S. Afr. J. Anim. Sci. 7, 85–86 (1977)

TONGAAT BROWN EGGS

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Introduction

The title of this Symposium is "Production for a Growing Population", and nowhere in Africa is one more conscious of population growth than in South Africa. However, in the Egg Industry our real problem appears to be to get the population to grow fast enough to eat the surplus of eggs we have produced in recent years! This illustrates how important it is to relate what is to be produced to the needs and demands of the growing population. I say this because the over-produced humble egg is one of the cheapest forms of first class protein, and in our protein deficient world it has an important role to play in feeding the world's growing population.

In my mind, there is no doubt that the world can feed itself in spite of its growing population if the political, economic and distribution problems can be overcome and if the natural world bread baskets such as those in Southern Africa are exploited as a result of the necessary capital being made available.

However, to start with the Tongaat 'Brown' Egg project.

Aims and objectives

Tongaat became interested in egg production as it saw scope for an integrated unit situated near to a large population centre. Integrated in this sense means that it would produce its own feed and grade, pack and market the end product. A particular reason for this was the growth of the supermarket chains which demand a quality and uniform product, readily available in large quantities and in the various grades. This demand can only be met by a large integrated unit.

The specific aims of the Tongaat Brown Egg project were as follows:

(i) Maximum efficiency
(ii) Economy of scale
(iii) Day fresh eggs as a result of correct marketing and handling
(iv) The introduction of the 'brown' egg which has market appeal and which, in certain circumstances, can command a premium price
(v) Stable price throughout the year
(vi) Development of the African and Indian markets where consumption per head was known to be extremely low and, sometimes, non-existent
(vii) Improved and more attractive packaging which would enable all the eggs produced to be sold to the market-place and not to the Board
(viii) Effective distribution through a large dairy, which was able to undertake the door to door delivery of eggs as well as service tearooms and supermarkets. It was certainly the intention on the basis of a market assessment that Tongaat Brown Eggs could be marketed and not disposed of through the Egg Control Board.

Problems encountered and foreseen

The problems encountered in entering an industry where 'big business' was not exactly welcome, because of the 'small producers' recent experience with the broiler industry, cannot be overstated. Assurances were given that it was not Tongaat's intention to put the small man out of business and that a definite gap in the market, particularly the Indian and African market in Natal existed. Quite obviously, in any situation which is even remotely associated with free enterprise, the inefficient will not survive, and this was not ever in question.

Tongaat's entry into the Egg Industry however culminated in the Government decision to introduce production control. As a sugar producer, Tongaat could never quarrel with controls which regulate production to the available markets. However, a production control scheme which does not have efficient control over production is fraught with dangers, and this has proved to be the case in this instance. I will come back to this later but suffice to say the problem of over-production has reached mammoth proportions since the introduction of production control.

Egg production is today a well researched agricultural operation which depends, in as far as 75% of its production costs are concerned, on the quality and availability of feed. With good feed and the 'know how' available from many sources, efficient egg production is possible. Originally Newcastle disease was a great threat, but since the introduction of effective vaccination programmes the threat of Newcastle disease has diminished to a relatively small one.

Until recently there has been a Government ban on the importation of the best poultry stock available in other parts of the world. At Tongaat we have never been convinced that this has been in the best interests of the Egg Industry and believe it has resulted in less efficient production than could have been the case. It has afforded some protection to South African breeders but, at the same time, it has denied the world's best blood lines to the Industry. There is no doubt that there must be some control over importation to protect the Industry from the indiscriminate importation of diseases.

A problem which the Tongaat Brown Egg project has encountered and which is one which the Egg Industry will have to come to grips with if it is to meet stronger public health requirements which are in the in-

terest of the public at large, is the disposal of manure. Perhaps breeders will one day produce a hen which lays on 6, or even 5, days per week and does not produce manure! However, until this happens, the egg producers, particularly those situated near to the market place, have a manure disposal problem.

Another problem which the Egg Industry will have to recognise, along with other monogastric forms of animal husbandry, is the growing protein shortage in South Africa and throughout the world. In discussion, production for a growing population, this is an aspect which requires positive action more than any other. It is almost certain that all the available vegetable and fish protein will have to be reserved for the non-ruminant animals in the not too distant future.

Finally, in referring to problems, the penetration of the potentially large African and Indian markets has been slow and disappointing. There are many "reasons for this such as prejudice and tradition, distribution, lack of shops in and near residential areas (eggs are not the easiest product to take home on a crowded train!), purchasing power of the individual, and a lack of real commitment to promotion and advertising on an industrial and individual basis. Continued slow growth rather than dramatic change is very likely to continue in this instance.

The door to door marketing of eggs with milk was also not a success due to opposition from tea rooms which refused to stock the dairies other products, particularly icecream.

Solutions found and proposed

Over-production in the Industry can only be solved in one of two ways:

(i) Effective production control, and I presented a paper at this year's SAPA Conference which explained how this is achieved in the Sugar Industry, and how it could be done in the Poultry Industry if this is what the Industry desired for itself; or

(ii) An uneconomical floor price which will ensure that the market itself regulates production. There is flexibility in this and there are levels at which the floor price can be fixed to ensure that the market can be satisfied at all times in spite of variable demand and seasonal production fluctuations.

Over-production cannot be solved by creating an environment in which the ineffecient can survive, and if the total production capacity of the Industry is unknown. Originally 10 000 birds could be kept without a permit, but was later reduced to 5 000 birds. Performance, in terms of permit utilisation, is still at the permit holder's discretion which results in permit utilisation being a variable factor. Permits which have not been performed for, say, two years, should be withdrawn.

The problem associated with the disposal of manure was extensively researched, and ultimately a dryer was imported from Switzerland (MAWO), which is relatively inexpensive and works on a semi-automatic basis and is available in a number of sizes. The product is first-class although production costs depend on the price of fuel oil which has escalated over the past two years and is likely to continue escalating. Nevertheless, it appears that its value as a ruminant feed can make this dried waste product an attractive proposition, and applications have been made to the Department for its registration as an animal feed.

At the present time it is being disposed of by direct sale to individuals who can incorporate it in their own feeds, but 10% and 5% respectively are being incorporated in rearing and layer rations without any detrimental effects and on an economic basis.

The solution of the protein problem is perhaps the most difficult and the most important. Monogastric animals require first class protein which, at the present time, can only come from a limited number of sources. Perhaps the long term solution will be the production of synthetic proteins, such as the B.P. 'Toprina' but, in the immediate future and with the declining fish catch, it will be necessary to direct our agricultural efforts to an ever-increasing extent towards protein production. Research and extension, together with financial incentive, are the keys. It is inevitable in my view that some maize lands must be converted to protein production in the form of soya beans and other crops, and the maize crop maintained through more efficient production on a smaller area.

In conclusion, it is important to recognise that the Egg Industry is polarising into much larger production and marketing groups, and in the future this polarisation will continue. The small producer will certainly have his place, but it will be where he is in association with a marketing group, or through his efficiency and geographic location he can command a market of his own. Eggs will have to be marketed to an increasing extent in the future, and packaging, brand identification, advertising, etc., will, as with other products, be essential to encourage our growing population to take advantage of the egg as one of the cheapest and most valuable foodstuff.