

and a way to
20¢ a doz.

Recently the largest newspaper in Canada - The Toronto Star - ran the following headline: "You Pay 20¢ Too Much For Eggs. Shoppers Told".

The story then went on to report the results of a just published study by the Agriculture Economic Research Council of Canada entitled **The Cost of Canada's Egg System**. To the right of this page you will find the highlighted results of this Council's study. Spurred on by this and a number of similar studies dealing with Canadian egg prices, Loblaw's began an intensive search for a new idea to reduce egg costs to the Ontario consumer. We found that idea in the existence of surplus eggs which are sold to egg breakers at significantly lower prices than those eggs which are made available to the consumer as table eggs.

Surplus eggs were discussed at length by the Food Prices Review Board. **Report on Egg Prices** issued in January 1974.

"Surplus" eggs in both categories are channeled to the breaker market at prices lower than those prevailing for table eggs... When compared to the prevailing table prices in the provinces for the corresponding period of 1973, the difference between the breaker price and the table prices in each case appear to be very substantial; one wonders whether there would have been need for any "surplus" program or "intervention" prices at all, if these prevailing prices (i.e. for table eggs) were lower."

No-Name eggs are surplus eggs that have been sold to egg breakers at prices that are significantly lower than table eggs. Traditionally these eggs have been sold to restaurants and other institutional users in a frozen form that may be stored up to a year without adversely affecting the taste of the eggs.

Loblaw's new No-Name eggs are the first opportunity that the Ontario consumer has been given to directly participate in the savings available through surplus eggs.

David Nichol
David Nichol, President



free no-name frozen
eggs

with this coupon and any Loblaw's purchase
Offer expires Tues. June 19, 1979
or while supplies last

coupon value **32** limit one coupon per family

Highlights of "The Cost of Canada's Egg System" (May 1979)

Reprinted in the public interest with the permission of the Agricultural Economics Research Council of Canada.

1. Results of a detailed study just completed by the Agricultural Economics Research Council of Canada (AERCC) entitled "The Cost of the Canadian Egg System", indicates that Canadian consumers are paying at least 9-14 cents too much for a dozen eggs. Given the deep public concern in Canada about food price rip-offs, this unnecessary \$35-\$55 million annual burden on Canadian consumers should be addressed with the utmost expediency by all parties concerned.
2. Since the Canadian government instituted national "supply management" policies for Canadian egg production in 1973, the competitive costs of producing eggs in Canada has deteriorated drastically relative to the United States. This has occurred in the face of substantial evidence that the potential cost of egg production in Canada can be cost competitive with U.S. egg production.
3. Egg prices in Canada would be much higher if Canadian food retailers were not subsidizing egg costs by pricing eggs well below retailers' distribution costs. At present U.S. retailers charge at least 10 cents per dozen more than Canadian retailers to distribute eggs to the consumer.
4. In addition to imposing an unnecessary \$35 to \$55 million cost upon the Canadian consumers' egg costs, monopolistic "supply management" policies provide a major threat to efficient family farm agriculture. For example, a young farm family who wants to start a medium-sized egg farm with 30,000 layers must first buy quota from existing producers. This could cost as much as \$300,000 to \$450,000 and cost the young farmer as much as \$50,000/year just in interest costs. These exorbitant quota costs effectively provide a barrier to young farmers entering egg production. These unnecessary quota costs, in the ultimate analysis, are borne by the Canadian consumer. In recent weeks, egg producer marketing board officials have indicated that in some provinces, quota transfer policies alone increase egg prices up to 5 cents per dozen, because producers are not allowed to buy and sell egg quotas freely without having to purchase an existing egg farm.
5. It will take some time to re-establish competitiveness in the Canadian egg industry and a start should be made now. There is evidence to suggest that egg production costs in Canada are dangerously close to the point where there is no overall benefit to Canada from maintaining production activity except on a short-term make-work welfare project basis. The immediate requirement is for major initiatives and policy changes to improve the cost efficiency of egg production in Canada.
6. If substantial cost-price improvements in Canadian egg production cannot be effectively achieved, the benefits of expanding egg imports and cutting back egg production in Canada, e.g., by one-third, should be considered as this course of action appears to provide sufficient cost savings to the egg system and potential net economic benefits to the Canadian consumer.
7. On very rare occasions, particularly since the adoption of a Canadian egg supply management system in 1973, the cost of U.S. and Canadian eggs come together, but historically these occasions are short lived. When U.S. egg supply normalizes in response to market demands, U.S. egg prices can drop by 10 cents per dozen in one month, e.g., April, 1979.
8. Importing a large quantity of U.S. eggs is not the recommended course of action. Rather, it is suggested as an option of last resort.
9. The current concern of Canadian consumers, government, and industry officials about high egg prices, high costs of egg production, and "supply management" policies in Canada is justified. This same concern should be shared by egg producers and egg marketing officials because of the potentially severe impacts that high egg production costs can have and are likely to have on the future viability and profitability of the egg production industry and individual egg producers in Canada.
10. This deterioration in the competitive cost position of the Canadian egg industry primarily as a result of government agricultural policies, is not the only food area affected. The AERCC plans to undertake other studies of the Canadian food system to identify and quantify other cost improvement opportunities.

For a copy of complete report write to:
Agricultural Economics Research Council of Canada
100 Bronson Ave., Ottawa, Ontario
K1R 6G8