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Report to Department of Agriculture, Water and the Environment

# Australian Animal Welfare Standards and Guidelines for Poultry Decision Regulation Impact Statement

Addendum



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# Introduction

# 1

This document provides additional information (as an addendum) to support the Australian Animal Welfare Standards and Guidelines for Poultry – Decision Regulation Impact Statement (2021).

The Decision Regulation Impact Statement (RIS) was prepared to consider options to renew and update Australia's protection of domestic poultry. The Decision RIS included options for implementing the proposed Australian Animal Welfare Standards and Guidelines for Poultry, put forward by the Independent Poultry Welfare Panel (the panel), against alternative non-regulatory approaches. The Decision RIS recommended the introduction of the proposed *Australian Animal Welfare Standards and Guidelines for Poultry* (the proposed Standards) under Option 3.

The Decision RIS was written in response to the prior Consultation RIS initially released in 2015. The Decision RIS adopts much of the agreed content of the Consultation RIS, and is amended to reflect concerns raised by stakeholders.

The proposed Standards, accompanied by the Council of Australian Governments (COAG) Decision RIS developed by ACIL Allen, were presented to the Agricultural Senior Officials Committee (AGSOC) in August 2021.

It is important to note that the Decision RIS was developed in accordance with the [Australian Government Guide to Regulatory Impact \(Second Edition\)](#) and approved by the Office of Best Practice Regulation in 2021.

The remainder of this document includes clarifying statements regarding aspects of the approach taken or the content of the Decision RIS. The document is structured according to the following:

- Chapter 2: Data and assumptions
- Chapter 3: Modelled regulation impact results.

## Data and assumptions

## 2

This section provides further detail on the origin and logic of the data and assumptions used to estimate the impacts of the proposed standards. It clarifies the information available on the poultry industry, animal tending practices and markets for poultry goods.

### **2.1.1 The extent of animal welfare risks**

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Section 2.2.1, Table 2.4 of the Decision RIS, outlines a list of risks to the welfare of poultry that are being addressed by the proposed Standards. Risk assessments involve evaluating risks associated

with specific factors.<sup>1</sup> In the context of animal welfare, a factor is something that has the potential to impact on the animal's welfare such as housing conditions.<sup>1</sup> For example, it is recognised that "cannibalism" is an extreme escalation of feather pecking and is an important poultry welfare issue in cage and free-range production systems.

However, "cannibalism" is not a 'risk' per se. Instead, it is the potential outcome of different risk factors outlined in Table 2.4 if they are not managed or addressed (e.g., reduced space allowance, lack of environmental enrichment, high stocking densities, lack of nest areas), irrespective of the housing system. Therefore, Table 2.4 was aimed at including the main risk factors that the proposed Standards addressed, which may result in poultry welfare issues such as cannibalism. The list of risks is necessarily selective and cannot be exhaustive. In particular, it focuses on risks that are more readily addressed by government intervention.

### 2.1.2 State-based cage infrastructure

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The impact analysis shows that 58 per cent of the cage infrastructure was installed before 2011. This rate is important, because it determines when existing cages would need to be replaced to meet the proposed Standards.

This rate amount represents the national average rather than the average of per-state rates. In the Baseline (Option 1 in the Decision RIS), a transition to other systems due to the supermarket ban on selling the caged eggs has been included. The remaining cage infrastructure installed that would be impacted due to the proposed standards after accounting for this transition is around 58 per cent, which reflects that not all of the remaining cages will be replaced as a result of the proposed Standards.

Without accounting for this transition, the estimated cage infrastructure installed before 2011 is around 80 per cent. There is a possibility that some states are over- or under-represented in assessing the age of the cage infrastructure. On aggregate, this broadly represents the national average. Specific state-based age profiles of cage infrastructure were not available at the time of writing.

### 2.1.3 Transitions of production systems

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The impact analysis does not assume that all existing cage producers will transition to furnished cages due to the regulation imposed under the proposed Standards. Consumer preferences are shifting away from caged eggs — most notably illustrated by the major supermarket ban of caged eggs after 2024. The model assumes that all conventional cage producers who remain in the production system after the supermarket ban would convert their conventional cages to furnished cages with associated infrastructure to meet the proposed Standards. As a result, many (if not most) cage producers will transition away from cages to alternative systems for reasons unrelated to these regulations. If any conventional cage production systems remain for various reasons at the time of phase-out, they may choose to go for furnished cages.

The impact analysis reflects the incremental costs caused by the regulation, and not the entire costs of future investment in system-change within the poultry system. The costs of this are most appropriately modelled based on the cost of the *next most costly* production system after conventional cages. Should producers with conventional cages shift to an even more expensive system (such as free range) they would do so to maximise profits — that is, that their decision will come with equal or greater additional benefit, which offsets the additional marginal cost.

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<sup>1</sup> Efsa. 2012. *EFSA publishes guidelines for risk assessment of animal welfare* [Online]. Europe: European Food Safety Authority. Available: <https://www.efsa.europa.eu/en/press/news/120125> [Accessed 13th October 2021]

The model assumes that those cage production systems which have not already transitioned to other production systems will transition to furnished caged systems.

In line with the Consultation RIS, it does not make assumptions about business closures (of which no evidence has been found during the preparation of the Decision RIS).

The modelling also assumes that existing cage producers can transition to furnished cages based entirely on the costs included in the modelling. ACIL Allen found no evidence that non-market factors would prohibit the conversion to furnished cages and, therefore, create stranded assets. However, the substantial phase-in period means that much of the conversion will be made at the end of the useable life of most caged systems and mean that stranded assets are unlikely. We provide a short discussion regarding the potential of stranded assets in **Box 2.1**.

### **Box 2.1** Considering stranded assets

If producers are forced to write-off their cage infrastructure assets before the end of their planned usable lives, then there will potentially be implications for producers' ability to finance the required capital expenditure in new cage infrastructure. This is two-fold:

1. If there is any debt associated with the assets to be written down, the owners will need to either find enough capital to pay out the attached loans early, or to use other assets as security against the loan and maintain repayments (but without the income stream from the production from the cage layer assets that are to be discontinued).
2. Equity holders will need to write down the value of their investments in the current cage infrastructure assets and be prepared to inject sufficient new equity to underwrite the building of new cage infrastructure sufficient to meet the standards. While a portion of the new infrastructure should be eligible for debt financing it is almost guaranteed that equity holders will be required to inject additional capital into their businesses to meet the requirements of the standard.

An additional consideration is that the structural adjustments expected within the industry over the next few years associated with the move of major supermarkets to cease sales of cage eggs is likely to result in some stranding of existing cage infrastructure assets. Hence, the cage egg industry may already experience financial stress in the baseline with some businesses becoming unviable or marginal.

As a result, it is possible that adoption of the proposed Standards may create additional financial stress that makes additional businesses unviable or to become marginal. Due to the lack of sufficient data and substantial uncertainties, the potential impact of stranded assets and any consequences for egg farmers' ability to attract sufficient finance has not been included in the above cost analysis. Any such analysis is well beyond the impact analysis of the proposed Standards and would be largely speculative at this point.

Including this analysis requires detailed information on the balance sheets, profitability and age and usable life of existing cage infrastructure. However, even with such information, there are many other factors (including the relative attractiveness of alternative investments by current equity holders) that mean understanding the potential impacts is complex.

*Source: ACIL Allen*

The Decision RIS assumption is consistent with the final proposed Standards, allowing for the transition to furnished cages with the phase-out of conventional cages. Therefore, the current impact modelling in the Decision RIS is appropriate to understand the proposed Standards' potential impact.

#### **2.1.4 Costing model**

The Decision RIS substantially uses the costing model used in the Consultation RIS. The details of what is included in this costing model are provided in Appendix C of the Decision RIS. The Consultation RIS used 2017 prices, which were updated to 2021 prices in the Decision RIS.

Amortized annual capital costs are included in the model.

Egg productivity by system is included in the model. The model broadly accounts for lower feed conversion efficiency and higher bird mortality of different production systems.

### Details on the furnish caged costing model

The current estimate of furnished cage costs includes cage height of 55 cm. Based on the proposed standards, SB1.11 states “750 cm<sup>2</sup> of useable space per bird if kept in a cage of 2 or more birds”. Therefore, the cost of a furnished cage of \$48.34 is 750 cm<sup>2</sup> of useable space.

The costings have been developed in the Australian context and are not taken from international examples. The proposed changes are consistent with cages available and used overseas, except for cage height of 55 cm, which is higher than what is currently required overseas (e.g., minimum of 45 cm). However, this has been considered at length by the panel. The panel’s decision was that the proposed phase-in period would help mitigate the financial costs of replacing the cages and achieve animal welfare benefits (April 2021 post-consultation feedback).

The proposed Standards regarding cage size and stocking density relates to increasing the minimum space allowance for caged layer hens from the current 550cm<sup>2</sup> per hen, to a proposed 750cm<sup>2</sup> per hen (SB1.10) with a cage height of 55cm (SB1.1) without any reduction in the stocking density.

For retrofitted sheds, the cost includes an allowance for new non-cage infrastructure, including land and additional sheds. Land costs reflect general agricultural land costs, and they are not differentiated by brownfield and greenfield developments.

Other than those directly required by the proposed Standards, no additional up-front costs have been included. It does not include other on-farm costs associated with caged egg production, as these are invariant between production systems. Though additional on-going running costs of \$1.45 per hen are included, which cover ongoing costs such as electricity, water and labour. However, this cost is not further subdivided.

## Modelled results 3

This section provides clarifying information on the modelled regulation impact results. It provides further details on the information presented from the cost-benefit analysis of the implementation costs.

### 3.1.1 The per-person additional costs of the Standards

The Decision RIS states that the maximum additional cost of the proposed Standards is \$1.51 per person per year. The statement appears in section 5.3.6. This value reflects the total cost of implementing the regulations across all eggs consumed. This cost reflects the bundle of measures implemented in the proposed Standards, rather than just the cost of adjusting cages. This does not necessarily reflect how these costs will fall on every consumer, which will vary based on their choices before and after the proposed Standards. The Decision RIS acknowledges that impacts will vary amongst individuals within the community.

### 3.1.2 Expediated phase-out periods

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The modelling includes the phase-out of unfurnished (conventional) cage systems over periods recommended in the proposed Standards (Option 3) and a prolonged phase-out (Option 4). The results show that relatively shorter phase-out periods front-load capital costs and a larger net impact. However, shorter phase-out periods also lower animal welfare risks at an earlier point. The modelling does not include further sensitivity testing around expediated phase-out periods, however the trade-off illustrated between Option 3 and Option 4 necessarily will carry. Ultimately, the age profile of the existing cages will determine the cost of accelerating the phase out.

### 3.1.3 Aggregated results

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The modelled results, presented in an aggregated manner in Table 5.2 of the Decision RIS represent the aggregate of the results presented in Table D.1 of Appendix C of the Decision RIS. However, Table D.1 includes results that feed into both Option 3 and Option 4. In Table D.1, within section B1 on layer chickens, SB1.12 indicates the combined costs of meeting SB1.1 – SB1.11 *without* a prolonged phase-in period (described in SB1.13). SB1.13 shows the combined costs when applied with the phase-in periods described — which are present per-period in the subsequent rows.

These two results against the standards are necessarily mutually exclusive — one with the phase-in and one without — and the SB1.12 line should be read as informational rather than an expected cost once phase-in periods are applied. The bold text indicates a summation of all infrastructure without an explanatory note.

To assist with clarity, the Table D.1 (of the Decision RIS) content is replicated in **Table 3.1** (of this addendum) without the results without the prolonged phase-in (SB1.12).

The detailed incremental cost breakdown in **Table 3.2** (of this addendum), when added up together, gives the same total result presented in Table 5.2 (of the Decision RIS).



**Table 3.1** Incremental costings of mandatory standards or guidelines under Option 3 (Table D.1 of the Decision RIS)

Standard	Sub-standard or guideline	NPV (\$m) - 3% DR	NPV (\$m) - 7% DR	NPV (\$m) - 10% DR
Standard 3 – Risk management of extreme weather, natural disasters, disease, injury, and predation	SA3.7 – By 1 July 2025, a person in charge must ensure firefighting equipment is available and maintained for all indoor housing systems	7.7	6.0	5.0
Standard 4 – Facilities and equipment	SA4.5 – A person in charge must ensure all poultry housing, including mobile housing, must provide adequate ventilation, protection from extremes of weather, sufficient space to allow normal postures, reasonable access to feeding and water facilities	2.7	1.8	1.4
	SA4.8 – By 1 July 2025, a person in charge of poultry (excluding caged layer hens in commercial production) must provide reasonable access to appropriate substrate for pecking, foraging, and scratching.	2.8	1.7	1.3
Standard 5 – Management of outdoor systems	SA5.3 – By 1 July 2025, a person in charge of poultry kept in housing with access to an outdoor area must encourage use of the outdoor range by providing: access to appropriately located shade and shelter from predators, opportunities to perform foraging and scratching behaviours, and a reasonable number and size of access points.	36.3	28.7	24.4
Standard 6 – Lighting	SA6.3 – By 1 July 2025, a person in charge must ensure that the light intensity for poultry is at least 10 lux at bird level during light periods, except under veterinary supervision to control an outbreak of pecking and/or cannibalism for a limited period.			
	SA6.5 – By 1 July 2025, a person in charge must ensure poultry are provided a minimum total of at least 6 hours of darkness within a 24-hour period with at least one uninterrupted period of darkness of at least 4 hours except: birds up to 7 days of age, to prevent huddling or clumping behaviours during very hot weather, poultry on the day of pick-up, laying and breeder birds up to 16 weeks of age, during a disease outbreak under veterinary supervision.	1.7	1.4	1.2
Standard 7 – Temperature and ventilation	SA7.3 – By 1 July 2025, a person in charge of poultry in sheds used for commercial production must monitor ammonia levels and ensure immediate corrective action is taken if ammonia levels exceed 15 ppm at bird level in sheds	0.9	0.6	0.5
Standard 9 – Handling and husbandry	SA9.16 – By 1 July 2025, beak trimming when undertaken in a hatchery must be done using an infrared beam within 24 hours of take-off.			
	SA9.17 – By 1 July 2025, hot blade beak trimming must not be used, except during outbreaks of injurious feather pecking and only by skilled operators using well maintained equipment and only under veterinary advice.	1.3	0.8	0.6

Standard	Sub-standard or guideline	NPV (\$m) - 3% DR	NPV (\$m) - 7% DR	NPV (\$m) - 10% DR
B1 – laying chickens	<p>SB1.12 – All cage-based housing facilities installed after 1 July 2022 must meet the requirements of standards SB1.1 and SB1.6 to SB1.11.</p> <ul style="list-style-type: none"> <li>– SB1.1, A person in charge must ensure the minimum height of all cages is 55 cm over the useable space.</li> <li>– SB1.6, A person in charge must provide layer hens with access to nest areas from point of lay.</li> <li>– SB1.7, A person in charge must provide a minimum of one single nest area for every 7 birds or 1m<sup>2</sup> nesting area for every 120 birds from point of lay.</li> <li>– SB1.8, A person in charge must provide hens with access to perches or platforms.</li> <li>– SB 1.9, A person in charge must ensure perch or platform space for hens is a minimum of 15 cm per laying hen.</li> <li>– SB1.10, A person in charge must provide hens with access to a scratch area and/or claw shortening device as well as appropriate substrate for pecking, foraging and scratching, unless the birds have access to an outdoor area.</li> </ul> <p>SB1.11 - A person in charge must ensure that all caged laying chickens have: 750cm<sup>2</sup> per bird if kept in a cage of 2 or more birds, 1000cm<sup>2</sup> if a bird is kept in a single cage.</p> <hr/> <p>SB1.13 – A person in charge of layer hens must ensure that any cage-based housing system meets the requirements of standards SB1.1 and SB1.6 to SB1.11:</p> <ul style="list-style-type: none"> <li>– From 1 July 2032, if the cage system was installed before the close of 31 December 2011;</li> <li>– From 1 July 2033, if the cage system was installed after 31 December 2011 but before the close of 31 December 2012;</li> <li>– From 1 July 2034, if the cage system was installed after 31 December 2012 but before the close of 31 December 2013;</li> <li>– From 1 July 2035, if the cage system was installed after 31 December 2013 but before the close of 31 December 2014;</li> <li>– From 1 July 2036, if the cage system was installed after 31 December 2014.</li> </ul>			
B3 – Meat and Laying Chicken Breeders	SB3.5 – A person must provide nest areas during the egg production phase.	1.1	1.1	1.0
	SB3.6 – A person in charge must provide chicken breeders over 7 days of age with access to perches and/or platforms.	0.4	0.4	0.3
	SB 3.7 – A person in charge must ensure roosting space for layer breeders is not less than 15 cm per bird.			

Standard	Sub-standard or guideline	NPV (\$m) - 3% DR	NPV (\$m) - 7% DR	NPV (\$m) - 10% DR
	SB3.8 – A person in charge must provide chicken breeders access to a scratch area and/or claw-shortening device.	0.6	0.5	0.5
	SB3.9 – A person in charge must provide a minimum of one single nest area for every 7 birds or 1m <sup>2</sup> nesting area for every 120 birds from point of lay.	2.6	2.5	2.4
	SB3.10 – A person in charge must ensure that all caged chicken breeders have as a minimum: 750cm <sup>2</sup> per bird if kept in a cage of 2 or more birds, 1000cm <sup>2</sup> if a bird is kept in a single cage.	13.6	13.1	12.6
	SB3.11 – From 1 July 2032, a person in charge must not exceed a stocking density in ideal conditions indoors of 30kg/m <sup>2</sup> (measure as bird density in the useable space) for pullets and adult birds (including roosters).	29.7	21.5	16.9
B4 – Ducks	SB4.4 – A person in charge must ensure: facilities are provided to allow all breeder ducks reasonable access to dip their heads under water or, showers are provided to allow ducks to wet preen and to clean their eyes and nostrils.	2.04	1.68	1.47
	SB4.5 – A person in charge must ensure nest areas are provided for layer ducks and duck breeders from the point of lay.	0.76	0.63	0.55
B7 – Guinea Fowl	SB7.3 – A person in charge must ensure that guinea fowl have access to suitable perches and/or platforms.	0.06	0.05	0.04
B10 – Pheasants	SB10.4 – A person must provide pheasants access to perches and/or platforms.	0.08	0.07	0.06
B13 – Turkeys	SB13.4 – A person in charge must provide turkeys access to perches and/or platforms, as well as access to pecking objects and/or substrate from 14 days of age.	1.48	1.01	0.78
<b>Total Option 3</b>		<b>388</b>	<b>261</b>	<b>200</b>

Note: SB1.13 is presented as a sum the cost of the combined SB1.1-SB1.13 in bold text.

### Results for Option 4

The incremental costs presented Table D.1 of the Decision RIS (Table 3.1, above) are identical for Option 3 and Option 4 except for the phase-out rates referred to in SB1.13.

For the case of Option 4, the alternative values presented for this standard are given in Table 3.2 (of this addendum).

**Table 3.2** Variation of the incremental costings of mandatory standards or guidelines under Option 4

Standard	Option 4 variation	NPV (\$m) - 3% DR	NPV (\$m) - 7% DR	NPV (\$m) - 10% DR
SB1.13	'... with an extended phase-out period allowing the use of conventional cages until 2046'	155.8	60.7	29.9
<b>Total Option 4</b>		<b>262</b>	<b>144</b>	<b>101</b>

#### 3.1.4 The impacts of the unintended consequences

The unintended consequences are those outlined in the Consultation RIS or provided by stakeholders in response to the Consultation RIS. Submissions regarding the unintended consequences, such as legal standing or equity considerations, have been raised as a possibility. However, no evidence was found that the effects will be large.

##### Biosecurity

Biosecurity is both a real and material risk to the poultry industry. This risk is present both with and without the implementation of the proposed Standards, though the Decision RIS acknowledges that the nature of this risk will change. Some limited feedback on the Consultation RIS, which is outlined in the Decision RIS, was that biosecurity risks could be material in the case of the proposed Standards. However, alternative views were also collected that these risks could or would be managed. No clear evidence was found that the risks would be unmanageable or that the scale would be material while being managed.

The scale of biosecurity risk as an additional impact can be measured in two ways. It can be measured through the change in the expected losses with and without the change in the regulation; or through a change in the up-front costs required to manage risk to the same level of impact.

Regarding upfront biosecurity risk management costs, the poultry industry currently manages disease risks in free-range production systems. Should the proposed Standards be implemented, feedback provided on the Consultation RIS suggest that planning for and operating risk management costs would be readily managed. In other words, there is no evidence available that the costs of managing this risk will be significantly *greater* than at present (i.e., under the Baseline (Option 1 in the Decision RIS)).

There is not enough information available to quantify and model the future losses as a result of the proposed Standards.

##### Food security

It is recognised that there is likely to be a period of supply chain loss during the transition from conventional cages to other production systems, including furnished cages. This has been considered and taken into account in ACIL Allen's cost-benefit analysis as indicated on page 33 of the Decision RIS, where the major supermarket chains are increasingly phasing out cage eggs from their shelves. Some industry players are already moving away from supplying or utilising

caged eggs. Therefore, cage eggs have already declined as a share of industry revenue over the past five years.

Since a transition period is allowed and the likelihood that the current barn and free-range producers will continue to produce and become major suppliers of eggs, it would appear to be likely only minor disruption and losses will eventuate at most.

Several factors will affect the degree to which supply is affected:

- The proportion of cages which would be replaced regardless of the regulations (those replacing or building in the Baseline option).
- The phase-in period, where more extended phase-in periods imply fewer sheds having to stop production to refurbish at one time.
- Industry awareness and foreknowledge, where early information will allow producers to plan adequately and manage production accordingly.
- Varying state implementation times, as state and territory governments will ultimately need to implement the recommended Standards and Guidelines in their legislation, which may stagger implementation.
- Capacity in the free-range and barn-laid egg sectors, which will increasingly — as these sectors continue to grow — be able to substitute for the caged-egg sector.

New Zealand provides some insight into the effects of regulation on the continuity of supply for eggs. In December 2012, the New Zealand Government enacted changes to the Animal Welfare Code of Practice which required the gradual (10 year) phase-out of hens in conventional or battery cages by 2022, with 45 per cent being replaced by 2018 due to the age of existing infrastructure. Producers were able to transition to colony cages which allowed for more space per hen and the provision of environmental enrichment. In 2017, Countdown (the New Zealand brand name for Woolworths) committed to having 100 per cent cage-free eggs on the shelf, with a target of 2024 for the North Island and the end of 2025 in the South Island.<sup>2</sup> Countdown also decided to phase out colony caged eggs from its brand of eggs by the end of 2022.<sup>3</sup>

In 2019, the number of laying hens nationally had dropped from 4.2 million at the end of 2018 to 3.6 million, which had been tied to the change in regulations — the 2018 requirement to phase-out the older 45 per cent of cages that had reached the end of their usable/economic life. However, New Zealand government statistics indicate that flock numbers had stabilised by 2019 and had exceeded 2017 levels.<sup>4</sup>

Media reporting suggests that prices increased up to 11.84 per cent during those six months towards the end of 2018.<sup>5</sup> The price of eggs in New Zealand is now less than 2012 levels. In 2012, the lowest prices (in NZD) for eggs were \$3.35/dozen for caged, \$5.90/dozen for barn and \$6.89/dozen for free range. Currently eggs retail for \$3.30/dozen for caged, \$4.70/dozen for colony caged, \$4.80/dozen for barn, and \$6.00/dozen for free range.

The largest factor in the increased price of eggs appears to have been the supermarket-imposed bans of caged-egg sales, rather than the regulatory change, reflecting a shift in consumer (and

<sup>2</sup> <https://www.countdown.co.nz/news-and-media-releases/2017/march/countdown-own-brand-eggs>

<sup>3</sup> <https://www.countdown.co.nz/community-environment/responsible-ethical-sourcing/countdown-the-path-to-cage-free>

<sup>4</sup> <http://infoshare.stats.govt.nz/ViewTable.aspx?pxID=0fc95137-5845-4e19-af0f-06dd383a1bf3>

<sup>5</sup> <https://www.stuff.co.nz/business/farming/109969799/new-rules-on-hen-cages-and-rising-feed-costs-lift-egg-prices>, Available at: <https://www.stuff.co.nz/business/farming/109969799/new-rules-on-hen-cages-and-rising-feed-costs-lift-egg-prices>, Accessed 1 February 2021

retail) preferences to non-caged eggs.<sup>6</sup> While passing on costs to consumers, New Zealand supermarkets acknowledged that there was no risk to egg supply. Consumer preference changes are already being experienced here in Australia. At the time of the 2012 announcement in New Zealand, 85 per cent of egg production was from layer hens in conventional cages. Currently, around 50 per cent of egg production is from layer hens in conventional cages in Australia.

### **3.1.5 Moulting**

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Moulting is a minority practice, though it can have an important role in managing production disruptions.

Appendix A of the Decision RIS provides details about moulting (fasting and non-fasting) that were raised in the submissions from stakeholders to the Consultation RIS, and how the final proposed standards have addressed this issue.

In the proposed Standards, non-fasting induced moulting is still permitted but only in exceptional circumstances — that is, no longer permitted for routine use. However, it is recognised that estimated costs for the cessation of routine induced moulting – in which hens at the end of a lay cycle are induced to moult and then come back into lay for the next cycle – (i.e., SA 9.4 and SA 9.5) was not provided.

If induced moulting is banned, the natural moulting will infrequently happen for laying hens mainly housed in cage egg production systems.

As noted by AVPA,<sup>7</sup> in response to the Consultation RIS, induced moulting is largely used by cage-egg producers therefore any decrease in caged systems will result in a decreased use of this practice.

Induced moulting is more often practiced in cage systems for several reasons. Moving towards non-cage systems and adopting a suitable breed of laying hens with longer production cycles should see induced moulting become an increasingly redundant practice.

Though the use of the practice is not widely recorded, the Consultation RIS noted that 15 per cent of the layer hens undergo routine moulting but did not quantify this by the production system. In contrast, a recent 2020 CSIRO study indicates that less than 10 per cent of Australian layer hens are moulted.<sup>8</sup>

Based on the available evidence, ACIL Allen's view is that estimated costs of the cessation of routine induced moulting in cage layer systems are not required for the Decision RIS.

However, for context, if the estimated costs of the phase-out of this practise are calculated (using the Consultation RIS's costs (see Appendix 2, section A2.2, page 116-117)), the total annual costs for the industry would be less than \$86,000.

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<sup>6</sup> The Guardian, New Zealand suffers egg shortage as farmers scramble to go free-range, The Guardian, 16 April 2019, Available at: <https://www.theguardian.com/world/2019/apr/16/new-zealand-suffers-egg-shortage-as-farmers-scramble-to-go-free-range>, Accessed 1 February 2021

<sup>7</sup> <http://www.animalwelfarestandards.net.au/files/2015/07/Public-consultation-report-final-09072018.pdf>, page 109.

<sup>8</sup> Tilbrook A, Glatz P (2020) Welfare issues associated with moulting of laying hens. Animal Production Science. Accepted 27 April 2020. <https://www.publish.csiro.au/AN/justaccepted/AN19700>

**Melbourne**

Suite 4, Level 19; North Tower  
80 Collins Street  
Melbourne VIC 3000 Australia  
+61 3 8650 6000

**Canberra**

Level 6, 54 Marcus Clarke Street  
Canberra ACT 2601 Australia  
+61 2 6103 8200

ACIL Allen Pty Ltd  
ABN 68 102 652 148

[acilallen.com.au](http://acilallen.com.au)

**Sydney**

Suite 603, Level 6  
309 Kent Street  
Sydney NSW 2000 Australia  
+61 2 8272 5100

**Perth**

Level 12, 28 The Esplanade  
Perth WA 6000 Australia  
+61 8 9449 9600

**Brisbane**

Level 15, 127 Creek Street  
Brisbane QLD 4000 Australia  
+61 7 3009 8700

**Adelaide**

167 Flinders Street  
Adelaide SA 5000 Australia  
+61 8 8122 4965