get cracking
Egg Farmers of Ontario

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February 8, 2021

Gary Sands
Senior Vice President, Public Policy & Advocacy
Canadian Federation of Independent Grocers
Via email: gsands@cfig.ca

Dear Mr. Sands:

Let me begin by apologizing for not being able to co-ordinate the needed communications with your Board on the increase in the price of eggs that graders pay farmers effective Feb. 21.

As your members are aware, the farm price is based on a cost of production formula (COP) that is coordinated nationally. The COP of eggs is about 60% for the cost of feeding hens. The two major constituents of layer feed are corn and soybean. Corn has gone from five dollars a bushel to seven dollars a bushel in the last six months, an increase of about 40%. Similarly, soy beans have gone from $12 a bushel to $17 a bushel - just over 40%. So the element that constitutes 60% of the price of eggs at the farm level has gone up by 40%. That's why the $.15 per dozen increase is being put in place. We have maintained the larger price spread down to medium and smaller sizes that was introduced last year.

Like most businesses, egg farmers and our marketing systems have had to absorb millions of dollars of extra costs during the pandemic for safety protocols and inventory management issues.

EFO will also commit to making no price change in the next review window, unless it is a price reduction as the result of a drop in COP.

My apologies for the very late and poor communications on this issue, I will work to improve this with our national partners at the farm and grader level in the future.

Regards,

Bill Mitchell, Interim General Manager
Egg Farmers of Ontario