, every commercial producer should be a member of the Association as each licensed potato grower is a member of the Potato Growers' Association. Perhaps it could be given some statutory recognition. The Association could be financed by a deduction of say one farthing or one-eighth of a penny per dozen eggs, or whatever other deduction were considered necessary. The farthing a dozen now being deducted for the building and plant reserve might be used for the purpose, particularly as it has not been entirely devoted to the purpose for which it was intended.

The other body with which the Board can maintain close liaison is the Retail Grocers' Association, which in this Commission has been very ably represented by its Secretary, Mr. Kirby. It appears to be a very active Association and can be trusted to make its presence felt. Liaison with this organisation should not prove difficult.

SECTION 24.
Factors Affecting the Acquisition by the Board of Permanent Premises, and Additional Plant and Equipment.

For some considerable time, the sum of one farthing per dozen has been deducted from producers for a building and plant reserve.
This has brought in about £9,000 a year. The Board's expenditure on plant and equipment has been charged against this reserve although originally the farthing was collected for building purposes only. The capital reserve at the moment is only a book entry and not a true reserve. The monies have not been funded as they should have been in order to ensure availability when required for the purpose for which they were intended. All the monies have been spent on land, buildings, plant and equipment. Considerable plant has been written off and replaced by new plant.

These monies should have been put in a specific fund in the nature of a trust, and I understand that at one time tentative arrangements were made with the Bank to make a contra of the interest on the fund against the interest of any necessary general trading and administrative overdraft. The Board, however, adopted its present procedure and the monies were never funded.

There are decided advantages in the Board owning its own premises with its own refrigeration plant, so that the complete handling and processing of eggs could be carried out in the one central building. Undoubtedly, there would be a general saving in costs, particularly in cartage to and from cold store. Mr. Mayo estimates that the Board would probably save a total of £20,000 to £25,000 a year, covering costs of labour, cartage, cold storage and the like.

Mr. Mayo's figures as to the savings on refrigeration were challenged by officers of the West Australian Meat Export Works, but I think his figures were quite convincing and that he made out a good case.

Pressed as to the immediate effect of owning its own central premises, Mr. Mayo said it would mean a saving of one halfpenny per dozen in handling charges. It would cost at least £220,000 to build the proposed premises, and at the present moment I am of the opinion that it is too much for the industry to bear. At present the producer is only getting a net 3s. a dozen for his eggs, the industry generally is in a bad way, and it is a most inopportune time to consider building. The proper time to build is when production difficulties have been ironed out and the industry is on its feet.

Evidence was given by Mr. Mayo, of the savings effected by the N.S.W. Egg Marketing Board at its Tamworth premises. The volume of business handled by the Tamworth premises would closely approximate the business handled by the W.A. Egg Marketing Board. Tamworth is a large country town but I am not sure that the conditions pertaining there apply here. The N.S.W. Board also built its own central premises at Lidcombe, a suburb of Sydney and about eleven or twelve miles from the capital. The cost was somewhere in the vicinity of £1,000,000, but Mr. Mayo was not able to show what savings were effected except that the Board could handle its eggs more efficiently. The cost of eggs over there has evidently not come down. The N.S.W. Egg Marketing Board is reputed the largest handler of eggs in the world and it might be interesting to watch results of its building venture and ascertain the savings, if any, made by the creation of its new building.

It will be noted that throughout my report I have stressed that as long as there are large surpluses of eggs it is essential to have an Egg Marketing Board to take off such surpluses from the local market and to equalise the returns from the local and the overseas market. If the production plan outlined by the Department of Agriculture is successfully carried out with the co-operation of the industry and inefficient producers are forced out of the industry, surpluses should be very materially reduced. This being so, and some protection being devised against the old auction system, some alternative to the present Board set-up may be preferable. Under these circumstances, capitalisation along the N.S.W. lines may be highly undesirable.

There is always a likelihood of over-capitalisation, which is a bad thing, and there is a general antipathy of the people towards large capital expenditure on the part of semi public organisations. The average citizen considers that in every dozen eggs he buys, a percentage of the price is devoted to expensive buildings. Whilst this attitude may to some extent be unreasonable, it shows that there is usually considerable public reaction to expenditures of this kind.

The South Australian Marketing of Eggs Act, 1941, specifically prohibits their Board from establishing any egg floor except in certain localities and subject to very stringent conditions.

SECTION 25.
Comments on Financial Arrangements Concerning a Visit by Mr. G. F. Charles to the United Kingdom.

On the 15th April, 1955, the Western Australian Egg Marketing Board agreed to authorise Mr. G. F. Charles—a Board member—to act on its behalf whilst in the United Kingdom. It was also agreed that Mr. Charles should be paid a travelling allowance, and reimbursed with reasonable expenses during his stay in the United Kingdom.

At a following Board meeting, it was resolved that authority be given for a £750 advance to be made to Mr. Charles to cover allowances and expenses incurred whilst on Board business during his trip to the United Kingdom.

The evidence leaves no doubt that Mr. Charles himself was the originator of the proposal that he should receive some allowance. As soon as the news got about that the Board was going to make this allowance, a certain amount of ill-will was caused.

It is alleged that one producer member leant over the Board table to Mr. Charles and said, "I shall want to see a detailed account when you come back".

Eventually, Mr. Charles, apparently knowing of the dissatisfaction, again took the initiative and said that £350 would be sufficient, and refunded the balance.

The Australian Egg Board had a high salaried egg expert in England at the time, a Mr. Blake, and if I am to believe Mr. Mayo’s evidence on the matter, there is little that Mr. Charles could have done that could not have been done more capably by Mr. Blake.

During the hearing of evidence, I asked Mr. Mayo what Mr. Charles could do that Mr. Blake could not, and Mr. Mayo replied, “I prefer not to comment on that”.

Again, when I asked Mr. Mayo if he considered the voting of £750 to be justified, he said that he was a little embarrassed by the question, and he was therefore not pressed further.

Mr. Mayo is entirely blameless, but in my opinion, the Board was most injudicious in the manner in which it conducted itself with regard to this matter.

Mr. Harvey’s explanations, in which reference was made to the fact that Mr. Charles intended to visit America as well as the United Kingdom, were not, in view of Mr. Mayo’s evidence, very convincing.

It is worthy of note that Mr. Charles, during his absence, will draw his allowance of £175 per year as a Board member, as will his substitute, Mr. Armstrong.

SECTION 26.

Miscellaneous Items Arising out of Evidence Submitted to the Commission.

(a) The Egg Marketing Board and Public Relations.

The public should be kept advised of the difficulties which confront the egg industry, and the Egg Marketing Board.

Many consumers have no idea whatsoever of these difficulties, and the greater their lack of knowledge, the greater their criticism of the Egg Marketing Board in particular, and Boards in general.

The word “Board” seems to conjure up on their minds a feeling of antipathy, and this is not a good thing. From a psychological point of view, it might be better to re-name the Egg Marketing Board the “Egg Marketing Authority,” or the “Egg Marketing Commission.”

Many members of the public do not understand why the consumer pays 4s. 7d. per dozen for his eggs, whilst the producer receives only 3s. The significance of the overseas market is not understood or appreciated, and it is possible that better publicity might enlighten them on these matters.

I would therefore recommend that the Board pay more attention to this matter of public relations, with a view to bringing about better understanding between the Board and the consumer section of the public.

(b) Auditor General in Relation to Commodity Boards.

In my opinion, it would be very desirable for the Auditor General to be empowered by statute to advise the Government whether or not a particular Board is working along sound financial lines.

In South Australia, under Section 16 of the Marketing of Eggs Act, 1941, the Auditor General is empowered to report whether eggs are bought and sold by the Board at reasonable prices during the year, and whether retailers sell them to the public at reasonable prices. The Auditor General is further empowered to inquire whether the Board has been economical in its expenditure, and the general conduct of its business.

I would therefore recommend that this matter be considered, with a view to the introduction of amending legislation to empower the Auditor General to carry out such audits, and such inquiries, as would enable a report to be submitted regarding the economic functioning of Commodity Boards.

(c) Board Expenditure.

In my opinion, Board expenditure, particularly with respect to travelling allowances car allowances, and vehicle mileage allowances should be carefully watched, and kept to a minimum. I feel that this has not always been done in the past, and in this viewpoint I am supported by the fact that these matters have been mentioned in previous Auditor Generals’ reports.

(d) Board Members’ Allowances.

At present the Chairman of the W.A. Egg Marketing Board is paid an allowance of £275 per year, and the members an allowance of £175 per year.

In view of my recommendations as to the reconstruction of the Board, and the emphasis I have placed on the obtaining of the best possible men for the various positions, I would recommend for favourable consideration, the question of increased remuneration for the Chairman and members.

(e) The Payment of Board Charges by Breeders.

There has been considerable agitation amongst commercial producers with regard to the payment by breeders of Board charges. At the present time, breeders are exempt from the payment of these charges.

I consider that it would be a retrograde step to force breeders to pay Board charges of any description on eggs supplied to bona-fide hatcherymen.

This would convey a definite hardship on breeders, and ultimately the commercial producers would have to pay more for their chickens.
Furthermore, if the breeders have to be relied on, in co-operation with the Department of Agriculture, to breed birds which will give greater productivity, they will not be encouraged if they are loaded with further expense.

Mr. Albany Maston Bell has made out a good case on behalf of the breeders. Many of them have had a very hard time, so much so that many of them have had to give up breeding and in some instances, leave the industry.

To the best of my knowledge, breeders, in other States, are exempt from Board charges. I would therefore recommend that genuine breeders continue to be exempt from Board charges on all eggs supplied to bona-fide hatcherymen.

(f) The Farm Pack.

Evidence has been given that a “Farm Pack” system should be introduced in this State. A farm pack is made up of eggs candled and graded by the producer, and then consigned to the Board. All the Board has to do is to dispose of the eggs to retailers.

This system operates in New South Wales, and has been tried here before. I think that further consideration should be given to the matter, as it may mean considerable savings on the part of some producers who may wish to handle their own produce.

Rigid action would have to be taken to protect the quality of the egg delivered to the consumers through the farm pack system. Strong action would have to be taken against any producer failing to grade or candle to the required standard.

I consider this to be a knotty problem, and I would recommend that it be left to the discretion of the Board to arrive at a decision. I do feel that it might be a greater safeguard to the public if the Board were to be responsible for the grading and candling of all eggs distributed to retailers, particularly if the Board were to adopt the procedure I have previously recommended, viz., the testing of all eggs by Department of Agriculture officers before distribution to retailers.

(g) Records of Board Procedure.

An inspection of the official minutes of the W.A. Egg Marketing Board indicates that the mover and seconder of any resolution adopted by the Board are not recorded.

These minutes might be the records of “Eggs Anonymous”, were it not for the vociferous clamour of one or two consumer representatives who now and again insist on their names being recorded as voting against a motion.

In my opinion a semi-public body should not carry on its procedure under a cloak of anonymity, and it should always be possible to look back and see who was responsible for the moving of a particular resolution.

I do not consider that the minutes, in their present form, reveal a true picture of the procedure of the Board, and I would recommend that in future action be taken to frame the minutes in a more comprehensive manner.

SECTION 27.

Appreciation.

I desire to thank all those engaged in the poultry industry who came forward and gave evidence. In particular, I desire to thank Mr. W. S. Caswell, who has an insight into the egg industry and its problems not always shared or appreciated by others, but which is far-seeing and wise. Mr. Caswell is alive to problems which less informed producers do not even see.

I wish to thank particularly Mr. Albany Maston Bell and Mr. Alfred Hampton who have given me some very valuable information regarding the problems confronting the breeders and hatcherymen. Thanks are also due to the office bearers and members of the Poultry Farmers’ Association, who have been most co-operative.

I also wish to thank Mr. Carl Rodgers, who has made available records extending back over a number of years, concerning the poultry industry. These records have proved most invaluable.

Mr. Ralph Morris, Officer in Charge, Poultry Branch, Department of Agriculture, has been of great assistance to the Commission. His technical advice, and his ready co-operation in making available records in connection with the “Pilot Farm” system, have materially assisted in an assessment of the problems confronting the industry.

Lastly, I would like to thank the Officers and Members of the Western Australian Egg Marketing Board, who have supplied me with statistics and information which have been most useful in the compilation of this report.

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