

**Response to Supplementary questions to witnesses
NSW Farmers Association and Egg Farmers Australia**

1. *While the hearing was being conducted, Coles suddenly announced that it was stopping the sale of caged eggs in WA, well in advance of its 2023 commitment. What do you think the impact of a sudden shift like this would have on the industry in NSW, and is the industry concerned about this occurring in NSW?*

The impact on the NSW industry relates to a possible increased movement of eggs from WA for sale in NSW.

Should supermarkets make a decision for a sudden shift to stop the sale of caged eggs in NSW, eggs would move to other markets as has been the case in the ACT. ACT no longer produces caged eggs but caged eggs are sold in the shops as there is demand. Caged eggs therefore move across the border.

2. *Please outline the difference between egg production systems - caged, barn and free range?*

Caged - Caged eggs are produced in a cage

Cost: Lowest

Egg hygiene: Cleanest – no routine washing

Disease: Lowest incidence & lowest use of vaccines

Anti-biotics: Not needed

Mortality rate: Lowest

Cannibalism: Lowest

Behaviour: Less ability to express natural behaviour

Bone strength: Lowest

Physiological stress: Same

Carbon footprint: Lowest

Barn - Barn eggs are produced in a barn

Cost: Medium

Egg hygiene: Routine washing required

Disease: Medium

Anti-biotics: Needed

Mortality rate: Low

Cannibalism: Medium

Behaviour: More ability to express innate behaviour

Bone strength: Medium

Physiological stress: Same

Carbon footprint: Moderate

Free Range - Free Range Eggs are produced through hens having access to range

Cost: Highest

Egg hygiene: Essential

Disease: Highest incidence & highest need for vaccines

Anti-biotics: Needed

Mortality rate: Highest

Cannibalism: Highest

Behaviour: Highest freedom to express innate behaviours

Bone strength: Highest

Physiological stress: Same

Carbon footprint: Highest

3. Please outline the different kinds of cages, conventional, colony, pre-enriched and furnished.

- **Conventional Cage**
- **Furnished Cage (Industry Definition)**
- **Colony or Community Pre-enriched cage**
- **Colony Furnished cage**
- **Battery Cages (No longer in use)**

Conventional Cage

- Hens are housed indoors
- Average is 6 hens per cage
- 550 sq cm per hen
- Feed trough and water nipples
- Manure belt is situated below the wire mesh
- Conveyor belt to move eggs to the grading area

Furnished Cage (industry definition)

- 550 cm sq per bird
- Scratch rail
- Perch
- Nest area

Colony or Community Pre-enriched cage

- A pre-enriched cage may include any of the following scratch rail/scratch pad, perches and nesting area
- Hens are housed inside the below colony cage with 20 hens per cage
- Cages are up to 2 metres long
- The picture is from a property who has pre-enriched colony cages that have a scratch rail, perches and a nest area

Colony Furnished Cage

- 42 and 78 hen colonies
- Scratch pad
- Perches
- Nesting area
- Natural sunrise and sunset lighting

Battery Cage – No longer used

The old battery cage – egg farmers spent \$500 million to transition from this outdated system.

- One bird per cage



4. *Do you believe there is a direct relationship between the actions of activists and supermarkets impacting consumers in their choice of egg purchase?*

Yes, both supermarkets and activists have played a role in impacting consumers' decisions on egg purchases.

Supermarkets have driven a shift in consumer preference through their positioning and marketing of certain products. There has been a clear strategy from supermarkets to improve the shelf position on free range products, with shelf placement being critical to purchasing. The superior placement of free range has been coupled with caged products being generally placed in the less desirable shelf positions. The supermarkets have also invested in marketing for free range products, both through in-store signage and external advertising material. For example Coles generic free range eggs are part of their television advertising material.

The reducing price of cage free products has also driven the segments market share, as price is a key factor in consumers buying behaviors. The price of eggs at retail does not seem to reflect the cost of production on-farm for the various production systems.

Finally, the constant negative message about caged production from activists has had an impact. The purpose of these messages has been to demonise cage systems and this is often achieved through providing false information, with the use of old information and overseas examples. The realities of modern caged systems are not presented and this has resulted in the community having an inaccurate belief about the realities of caged production.

Despite these developments, consumers continue to purchase caged eggs at retail in large volumes.

5. What are the natural behaviours that can be expressed by birds in conventional cages?

Birds in conventional cages are still able to express a range of natural behaviours within the system. While natural behaviours are definitely impacted by the amount of space available, it is still possible for birds to flock, walk, stretch, flap their wings, and preen their feathers.

6. Industry debt is over a twenty to forty year period. What does structural adjustment mean and what would this include for the egg production industry given the production system is not centred on caged asset alone?

A structural adjustment program is normally used for a transition. The commercial egg industry does not believe that such a program is needed.

7. How is the egg industry able to demonstrate that social licence exists for egg production?

The egg industry is able to demonstrate that social licence exists for egg production through the demand in sale for eggs and independent research. Consumers and the community are not only continuing to eat eggs but have indicated their support for the industry through the research undertaken by CSIRO.

Funded by Australian Eggs, the 3-year research program is examining the relationship between the egg industry and the Australian community. The CSIRO research program involves a comprehensive community survey on the impacts and contributions of the egg industry across areas such as the environment, animal welfare, food security, and livelihoods.

The first cycle of CSIRO research was completed in October 2018 and found that the Australian community had a relatively strong level of trust in the egg industry at 3.53 out of 7. In the same research process the CSIRO found that level of trust the Australian community had in other organisations was 3.88 for welfare groups, 3.87 for research institutions, 2.90 for state government, 2.87 for federal government and 2.86 for retailers.

8. Has research been undertaken to verify if the free range egg production system can perform as consistently as the caged system?

NSWFA has not conducted research on this topic. The Welfare Science Review completed by veterinary experts, Scolexia, and provided to the Select Committee in the Australian Eggs submission outlines the advantages and disadvantages of egg production systems and demonstrates that the practical welfare challenges of barn and free range systems are greater than cage systems.

This dynamic is also observed by our members which have reported that free range systems do not operate as effectively or consistently as cage systems. While there is no hard data available, estimates provided by egg farmers for the purpose of the Standards & Guidelines process were that long term average mortality rates in production systems were approximately 4% for cage, 8% for barn and 12% for free range production systems.

Many of the disadvantages of the free range system stem from the limited control over the hens' environment. Hens in free range systems have greater exposure to the weather and predators, are at increased threat of cannibalism and smothering, and have greater exposure to diseases and parasites. Disease and mortality rates are higher in hens in free range systems than in cage systems.

9. How did you come up with the figure of \$1 extra and are you directly disputing the lower estimated price other organisations have come up with?

The \$1 figure was developed through examining the cost of caged and cage free eggs at retailer in 2017. In this period the retail price of eggs was generally reflective of the cost of production and cage eggs were retailing for approximately \$3 a dozen while the next most affordable egg category, barn eggs, were retailing for approximately \$4 a dozen. Since that time, retailers have adopted pricing strategies to drive down the price of barn eggs pursuant to their long term goals of phasing out cage eggs. This has created a disconnect between the retail price of barn eggs and their cost of production which is unlikely to be sustainable in the long term.

It is highly difficult to provide a clear estimate on the long term costs that will occur at retail should a phase out occur. However, the impact on consumers is likely to be felt in the short term though significant price increase in eggs as a result of egg shortages flowing from a phase out of cage eggs. This is because it will not be possible to transition smoothly from cage to alternative production systems where the transition is being driven by retailer commitments or regulation instead of consumer demand.

Any regulatory instrument to ban or phase out caged production would have a highly detrimental impact of the profitability of many farmers, as they have not been able to write their current

debt levels from the recent investment in infrastructure upgrades. This would create severe financial pressure with some farmers transitioning from the industry.

10. If there is a fast transition, how many mum and dad businesses would still be in business?

Any fast transition would create large financial distress to the industry and it is highly likely that farmers would exit the industry, both forced and voluntary. Egg farmers are carrying debt from the upgrades, they were required to make under the last regulatory change, and with this financial pressure many businesses would not be able to endure further pressure.

11. What timeframe was the New Zealand phase out over? Do you know if they had government assistance?

Unable to ascertain requested details.

12. What is the percentage of all caged eggs that are going into supermarket cartons?

Industry data on egg consumption in specific market segments is not collected and available. However, from estimates of total egg production and retail scan data it is possible to estimate that approximately 50% of eggs sold in retail channels are sold through major supermarket chains.