

REPORT ON PROCEEDINGS BEFORE

**SELECT COMMITTEE ON THE USE OF BATTERY CAGES
FOR HENS IN THE EGG PRODUCTION INDUSTRY**

**USE OF BATTERY CAGES FOR HENS IN THE EGG PRODUCTION
INDUSTRY**

UNCORRECTED

At Jubilee Room, Parliament House, Sydney, on Tuesday 13 August 2019

The Committee met at 10:00 a.m.

PRESENT

The Hon. Emma Hurst (Chair)

The Hon. Lou Amato

The Hon. Abigail Boyd

The Hon. Ben Franklin

The Hon. Rose Jackson

The Hon. Taylor Martin

The Hon. Mark Pearson

The Hon. Rod Roberts

The CHAIR: Welcome to the first hearing for the Inquiry into the Use of Battery Cages for Hens in the Egg Production Industry. The inquiry is examining and forming production methods with a focus on whether or not the use of cages for hens is associated with poor animal welfare outcomes or practices. It is also looking at potential legislative measures to prevent poor animal welfare outcomes and the impact of egg-producing commercial operations that use battery cages and the protection of consumer interests. Before I commence, I acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay respect to the Elders, past and present, of the Eora Nation and extend that respect to other Aboriginals present. Today is the first of two hearings we plan to hold for this inquiry. We will hear today from the NSW Department of Primary Industries, industry representatives, an animal welfare organisation, veterinarians and an academic.

Before we commence, I would like to make some brief comments about the procedures for today's hearing. Today's hearing is open to the public and is being broadcast live by the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that they must take responsibility for what they publish about the Committee proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing and so I urge witnesses to be careful about any comments they make to the media or others after they complete their evidence, as such comments would not be protected by parliamentary privilege if another person decided to take an action for defamation. The guidelines for the broadcasting proceedings are available from the secretariat. There may be some questions that a witness can only answer if they have more time or with certain documents to hand. In these circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days.

I remind everyone here today that committee hearings are not intended to provide a forum for people to make adverse reflections about others under the protection of parliamentary privilege. I therefore request that witnesses focus on the issues raised by the inquiry terms of reference and avoid naming individuals unnecessarily. Witnesses are advised that any messages should be delivered to Committee members through the Committee staff. To aid the audibility of this hearing I remind both Committee members and witnesses to speak into the microphones. The room is fitted with induction loops compatible with hearing-aid systems that have tele-coil receivers. In addition, several seats have been reserved under the loudspeakers for persons in the public gallery who have hearing difficulties. Finally, could everyone please turn off their mobile phones or turn them to silent for the duration of the hearing. I now welcome our first witnesses.

JOANNA BLUNDEN, Development Officer Poultry Eggs, NSW Department of Primary Industries, sworn and examined

SCOTT HANSEN, Director General, NSW Department of Primary Industries, sworn and examined

ALEXANDER RUSSELL, Manager Intensive Livestock Industries, NSW Department of Primary Industries, sworn and examined

The CHAIR: Thank you. Would anybody like to start by making a short statement?

Mr HANSEN: Thank you, Chair. Firstly, I will take our submission as tabled to the inquiry. I make some additional comments to that. Standards for egg production have been continuously evolving. Most recently, in 2002, the current Model Code of Practice for the Welfare Of Animals: Domestic Poultry, was agreed to nationally. In 2005 in New South Wales that code was adopted as a guideline under the New South Wales Prevention of Cruelty to Animals Act. In 2007 specific requirements out of that model code, specifically relating to the confinement of hens for egg production, were mandated in the Prevention of Cruelty to Animals Regulations. In 2015 the development of brand-new national standards and guidelines for poultry commenced. In 2017 those draft standards and guidelines and the regulatory impact statements of implementation options of those proposed standards and guidelines were released for comment. We find ourselves now, in 2019, with final drafting being done based on the comment feedback and acknowledged knowledge and science gaps that came out of that extensive period of consultation. That has just been the Government's side of that of evolution.

The industry-led side of the evolution over that period of time has been equally impressive, with both an evolving offering of different production systems for different branded and differentiated products through to the consumer. Constant changes to meet either the requirements of Government—such as the requirement changes in 2007, which increased the size per hen for current conventional cages—or to meet the requirements of supply chains, not just domestically but globally, have seen significant evolution from the industry side as well. The current development of standards and guidelines, it would be fair to say, has been dominated by the discussion as to whether conventional cages should continue to be used to house layer hens—an emotive issue. Those advocating their banning contend that conventional cages do not meet the basic behavioural needs of hens. Those advocating their continuation consider that conventional cages have fewer problems with predation, smothering, disease and mortality, than alternatives. You will get to hear from both of those advocates over the course of your two days of hearings.

It is an important consideration and it is important for us to make sure that we get it right. Even more so for New South Wales than anywhere else. As the major egg-producing State, the decision on future standards and guidelines will impact far more farmers, more families, more producers, more communities and more hens than any other State. So whilst national agreement around standards and guidelines are important, it is vitally important for New South Wales that we get this decision right. We look forward to assisting the Committee over the course of your deliberations. No doubt some of the evidence that is presented over the two days and in the submissions you received, and the outcomes of your deliberations, will be an important input into future decisions not only by the New South Wales Government but, importantly, the Minister for Agriculture and Western New South Wales, towards the end of this year.

The CHAIR: Did anyone else have an opening state they wanted to give?

Mr RUSSELL: No, thank you.

Ms BLUNDEN: No.

The CHAIR: Thank you for that. In your submission you refer to the process that is currently underway in regards to the revision of the national Animal Welfare Standards and Guidelines for Poultry. I also recognise that you have just commented that New South Wales is one of the largest States and will be the most affected by any changes. If New South Wales is the only State not to phase out cages—that is, if every other State decided to phase out the use of cages through a legislative process—what would that mean for farmers in other States and for farmers in New South Wales?

Mr HANSEN: Thanks Chair. And my colleagues might want to add something to this. The underlying premise with all of the national standards and guidelines deliberations, whether that has been through the transport of animals through to poultry standards, has been to try to reach a national consensus. We believe that it is critical that a national consensus is reached, otherwise you will get a differentiation in production systems, without the ability to potentially restrict trade between States—which I do not think achieves the objective that any one State

acting alone may be trying to achieve. Therefore, all of our effort and emphasis at the moment is working with the other States—the other jurisdictions—to try to resolve and find a national position. Where there are individual variations is post the decision around national standards and guidelines. Each State will then have individual decisions about how they enact or enforce those standards within their own State legislative frameworks. Some of the agreed national standards and guidelines are yet to be introduced or referenced in legislation; other States have moved to ensure that they are referenced; others have moved to ensure that they are embedded in their legislation. So uniformity and unity, as far as we can go with the standards and guidelines, with recognition that each state will then move at their own speed and time in terms of implementation of those with their own state legislation.

The CHAIR: In regards to States like Western Australia who have indicated they are really strongly in support of a phase-out, and obviously with the ACT already phasing out, where does that then position New South Wales coming into this standards process?

Mr RUSSELL: That is a really good question because the ACT actually provides us with a pretty good example of what may happen if one territory, one jurisdiction goes it alone. It was a relatively easy decision for the ACT to make given the fact they only had one conventional caged egg facility and that the conversion of that facility was actually embedded as part of the Act and it has now been converted across. But there is still nothing to stop eggs from conventional caged systems being sold across the border from New South Wales into the ACT and therefore ensuring that customers have access to it. It becomes a different question for a State that produces 33 per cent of the eggs nationally, hence why we are keen to work out what is the national path forward. The western seaboard versus the eastern seaboard does operate as almost two separate marketplaces so it will be interesting, if no uniformity is able to be reached, is there a western seaboard versus eastern seaboard type arrangement? But that is a matter of last recourse. We are still firmly committed to working with all the States and territories to arrive at a unified outcome.

The Hon. COURTNEY HOUSSOS: Can I just jump in there and ask, you said that there is a Western Seaboard and eastern seaboard, can you explain why that is the case?

Mr HANSEN: Largely due to the vast transport distances between east and west in terms of production systems. And so what we typically find is that Queensland, New South Wales, Victoria and across through to parts of South Australia all operate on one supply chain or one commercial supply chain's group of systems. As opposed to Western Australia which again, purely due to the cost of transportation, often operates independently and on its own.

The Hon. COURTNEY HOUSSOS: Okay, thanks very much.

Ms ABIGAIL BOYD: If I could ask—and thank you for your very detailed submission, there was one aspect that I would like some clarification on. In one section we talk about how this national project is underway to convert the model codes into nationally consistent enforceable standards and guidelines, but then separately we talk about the poultry guidelines as being not intended for legislation. Does that mean some of these aspects around the recommended practices to achieve animal welfare outcomes for poultry would be guidelines only, that were not mandatory?

Mr HANSEN: I think there is two parts to that. If I am not answering what you are asking, jump in early to redirect me, but the standards and guidelines: the standards are intended to be the reference points against which people are judged to be either meeting the nationally agreed standard or not. The guidelines that are there to provide guidance as to how they may go about achieving those but are not prescriptive in terms of how they may achieve the standards. Upon agreeing to a set of standards, and then the accompanying guidelines which are designed to help guide people to meet those standards, each State will have an opportunity to work out whether it embeds those standards and guidelines as either part of their mandatory legislative requirements within the State, such as New South Wales did in 2007 when it took parts of the model code of practice around the housing of hens for egg production and made them part of the regulations. It therefore mandated specific size, specific activities, or whether they just reference them which was initially done in 2005 which was referenced as a model code under the Prevention of Cruelty to Animals Act [POCTA]. This means that any of the recommendations or any of the pieces of the code can actually be referred to in either prosecution or defence, against prosecution, in terms of meeting the requirements of the Act.

Ms ABIGAIL BOYD: Do you think then that there is a risk that the different implementation of these guidelines in different States would lead to different accepted practices in those States?

Mr HANSEN: I think that that is always a risk with the different pieces of legislation within each of the States and jurisdictions and how even to date with most the conversion of model codes to national standards and

guidelines there has been a piecemeal adaptation of those standards and guidelines into either mandatory requirements or purely referred to under Acts across each jurisdiction, yes.

The Hon. MARK PEARSON: Is it not therein lies the danger for producers that if you have the Prevention of Cruelty to Animals Act which sets the foundation and the spirit of animal protection, and then we have codes of practice or standards which may well entrench or put into practice something which is discovered later to be in breach? That a practice that is allowed under a code it then can be argued that that practice is actually in breach of what is the principle of the Prevention of Cruelty to Animals Act. Is there not a danger of incorporating codes into legislation in any way at all, rather than being just a guideline but not the ultimate description of what is permitted or not?

Mr HANSEN: That is an interesting question. I think it is section 34A of the Prevention of Cruelty to Animals Act which actually gives the powers for the referred codes to provide for that advice to the enforcement agencies as to what is compliant and not compliant with regards to meeting the standards for POCTA. That being said, you would have heard New South Wales Ministers and governments say that the development of the Prevention of Cruelty to Animals Act, the regulations that support it and then the myriad of either model codes of practice or standards and guidelines that currently exist, there is a great opportunity for us to be trying to clean-up and marry-up all these in a far more comprehensive way, to make it much clearer to everyone in terms of the standards that are required as a minimum across New South Wales with regards to the prevention of cruelty to animals.

The Hon. MARK PEARSON: But a farmer having layer hens, a farmer cannot necessarily take refuge in adhering to a code of practice to protect them from being prosecuted for cruelty just by merely adhering to a code of practice, that is what I am saying.

Mr HANSEN: But compliance with the model codes of practice for example that exist today are a defence via that section of the Prevention of Cruelty to Animals Act, a defence in support of the farmer demonstrating his compliance with the act.

The Hon. MARK PEARSON: It is a defence but it is not an immunity, is it?

Mr HANSEN: No, and not being a lawyer I might take that one on notice, the difference between immunity versus a defence.

The Hon. MARK PEARSON: But does it not strike at the very difficulty of the Department of Primary Industries, which is established to protect and advocate for animal producers or producers in agriculture who use animals, and yet at the same time it is responsible for administering and ensuring the protection of animals under the Prevention of Cruelty to Animals Act. Does not this question we are dealing with in this inquiry strike at the very difficulty that your department has in addressing this? And can you really assure the community that you can do it when you have these two issues that you have to balance?

Mr HANSEN: I see that we have a vested interest, not a conflict of interest. The continual improvement of the welfare of animals is not only absolutely paramount to the industries that we are charged with servicing and assisting. One only has to see the evolution of the animal welfare systems over the years to know that they are quite often led by industry initiatives and reinforced by government regulations years after those industry initiatives have led down the path. So, continually supporting through research, through development, through extension, the continual improvement of production systems that lead to not only better animal welfare outcomes but to better meeting of customer's and society's expectations, is critical to future successes of any primary industry. The primary industries that have failed to adapt and adopt new customer requirements, new customer demands, are the ones that no longer exist. So we see the dual task of helping industries to continue to meet their customers' needs and to do so with the most efficient use of resources that they have at their disposal, including the best welfare for the animals in their care, is part and parcel of a successful industry going forward and ultimately what we are there to do, which is to build stronger primary industries.

The Hon. LOU AMATO: I thank everyone for attending today's inquiry. Mr Hansen, how would you compare our standards to overseas standards? Is there any comparison out there at the moment that you are aware of?

Mr HANSEN: There is, and there is a multitude of standards to compare with. I might actually see if either Mr Russell or Ms Blunden wants to go into some details on that. Do you want to make any comment with regards to overseas standards?

Ms BLUNDEN: The standards that currently apply, assuming that you are talking to the whole of industry or just the cage-based production systems, in Australia at the moment we have cage, barn and free-range

systems, so basically those that include enrichments for birds and those that do not. Around the world, by a vast majority, eggs are produced in conventional cage systems and in cage systems. In Australia we have around about 40 per cent of our birds currently housed in non-cage systems which, on the basis that we have not chosen in this country to this point to phase out cages, industry has transitioned to that point without a requirement under law to do so, I think is quite a leading position around the world. Additionally, the standards that we currently have with regard to conventional cages, the sizes that are available for floor space to birds in Australia are comparable or better to the floor spaces that are available within conventional cage systems around many jurisdictions. Obviously there are those that have chosen to either ban, to this point, cages or are heading down a path to phase out cages, but again many of those systems come from a position whereby they had a very high percentage of birds in conventional cages at that time.

The Hon. LOU AMATO: If egg production was to decline in New South Wales—we are only talking about New South Wales at this stage—and we were forced to import eggs from overseas, obviously we do not know exactly where those eggs would come from and we do not know what sort of biosecurity issues could become prevalent here in New South Wales, and we do not really know the standards that those eggs came from. Would that be right?

Mr HANSEN: Yes.

The Hon. LOU AMATO: Also what effects would it have on our farmers' families and rural communities?

Mr HANSEN: That is one of the reasons why we actually do not allow importation of eggs at the moment, because of all the risks around biosecurity, disease and so forth. Obviously, there are some mitigations you can take to reduce that risk, but if the premise of your question is—

The Hon. LOU AMATO: There are no guarantees.

Mr HANSEN: If we reduce production domestically via a disruption to industry, are there increased risks with sourcing and filling that gap with overseas supply? There are a number of countries that have banned conventional cage systems and have seen a transition to greater imports, but they are traditionally the ones that have more porous borders, whether it is the EU or certain states—

The Hon. LOU AMATO: The US and Canada?

Mr HANSEN: Yes. So should we experience such a shock in supply then one of the options that would need to be looked at would be whether we fill that gap with imports, and that would then open up the regulatory process that is required to work out how would you do that in a way that did not put all of the production systems in Australia at risk or consumer safety at risk.

CHAIR: I have a question further to Mr Amato's question: You said that there has been a big change in the amount of free range and cage eggs being sold, and I assume that that is predominantly consumer led. One of our submissions talked about when Switzerland phased out caged eggs and more Swiss eggs were purchased, so their on-the-ground sort of free range purchasing actually went up. Do you think that Australia has the potential for that to happen as well and, if this consumer change continues to happen as we heard in quite a few of our submissions that the cage egg industries have severe opposition growing to the point where the industry may actually collapse on its own, what will the Government be doing if that was to occur?

Mr HANSEN: I guess the first part of that is that we have seen such a significant change predominantly with the retailer or food service or wholesaler wanting to expand the range of differentiated product offerings or, in some cases, to be able to move to differentiate their chain, their brand, from others by offering a non-cage egg. That has seen a significant increase in those production levels. What we typically find is where changes in production levels evolve because of a demand from a customer, demand from a supply chain, they create far less disruption to the supply system than when Government comes in and tries to mandate the same changes. That is because the industry responds to the customer signal and the retail signal or their supply chain signals.

If the current trends continue then there will still be that movement to differentiated product and creating the opportunities for companies and brands to continue to grow their share of that market as a result of the way in which they can market themselves to the customer, to the consumer, which, if that is profitable, will lead others to do the same, which will lead to further increase and growth in those non-cage production systems. There is a saying in agricultural industries that nothing fixes premiums and higher prices than higher prices, which is code for, as you get more production outside of traditional or conventional cage systems, as it becomes less of a niche and more of a mainstream, you will expect to see prices decrease in that category—prices for consumers as well

as prices through the supply chain—because it no longer is the differentiated product, but becomes more and more mainstream.

The Hon. TAYLOR MARTIN: Thank you Mr Hansen. I notice in the submission from Primary Industries that it does not use the term "battery cage" at all. Would you be able to tell us why that is, given that it is the title of the inquiry itself?

Mr HANSEN: I might ask either of my colleagues to come in and help me with a bit more history than what I can provide.

The Hon. TAYLOR MARTIN: Sure.

Mr HANSEN: I think a lot of the perception and a lot of the images that people have around this discussion and debate around cages is single bird in single cage, which actually could not be further from the truth in terms of modern production systems. Conventional cages see birds of between a minimum of four up to twenty, or in fact colony cages in which you can have an even greater number of birds sharing a greater floor space, and therefore a long way away from the images people might have of battery cages of single bird-single cage production systems. I don't know whether Mr Russell or Ms Blunden want to add anything about the differentiation of cages at the moment?

Mr RUSSELL: Only to add that it is not the language that is used in the draft standards and guidelines. They refer to conventional cages and furnished cages. That terminology is more descriptive and more useful in describing the alternative cage systems.

Ms ABIGAIL BOYD: If I could pick up on that, the battery cage used to be a single hen in a single cage versus the now conventional cage, for example, with six or seven in a cage. Is the floor space of that conventional cage bigger or smaller than the number of hens times what used to be the amount of space they had, if you know what I mean?

Mr RUSSELL: I would start by saying that I do not think that there is an accepted definition of a battery cage. That is one of the problems and why we refer to conventional cages as being an unfurnished cage. The current standards provide for minimum floor areas for one bird, for two birds or for three or more birds. Industry practice is to house hens in groups that are larger than three and the standard floor area that is specified for three or more birds is currently 550 square centimetres per bird. In practice, it is indeed that area times the number of birds.

The Hon. TAYLOR MARTIN: Is it fair to say, for the benefit of this inquiry, that for a definition of a battery cage, we might use one hen in one cage?

Mr HANSEN: No, I think, as Mr Russell said, there is not quite a definition. When most people think of the term "battery", they are thinking about a single bird in a single cage, a very outdated production systems.

The Hon. COURTNEY HOUSSOS: On that, can you say that there are none of those in New South Wales?

Mr HANSEN: That is something I could not say, no.

The Hon. COURTNEY HOUSSOS: Maybe you could take that on notice, Mr Russell.

Mr HANSEN: It is really just below a certain number of birds needing to be housed. We actually have no way of knowing who keeps a bird in a cage in their own backyard, which makes it an almost impossible answer to provide.

The Hon. COURTNEY HOUSSOS: I see what you are saying.

The CHAIR: Is it really a choice in framing? Where animal welfare groups call it a battery cage, and that is their framing exercise, you would rather have it framed as a conventional cage.

Mr HANSEN: It has become the language around conventional cages representing the current size cage of 550 square centimetres. To differentiate it against the cages that the industry was forced to move away from in 2007, which were the 450 square centimetres per bird cages, is another definition of "cage". The term "conventional cage" is largely used now to try to define the current size of an unfurnished cage that is used across the industry, as opposed to any of the previous size cages or production systems.

The Hon. MARK PEARSON: Mr Hansen, does the description "battery" not mean just a whole series of cages, whether side-by-side or above each other? That is actually what a battery of cages means. Is that correct?

Mr HANSEN: As I said, the term "battery cage" versus conventional cage versus—

The Hon. MARK PEARSON: Okay, it is not that important. In your opening statement you talked about the changes to codes and standards that have occurred probably since 1993 and you said what the industry has done was rather impressive. How impressive is it in terms of animal welfare for a hen to move from a space of 450 square centimetres to 550 square centimetres and a full opening front, which are really the only two main changes that have occurred in that period? What impressive welfare benefits have there been for those birds?

Mr HANSEN: I guess the increase in that area was deemed by the relevant governments collectively across the Commonwealth, agencies and organisations back in 2002, when that standard was agreed to, 2005, when it was referenced and 2007, when it got put in legislation. Remember that 2007 was when it actually became a legal mandated requirement. We can talk about—

The Hon. MARK PEARSON: In your answer, can you speak to the welfare improvements for the birds as opposed to the requirements in standard changes for the industry? What actually happened for the birds?

Mr HANSEN: Obviously, the increase of size available for the bird for particular behaviours was deemed, through the regulatory impact statement that would have been done at the time, to provide a big enough animal welfare benefit to warrant the half-billion dollar cost to industry to mandate its implementation. I do not have with me that regulatory impact statement from 2007 that said, "These outcomes for the welfare of the birds are worth this cost to the industry and to the community to warrant its implementation" but I am sure we can find that and make it available.

The CHAIR: Please take on notice what the welfare improvements have been.

The Hon. MARK PEARSON: If you could take that on notice, it would be great.

The Hon. BEN FRANKLIN: I will pick up on an issue that the Hon. Lou Amato raised. Clearly one of the things that we will be focusing on in this inquiry is whether we should recommend the banning or phasing out of conventional cages. I would like to have a look at that issue to start with. Do you believe that, if that is the case, we are likely to import more eggs from overseas into New South Wales?

Mr HANSEN: There would be a hundred questions underpinning any answer we gave to that. It is not just about whether we move away, but it is how fast we move away, what we move to and what additional science and additional knowledge and management practices can be brought to the table and how fast we can do that to reduce the risk. There is no way for us, without making assumptions in all those areas, to be able to give you a yes or no answer. The reason for that is, as any one of the reports that have been conducted into this around the globe will tell you, the actual quality of management is as important to the welfare of animals as to the system and operations in which the birds are being reared. I guess, it does increase the risk because there could be an impact on production. How significant that increased risk is, is going to be contingent on the capacity of the industry to respond, the time frame they have to respond, what they are responding to and the support that the customer and governments give to that transition.

The Hon. BEN FRANKLIN: Okay. If more eggs were imported from overseas, that would increase biosecurity risk, would it not?

Mr HANSEN: Every additional piece of biological matter that we bring into the country increases the risk.

The Hon. BEN FRANKLIN: I will move on to the potential financial impact of the banning or phasing out of conventional cages. Would you like to comment on what that would mean in terms of the financial impact on either producers or consumers?

Mr HANSEN: The best thing we can do there is point to the outcomes and the findings from the current regulatory impact statement that was prepared on the initial draft standards and guidelines. I think that statement has been made public and is publicly available. It looked at phasing out of cages and the costs of the transition and new compliance to those standards. It goes into a lot more detail than the number I am going to give you here, but for a 10-year phase-out of cages it proposed there was a \$1.5 billion cost—again, this is collectively for the national industry, not just New South Wales—and a \$1.12 billion cost for the phase-out over 20 years. Those costs will in part be borne by the producers, the farmers, the families that currently operate conventional systems, partly by the supply chain into which they are supplying, which includes the consumer, and partly by any government assistance that is put on the table. What share of that cost gets borne by which one of those three elements for the funding of that cost is something that we would not know until we knew what the time frame

was, what the government assistance was and how much the consumer was willing to bear in terms of increased cost to help to carry some of that cost of compliance so it does not sit solely with the farming community.

The CHAIR: Sorry, just to jump in if you do not mind? Some of our submissions criticised the way that cost was put together. Can you give a bit of detail as to how that figure was calculated and whether it takes into account the existing consumer shift away from caged eggs, and more significantly, the commitments of major supermarkets to phase out caged eggs by 2025?

Mr HANSEN: I really could not without doing it and an injustice. I might take that on notice and provide those details to you.

The CHAIR: Sure.

Ms ABIGAIL BOYD: Just with that, if you do not know at the moment. Just comparing what we expect. In your submission, you say on one side that consumers are clearly still buying caged eggs at the moment. But you also acknowledge that because a number of major food retail chains and manufacturers are moving away from caged eggs, you do expect a decline in the market. What would be the difference between the cost for industry to transition due to consumer demand changing versus the cost if there was to be a stage-managed transition by Government?

Mr HANSEN: I know that is one likely to be looked at in a future regulatory impact statement because it is quite a detailed piece of economic modelling and costing around that. At the moment we are trying to do a standalone piece of economic modelling in New South Wales to work out what the impact might be in New South Wales. We know this will be a key question as we make a decision about future models. We are not comfortable just relying on a national total and trying to extrapolate from that how it might impact New South Wales. We want to get the best figure we can for New South Wales so we are aware of the impacts. That work is out in the field at the moment in terms of some survey work, trying to get that information and some data back in. Hopefully we will be able to share that with the Committee before you arrive at your final report.

The Hon. LOU AMATO: Mr Hansen, would you agree that any cost to the public sector of an increase in egg production, obviously it would impact those of the lower socio-economic backgrounds the most?

Mr HANSEN: You would expect so, yes.

The Hon. LOU AMATO: That would be the expectation. Further to the Hon. Ben Franklin's earlier comments.

The Hon. MARK PEARSON: Sorry, could I just ask a question in relation to that question and answer?

The CHAIR: Sorry, Mr Pearson. We will get back to you.

The Hon. LOU AMATO: Any biosecurity threat that could come into New South Wales—and hopefully it would be contained in New South Wales—that threat to our chicken industry, and actually our whole poultry industry; turkeys, ducks and everything else, that also could have an impact, if it was to get out, into our natural fauna. If it goes out to our bird populations, it could have a catastrophic effect? Would that be fair to say?

Mr HANSEN: Biosecurity risks are risks not just to production or companion or farmed animals, it is a risk to all animals—and to native animals as much as any. There is a dual impact here in terms of the increased biosecurity risk, which increases the more you have birds in outside conditions and environments rather than controlled conditions in sheds.

The Hon. LOU AMATO: It increases the risk.

Mr HANSEN: That means you could have faster, and harder to control, biosecurity risks. But our end objective would be to provide confidence to the industry that we have put in place mitigations to reduce that risk as much as possible at border of entry. It is far easier to control and stop before it gets into the State, than trying to control once it gets into the State.

The Hon. LOU AMATO: Just one last question. The Prevention of Cruelty to Animals Act 1979 (POCTA) uses the enforcement agencies, the RSPCA, Animal Welfare League NSW and the New South Wales police force. Do you know whether any farmers have been prosecuted since 2002? Are you aware of any that have been prosecuted at all?

Mr HANSEN: Yes. We had a matter—and I am trying to think of the year. Mr Russell might have details—without using the name of the particular operation. It is a prosecution that has been elected to be taken to court, and therefore, is still making its way through the court process. But within recent months, yes.

The CHAIR: I refer back to the Hon. Mark Pearson.

The Hon. MARK PEARSON: In relation to this concern that there might suddenly be a large import of eggs if we move in this direction of phasing out battery cages. Would not it be a measure as to how people on low socio-economic resource, how they are going to manage purchasing eggs at reasonable prices? Would not Woolworths and Coles have taken that into account when making the decision to move alternatives to caged eggs into their home brand, which is their main brand, the cheaper brand on the shelves? Would not they have taken that into account—that people from a low socio-economic background would not be able to afford this product?

Mr HANSEN: There are a lot of things I may be able to answer. But the pricing strategies of Coles and Woolworths is not one of them.

The Hon. ROD ROBERTS: Thank you for coming along today to give evidence before us. I have one question. From the Department of Primary Industries' viewpoint, which production system, in terms of egg production, is superior in terms of managing biosecurity risks?

Mr HANSEN: Purely looking at that sole metric of biosecurity?

The Hon. ROD ROBERTS: Biosecurity only.

Mr HANSEN: For a biosecurity risk, the more control you have over the interaction of the environment and the animals—the more control and ease of individual inspection of the animals—the easier the system for managing the bio security risk. That does come down to cage. I do not have an answer as to whether conventional versus furnished-cages provides a difference in benefit one way or another. But looking at that sole metric of biosecurity—and different management approaches open up different biosecurity risks regardless of the type of production system. Poor biosecurity in caged systems can lead to horrific outcomes. Poor biosecurity systems in non-caged systems can lead to horrific outcomes. But when it comes to being able to control as much of the environment as possible to minimise risk, then the more you have control the lower the risk, and more control is available in enclosed systems. Therefore, caged systems.

The CHAIR: In some of our submissions, we read that with good management practices the biosecurity risk in some of those free range and other systems could be reduced to the level of caged. Do you support that?

Mr HANSEN: Definitely. We have seen rapid growth on the back of consumer demand and supply chain demand in non-caged production systems—which is also growing the knowledge around the management of those systems and the way in which those animals are treated. There is still a lot more to be done in that space. A lot of the breeding management, husbandry practices, have been built over the years for a particular type of production system. It does not necessarily follow that you can take the same genetics, the same production system, or the same management approach, and apply it to a different production system and achieve a good outcome.

The Hon. COURTNEY HOUSSOS: I have a couple of brief questions. Are you able to tell me how many inspectors the Department currently has, specifically inspecting egg facilities in New South Wales, to ensure they do conform with these standards?

Mr HANSEN: One of my colleagues may have it in their notes. I do not have it off the top of my head. But we do have within the Department, our food authority compliance officers in their compliance activities for food safety, also have the ability to inspect for compliance with POCTA, and to make referrals to enforcement agencies. Then we have the enforcement agencies and their compliance. So, within the Department our compliance officers in this space are predominantly our food authority inspectors, and when on premises inspecting and checking for compliance with food safety requirements, they also can observe and report any regulation breaches in terms of poultry production as well.

The Hon. COURTNEY HOUSSOS: Do those inspectors specialise in the area of eggs, or are they general food safety inspectors who would inspect a range of industries?

Mr HANSEN: Traditionally, they are generalist food safety compliance inspectors who are able to follow the guidelines and conduct inspections across a range of industries. But obviously over the course of a year they may do multiple inspections on similar types of industries, which means they build an expertise and a knowledge.

The Hon. COURTNEY HOUSSOS: I am happy if you want to take on notice how many inspectors you have, how many inspections have been done of egg facilities in the last 12 months or two years, how many referrals to enforcement agencies and how many prosecutions they have initiated. That would be really useful. In terms of your economic modelling, can you tell me whether that includes an effect on consumers?

Mr HANSEN: Yes, we are expecting that we will get some assessment of impact on price. You obviously have to make a whole lot of assumptions about what the economy is going to do, what disposable expenditure will do, but potential impacts on consumers, yes.

The Hon. COURTNEY HOUSSOS: I am mindful that there are other forces at work, like the forces that Mr Pearson outlined. If supermarkets put eggs under their own home brand, it will naturally have the effect of a reduction in the price, which will then affect consumer spending.

Mr HANSEN: That is right. It is not just those components; it is that 40 per cent of the current production is using non-cage systems. Every day they are constantly evolving and refining their own production, which increases their efficiency of production and therefore allows them to try to continue either to provide a product at a lower price to the consumer or to be more profitable in the supply chain. It really is a combination of that efficiency at the production end, efficiency along the supply chain and then the willingness of the consumer at purchase that will lead to what we will end up seeing as prices for both conventional and non-caged egg production.

The Hon. COURTNEY HOUSSOS: You say that farmers are in the process of refining their own processes. Would you say that generally in New South Wales there has been a move towards free-range farming, or has it instead been a refining of the process of caged farming or, perhaps, a progression towards barn-laid eggs?

Mr HANSEN: I think it is all three. We have certainly seen more contracts being issued for non-caged—that is, both barn and free range. In recent times we have seen a rapid increase in the amount of contracts available for producers of free range. Every single production system has a person who owns that business and who has their brand on those eggs and who cares for those hens by walking that floor every day and looking for ways to constantly improve, evolve and change practices. There is evolution in management approaches across all of those, but we are certainly seeing an increase in the demand and hence contracts driven through the supply chain for non-cage production systems.

The Hon. COURTNEY HOUSSOS: I am mindful of what you said about the quality of management being key in any production system. Does the department offer any support, advice or guidance for farmers seeking to improve their animal welfare arrangements? Do you have anyone going into the field to say, "These are the standards and this is how you can be implementing them"?

Mr HANSEN: In fact, I am sitting beside one of them now. A key role of Ms Blunden is assisting and working with industry to help interpret and extrapolate results from interstate, internationally, just down the road to improve management approaches broadly across the industry to help to continue to evolve and improve the systems.

The Hon. COURTNEY HOUSSOS: How many Ms Blundens are there in New South Wales?

Mr HANSEN: Not enough.

The Hon. COURTNEY HOUSSOS: I appreciate that, but I am interested in the number.

Mr HANSEN: I think we are down to two industry development officers or extension officers. With the concentration of the supply chains, we have really reached a point where the big industry players have moved more and more to providing their own infield support to farmers who supply them, moving away from requiring taxpayer-funded assistance in that space. We see more and more company extension officers and experts out in the field, extending the knowledge that maybe one farm or one supplier has achieved across to multiple farmers to try to get faster uptake.

The Hon. COURTNEY HOUSSOS: I have one final question. If someone comes to the Department of Primary Industries and says, "I want to open an egg farm", do you have any advice for prospective egg farmers? Is that Ms Blunden's role?

Mr HANSEN: I might just ask Ms Blunden to answer. Often we get notified of those when applications come into councils for the development and we would be a first point of contact.

Ms BLUNDEN: In my role, I get inquiries both from businesses looking to establish farms—whether that is with regard to site selection or industry intelligence in and around the types of systems they may wish to install—and once the development application is taken forward, DPI will provide technical comment with regard to that application on a raft of issues. Additionally, however, in recent years I have been dealing a lot more with inquiries from businesses considering changing from a different source of production—whether that is converting a broiler shed to a layer facility or from somebody who had a cage facility and is looking to convert to a barn or a free-range facility—to get advice on how that might be undertaken. Particularly with the rapid uptake of

small-scale free-range operations—paddock-based farms—often we are the first port of call for people looking to establish those farms and who have not had previous experience with poultry production to understand biosecurity, food safety and animal welfare requirements as well as council requirements for establishing those farms.

In response to that demand, DPI produced a manual some years back called "Getting started in free range poultry". That publication has recently been updated, in the last six months, to provide support to those industry players. We run forums for people who are starting those small-scale businesses to assist them, particularly with regard to the establishment phase and the first couple of years of production until they build a body of knowledge and skill to be able to manage their businesses.

The Hon. COURTNEY HOUSSOS: I am happy for you to take this final question on notice. Ms Blunden, how many DAs have you been approached for in terms of transitioning to a new style, how many for new small free-range operations and have there been any for new prospective caged farms? That information would be useful for the inquiry, if you would not mind.

Ms ABIGAIL BOYD: This is my last question, if I may. We spoke before about what I would see as a conflict within the department, which is responsible both for industry and for welfare. We have seen animal welfare reforms in areas within the egg production industry—the consumer-led changes where consumers have demanded certain standards and producers have followed the profits towards what consumers want and the animal welfare concerns that are really about protecting the production line. Yesterday we went to a site and saw the great efforts of farmers to protect the physical health of birds from the very early stage, through immunisations, to controls to make sure that birds do not get sick and impact the health of other birds. There is a real focus on mortality rates because, as we heard, any biosecurity incident would be absolutely devastating for the farmer. Are there any types of animal welfare reforms that the department would recommend that would not also directly benefit the industry?

Mr HANSEN: There are always going to be trade-offs in terms of proposed reforms. What makes it even more complex than simply taking a single-lens approach of biosecurity, cost of production or welfare of the animal is balancing those to make sure we get all of them right to come to the development of national standards and guidelines. I cannot think of a scenario in which an animal welfare reform is not ultimately for the benefit of the producer and the animal, but I am happy to think about it some more. Farmers get up every day and deal with their livestock, as you would have seen yesterday. They take a great deal of not only pride in what they do. You will have seen just how far farmers are prepared to go to protect and look after the animals within their care during the current drought. It is quite often why they make the business decision to invest their career and their family in those industries. At the other end of the spectrum, farmers need to make sure that they are constantly able to meet their customers' requirements—and hopefully their customers' requirements are continuing to reflect society's changing preferences, which means there are two drivers constantly pulling on the animal welfare reforms to make them aligned and pulling in the same direction.

Ms ABIGAIL BOYD: Would it be fair to say that the way the industry views animal welfare is limited by what is good for industry or is profitable because of consumer concerns? It seems there is no conception from the department of what is good for the animal as a separate thing.

Mr HANSEN: I would say their whole starting point is what is good for the animal. If it is not good for the animal, it will not be good for them.

Ms ABIGAIL BOYD: Right, because it would be good for the industry.

The Hon. MARK PEARSON: I have question to be taken on notice. Could you provide the Committee with an analysis of any biosecurity outbreak or disease in the three different systems of egg production, cage, barn and free range, over the last five years? I am also looking for the impact on animals, either sickness or mortality or euthanasia.

Mr HANSEN: We can do that. The only reason I am hesitating is that I am not sure whether we always record the type of production system, but we should have that recorded either in notes or something else.

The Hon. MARK PEARSON: It is certainly an issue we have to grapple with.

The CHAIR: Thank you so much for attending our hearing. The Committee has resolved that answers to questions taken on notice be returned within 21 days. The secretariat will be in contact with you in relation to the questions that were taken on notice.

Mr HANSEN: Thank you very much.

(The witnesses withdrew.)

ANNABEL JOHNSON, Policy Director—Livestock, NSW Farmers, sworn and examined

BRETT LANGFIELD, Chair of the NSW Farmers Egg Committee, NSW Farmers, affirmed and examined

MELINDA HASHIMOTO, Chief Executive Officer, Egg Farmers of Australia, sworn and examined

The CHAIR: I welcome witnesses from NSW Farmers and Egg Farmers of Australia. Would any of you like to start by making a short opening statement?

Mrs HASHIMOTO: Thank you, Chair. Firstly, I would like to thank you all for the opportunity for Egg Farmers of Australia to appear today. I acknowledge egg farmers here in New South Wales and across the nation for the toil they undertake to produce protein for consumers. Egg Farmers of Australia supports all egg production systems and works to provide information to the public. As outlined in our submission, the terminology relating to the current cage system is not battery cages; they are no longer in use, rather conventional cages. The industry was deregulated when the New South Wales State Egg Board ceased to exist in 1989. The egg industry became a free market and unfortunately there are those who would like to see government intervention so that the market is not free but regulated again. The market should be demand driven. If people do not purchase a particular production system type then it will cease to exist. The International Egg Commission states that 87 per cent of the world's hens are housed in conventional cages.

Without low-cost protein on shelves, the possibility of importation of eggs and egg products would be devastating and disadvantage New South Wales egg producers. Independent research commissioned by Australian Eggs shows that Australians have a positive image of the industry and that eggs are an affordable and nutritious staple in diets and that the industry creates jobs. According to the 2016 Census figures, the number of people working in egg production industries in New South Wales is 1,171. The production of eggs in regional areas supports jobs, provides jobs for those working on farms, in turn supporting many families and ensuring our regional communities stay strong. Many family-owned farms have planned and invested heavily in order to have facilities that provide excellent animal welfare outcomes. These businesses continue to pay down debt due to restructures in the industry over the past three decades. Producers cannot afford a situation in Australia as has occurred in New Zealand, where assets are stranded. Currently, the egg industry is engaged in the animal welfare standards and guidelines process and the industry takes animal welfare seriously, as producers have committed that the standards should be made mandatory through State legislation.

Ms JOHNSON: NSW Farmers welcomes the opportunity to provide the farmers' perspective to this inquiry into caged egg production. We thank the Committee for the opportunity to appear today. NSW Farmers is the largest State farming organisation in Australia. We represent all primary producers, from egg farmers through to our extensive industries. Individuals become farmers because they have an affinity with animals and a commitment to high-quality agriculture and food production. Our egg farmer members care for their animals. They are committed to continuous improvement in welfare outcomes as well as providing the community with a quality and nutritious product.

Our egg farmers have demonstrated their commitment to animal welfare on a sustained basis. Following the last model code of review, our farmers invested in significant upgrades to their cage systems. They have taken a clear leadership position in relation to the development of the national Animal Welfare Standards and Guidelines for Poultry. As they are requesting that the standards are mandated once finalised, our farmers recognise that a national approach is critical to ensuring that appropriate welfare outcomes are achieved for all poultry, irrespective of location.

National consistency is also vital for ensuring the viability of the New South Wales industry. Any proposal to phase out or ban caged egg production in New South Wales would put additional requirements on New South Wales egg producers, leaving them at a distinct disadvantage to their competitors in other States. These negative impacts would flow throughout our communities, particularly those in regional and rural areas. The New South Wales egg industry is of critical importance to the State and regional economies, with the gross value of egg production totalling \$264.1 million in the financial year 2017-18.

Across the country, New South Wales is the major egg producer, accounting for 33 per cent of total production. Any changes to the State's production would impact on the reliability and sustainability of eggs that the community relies upon. Our producers strive to meet the community's changing demands and we support the right of consumers to choose their preferred production system, facilitated by clear labelling at retail. Purchasing patterns highlight that the community continues to support all systems, including cages, which still account for 44 per cent of supermarket sales in 2018.

That said, we do acknowledge community concerns around caged egg production. The egg industry is committed to ensuring there is greater transparency and discussions with the community. We want to understand community concerns so they can be a two-way flow of information and greater understanding about the realities of egg production. NSW Farmers considers that the following principles must be addressed by this enquiry. Firstly, nationally consistent welfare outcomes are critical and must be supported. Secondly, the impact of any change on the whole community must be considered, including in relation to food security and the ability of the community to absorb any increase in the price of eggs. Finally, any changes must be feasible for industry and Government to implement. Thank you.

The CHAIR: My first question is to Ms Annabel Johnson from NSW Farmers. You mentioned that you recognise there are community concerns around the use of cages and that there has been a consumer shift in purchasing. Are you concerned that shift is going to continue and that farmers may collapse and businesses might close if consumer trends continue that way?

Ms JOHNSON: We are always looking at what the space is doing. We want to make sure that farmers are able to respond to what the market place is doing. Brett Langfield, who is here today, has made investments in those other systems in relation to the market. The key is understanding that farmers, generally, have a mix of production systems so they can respond to changing consumer demand and perception. It is also important to recognise that consumer demand does shift but there does continue to be support for caged production systems—44 per cent at retail, and that number is higher in the food service sector, that continues to rely on caged egg production. It is important to understand that distinction within the egg market. There is the retail sector but there is also the food service.

The CHAIR: With that food service sector, a lot of our submissions mentioned that those products are not labelled as caged eggs. So we have seen this massive drop in shelf eggs being purchased as caged where it is actually labelled. Do you think there is a consumer rights issue there as well, regarding consumers who are buying mayonnaises, muffins, or buying a salad on the street and not realising that they are buying caged eggs, when they have an ethical decision when they come to cartons?

Ms JOHNSON: It is a different purchasing decision that consumers are making. When purchasing eggs, you are more focused on the production system to make sure it reflects what you want. Whereas when you go to a cafe, you are not investing in a meal, you are investing in the experience around that cafe, around getting breakfast or brunch. I think that is a clear distinction. If you are investing in a cake, you are not worried, so much, about the milk that is being used, the eggs that are being used, you are investing in something different. Consumers have different values with the different products they purchase. I think that needs to be recognised.

The CHAIR: The other question was in regard to your submission where you had an estimated increased cost of \$1 per carton. However other submissions—an estimate by Animal Health Australia was about eight cents for an extra dozen eggs. There were also predictions that following some stabilisation period, the cost of that will reduce again and that free range and other system eggs will also drop and become more available to people. How did you come up with your figure of \$1 extra and are you directly disputing the lower estimated increased price that other organisations have come up with?

Ms JOHNSON: We might need to take that on notice. That was relied upon by Egg Farmers of Australia [EFA] in its submission to the standards and guidelines. I do not have the modelling with now that was used to come up with that figure. I do not want to put my colleague on the spot either.

The CHAIR: That is okay.

The Hon. COURTNEY HOUSSOS: Thank you very much for your time and for your informative submissions. I think it was the NSW Farmers' submission that noted the major retailers have indicated they are looking to phase out caged eggs by 2023 or 2025, depending on the particular retailer. Was that done in any consultation with egg farmers?

Ms JOHNSON: We were not consulted as part of that process, no.

The Hon. COURTNEY HOUSSOS: So that was just a decision they made and you became aware of.

Ms JOHNSON: Yes. That is quite common with the way that supermarkets make these decisions. We are obviously trying to open up that dialogue and have made progress with, for example, the dairy industry. Following recent price increases and ways in which they are changing their suppliers, they have been consulting more with farmers. But no, to the best of my knowledge, we were not consulted.

Mrs HASHIMOTO: I have only started recently with Egg Farmers of Australia but I am not aware of any consultation about that decision.

The Hon. COURTNEY HOUSSOS: In its submission, NSW Farmers refers to a regulatory cap on conventional egg production for caged eggs. Are you talking about a proportion of the market, or are you talking about an actual number of eggs?

Ms JOHNSON: I will refer this to Melinda as it is a national position that EFA has developed, which is supported by all the State farming organisations.

Mrs HASHIMOTO: Certainly we have put forward submissions to the Animal Welfare Task Group [AWTG], which is the body drafting the national standards and guidelines. The position provided there from industry is essentially that anybody that has a greenfield site, or is going to look at having a new shed built on their property, that they would not build conventional cages but they would move to furnished cages. So our definition around that is that the actual cage would have a scratch rail. It would also have perches in that area and a nesting area as well. So the process at this stage for the standards and guidelines is such that there was a meeting in Canberra in June. There were some queries from a number of stakeholders around the standards and guidelines, which was put forward for consideration. At this stage, a new chair for the AWTG has not been appointed. But we are hoping that will be moved forward and there will be further consultation shortly.

The Hon. COURTNEY HOUSSOS: Is it the position—and I am asking each of the organisations to respond—that this kind of regulation is better done at a Federal level or at a State level? How can we ameliorate some of the problems outlined by Ms Boyd in her question to the previous witnesses, which talked about how differences in guidelines and actually implementing it, can mean there is effectively a difference between States?

Mrs HASHIMOTO: Certainly when there is an opportunity for harmonisation at a Federal level to bring the States together, that is advantageous. With egg production, we are in a situation where we do have eggs that cross the border. For that reason, it is very important that the endorsement of the standards at the Agriculture Ministers' Forum [AGMIN] allows State bodies to look at legislation in their State. We do have differences in those that have all production systems, as well as those that only have one in States. So it is important that States look at their situation individually once the Federal AGMIN meeting has endorsed the standards.

Ms JOHNSON: We would also support for these issues to be dealt with through the national standards and guidelines, and then for the States to go about implementing them. I think it is important to recognise that New South Wales does have quite a simple mechanism through POCTA, that is looking at a review process with the Animal Welfare Action Plan. We think there is quite a simple process for New South Wales being able to undertake and implement the standards and guidelines once finalised. But it is important to recognise that other States, for example, Western Australia have been going through a review process as their older legislation has not been able to enable such a simple standard and guidelines being translated into the State. However, they have gone through a real process and they are quite confident that they can now start to implement the standards and guidelines.

The Hon. BEN FRANKLIN: Can I just ask one quick question on this issue? Can you just confirm, or otherwise, that the industry supports the draft standards and guidelines, and you acknowledge that industry should meet the levels referred to in the standards and guidelines?

Ms JOHNSON: Yes, we want the standards to be mandated.

Mrs HASHIMOTO: Yes, we want them to be a mandatory standard.

The Hon. COURTNEY HOUSSOS: So both organisations support mandatory guidelines?

Ms JOHNSON: Yes.

Mrs HASHIMOTO: Yes, we do.

Mr LANGFIELD: Mandatory standards.

The Hon. COURTNEY HOUSSOS: Sorry. Mandatory standards, not guidelines. My apologies.

The CHAIR: Can I just ask a follow-up question? In regards to no new conventional cages being built. In New Zealand, the Government decided that the average lifespan of a conventional cage was around 18 years. Given that most of the latest installations were around 2008, and not many new ones have been built since, would that mean that no conventional cages will be being used by 2026? Or will we have a situation, like we have got in Tasmania, where people are just holding onto those conventional cages well after they should be sticking around—and, then, doing slight updates?

Mrs HASHIMOTO: I think certainly, we do not have a set timeframe on the length of the life of the cage. Certainly, I would imagine that those conventional cages would be repaired and would continue to be used for the life of the cage, until essentially it was unusable. The way that debt-structures have been based for our industry, is that the cages are paid off over a 30 year period. So it is a little bit like your house loan. You have a 30 year period to pay it off, and certainly with egg production, there is the paying off of the asset before you have financial gain.

The Hon. LOU AMATO: Ms Johnson, in your submission it says that egg farming in New South Wales is a family business. I am all for family business, your mum and dad operators. It says here that 98 per cent of them are family-owned mum and dad businesses. If there was a very fast, overnight transition, how many of those mum and dad businesses do you think would still be in business? You can take that on notice, if you like.

Ms JOHNSON: I can take it on notice. We are a membership organisation and do not have access to everyone's financials. On a general basis, and I will get Brett to comment on this as he is one of those family businesses, with the transition that farmers have made since 2008—

The Hon. LOU AMATO: There have been a lot of transitions over the years and they are probably still paying for it.

Ms JOHNSON: They are carrying a lot of debt and the way their debt is structured also has an impact on their capacity to make changes into the future.

Mr LANGFIELD: It is interesting because the industry was, prior to 2000, was a little concerned about where the caged market was going to go. Where the industry and the Government was going to go. It got direction in 2000 about a change of size for cages. Some investment occurred based on those decisions. New South Wales took an extremely long period of time to actually put that into legislation. That happened in 2007. Then 11 years later, we go through the same process again. Farmers are left thinking, well the stuff we put in, it is only 11 years old. We are now looking at a change of the rules. In the middle of that, we borrowed a lot of money, spent a lot of money and tried to pay it back—that is not always easy to do sometimes. We have had a couple of droughts during this time. That makes it more interesting. Then the banking sector is not as easy to work with anymore. They want more collateral, they want you to pay that debt back very quickly. Our asset is 30 years—and they want you to pay it back in 15 but we cannot physically do that. It is extremely difficult. Fast changes in our industry cannot be supported by the industry very easily.

The Hon. LOU AMATO: We could assume that a lot of mum and dad operators, those small family businesses, would go broke?

Mr LANGFIELD: Yes.

The Hon. LOU AMATO: There would be less egg production which would, ultimately, increase the cost of eggs. That obviously flows on to the consumer.

The CHAIR: Would you still see that happening if there was a Government assistance package?

Mr LANGFIELD: Potentially. That depends on the assistance.

Ms ABIGAIL BOYD: I wanted to ask on that as well. Looking at all of the uncertainties facing farmers at the moment, with the drought, with biosecurity risks, with producers, manufacturers and retailers changing pretty rapidly in relation to the egg market. From these submissions, I think everyone is agreeing that there is a trend from consumers to prefer non-caged eggs to caged eggs. If we accept that change is happening, is there not a case for a Government staged transition plan, which would include assistance to help farmers and give them that certainty, or would you prefer, as an industry, for the market to dictate the speed of change?

Mr LANGFIELD: Is not it best for a Government to set guidelines around how policies are that we set in place and for the market to decide on what production system you are using? You talk about this sudden change over free range. But it has not been sudden, it has been over about 10 or 15 years.

Ms ABIGAIL BOYD: I did not say sudden.

Mr LANGFIELD: That is a generalisation, sorry. We see that the current demand for caged eggs means we are under-supplying currently because we do not have enough caged eggs. That is how many people out there are looking for caged eggs. Which is interesting because I am building a free range farm right now and there is a shortage of caged eggs currently. That is us, as an industry, trying to put systems in place that meet what our customers want. I am putting free range in now, based on what supermarkets are trying to go towards.

Ms ABIGAIL BOYD: What you are saying is that he would prefer to rely on the market even if that leaves people behind. So even if some workers and some families, that only operate caged egg farms, have the risk of being left behind?

Mr LANGFIELD: They are not being left behind. They can make a decision based on what the market is doing at that point. Their choice to then whether they want to invest in the industry at that point in cages, for example, bring more cages in, it is their choice to make that decision.

The Hon. BEN FRANKLIN: Like what you are doing right now, Mr Langfield.

Mr LANGFIELD: Like what I am doing right now. If the Government banned cages, then yes those smaller farmers or those mum and dad farms, they will most likely be pushed out of the industry because they have not been able to make that choice.

The Hon. MARK PEARSON: Is not the investment in cages a 20-year commitment?

Mr LANGFIELD: No. It is the same as your house.

The Hon. MARK PEARSON: That is what the industry has been saying.

Mr LANGFIELD: It is a 20-30 year commitment. That is based on how many repayments there are to the banker. Taxation laws talk about 20 years of depreciation, that is true. So that is where 20 years comes from. That has been in some of the model code of practice stuff. Anyone would be wanting to have their systems built and be able to pay them off and make money out of those systems, over the life of the asset—particularly over the life of a depreciating asset. So 20 years is the depreciation rule for the Federal Government, depreciating our assets. But not all our asset is over 20. Some of it is over 40.

Ms ABIGAIL BOYD: So you believe that left to its own devices, the industry is robust enough to withstand a rapid shift, if one was to happen, without any kind of Government support?

Mr LANGFIELD: No, I never said that. We have no real ability to handle a rapid shift. The amount of money we have invested in the last 15 years, to then go and rapidly invest again and change, no.

The Hon. BEN FRANKLIN: Could I go to a couple of specific economic questions on this? Can you give us an idea of what investment has actually been made by the New South Wales egg-layer industry?

Mr LANGFIELD: Lots.

The Hon. BEN FRANKLIN: I open this to all three of you.

Mr LANGFIELD: I will put a personal perspective on what I am doing now. I am building a free range farm of about 240,000 birds right now. I am a reasonably large egg producer. I am spending in the vicinity of \$55 per bird to do that. I am approximately around three per cent of the industry—so fairly small.

Mrs HASHIMOTO: I think when looking at the costing from when people build, essentially, to a greenfield site, of course there is going to be a lot more cost to do that. Every farm is quite different in the actual facility. A lot of people have looked at how much is the investment in the cage facility, but they also need to remember that there is a cost in the asset of a feed mill, the machinery and all of the add-ons that become part of the actual business itself, not purely just the actual facility alone. So I think we need to keep that in mind. Certainly some people have feed mills; some people do not. Grading floors is another part of an egg business as well. When looking at the actual economic information, you need to look at the whole asset. Certainly Egg Farmers of Australia have put forward some figures to the actual standards and guidelines process, and I am sure in the coming time AWTG will be able to provide information around that more publicly.

The Hon. BEN FRANKLIN: The whole potential economic impact on farmers worries me. I am just trying to get a grip of what this would actually mean. Can you give me some understanding of what the approximate debt level might be and how capital investment might be structured over the life of current assets that have been invested in?

Mrs HASHIMOTO: I think the debt level, as we have heard, people have structured it over—I say 30 years because some are 20 and some are a little bit longer—a 30-year period. I think we also need to look at the costing of the debt, as well as any changes that are happening, because we have got these costs in parallel. So we have got the actual cost of the debt that is current and has added up over previous restructures, and we also can see coming that there are a possibility of further debt from the standards and guidelines process. So people will have possibly further debt in that process, as well as what they have already got. But overall, to come up with a debt for, say, New South Wales egg producers, I do not have that with me at the moment.

The Hon. TAYLOR MARTIN: I just want to pick up, while we are talking about the economic impact—and also it was good to hear one example of Tasmania and what has happened there. I would like to ask a bit more about what is happening in New Zealand, with their phasing out of conventional cages. Would you be able to give us a bit of an idea on what has happened particularly in New Zealand to the industry?

Mrs HASHIMOTO: Certainly there has been a lot of reports of shortages of eggs in New Zealand. The industry moved away from conventional cages and then moved to more colony cages, larger cages. As Mr Langfield said, it is not an easy for industry to change overnight. Certainly in New Zealand they have had a move from one type of cage to another and that has caused a shortage in the actual supply system.

Ms ABIGAIL BOYD: Did they have a transition or was it a sudden change?

Mrs HASHIMOTO: I would have to check if they had it over—what period it was over. I could take that on notice for you.

The CHAIR: Do you know if they had any government assistance as well?

Ms JOHNSON: Take that on notice as well.

The Hon. BEN FRANKLIN: Can I ask a macro question on that issue: How does a shortage of eggs impact consumers at both a retail and a consumer level?

Mrs HASHIMOTO: Certainly people are thinking shortage in the supermarket of eggs, but we also see the situation where, I guess, in the commercial industry it leads to cakes and biscuits and your scrambled eggs—you might not be having that as regularly. I think there has been the talk about if there is an increase in price around systems, and I would think, too, that people are in a situation where they may not eat as many eggs.

Ms JOHNSON: I think it comes down to the supply and demand. If there is a shortage of eggs—no matter, the retailers will try and keep prices as low as possible. But if there is a shortage, there is no doubt that there will be an increase right across the board as they try and fill the demand side. They will be paying more from farmers that do have supply.

The Hon. LOU AMATO: Mr Langfield, I might ask you this question. You are now transitioning slowly into free-range?

Mr LANGFIELD: No. I do have a 240,000-bird cage facility, an existing 200,000-bird free-range facility and are building another free-range. So I am not transitioning; I am actually trying to meet supply and demand.

The Hon. LOU AMATO: Out of curiosity, a submission here states that farmers rely on happy and healthy animals in order to maintain productivity. If we look at productivity, what is the difference in productivity between the free-range ones and the cage ones?

Mr LANGFIELD: In productivity there is potentially a 5 to 10 per cent variation lower in free-range. If you talk about mortality, cages is probably running at something closer to 5 per cent, which is close to a First World country. Free-range varies from 15 to 45-plus, which is a Third World country.

The CHAIR: Mr Langfield, just in regards to the mortality, we have got a lot of submissions that show and talked about a lot of scientific research that show that the mortality could be made very similar and it all comes down to on-the-ground management. What are your thoughts around some of that research showing that the mortality can be reduced on those free-range?

Mr LANGFIELD: I believe there is an ability to reduce it, yes. Do I believe that it has got the ability to come down to cage? No. The research around the world is showing that, anyway—that it is not coming down to those levels. The fact of having birds in contact with their own manure creates disease. The reason why we have a sewerage system in our population is so that we do not have disease. That is not going to ever be rectified using a free-range or a barn system, whereas cage—that is very clearly removed from that point. Do I believe that it can come down? Yes, I do. Management has so much to do with it but management has so much to do with all systems, whether it is good, bad or indifferent. A very new cage system can be managed very poorly and be woeful, but a very old cage system can be managed very well and be brilliant. The same applies to free-range and barn—same aspects. Management is major.

The Hon. LOU AMATO: When it comes to the pricing of eggs, who actually prices it? Do the supermarkets probably dictate the price that they want to pay?

Mr LANGFIELD: That would be the politest way to put it.

The Hon. LOU AMATO: That obviously puts pressure on the farmers and their capacity to run a business?

Mr LANGFIELD: Correct. Very much. But supply and demand mostly set price. If there is not enough eggs out there, then therefore we try and get a bit extra out of that process. If there is too many eggs out there, we are trying to fight for a bit of market share. So supply and demand comes in that process there, and that is usually how prices are set.

The Hon. LOU AMATO: Do you think it is sustainable at its current levels?

Mr LANGFIELD: No, not with the drought.

Mrs HASHIMOTO: Yes, the cost of feed prices.

Mr LANGFIELD: We have seen no increase in prices of eggs from the supermarkets in the last 12 months, even though we have had a doubling of our feed cost.

The Hon. LOU AMATO: That makes it very hard on farmers, doesn't it?

Mr LANGFIELD: Yes, it gets us really, really comfortable with our bank manager. We get up nice and close with these guys.

Ms ABIGAIL BOYD: I just wanted to ask for a bit more information about barn-laid eggs. I know that before I was on this committee I was pretty ignorant as to what barn-laid eggs were and what the difference was. The market is about 9 per cent of New South Wales, is that right?

Mr LANGFIELD: It is.

Ms ABIGAIL BOYD: Why do you think the barn-laid segment is still small? What have the trends been historically in terms of that market segment? Where do you expect it to go in the future?

Mr LANGFIELD: There are so many ifs and buts on why barn is where it is. I suspect the industry and the supermarkets may not have been very smart about how we promoted that particular product because barn is realistically what we call a cage-free product, where they have access outside of a cage but do not go outside. The fancy word of "free-range" going around the world seems to have got a huge amount of emotion behind that, and therefore free-range has taken off a lot more than that. The supermarkets do not believe they have been pricing the three categories probably correctly to try and get sales into barn; more like trying to get barn similar to a cage-priced egg.

Ms ABIGAIL BOYD: So there is not the consumer differentiation of that product?

Mr LANGFIELD: No, that is right. It makes it very difficult.

The Hon. MARK PEARSON: Are you aware of any situations where a producer has moved from caged, barn or free-range and has used the infrastructure of the cage system as part of that, rather than gut it?

Mr LANGFIELD: Actually, no, I do not. Even the old-style, what we call flat-deck cages—they would have come out. They would not have used those. The new conventional cages, which are multi-tiered—they cannot be used because there are just too many levels to try and get to that point. No. I have seen a similar system out there designed that way, but I have not seen them retrofit an existing facility at all.

The Hon. MARK PEARSON: In Australia?

Ms JOHNSON: I believe I have seen one in Western Australia, where they have moved from a caged to a fit-out of a barn in that particular facility.

The Hon. MARK PEARSON: Cage to a barn system?

Ms JOHNSON: Yes.

The Hon. MARK PEARSON: Overseas, in the transition in Europe—any evidence that you are aware of when they moved to aviary systems?

Mr LANGFIELD: All the equipment that we buy here is actually coming out of Europe, so we are copying their ideas and equipment they are using. So if there was that technology there, there might be something in Australia. But I have not seen it yet, even overseas.

The Hon. MARK PEARSON: Has there been an analysis done of what the cost would be to convert from a conventional cage—the most recent conventional cage—by taking out or not taking out the internal walls

between the cages to move to a furnished cage? So a partly furnished or fully furnished cage: perch, nest box, dust bath.

Mr LANGFIELD: First you need to understand the mechanics of how a conventional cage system is set up and built, where the existing partitions that actually keep the birds apart are used as support partitions as well. So taking a standard conventional cage and converting it to a pre-enriched or enriched system is fairly unlikely or exorbitantly expensive. Taking a pre-enriched cage system and converting it to a fully enriched at this present point—

The Hon. MARK PEARSON: Can you just explain what is pre-enriched?

Mr LANGFIELD: My apologies. This language I know very easily. Pre-enriched is a cage system that has been set up that actually can have all the relevant stuff added to it to make it enriched. That is the scratch area—the claw-shortening devices are already installed. There are some perches already in some of these things. But then you have to install the nest pad, the scratch area, the way to get whatever product you use for dust bathing into the system—it would need to be installed. Pre-enriched is currently here in the country and they are already here and have been used. People have been investing in cages back then; they have decided to put some pre-enriched systems in. Converting from a pre-enriched to an enriched system—that could be done. Our concern is, as you guys see, you talk about cage systems still. We worry that the Government and the animal welfare groups still class it as a cage, so why spend the money?

The Hon. MARK PEARSON: So you are saying it is unlikely to be possible to convert from a typical cage to an enriched?

Mr LANGFIELD: Yes, correct.

The CHAIR: Going back to something that you said before, Mr Langfield, you said that there was still a really strong consumer demand for caged eggs. Do you have any idea of the percentage of eggs that are going into food services and products, and how much of that demand is actually a percentage of off-the-shelf—people wanting caged eggs?

Mr LANGFIELD: The demands that we talk about—I do not have the numbers to give you, to be totally honest, because I am not a marketer so I do not want to get into that process. But the demand we talk to you at the moment is about the demand of caged eggs in supermarkets—consumer-driven.

The CHAIR: On the shelf?

Mr LANGFIELD: Consumer-driven demand is currently driven for cage, and we do not have enough.

The CHAIR: Does anybody else have any idea about the figures, as in a percentage of all the caged eggs that are going to the supermarkets in cartons?

Mrs HASHIMOTO: I do not have that with me, sorry.

Ms JOHNSON: We will take it on notice.

The Hon. COURTNEY HOUSSOS: I saw you were here, so you saw my question to the previous witnesses around the emergence—or where the market is heading. Is it your experience as well that there is an emergence of smaller free-range farmers that is happening? Or is the industry still largely with major egg producers?

Mrs HASHIMOTO: I think that is a very difficult question, given that essentially there are people like Mr Langfield that are moving into free-range. I would not be able to give you a comparison in that way on the numbers of free-range.

Ms JOHNSON: No, but we do know that there has been an expansion in the smaller amount of free-range producers. However, to give you a figure is almost impossible, because a lot of them have not got development applications. The food authority would be able to give you the best figures in relation to the licensing; however, we know that there are a substantial number that have not got their food licensing accreditation. It is very difficult. We know essentially it is sort of a phantom flock that we refer to it as—there are sort of these unaccounted eggs within the industry.

The Hon. COURTNEY HOUSSOS: We talked a little bit or we covered a little bit about the dangers of importation of eggs, biosecurity risks and the like in our discussions this morning. Are you aware of any proposals—I know there are a number of free trade agreements that are currently out in the ether for discussion.

Are there any proposals amongst those to get access for imported eggs? Is there anyone who is pushing to get access into our egg market, that you are aware of?

Mrs HASHIMOTO: Not that I am aware of.

Ms JOHNSON: Not that I am aware of either.

The Hon. COURTNEY HOUSSOS: Mr Langfield, I am interested to talk a little bit about your experience in terms of transitioning to a free-range farm.

Mr LANGFIELD: Just for clarification, we are not transitioning to a free-range farm. We are expanding into a free-range farm.

The Hon. COURTNEY HOUSSOS: My apologies.

Mr LANGFIELD: I am not getting rid of cage.

The Hon. COURTNEY HOUSSOS: Mischaracterisation on my behalf. How many birds do you have in your existing cages?

Mr LANGFIELD: About 240,000.

The Hon. COURTNEY HOUSSOS: So you will be doubling your capacity?

Mr LANGFIELD: I have got 240,000 in cage. I have currently got 200,000 in free-range and building another 240,000 in free-range.

The Hon. COURTNEY HOUSSOS: Is that purely because of the direction of the market that has prompted your expansion?

Mr LANGFIELD: Yes, market directions. They were directions taken probably in 2016, because it has taken us three years to get to birds on ground from the decision we made as a family business to further expand in free-range, which was not an easy decision to make due to our issues in 2013 with avian influenza. We in 2016 made a decision and we in 2019 now have chickens on the ground.

The Hon. COURTNEY HOUSSOS: In terms of the free-range operation versus the cage operation, roughly how many people do you employ in each? Or should I say do you have working in each, because if you are a family run-business I should not be—

Mr LANGFIELD: No, we are a reasonable-sized business, so I employ. We currently employ basically six full-time employees [FTEs] in our cage facility and at this present point in time 15 FTEs in our free-range.

The Hon. COURTNEY HOUSSOS: So you have got 15 for 200,000 birds, so it is much more labour-intensive than the cage egg facility?

Mr LANGFIELD: Yes. It is huge.

The Hon. COURTNEY HOUSSOS: Do you see a difference in terms of the skill level that is required? If someone works in a caged facility, are they then able to work in a free-range facility?

Mr LANGFIELD: Yes, they are fully capable of being able to do that. Cages are fairly self-maintaining for the birds. You supply them the correct amount of lighting level, you supply them the feed and water, you give them the diet that has been specifically designed for them. You give them an environment that holds the temperature fairly consistent through the year. The birds pretty much look after themselves. You give them all that, they are actually not too bad. So the level of management in that is reduced. You go to a free-range or a barn operation, whichever it is, and you do the same thing but you cannot control the temperature quite as well because they have got to be outside. You cannot control the interaction of the birds with each other because they are in a 25,000-bird shed or free access to walk around. That process there makes it extremely harder on the management to do that, so the quality of manager that we have got to have and the quality of staff we have got to have is—we have got to spend a lot more time training these people to step them up into our industry for free-range and barn.

The Hon. COURTNEY HOUSSOS: Was it purely a market-based decision? Ms Boyd talked about the small amount, relatively, of barn-laid eggs in Australia. Was it purely a market-based decision that you decided to transition or expand into a barn-laid as opposed to a free-range?

Mr LANGFIELD: Yes, it is just money-driven.

The Hon. COURTNEY HOUSSOS: Do you know how many people would be required—if you were to do, say, the 240,000 expansion into a barn operation, how many people would be required just roughly for that?

Mr LANGFIELD: If I was to convert my existing 200,000-bird-free range facility that has 15 FTEs now, and we go to barn, I would come to 14.

The Hon. COURTNEY HOUSSOS: So it is roughly the same?

Mr LANGFIELD: Basically. The only difference is I do not have someone maintaining my ranges.

The Hon. COURTNEY HOUSSOS: If you do not mind me asking just generally where in New South Wales your operation is, Mr Langfield?

Mr LANGFIELD: South West Slopes.

The Hon. LOU AMATO: It might be you, Mrs Hashimoto, but it does not matter whoever wants to answer it. In the submission you gave, it says that there is a relationship between egg consumption and the price of alternative protein sources such as meat. Specific low-income demographics are more likely to purchase large quantities of eggs. That tells me that those in our society that are at the lower socio end of the scale obviously have an inability to purchase meat as it is, or very small quantities. What impact is going to have on those of lower socio-economic background if there was a dramatic increase in the egg prices? Obviously there would be an effect on their children's health as well.

Mrs HASHIMOTO: Yes, with low-cost protein.

The Hon. LOU AMATO: We are talking about protein here.

Mrs HASHIMOTO: That is right. With low-cost protein, they are able to provide eggs to their family. Obviously if the price of eggs increased, we would imagine that it would be a situation where rather than buy a carton of eggs weekly, they may therefore move to buy a carton of eggs fortnightly. I think there would be an impact; certainly you would look at health if people are not able to get a low-cost protein.

The CHAIR: Can I just jump in on that? When I look at some of the protein sources and foods available—I had a quick look just on Woolworths and Coles. Several foods—peanut butter, chickpeas, lentils and black beans—were all higher in protein and cheaper. Is this one essential one, which is actually more expensive than those other products—how would you respond to that, when you look at it more broadly?

Ms JOHNSON: I think it comes down to the culture of Australia. We are a meat-eating society. Traditionally it has been meat and three veg. As protein has got more and more expensive, instead of looking to meats eggs has become the sustainable option for many families to get that protein on not only the dinner plate but also the lunch plate. I think it has to be a recognition that, yes, those vegetable products are very high in protein but Australia really does not have the culture for that being provided as the protein source.

The Hon. ROD ROBERTS: I am willing to put my hand up and say prior to this inquiry I knew nothing about egg production, and I reckon I still know nothing about egg production as far as it is concerned. I am trying to get my head around it, so bear with me as we go through this. I might direct my question more so to Mr Langfield, if you do not mind, ladies. I know that your bodies would represent both free-range growers as well as cage growers, so there is no bias there at all. But, Mr Langfield, you are the man on the ground, at the coalface, so help me out here. If we look at cage systems, cage systems from an animal welfare point of view do not allow for an expression of the true bird: cannot flap around, cannot walk around, cannot scratch, cannot do all those sorts of things. However, from a biosecurity viewpoint, they are probably the best: fewer mortalities, less disease, more hygienic. They are living in a temperature-controlled—all those sort of things. It has negatives and positives.

Go into the barn system—allows for a better expression of behaviour in that they are able to get out and move around. But there we have—it is not as hygienic in that they are in their own manure, there is a dust issue, there is cannibalism, there is greater disease, there is opportunities for smothering that I learned about yesterday. I did not know about smothering until yesterday. Those opportunities exist, or those downfalls exist in the barn system, so it has its pluses and minuses as well. If we go into free-range, which is supposed to be the "you beaut" best for animal welfare—and certainly we would agree that it allows them to roam freely and be as close to nature as possible. But it has its risks of predators, smothering as well, pecking orders—actually pecking at other chickens—pecking at eggs, lesser production, bigger risk of biosecurity, maybe more intervention in terms of the need of antibiotics, so medical intervention, and a much higher mortality rate. So from an animal welfare point of view, none of these systems are perfect, are they?

Mr LANGFIELD: No, not one of them.

The Hon. ROD ROBERTS: Not one is the bee's knees in terms of welfare at all?

Mr LANGFIELD: No, not at all.

The Hon. TAYLOR MARTIN: On that topic, could I ask a bit more for the benefit of this inquiry and everyone here today, but also those that might read *Hansard*, for a bit more information particularly on beak trimming. We saw this on a site visit recently. If you could tell us a bit more how that adds to the welfare of the animals?

Mrs HASHIMOTO: Certainly beak trimming is one of the issues that has been looked at in standards and also in other countries. There have been reports around the United Kingdom at one stage were looking at banning beak trimming. But without having access to having that, certainly for the chicks, then there is the issue of pecking and also cannibalism. Mr Langfield might want to talk more specifically around that, but I guess it is a management method to ensure that there are not issues within the flock.

Mr LANGFIELD: Beak trimming—we do not use that terminology very much these days. It is infrared beak treatment, where it is done at a day old where the birds are done. Beak trimming is only really carried out based on a veterinary assessment of a flock, normally, if they need to come there and do that. That is a last resort because if you have got to beak-treat a bird that is in production, it will not do anything for your animal welfare because the birds will be stressed more than they need to be. It is done at a day old for a reason, because it is the ideal time to do it to the bird and therefore it is the least amount of pain for that bird at that time. To minimise cannibalism in cage, in free-range, in barn—it is all applicable, the same thing. If you get the true photos of some birds where the hook at the end of the beak—it looks fairly savage, like an eagle a little bit sometimes. When you put them together, that is not an ideal situation. For animal husbandry reasons, we would prefer to do the beak treatment.

Ms JOHNSON: From farmers' perspective, it is looking at welfare throughout the animal's life. Yes, it might be an intervention, but it is to produce positive animal welfare outcomes throughout the life of the animal, rather than looking at a single point in time.

The Hon. LOU AMATO: Mr Langfield, when it comes to rodent control, obviously there are issues with rodents on farms; we all know that. Of the systems available—barn, free-range or cage—which one of those systems is easier to control the rodents?

Mr LANGFIELD: Cage.

The Hon. LOU AMATO: Because we well know of the spread of diseases from rodents.

Mr LANGFIELD: Yes. The dilemma with rodents is where they actually live within the system. Within a free-range and a barn operation, they will mostly live in the manure of the birds. That is where they get that and then they can run around at night and grab seed out of the trough. Whilst the new barn and free-range systems do take manure out—in an aviary system, take it out on a weekly basis—there is still a level of manure on the ground that does not get taken out till the end of the flock process. In a cage system, that manure is taken out on a weekly basis completely, so therefore you lose the source of where those animals can hide and breed.

The Hon. LOU AMATO: They are amazing animals, the rodents. I have seen them chew through concrete and come up through concrete.

Mr LANGFIELD: Correct. But, yes, a cage takes away some of the environmental factors that—

The Hon. LOU AMATO: The spread of diseases and so forth.

Mr LANGFIELD: Correct, 100 per cent.

Ms ABIGAIL BOYD: Just picking up on what the Hon. Rod Roberts was saying in relation to the three different systems and the pros and cons, when it comes to free-range—again I do not profess to have huge expertise in egg production either, especially prior to this inquiry, but I know that there is a difference between the density of different types of free-range if you have got 1,500 birds a hectare versus 10,000 birds a hectare. Can you talk us through the different concerns that the Hon. Rod Roberts was raising on those different factors when it comes to the difference between those type of free-range? Is there less smothering or less mortality rates in a 1,500 versus a 10,000?

Mr LANGFIELD: What the Hon. Rod Roberts was comfortably saying before bases everything realistically mostly on the inside of the building, not the outside of the building. The cage on its own has its pluses and minuses, the smothers, the issues with disease and bits and pieces are similar across the barn and free-range systems because basically the difference between those two systems is one has a door on the walls to let the birds outside and one does not. A barn allows the birds to roam freely within a system around the whole house but does not get access to outside so therefore does not have quite as much the biosecurity risks to a free range where you

open the doors and let the birds outside. Smothering outside the house is extremely rare: 1,500 against 10,000. Really, not a lot of difference.

Ms ABIGAIL BOYD: Are the mortalities around the same?

Mr LANGFIELD: They are basically the same. There is not a lot of difference in the process there. From the animal welfare side of things, it is more based around what is inside.

The Hon. COURTNEY HOUSSOS: I have a follow-up question on that. What about the use of things like antibiotics across the different types—across the three different types?

Mr LANGFIELD: Three different systems, that is right. Basically, barn and free range have a higher level. That is just a given. There is a higher level of antibiotic use in those two systems. That is across the world. That is not Australian-driven and there is rarely antibiotic use in caged. Most of that is related to access to their own manure. They have the ability to eat their own manure. Free range have the ability to drink water out of muddy puddles outside that potentially have manure in them as well. They drink that as well. That is not good for the bird or for animal welfare either, whereas the cage system is fully controlled and maintained. We are not saying that antibiotics cannot be used in a cage system, but in relationship to what goes on it is just a rarity.

Ms JOHNSON: There is also an increase in vaccination costs in relation to free range as opposed to cages.

The Hon. LOU AMATO: Mr Langfield, really this is quite interesting as well.

Mr LANGFIELD: Yes.

The Hon. LOU AMATO: The health and safety of workers on agricultural properties, including commercial egg production enterprises, is of significant importance. We all agree on that point. Your submission states:

Caged systems produce high quality health and safety outcomes for workers. Workers are able to operate in a safe and climate controlled environment ...

Could you perhaps elucidate and tell us why it is a better health and safety outcome?

Mr LANGFIELD: Yep, okay. Cage systems have the ability where the birds are confined. We know that, so therefore you, as a worker, do not have an issue of a bird actually trying to jump on you, over you, at you in that process. That is the first one that goes with that. Secondly, there is no manure on the floor where the birds are dust-bathing in.

The Hon. LOU AMATO: That is what I was thinking about—the dust and what it can cause.

Mr LANGFIELD: That dust level goes straight up. You do not have that issue in a cage. In a free range and in a barn operation, while we train and try to assist the birds to lay the eggs in the nest box, which is the ideal position for them—

The Hon. LOU AMATO: They don't.

Mr LANGFIELD: —that does not always happen so therefore floor eggs are an issue that we have to pick up. There is an issue in regard to it is more strenuous on your back for staff bending down to do that for two or three hours in the morning, which we have to manage as an employer because we do have a lot of staff doing that sort of process. Once you have taught a bird to lay in the nest, they normally stay and lay in the nest. Once they have learned to lay an egg outside the nest, it is a little harder to get them to go back. We have to go around and keep walking those birds and picking up those eggs because, once an egg has been laid on the floor, the sisters in the house will come across and actually start laying a few more eggs around that same spot, so you get more eggs and you get more eggs. You cannot leave it there. You have actually got to pick it up and that is a labour issue that has to be dealt with.

The CHAIR: I have a slightly different question. Recently we heard that supermarkets, such as Woolworths, are now also changing away from caged eggs within their own brand products and we have also heard that, because the supermarkets and lot of package companies are now switching away from caged eggs, they are not able to actually access enough eggs that are not caged. What does the industry have planned to deal with those big and sudden jumps and changing and shifting of large companies like Woolworths, which would affect a lot of properties?

Mr LANGFIELD: Based on my communication with marketers that I deal with and who sell their eggs to supermarkets, they are in constant conversation with the supermarkets about that, but we cannot make a change

fast: Like, it is just not possible. As I said to you before, we made a decision in 2016 to expand—three years—and I have chicks. I will be finished in a four and a half year window. It is not a fast fix. You talk about them making a fast decision to go away from caged eggs. One of the major supermarkets decided some two years ago to remove cage eggs from their supermarket shelves in the Australian Capital Territory [ACT], the eastern suburbs and the northern suburbs as well. That lasted for about six months before the supermarket decided to return cage eggs to the shelf, based on a reduction in sales, overall sales, to the supermarket.

That basically means that people in where they thought Canberra potentially was more animal-welfare driven, people were going in there looking for a low-cost protein source, wanted to buy that, and when they could not get that they were not buying their milk and they were not buying their bread and they were not buying their bacon to go with the eggs. They were going over to buy them over at the next supermarket to buy it off them. These supermarkets have done this, not out there in the public eye really, really a huge amount because they do not want that to be the case. But the consumer is looking for a product. We are supplying a product for the consumer to make a choice on and we want to put it on the shelf to say, "You make the choice. We will give you all the information. You make the decision that you need to make based on what we have offered to you." It should not be up to anybody else. It should be the consumer making that decision.

The CHAIR: Which supermarket was that?

Mr LANGFIELD: Do you want me to say that?

The CHAIR: I am sorry?

Mr LANGFIELD: Do you want me to name that? Yes? That is fine. It was Woolworths.

The CHAIR: Thank you.

The Hon. COURTNEY HOUSSOS: They are the ones that said, "We're going to stop.", and then brought it back.

Mr LANGFIELD: They said they were going to stop cage-egg production sales, okay? Then they took it out of some supermarkets, all of ACT. I suspect they—we, and this is a personal opinion—thought that that would prove to them that this was actually going to work and that people do not want to buy cage eggs. I am sorry, but that is not how the consumer wanted to react at that point.

The CHAIR: Was that something that just happened in the ACT?

Mr LANGFIELD: The ACT, the eastern suburbs and the northern suburbs of Sydney.

Ms ABIGAIL BOYD: I want to go to something quite different.

Mr LANGFIELD: Snow skiing? I will go there. It is completely different.

Ms ABIGAIL BOYD: Yesterday at our site visit, we were given information about what happens at the end of life of the chickens.

Mr LANGFIELD: Yes.

Ms ABIGAIL BOYD: I understand it is around 18 months that the chickens are no longer productive. As an industry, what is the usage of those birds after their death? I am sorry, this is another question from someone who has not been in egg production.

Mr LANGFIELD: That's cool.

Ms ABIGAIL BOYD: But other than being used for compost, are there other uses?

Mr LANGFIELD: Yep. Some of the birds that are actually taken off a farm live to an abattoir potentially can go into some human consumption scenarios. The majority of the birds that go off the farm that have had their life ended on-farm would normally end up potentially in a meat and bone meal scenario, which then ends up in a pet food. That goes into pets, some pieces there. They are usually about the only two things that go on. I mean, I would love to send birds to South Africa because they are worth more than what I get for them here by about tenfold, but that is just our markets. It is not a white meat market.

Ms ABIGAIL BOYD: Is there any difference in demand from, I guess, the companies who are using that sort of end-of-life product, a bird at the end of its life, between the different types of egg production systems? Are there certain birds that are preferred?

Mr LANGFIELD: Zero. There is no difference.

Ms ABIGAIL BOYD: It is just the same.

Mr LANGFIELD: The birds are the same. There are three major brands of breeds of birds in the country, okay? They produce eggs in cage, barn, free range. They are all designed to go across all three systems. Some are better than others in certain areas. Some have different management techniques that you have to manipulate or make work in your own system based on how it works, but realistically they are all the same birds across three systems.

The Hon. MARK PEARSON: It was once the case that a producer would actually be paid for each spent hen. Was that the case at one stage?

Mr LANGFIELD: Would be paid for the spent hen?

The Hon. MARK PEARSON: Yes.

Mr LANGFIELD: Yes, there has been multiple supply-and-demand scenarios. When they had a market for those birds, they would pay for them.

The Hon. MARK PEARSON: Do they pay now? Are you paid for them now?

Mr LANGFIELD: I get paid, currently, the cost to actually get them out of the system.

The Hon. MARK PEARSON: Would that be unusual, though? Because yesterday the egg producer—he has to kill them and compost them himself; otherwise he would have to pay for them to be sold.

Mr LANGFIELD: Yes, correct. It is all based on location to where your local potential abattoir may be or to a rendering business that will render and get turned into a meat and bone meal the birds. It depends on—some of those are not in certain locations, and therefore you have got to pay to get those birds taken away. I am lucky; I have got two or three rendering locations around me that take birds.

The Hon. BEN FRANKLIN: Going back to the issue of conventional cages, obviously there has been discussion about their future. There has been suggestion in some areas that they may be banned, in others that they might be phased out. A third way that I see that potentially has been raised is to ensure that there is a cap or a ban on any new conventional cages. I was wondering if you could comment on that as a proposal and what signal that might send to the industry and to the market if that was something that were to be progressed with?

Mrs HASHIMOTO: Certainly I think that the industry itself has moved a long way from a status quo situation of continuing with conventional cages. I understand that you have Australian Eggs appearing tomorrow, and certainly they will speak probably more to this. But before talking about the situation of the consumer, obviously they have done some projects and it has not been a snapshot, but it is continual research to see essentially what the public is saying. I guess the position that industry has put forward is one that fits with both the trends of industry, as well as looking at the situation of industry, as Mr Langfield said, not being able to change overnight.

The Hon. BEN FRANKLIN: Do either of you have anything to add?

Ms JOHNSON: There has been the proposal that Egg Farmers of Australia [EFA] have put forward around that cap on new and conventional cages. Please correct me if I say anything that is not consistent with the position, but that position has been made in recognition that there is the need for further discussion with the community and there are real concerns around conventional cages.

The Hon. BEN FRANKLIN: How would NSW Farmers feel about that position?

Ms JOHNSON: We also support that position.

The Hon. BEN FRANKLIN: I have seen some images on social media around this committee inquiry which has shown pictures of cages pre-2007. I guess I had just wanted to get from an industries perspective a clear comment about pre-2007 cages and what your views are about them and whether they should not be in the system at all and what the sanctions should be upon them if there are businesses that are using those?

Mrs HASHIMOTO: Certainly I am not aware of any businesses that are using the old battery hen cages. I know Egg Farmers of Australia put forward in their submission to the Regulation Impact Statement [RIS] for the national standards and guidelines—there was actually a picture showing in that document which shows the old cages. Certainly we do not at all understand that people are using those cages. They are not in use.

The Hon. BEN FRANKLIN: Do either of you have anything to add on that?

Mr LANGFIELD: No. Those systems—it is interesting you talk about the old cage systems and bits and pieces. You can convert an old cage to meet the 50-centimetre or a full opening door and the 550 square

centimetres of space. You can convert that and make that work. Is it financially viable? Yes, that is the debate that goes on there. We had old systems and we converted and closed them down and got out of them, and then moved into new facilities in 2000. Yes, there is potentially some of those systems that are still out there that are actually meeting the current model code of practice and meet the rules within Prevention of Cruelty to Animals Act.

The Hon. BEN FRANKLIN: My point is that there are photographs being thrown around—

Mr LANGFIELD: Which are not from Australia.

The Hon. BEN FRANKLIN: —which do not meet the 2007 model code.

Mr LANGFIELD: Correct.

The Hon. BEN FRANKLIN: My point is to say that the industry would obviously say that you are not supporting any such cages.

Ms JOHNSON: Absolutely, yes.

Mrs HASHIMOTO: That is right.

Mr LANGFIELD: As an industry and as a producer in the industry, yes, we cannot at any point support anyone that is not meeting the rules that is going on there at the moment. If they have an old system that does not comply, should not be producing eggs and we understand that.

Ms JOHNSON: We find it disappointing that they are continually put out in the public domain when we want to have a discussion about where egg production is currently in New South Wales with the use of conventional cages and the recognition in 2007 that our farmers did phase out those cages and we no longer support their use. But we are not able to have that discussion with the community to date because old images continue to be used.

The Hon. BEN FRANKLIN: There are always going to be extremes pushed out at every end of an inquiry. I am on the lockout laws inquiry and I am finding the same thing. But I think, as you have seen, today has been a very sensible and balanced conversation about the future of the industry. I found it very rewarding.

The Hon. LOU AMATO: This question is probably for you, Mr Langfield, but anyone else can join in. Salmonella—that has not been brought up at all. From my understanding is the free-range ones—the ones outside—there is more risk of salmonella being contracted then, say, caged or indoors. Would I be right to assume that?

Mr LANGFIELD: I honestly probably cannot answer that totally. I do not think there is a lot of difference between any of them. I think salmonella is salmonella and you can get it across all systems. I do not necessarily believe there is probably any more heightened risk on free-range then there is on cage, to be totally honest, in my personal opinion.

The Hon. LOU AMATO: So outdoors, being on the ground makes no difference?

Mr LANGFIELD: The problem with outdoors is what I went through in 2013. For the people here that do not know that, I was the one that got avian influenza in 2013 and had to cull out our entire 400,000-odd birds at our facility. That commenced in a free-range operation.

The Hon. LOU AMATO: That was yours?

Mr LANGFIELD: That was ours. Commenced in a free-range operation from wild duck access to the birds in the range. Whilst there was no water in the range, there was green grass and therefore there was an overlap at that point. It blew across to my cage facility and then got in my cage facility and wiped it out too. Because of the rules of what goes on with avian influenza, the entire site had to be de-stocked at that point. So my biosecurity concerns are genuinely, with passion, about what I have actually been through—about the fact being that the risk to the bird is greater, whilst ever you put them outside.

The Hon. LOU AMATO: Out of curiosity, how did you get compensated? Did you have insurance for that?

Mr LANGFIELD: Yes, we got compensated through the Federal Government for some of that. We did not get covered for the loss of profits that we lost and that our entire business was shut and it took us 12 months before we could get back to the same bird numbers that we had at that point. That was not covered. But, yes, I got covered for the cost of cleaning it up, the cost of the bird value at that time, the cost of the stock that I had. But that was it.

The Hon. LOU AMATO: That must have been very stressful to you.

Mr LANGFIELD: We are a better business for it now, but at that time I would have to say I did not particularly like too many people.

The Hon. ROD ROBERTS: Or wild ducks, for that matter.

Mr LANGFIELD: A dead duck is always good for me, thanks.

The Hon. COURTNEY HOUSSOS: Was that private insurance that you had, or was it a Federal Government program?

Mr LANGFIELD: Did not have private insurance at that point in time. Have had private insurance since then, but it is becoming harder and harder to get because of the increased—private insurance is only really available via the overseas market. Because of the overseas market—there has been so many more avian influenza outbreaks through Europe, they have really contracted on what they want to offer. So it is becoming almost unviable to source.

The Hon. COURTNEY HOUSSOS: So there is no Australian insurance provider that will give you insurance against any biosecurity risk?

Mr LANGFIELD: Pretty much any of them.

Ms JOHNSON: Mr Langfield was able to get compensation because avian influenza was covered under the Emergency Animal Disease Response Agreement, which has four levels depending on the disease interaction and risk to the human population. Salmonella enteritidis is not part of that agreement, so any producer that has been impacted by the recent incidents will not receive any compensation from industry or government.

The Hon. COURTNEY HOUSSOS: Is the approach on salmonella the same as on avian flu? If you have salmonella in one aspect of your operation, then you need to cull the entire operation?

Mr LANGFIELD: No, not at all.

The Hon. COURTNEY HOUSSOS: So if you had it in your caged, then it would not have to necessarily—

Mr LANGFIELD: You could actually potentially—with biosecurity of your own facility, which you are trying to do, you could have it in one house and not have it in the rest.

The Hon. COURTNEY HOUSSOS: You would not have to cull the rest?

Mr LANGFIELD: No.

The CHAIR: Just going back to the question by the Hon. Ben Franklin, you said the older style cage systems are not supported by industry. Are they actually illegal? Are you confident there is none out there?

Mr LANGFIELD: No, we cannot at any point say there is none out there. I have no ability to go into anyone's back yard to find out. What we say as an industry is that we are supportive of systems that meet the code of practice currently. Those old cages can be modified, as I said, to do that and meet the same sets of guidelines but in relationship to their ability to operate as they were, no, there is no support for that from industry.

The Hon. MARK PEARSON: Do you think a consumer looking at a picture of the old cage converted to the current standards and the newer cage 2007 would notice the difference?

Mrs HASHIMOTO: I think some of the images that have been used have been the single bird battery cage and I think that certainly gives a very different view to a consumer compared to a conventional cage where they see half a dozen birds per se. It is quite different.

The Hon. MARK PEARSON: The only difference would be the number of birds that they are looking at rather than one bird in the cage? There would be a number of birds in the cage or one bird in the cage?

Mrs HASHIMOTO: That is correct. And sometimes you will see with the images shown they will have, I guess, old systems where there may not be the manure belts and the things the cages have currently. I think the actual imagery that is used is not helpful.

The CHAIR: Mrs Hashimoto, I read a media article that quoted the former CEO John Dunn and he said that since 2002 the industry has been moving towards furnished cages. Is that still the case? Can you expand on that?

Mrs HASHIMOTO: Look, I am aware that there is a WA producer that has furnished cages. It is not something that particular producer is receiving any premium to their product per se. We have a number of producers that have pre-enriched cage but to say that producers are all moving from a conventional cage to a furnished cage, I think it is a decision where people have decided that they will move to installing a furnished cage but it is not something where people are necessarily transitioning.

The CHAIR: The Committee has resolved that any answers to questions taken on notice be returned within 21 days. The secretariat will be in contact with in relation to the questions taken on notice.

(The witnesses withdrew.)

(Luncheon adjournment)

GLENYS OOGJES, Chief Executive Officer, Animals Australia, affirmed and examined

The CHAIR: Would you like to start by giving a short statement?

Ms OOGJES: Yes, Chair. This inquiry and the issue of caging layer hens is not just about animal welfare, the science or the economics. The caging of layer hens is primarily a question about human ethics, about whether in the twenty-first century, with all we now understand about animal sentience, it is appropriate or right to deny millions of hens a quality of life? Does confinement of hens 24/7 in a wire cage reflect those human values such as kindness and compassion? Some 84 per cent of Australians believe they do not. There was a time in history when treating animals in such a way was considered acceptable but that time has gone. Community compassion for animals is really now very clear. Changes, therefore, are in the interests of both hens and the egg industry in our view.

Retaining the status quo will simply increase the motivation for people to embrace vegan diets and move away from eggs. This is not a blame game or a judgement, this is about recognising that human thinking does evolve. Recognising that the ethical base line has shifted regarding our treatment of animals. Recognising too that overwhelmingly the view in the community is that at the very least animals in the production system deserve a merciful life, a quality of life and a merciful death. This why they, the community, have called upon decision makers to legislate this kind of future for hens. In conclusion, I implore the Committee to play a part in making this that kind of world.

The CHAIR: As the biggest campaign organisation for animals in Australia you have been at the forefront of this move with consumers and retail producers removing caged eggs. We have heard today from industry bodies saying if there was a sudden shift or a sudden move that they would not cope with that. Considering that and considering where you are planning to take your campaign, if government does not step in and legislate and help to create a transition what do you think will happen to the egg industry going forward over the next 10 years?

Ms OOGJES: I can only project of course. Based on the current trend, and it is a fairly dramatic trend really, particularly over the last five to 10 years, that is moving from—I have been working on this for a number of decades but when the first major government inquiry in 2000 there was only 5 per cent of hens were free range. Now, as we have heard, it is virtually half or getting close to half of them. That is about consumer trends because the governments have not stepped into this space in any major way. I do understand that there needs to be a transition, that is, it cannot happen tomorrow because of egg supply and people's livelihoods. That is understood and all we heard about that this morning is understood.

However, it has been on the cards for very long time. Certainly the first code in 1983 simply recognised and documented what was going on then. That is the way cages have been used all that time. There has been very little change over all of those years. The writing is now on the wall. I say that trend will continue because very many corporations and companies in the food service industry, the restaurant industry, and as we heard this morning, supermarkets, are all moving towards getting rid of caged hens. Many have already got rid of caged eggs. I do think it will continue. I do not think we should wait and allow just market forces as we heard this morning.

That is because each and every day the birds, and in this country about 10 million birds, in New South Wales the calculation would be something like three million, each day they are in all wire cages. They are denied natural behaviours and, indeed, behaviours that are good for their physical and psychological welfare. I do not think we should wait for that trend to take its natural course. I do think, and I am sure we will get to these questions later, that there is benefit for the hens and the industry for there to be an orderly transition. That is a line in the sand, an indication of how long they will be allowed to use the current system and some assistance even to make it to that point. I do think that would be better all around rather than waiting for the stop-go of commercial pressures.

The CHAIR: Another thing we heard to day was that every system has welfare issues and the indication from industry was that no system is better than another. However, your submission specifically states that cages are worse. Can you explain for the benefit of the Committee why you think cages are worse than the other systems?

Ms OOGJES: Yes, certainly. It is primarily because it is a cage and it will always be a cage. It will always confine the animal—in this case, the hen—so that cannot be changed. Yes, there are problems with any system, as we have heard; however, never will it be the case that some of what the scientists call priority behaviours can occur in a wire cage. For example, foraging, dust bathing, perching and certainly laying eggs in a

secluded nest—that is not going to happen in a cage. Some furnished cages, of course, attempt to do that, but they then still miss out on any of the physiological improvements and full behavioural requirements. For example, even in a so-called furnished cage—it was called an enriched cage this morning—or colony cage as they are sometimes called, and so they really have some furniture in them but they do not have a lot more space. For example, even in one of those types of cages the birds cannot run, they cannot stretch their wings properly, they cannot flap their wings. They cannot do all those things.

Getting back to your question of why I think a cage is worst, it is because it has physiological problems as well. Fatty liver syndrome disease, for example, is much, much higher because of lack of exercise. Bone fragility, if you like—osteoporosis is worse in a cage and therefore bone breakage as well, and particularly when the bird is being pulled out of the cage to go off to be killed in whatever system they are being killed in. None of those things can be assisted, whereas the other systems—barn and free-range—we have already heard that good management, good husbandry can improve those things and it is improving them. So I do think that they can be improved, whereas a cage can never be changed such that important behaviours and therefore the quality of life for the birds can be provided. It is not only me just saying that. For example, and referring to my submission—I will not rustle through pages, but the LayWel report in 2007 pretty much said that. It said that the issues, the problems in other systems of hen housing can be fixed, but in a cage they cannot be fixed.

The Hon. BEN FRANKLIN: We have heard, just to put an opposing view, some evidence this morning saying that mortality rates are, in fact, lower in cages, that biosecurity issues are more challenging in free-range rather than in cages, that disease actually often is worse in some aspects with free-range. Could you respond to those concerns?

Ms OOGJES: Agree they are absolute challenges, but it does not always have to be like that. There was a report from Shini. Shini and colleagues from Queensland University recently did a study and they were looking at a number of things, including the prevalence of fatty liver disease in different systems. They looked at mortality rates in free-range, in barn and in cages. What they found was that the mortality rate was very similar—ranged between 5 and 6 per cent across all three. The difference was why they died—that is, the cause of their death—fatty liver disease, being due to lack of exercise, being the worst in cages. But other problems such as smothering that we have heard today—they happen. What I am saying is that we obviously need to work on those. Already in Australia, we have heard, 40 to 50 per cent of birds are in free-range systems or alternative systems, so we are right now improving knowledge and husbandry in those systems, just as many years ago when we put new systems in, you had to actually work out how to make them work better. That is going to happen.

The CHAIR: We had a number of submissions from the cage egg industries that indicated that they are going to stop the construction of any new cages of those—particularly conventional battery cages. In your opinion, does this go far enough to solving the problem, if no new ones are being built?

Ms OOGJES: No. It likely means that any new facilities will, of course, be alternative, which is a start. But, no, that is not going to assist the 10 million birds that are in battery cages today and for a very long time. We heard this morning, too, about industry's view of how long cages can be—well, how long they may be depreciated, but how long, in effect, they may be kept: 30-plus years. Many of the cage stock—that is, the cages that were put in in the 2000s and, many of them, right up to the end in New South Wales up to 2007, elsewhere in Australia up to 2008, when it was legislated that the modified cages had to go in. That means that 30 years from 2008, plus whatever extra years—they keep them until, essentially, the cages break down or rust away. I do not think the hens can wait. I do not think the community would cope with that. We have already seen how strongly community thinks and feels about these issues. I do not think Australia wants to continue to, it is claimed, be a leader in animal welfare. If we continue to allow this system to be used—we are already behind the eight ball with Europe and others taking steps and New Zealand, our neighbours, taking steps to get rid of them—we are certainly not going to be anywhere up near the top of the leader board there.

The CHAIR: We also heard that this is a cheap form of protein for people in lower socio-economic areas. A question that I asked the industry was that there were other, cheaper and higher-protein sources, which they said was not necessarily well accepted by the Australian culture. Do you have any thoughts around that? Have you seen any kind of shift towards some of these other, cheaper higher proteins and plant-based sources?

Ms OOGJES: Certainly there is a real move, as people will know, to plant-based diets and so that is going to come along with it. But I do agree clearly it is one of the lower—if you are talking about animal-based proteins, lower cost, and that is as it may be. But of course, low cost and high welfare impact, if you like, are two things we have to balance out in regard to the ability of people to pay. The other thing I would observe is that the price of free-range eggs is coming down, and that is primarily because some of the larger operators are going into this area and there are economies of scale and greater demand, and so they are not a niche product anymore. We

have seen that the differential between cage eggs and alternative systems, even free-range, are narrowing significantly. So I do not think in the longer term it is going to be hugely different.

The Hon. LOU AMATO: In your opening statement you said you have been advocating for a number of decades. In the number of decades you have been in it, would you not say that the industry has changed dramatically and has improved a lot?

Ms OOGJES: No, but I could expand on that. When I say that, clearly there has been a number of players that have got larger and there is some—instead of the single-layer egg places with the sawtooth roofs and such things have gone. The new buildings that cage systems are in are better ventilated and therefore from a temperature point of view—so there are those sorts of things.

The Hon. LOU AMATO: So obviously it has improved dramatically. You cannot say it has not changed when it has.

Ms OOGJES: From that perspective, that is right. Nutrition and such things of the birds would have improved. However, the everyday life of the animals—the hens in the cages—has not.

The Hon. LOU AMATO: But they are bigger now what they were before, though.

Ms OOGJES: Minimally.

The Hon. LOU AMATO: We heard it from an earlier witness.

Ms OOGJES: Yes.

The Hon. LOU AMATO: It has improved, because they have got bigger.

Ms OOGJES: Yes, I did not say they had not improved totally. I said that no, I do not think it is sufficient—or that is what I meant to say, if I did not. It is not sufficient. There have been minimal changes. We are talking about 450 square centimetres, it used to be—that big. Now that big. They still cannot—they do not have a nest. They still cannot perch. They cannot dust bathe. All the things that you would want a hen—or a hen would want to do cannot be done in a cage. That has not changed and until we get rid of the wire cages, it will not change.

The Hon. LOU AMATO: The mortality rate is a lot lower, that is the other thing we heard as well. The Hon. Ben Franklin brought that up a moment ago. The mortality rate is lower?

Ms OOGJES: It is in many of them now. What I am saying is that it can be equivalent and that is what we have seen in a recent study in Queensland. It was a very large one funded by the Australian Egg Corporation. Australian Eggs it is called now.

The Hon. LOU AMATO: The enforcement agencies for Prevention of Cruelty to Animals Act 1979 are the RSPCA NSW, the Animal Welfare League NSW, and the NSW Police Force. Do you believe they are doing their role properly and they are policing it properly?

Ms OOGJES: I am not in a position to know whether they are.

The Hon. LOU AMATO: Because they are there for animal welfare, to ensure the operators are doing their job right.

Ms OOGJES: The operators could be doing things in a manner completely consistent with the current model code and with regulations. Our view though is that that law is not sufficient to provide a quality of life for the hens in cages. It is a legal system, so it is not a matter of compliance or not. It is a legal system. What we are saying is that the law needs to be changed to provide for an environment that provides a quality of life for the hens.

The Hon. COURTNEY HOUSSOS: I wanted to ask a couple of questions around we heard this morning from the Department of Primary Industries and from various different industry groups talking about the need for Australian standards. Do you agree this should be pursued at a Federal level rather than solely at a New South Wales level? Do Animals Australia have a view around how that should be done?

Ms OOGJES: Obviously the best approach is a national approach. A national approach, assuming it is a good approach, that is that we do commence a phase out of the barren wire cage, yes, because clearly we want all of the hens in Australia to be free from cages. Having said that animal welfare is a state by state issue and I very much welcome this inquiry. I do think that New South Wales looking into it and making a recommendation

and I would hope that the New South Wales Government would then agree with a national move to phase out battery cages.

The Hon. COURTNEY HOUSSOS: Please do not misconstrue my question as saying that the State should not have a role. I am interested to get your opinion.

The Hon. ROSE JACKSON: Can I just ask a follow-up question specifically on that? In your submission on page 12 you quote the Productivity Commission suggesting that there is a risk that the agricultural sector and the Australian community will continue to face a patchwork of different regulatory arrangements. You positively quote the Productivity Commission drawing attention to that. Would it not be the case that New South Wales moving or legislating separately from the rest of the country exacerbate this problem of patchwork arrangements that you have identified already as a potential problem in your submission?

Ms OOGJES: I was quoting the Productivity Commission's criticism of the current national approach to having standards across Australia. It was not in a sense of suggesting that a patchwork was a good idea. I want, as I said, hens in all of Australia to have a better environment. I was talking about the Productivity Commission because they were so critical of the current national system. It has been said today a review of the current model code of practice for poultry was commenced in 2015. It should have been commenced in at least 2011, that is 10 years after the last one. We are already four years in and we still do not have one. We might have a decision later in the year. I am not holding my breath whether that will happen then.

The other problem with the current national standard review process was that at the outset there was not even a full independent scientific literature review done so we could look at that issue in an independent way. Luckily the Victorian government picked up that issue and did one belatedly but that was after the first draft had occurred. To some extent the dye was cast. I am not at all pleased with the national approach, which is why I was quoting the Productivity Commission saying similar.

The Hon. COURTNEY HOUSSOS: In your submission you talk about the mortality rates in caged and non-caged systems. You said that, "The element requires further diligence on the part of producers." Can you explain what that means in practice? How is it that we could reduce mortality rates in free range or barn operations.

Ms OOGJES: It will vary on every farm and that is the difficulty. It is about ensuring good protection from predators. It means trying to work out why smothering might occur in certain areas and ensuring they are fenced off or avoided if it is in the shed, as we heard this morning. It is about ensuring good treatment of the manure and dust. All of those things can contribute. Of course to very early get on to any pecking outbreaks and therefore reduce cannibalism. All of these things can happen and it can happen I have to say particularly because the commercial hens that are now available have been selectively bred over many, many generations to lay lots of eggs instead of the original jungle fowl would have just a clutch, I am not sure how often, just a small numbers of eggs.

Up to 300 is normal per year for a modern chook. Along with that selective breeding came a selection for aggressive traits as well, just because it did. You do have these problems now of birds that are particularly aggressive and that is across the board whether it is in cages or elsewhere. We do have to look at all those things as has already been happening and as I, of course, know that the large companies and smaller farmers that have moved into free range and barn are doing all they can to reduce or ameliorate these problems. I applaud them, I think that is what has to happen.

The Hon. COURTNEY HOUSSOS: Does it have something to do with the skill level of the staff involved?

Ms OOGJES: To an extent of course. Good husbandry is always going to be important and we heard earlier about the importance of training, particularly when you are looking at free range or barn birds where the staff are dealing directly with the birds as opposed to just going along and having a look at them in the cage. It is very different. It does but it is not just that. We have to pour more money into research and training across the board.

Ms ABIGAIL BOYD: Just on mortality rates, if I may, we heard in the last couple of sessions there seems to be an equating of mortality rates with quality of animal welfare. So a low mortality rate equates to good animal welfare. Is that true in your view or do you think that animal welfare is broader than the rate of deaths?

Ms OOGJES: You are not talking about husbandry. You mean do I think there is a trade-off between the quality of life and whether or not they have a shorter life?

The Hon. COURTNEY HOUSSOS: It is not as simple as that, it is more nuanced.

Ms ABIGAIL BOYD: It is a leading question because it seems to me it is more nuanced than that. It is not simply if we have more mortalities in one system that therefore that is a worse animal welfare outcome. I would view the quality of life as also being important.

The Hon. BEN FRANKLIN: But the chicken being alive probably helps, right?

Ms OOGJES: I understand the question totally. I do think there needs to be a trade-off, that is quality of life for a bird that has spent much of its productive life, as short as that might be, being able to undertake natural behaviours, to be able to run around and be physically more healthy I think is just so important. Yes, if there is some small trade-off that a small number of them will have a shorter life I do think that. That is a hard thing to talk about but I do actually believe strongly that keeping a hen in a cage for 15 months or so where they can do none of those things as compared to another hen that has those freedoms and an ability to stretch their wings, to run, to peck in the ground, to forage, to be able to do those things for a little shorter time, yes, I have to say I think that is a trade-off I could live with.

The Hon. MARK PEARSON: Would you say that animal health is part of animal welfare but is not the only aspect of animal welfare?

Ms OOGJES: Yes, I would agree with that characterisation. Health is also not necessarily compromised all of the time. Just because we are talking about a higher mortality rate in free-range or barn, it does not mean that the health up to that point has been a problem. It depends on why they are dying—if it is smothering or predation. Again, I am hoping we can reduce all of those things. That does not necessarily mean its health—that is, how well it physically is through that time—has been compromised at all.

The Hon. MARK PEARSON: Often mortality is used as a measure of welfare, in that the percentage of animals that have died not only is a reflection of their welfare over time but the welfare of the rest of the flock or the rest of the mob—for example, live export, when the mortality rate usually reflects the level of welfare for the rest of the animals on the ship. Is it different, then, that death or mortality in these systems is not necessarily a measure as to how the other animals are faring? Is that the case?

Ms OOGJES: Yes.

The Hon. MARK PEARSON: So it is a different measure than mortality, is that right?

Ms OOGJES: I think it is a different measure, yes. As you say, in the live export industry they talk about a "success rate" if they get 99 per cent of the animals there alive. Mortality is a very blunt indicator of animal welfare because the other 99 per cent might have suffered, so there is that side of it. The other side of it is that depending on how they died, why they died—talking about hens now. If they are able to exercise properly their bones are not as fragile because they have had exercise, they do not have fatty liver disease—that is not what they are going to die of. It is a quite complex question. However, my point is that you cannot provide quality of life in a wire cage. You can do that in one of the other, freer systems.

The Hon. BEN FRANKLIN: I want to go to page 18 of your submission, which is the length of any phase-out period. You say that you think it should be basically a short phase-out period. I was just wondering what that means—what sort of time would you put on that?

Ms OOGJES: I certainly think that it should be as soon as possible for all the reasons I have just been talking about. Having said that, I was trying to also take into account the economic disruption and market forces and such things and thinking along the lines of New Zealand, which went for an 18-year life of the cages. They did a transition that means they are getting rid of theirs by 2022. When we apply that to the new cages that were installed in 2007, 2008 if you add 18 years to that you would go to 2025. However, that is a purely economic approach. In our view trying to move much more quickly than that would be desirable and we would suggest five years from when the changes are made.

The Hon. BEN FRANKLIN: Understood. So in five years you would like all cages to be abandoned?

Ms OOGJES: Yes.

The Hon. BEN FRANKLIN: But before that time you would like the cages that currently exist to be adapted to be 750 square centimetres rather than 550. I am just getting this clear in my mind. You are asking farmers who have invested an enormous amount of money for probably two decades' worth of infrastructure to firstly change that infrastructure fundamentally now before then getting rid of it in five years' time. That will be an enormous expense to those farmers and I suspect prohibitive to them maintaining a viable operation. How would you respond to that?

Ms OOGJES: I would say firstly you do not need to change the infrastructure as such. Providing more space in this case would mean—depending on the size of the cage, obviously—that you would not have as many hens in the existing cage. It is not a change in infrastructure. Of course I agree it would be a reduction in the number of animals in any particular shed, for example. I am coming at it from the point of view that we are on this trend and it is going very quickly. We have seen that the industry has been adapting relatively quickly.

The Hon. BEN FRANKLIN: As we heard this morning.

Ms OOGJES: Absolutely. If you will indulge me I have got a submission to pass around for you later. We have been working with corporations. Over the last couple years the major corporations—supermarkets, we heard this morning, but also of course some of the largest food producers—have gone cage free or are on the way to it, 2023 and 2025 being the years that some of them are going for. Examples are McDonald's, Mondelez, Mars, Marriott, Hilton, Hungry Jack's—I could go on.

The Hon. BEN FRANKLIN: I could not agree with you more, which to my mind begs the question why do we need to legislate since the market is dealing with it already?

Ms OOGJES: Well the market is dealing with it to an extent. At the end of another five years if we do nothing there will still be a significant number of birds in cages. That is what we have to move—

The Hon. BEN FRANKLIN: From your perspective that is what we need to change. I understand that.

Ms OOGJES: Well, yes. I think also it cannot be denied that the community believes that kindness and compassion is something they would like to see reflected by their representatives—that is, the Parliament putting in laws to actually put in place what the community now feels. We have seen over and over again the polls indicating that over 80 per cent of the community believes that keeping hens in wire cages is not something that can be supported.

The Hon. BEN FRANKLIN: There is no question that we need more kindness and compassion, both within Parliament and within society. I guess what I am trying to balance up is looking at kindness and compassion for potentially those who might be affected, whether it be farmers or those who might be affected by a rise in price, a range of eggs and a range of other things. That is our balance.

The Hon. COURTNEY HOUSSOS: Can I ask one quick follow-up question on that around consumer labelling? You said you were working with a number of different private companies. Would you support the Government providing increased information for consumers on other goods that are produced using eggs that people might not be aware use caged eggs?

Ms OOGJES: Yes, in the interim absolutely. As I think was said this morning as well, while there is a national standard in regard to putting "free-range" on retail eggs or whole eggs, shell eggs, then they have to comply with the national standard for free-range. That is not the case when the eggs are being used in a product and therefore virtually invisible. I think that is absolutely wrong. The only time we see "cage-free" or "free-range" on a product is when it is a voluntary thing by the food producers. Labelling has been an issue for so many years. In 2001 the first voluntary system was put in place so that the word "cage eggs" would go onto cartons—but again, just the retail industry. I do not think that is right. More than half—maybe 60 per cent—of eggs are going into products and therefore become invisible I think that is a very large part of why the community is not aware even that eggs are in it sometimes, but certainly that those eggs will not be free-range. I do think that is a problem. In the interim during any phase-out things like that should go into place.

The Hon. ROSE JACKSON: I have a couple of follow-up questions. My colleague the Hon. Emma Hurst asked earlier about the economic impact of any changes that for example increase the price of eggs. You suggested in your answer that the price of free-range eggs was already coming down. We have heard from some producers that that is partly because at present there is almost some oversupply in the free-range market as producers respond to some of the trends you have identified. More and more free-range facilities are coming online and there are quite a lot of free-range eggs available. If we were to legislate that at a certain period of time no conventional caged eggs could be on the market it is quite possible that in the transition period there would no longer be an oversupply of free-range eggs. In fact, there would potentially be an undersupply as the market tries to fill the gap, as people transition their infrastructure et cetera—not only that those supply issues would change in that period but there would be a significant cost of that transition of infrastructure. You have identified this in your submission and suggest that producers would probably pass that on to consumers.

You have suggested that consumers do have a willingness to pay more, although my understanding is that currently something like 70 to 75 per cent of the people purchasing labelled caged eggs in supermarkets are from a low socio-economic background. People who do not have very much money are voluntarily choosing to

buy caged eggs even though they are clearly marked as such because they are cheaper. If that product is not available in the short-term and the overall price of eggs does go up—sure, as you say, in the longer term that will probably equalise out. I wanted your reflections on that. I do think there is a concern there in the short to medium term that is worth addressing and discussing. Yes, maybe the producers to pass the cost on and they are not hit so much but the consumer is then hit. If that consumer is low income that is a cause of concern.

Ms OOGJES: Absolutely. Any transition is difficult. There are a couple of things there. As you say, one is the willingness to pay and capability to pay might be an issue. I think that there will be a phase-out. There already have been strong indicators to industry to change, so I think that they will over time and the cost will continue to come down. I think this is sadly the price of change and improving our animal welfare standards. It costs more to be kind to animals. At the present time it is the animals that are paying the price. Of course I do not want that price just to be transferred to low socio-economic people. However, I do think we have to at some stage take a stand from an animal welfare perspective and understand that we cannot go on treating animals that come into this world for our use, if you like, but into our care in a way that I believe—and science shows—provides a very poor environment for them physically, mentally, psychologically and behaviourally.

The Hon. LOU AMATO: Obviously that will also come—

The CHAIR: Sorry, Mr Amato, there were some questions over here. Ms Boyd, did you have a question?

Ms ABIGAIL BOYD: Can I just touch on that? You are right that obviously transitions are difficult. There is an approach as to how you let that transition happen, whether it is a market-based transition which I agree then causes these real difficulties with low socio economic people who might not be able to afford basic—

The Hon. LOU AMATO: Protein.

Ms ABIGAIL BOYD: —basic protein or whatever it is that they are looking for. However, there are obviously other ways to cushion that, if there is perhaps a government support package or whatever. What you are suggesting is not unprecedented. In the EU seven years ago they banned caged eggs entirely, as I understand it.

Ms OOGJES: Yes, after twelve years—

Ms ABIGAIL BOYD: What other lessons we can learn from that?

Ms OOGJES: They had a 12-year phase-out. I think that we do not need that much time here because it has been on the cards for so very long and the industry does understand that things are moving. As you know, the facility they had in the Australian Capital Territory was assisted to change to an alternative system. In Tasmania in 2013 they put a cap on so that no more cages could go in and they offered X million dollars to assist in the transition. They have not said they are going to ban them yet; they are just getting the industry ready, if you like, or showing that they will be of assistance. We absolutely think that government assistance would be reasonable depending on the time and the phase-out. I do not recommend a long phase-out—I think we have done this for long enough now. However, if it was a short phase-out I think some government assistance would be warranted.

The Hon. TAYLOR MARTIN: Do you recognise this photo? It is a screenshot from your website from Animals Australia.

Ms OOGJES: I can't see that far!

The Hon. TAYLOR MARTIN: You can't see that far? I am happy to provide it.

Ms OOGJES: I do not think I do recognise it.

The Hon. TAYLOR MARTIN: I have copies for members as well if they would like to see.

Ms OOGJES: I do not really recognise it, but I—

The Hon. TAYLOR MARTIN: Okay.

The Hon. LOU AMATO: It is from your website.

Ms OOGJES: Yes, okay.

The Hon. TAYLOR MARTIN: yes, so that is just taken directly from Animals Australia online. Given that you do not recognise it I think it would be unfair for me to ask you which farm in particular that image

came from. However, would it shock you to know that it is actually an image taken from the United States from a farm in Maryland?

Ms OOGJES: Well, it would, meaning I have no idea. I would not be happy if that was the case. Having said that, just looking at it the front door is different to a cage here but it is no different as far as the usual images we see. I have been onto a number of farms, of course. It is not different, as such.

The Hon. TAYLOR MARTIN: Would you mind taking it on notice to get some more information of where Animals Australia actually did get that photo from, given the evidence I have that says it is actually from a farm in Maryland? I am glad you did point out that the front is different and would be different from any farm in Australia, especially given the changes that happened in 2007-8.

The Hon. LOU AMATO: It is a bit misleading, isn't it?

The Hon. TAYLOR MARTIN: And given that that particular photo has kind of rusty cages when I believe all the cages in Australia are galvanised and do not rust. Given that that image is used at a point on your own website for you then creating a petition and taking people's opinions and submissions, would you agree that it is quite misleading that this is used as a campaign? Some would say it is used to educate people. Would you agree that that might be misleading? Why do we not use a photo of an Australian farm?

Ms OOGJES: Look, if as you say it is from a different place I regret that. However, I do not resile from the fact that the condition for the hens will not be any different. They are standing on wire 24-7. The cages are 550 square centimetres. Their actual daily life will not be different. The change to a door at the front that is fully opening was only so that when a depopulation—in other words when they were 15 months or so old—when they open the front of it and pulled them out, their fragile bones were not be broken in the same way they would if they came through a small opening at the front. That is the only difference. That photo showing their daily life is not remarkably different from what is happening in Australia.

The CHAIR: Just in recognition that we are very close to running out of time I just wanted to check with the Hon. Rod Roberts whether he had any questions because he has not had any chance to—

The Hon. ROD ROBERTS: No, Chair, I have nothing to add.

The CHAIR: Thank you.

Ms ABIGAIL BOYD: I just wanted to say in relation to this photo that I went to a site yesterday and the hens looked very similar as far as I am concerned. I would be interested to know what the Hon. Taylor Martin thinks of that.

The Hon. TAYLOR MARTIN: They are different. It is a totally different standard.

The Hon. MARK PEARSON: Could I just ask a question?

The CHAIR: Ms Abigail Boyd, did you have a question?

Ms ABIGAIL BOYD: No, it's fine.

The Hon. ROSE JACKSON: I had a question in relation to this issue. I am interested to know about your future activism plans. If we do nothing, if we sort of say, "Oh yes, there are pros and cons, advantages and disadvantages—let's just do nothing. Let's just see how the Federal jurisdiction goes. We'll just wait and see"—presumably that is not satisfactory to you. What is your organisation likely to do? Presumably there is going to be more activism in the space. That is only going to make it more difficult for egg producers who are already feeling the pressure—

The Hon. LOU AMATO: And they are mum-and-dad producers, by the way.

The Hon. ROSE JACKSON: I actually went to the facility yesterday as well, Mr Amato. Presumably you are not going anywhere. Presumably your activism is not going anywhere. I am interested to know if there is anything that you can tell us about what your future plans are. To me that is what we are thinking about.

Ms OOGJES: The battery caged issue is a key one for us. We think it is one of the, if not the, largest animal welfare issues in Australia, and the most obvious one to be fixed. We started in 1980 and that was one of the issues then. I have been involved in every review since that time and I have been very disappointed. We will continue and, indeed, ramp up the community awareness work that we do in order to ensure that people do know, for example, that if they are buying any product with an egg in it, it could very likely be from a caged hen. We will continue to push that issue. I agree with you what you are saying, a more regulated, better model of change—

The Hon. ROSE JACKSON: If we want to provide certainty.

Ms OOGJES: —would be one where everybody knew what was happening, hopefully nationally but, in any event, a transition. In New Zealand, for example, they are in the middle of a very orderly transition, such that X per cent of the oldest cages go each year. That is what we need in this country.

Ms ABIGAIL BOYD: Sorry, I have recovered from my shock now and have an actual question. Yesterday when we went to the site we were not allowed to take photos. How easy is it for you to get a current photo of an Australian or a New South Wales caged-egg facility?

Ms OOGJES: I would not be able to. When I say that, in the past, as I was a member of the National Consultative Committee on Animal Welfare, and I am still on some animal welfare advisory committees, on occasions—just like you did yesterday—we would formally go to a place. Again, when I have done that in the past they have not let me take photos either. So the answer is, not very easy.

The CHAIR: I am going to have to close it there. Thank you so much for attending today. I know that there are a lot more questions. I do not know if there is much flexibility with time.

The Hon. BEN FRANKLIN: We can put them on notice.

The CHAIR: Yes, we can definitely put more questions on notice. Thank you again for attending. The Committee has resolved that answers to questions taken on notice to be returned within 21 days. The secretariat will contact you in relation to those questions that have been taken on notice.

Ms OOGJES: Thank you.

(The witness withdrew.)

DAVID SHERWOOD, Treasurer, Australasian Veterinary Poultry Association, sworn and examined

SHERIDAN ALFIREVICH, Poultry veterinarian and President, Australasian Veterinary Poultry Association, sworn and examined

KAREN GAO, Poultry veterinarian and Secretary, Australasian Veterinary Poultry Association, affirmed and examined

The CHAIR: You may start with a short statement.

Dr ALFIREVICH: On behalf of the Australasian Veterinary Poultry Association [AVPA] I would like to thank you for providing our organisation with the opportunity to give evidence to the Select Committee in order to inform this very important inquiry. The AVPA has a wide membership of Australian and New Zealand poultry veterinarians, researchers and those with an interest in poultry health, welfare and science. Our members work closely with the commercial egg industry, providing veterinary, technical and management advice and support to egg farmers nationally. We are well positioned to comment on the science underpinning the use of battery cages or conventional cages for hens in the egg production industry. Analysis of research outcomes is, importantly, also aided by a current understanding of the health and welfare outcomes for hens housed in conventional caged production systems, as well as their alternatives.

AVPA members have also been actively involved and very supportive of the development of the Australian Animal Welfare Standards and Guidelines for Poultry. We are optimistic that at the conclusion of this lengthy and rigorous process, which included a thorough review of the available scientific evidence and allowed input from a range of stakeholders, that the new standards and guidelines will improve animal welfare outcomes, ensure currency and achieve national consistency with respect to poultry welfare legislation. In our view, the issue of laying hens in cages is a complex one. While it is acknowledged that hens housed in caged systems are restricted in terms of their ability to express a range of natural behaviours, there are also many accepted advantages to caged systems over their alternatives, including significantly lower mortality rates—as we have heard today—less disease pressure, improved biosecurity and reduced fecal contamination of eggs, which may improve food safety outcomes.

Due to the small group size and defined social hierarchy, hens housed in cages are also less susceptible to many behavioural problems; namely, feather picking and cannibalism. The role of a poultry veterinarian is to assist egg producers to monitor and optimise animal welfare outcomes and production outcomes—the two are often inextricably linked—as well as ensuring sound health, biosecurity, food safety and to ensure antimicrobial stewardship programs are in place and monitored appropriately. On behalf of the AVPA, we look forward to answering your questions today.

The CHAIR: Thank you. Your views about the welfare of hens in battery cages conflict with some of the major bodies that we received submissions from, such as the RSPCA, who argue that there is overwhelming scientific evidence that conventional cages pose serious threats to animal welfare. How do you account for that difference in opinion?

Dr ALFIREVICH: I think, as an organisation, we accept that obviously there are behavioural restrictions for hens housed in cages. There is no dispute there. From a veterinary perspective, on a day-to-day basis we deal with a lot of challenges that exist with all types of production systems and we have legitimate concerns about some of the challenges that we deal with on a day-to-day basis with alternate systems. I think, from a field perspective and weighing up the available science, we have an informed perspective on animal welfare outcomes across all systems.

The CHAIR: One of our other submissions talked about a research project that was looking at the size of cages and was talking about a cage that was 350 centimetres going all the way up to 650 centimetres squared. As the size and space for each hen increased, the mortality reduced. Do you think that the current cage size is enough, or are there benefits to things such as the furnished cage and more space?

Dr ALFIREVICH: I might need to take the question on notice, because I am not aware of that particular research outcome. Although the question of furnished cages is something that has been very topical. From our perspective, furnished cages may offer hens various opportunities that conventional cages may not, in terms of behavioural enrichment. However, we have limited experience evaluating welfare outcomes of hens housed in furnished cages in Australia at the moment. Some of the advantages of conventional cages may be negated if we have a furnished cage system. For example, if we had a larger group size, then we could get more problems with social hierarchy—feather picking, cannibalism.

If we are adapting current cages to be furnished cages, then the height of those cages often does not allow for that perch to be at a level where it would be considered a perch and still allow enough vertical height for the hen to perch properly. Also, scratch areas may introduce opportunities for fecal contamination of eggs and also fecal-oral transmission of various parasites and infectious agents. I think, on balance, you have to weigh up the pros and cons of furnished cages as well.

The CHAIR: This is my last question. Our last witness talked about research on bone strength and muscle weakness in cages. What sort of research have you done on this, and can you give us more detail from a veterinary perspective on that?

Dr ALFIREVICH: Yes, I think Glenys talked about issues associated with fatty liver haemorrhagic syndrome and also osteoporosis. Interestingly those are metabolic conditions that can be largely altered by nutrition in modern systems. Whilst we might have had more problems with fatty liver syndrome traditionally where we had not fine-tuned nutrition and been able to tailor things appropriately, I think as time has gone on we have learned a lot more about those particular conditions and how to prevent them. They are not unique to cage systems, either—free-range hens and barn hens can also have fatty liver disease and can be managed well in those systems as well.

The Hon. MARK PEARSON: The fatty liver condition may possibly be addressed. However, over half of the hens from battery cages have fractures or broken bones as a direct consequence of osteoporosis related to the inability to load the bones—this is not a problem for the other systems. It being a veterinarian organisation that you represent, surely 55 per cent of fractures and breakages of bones in battery cages would be a serious concern for an association based in veterinary science.

Dr ALFIREVICH: Absolutely. I think any condition that affects animal welfare is a—

The Hon. MARK PEARSON: So why do you accept it?

Dr ALFIREVICH: It is not about accepting it. I think it is about acknowledging that there are pros and cons with a range of different systems.

The Hon. MARK PEARSON: But no veterinarian organisation would accept 55 per cent fractures and breakages in the bones of an animal from a housing system, would they?

Dr ALFIREVICH: I am not aware of where 55 per cent comes from.

The Hon. MARK PEARSON: Greg Parkinson, Animal Welfare Institute, Victoria.

Dr ALFIREVICH: Okay. I might need to take that one on notice as well. From our perspective we certainly do not accept any conditions that are having a negative impact on welfare. Osteoporosis is a concern—

The Hon. MARK PEARSON: But you are.

The Hon. BEN FRANKLIN: No, they're not, with respect. In your submission under disadvantages of the cage system you talk about osteoporosis.

Dr ALFIREVICH: Yes. It is acknowledged.

The Hon. MARK PEARSON: That 55 per cent is not a "disadvantage"; it is—

Dr ALFIREVICH: I am just saying that it can be—

The Hon. MARK PEARSON: —an animal welfare disaster, isn't it?

Dr ALFIREVICH: I am just saying that it can be aided by attention to calcium—

The Hon. MARK PEARSON: No, it can't.

Dr ALFIREVICH: —nutritional balance.

The Hon. MARK PEARSON: You know that.

Dr ALFIREVICH: Often a lot of the fractures actually occur in depopulation. We are not talking about hens that are actually in cages with fractures, because obviously that would be a really serious welfare issue.

The Hon. MARK PEARSON: Greg Parkinson's study revealed that it was because of having to live in a battery cage and no loading of the bones and continuing strengthening of the bones—which can be done in other systems—was the cause of 55 per cent of the birds having fractures and breakages. You must concede that is a very serious indictment against the cage—

Dr ALFIREVICH: We have acknowledged osteoporosis as one of the issues in our submission, as has been pointed out.

Mr SHERWOOD: We will have to familiarise ourselves with the Parkinson work. Was that done—

The Hon. MARK PEARSON: I cannot quite hear you.

Mr SHERWOOD: Was the Parkinson work done on one particular farm or was it—

The Hon. MARK PEARSON: I do not know those particular details. It was certainly a large number of birds. I do not know whether it came from one or two or three farms. It was done at a slaughterhouse that slaughters battery hens.

The Hon. TAYLOR MARTIN: It very much sounds like it could be a depopulation issue rather than—

Dr ALFIREVICH: It could be associated with the catching, yes.

The Hon. BEN FRANKLIN: Or transportation.

The Hon. MARK PEARSON: The study was supported by the Animal Welfare Institute of Victoria.

Dr GAO: I would like to add to this. As Sheridan pointed out, obviously osteoporosis is a metabolic disease as well. However, as veterinarians we also look at other diseases. It is not just one disease versus everything else. We look at other infectious diseases that need to be addressed as well. Based on the number you quote about 50 per cent with osteoporosis, we also look at other diseases that can cause up to 50 per cent mortalities as well. Those need to be addressed too, which we do pay attention to as well.

The Hon. ROSE JACKSON: I had two questions. There are two references in your submission—one at 6.1.5 and one at 6.5, the last dot point—that talk about the divergent views within your organisation. Obviously you have well-informed yet divergent views as to whether hens should continue to be housed in cages—the fundamental issue that this inquiry is looking at. Are you able to provide a little bit more information on that, particularly where that divergence comes from? What is the split like—are we talking 50-50? Are we talking 90-10? What does that divergence look like? I would like a little bit more detail on how the membership that you represent falls on this issue of whether layer hens should continue to be accommodated in cages.

Dr ALFIREVICH: I can answer that one for you. We have conducted an opinion poll to inform our standards and guidelines submission. We can confirm the fact that our membership has divergent views on the subject. I do not need to look up the exact numbers but it is pretty close that about 48 per cent of our members firmly oppose a ban on cages. Just over 20 per cent say it is a difficult decision because there are advantages and disadvantages to all different types of production systems. About 25 per cent support a phase-out of cages. It is fairly split; however, there is still obviously an overwhelming percentage there that do not support a ban on cages.

The Hon. ROSE JACKSON: In your submission at 6.1.2 you talk about—you will have to excuse my mispronunciation here—"corticosterone concentration" as a measure of stress in layer hens in different housing systems. Immediately after you appear we are hearing from Dr Malcolm Caulfield who in his submission states that the science based on corticosterone measures is deeply flawed in many respects and should therefore be disregarded. I just wonder whether you could respond to the proposition that that is not a valid measure of stress within layer hens in different accommodation systems.

Dr ALFIREVICH: I think measuring stress in any population is quite a difficult thing to do. Obviously there is a population and it is a large population so you are always going to get individual variation within a population. Really it has been having an absence of something that is more reliable than corticosterone. I think that is why we have had this trend towards measuring albumen corticosterone instead of looking at actual direct measures of corticosterone in the animal, because obviously picking up the animal and handling it can elevate corticosterone levels as well. I think stress is a really difficult thing to measure within a population and it is acknowledged that that is the case. However, in the absence of having some foolproof measure of stress we have got to use all the tools that we have available to try make an assumption about stress differences.

The Hon. LOU AMATO: In your submission at 6.1.4 you state:

The alternative to caged systems may not always be associated with superior welfare outcomes. There are some diseases in Australia that occur almost exclusively in non-caged (barn and free range systems). Spotty Liver Disease is one such disease ...

Could you elaborate a bit more on that?

Dr ALFIREVICH: Spotty liver disease is caused by *Campylobacter hepaticus*. *Campylobacter*s are notoriously difficult to develop vaccines for or to have preventative strategies to reduce mortality. There is a lot

of industry research going on at the moment trying to investigate this particular disease. Essentially it exclusively occurs in barn and free-range systems with really high mortality. It is a big focus. I know that some speakers have said management triggers or management can ameliorate a lot of these diseases. However, I think the reality is for commercial vets that if it was one management trigger or something that obviously stood out that could actually fix that disease we would all be without a job. It is very difficult to actually pinpoint the cause and work out the solution to it. It is complicated. There is a lot of industry research funding going into it at the moment and a lot of interest from our organisation as well in trying to find a cure.

The Hon. LOU AMATO: You also use a lot more antibiotics in the free-range ones. Obviously it is for human consumption—do we know what the results are and what the implications are for us as humans?

Dr ALFIREVICH: Obviously antibiotic resistance has been very topical. There has been concern about the amount of antibiotics used in animals that produce food for human consumption and how then that transfer of antimicrobial resistance could then have an impact if people were to get sick, particularly from things like Salmonellosis and food-borne illness due to Campylobacters. I think trying to reduce antibiotic use in animal production has been an ongoing focus so that we might then not see any flow-on effects down the track where we do not have development of new antibiotics to treat sick people.

Dr GAO: Just to add to that, in terms of the antimicrobials we are allowed to use in Australia in food-producing animals, we are quite limited on the antimicrobials we can use.

The Hon. LOU AMATO: Sorry, I am having trouble hearing. Can you bring the microphone closer?

Dr GAO: Just going back to antimicrobial use in laying hens, we have very limited antimicrobials that are available for us to use in food-producing animals, especially for layers. With the spotty liver disease, it is a topical disease that is re-emerging with more birds being put on the floor. We are seeing the return of this disease as well. The mainstay of treatment or management is antimicrobial therapy. Unfortunately, it is the case. We are seeing the development of bug resistance to the antimicrobials, which is becoming an issue. We are running out of antimicrobials to treat birds for the disease. We need to move to the next line of antimicrobial therapy, which is encroaching on antimicrobial resistance and crossover resistance to human medicine as well.

The Hon. LOU AMATO: We still do not know the cause of it?

Mr SHERWOOD: No. We have a couple of antibiotics we can use in nil-withholding eggs, and that is all we have. Whenever this issue comes up and the products are used, then the risk of resistance is greater over time. There is that issue, as well as the cost to the farm and welfare of the animal, too, by being sick.

The CHAIR: What is the difference between antibiotics and antimicrobials?

Dr GAO: Sorry, I was using it interchangeably. I am specifically referring to antibiotics in this case for bacterial diseases.

The Hon. LOU AMATO: I will just ask one last question, if I may.

The CHAIR: Yes.

The Hon. TAYLOR MARTIN: Got to be a good one.

The Hon. LOU AMATO: Would you have any concerns if our production was reduced and we had to import eggs from overseas? Does the veterinary association have any concerns about the implications that may occur within the poultry industry? Not just paltry, but also turkeys and so forth.

Dr ALFIREVICH: I think the success of the Australian poultry industry is really dependent on our biosecurity status. We are free from a lot of diseases that are widespread in paltry overseas, particularly things like infectious bursal disease, Newcastle disease and avian influenza. Yes, any import of paltry products into Australia is a huge concern to the whole industry, including turkeys and meat chickens as well.

The Hon. ROD ROBERTS: I thank the three of you for coming along to give evidence in person. I would like to congratulate you on putting together a very open and frank document, in which you highlight the advantages and disadvantages in all systems, and you are not particularly pushing a barrow. Also, in your verbal evidence, you have said there are divergent views within your organisation. I thank you for your frankness. I just want to take you to the use of antibiotics. I know you are vets specialising in paltry, but I assume you did veterinary school before. Many members of the Committee may not be aware of this, I was a cattle producer for a number of years. Before I ever sold any beast into the marketplace I had to sign declarations, particularly if the meat was going to the EU, that there was no recent use of drenches, including antibiotics.

The EU has been used here today as an example of the way we should be doing things and looking perhaps—because apparently they do not use cages and it is free-range—so the EU is being put forward as this goal that we should be achieving. The EU will not accept my cattle into their marketplace if it has antibiotics in it for health reasons for their consumers, yet we appear to be able and willing to stick antibiotics into our birds to produce eggs with a nil withholding period. Through your scientific background, do you believe there would be a transfer of that antibiotic into the human system through the use of eggs?

Dr ALFIREVICH: That is the reason that it is incredibly difficult to get antimicrobials or antibiotics registered for use in egg-producing animals, because obviously there is carryover of that antibiotic into the egg. We have very few therapeutic options. You need something with a nil withholding period, obviously, for egg layers. There are very few options there. That is an ongoing struggle and challenge for us. Obviously, we have more bacterial diseases in free-range and non-cage systems necessitating the use of antibiotics, yet we do not have the options available there, or the therapeutics really have not kept up with this transition. There is a lot more vaccine use, as someone else has already mentioned. The cost of vaccination and antibiotics—

The Hon. LOU AMATO: I have chickens—they are called rare breeds—and I know that it states on the bottle that, you get certain antibiotics, you cannot eat the eggs for a certain amount of days.

Dr ALFIREVICH: Yes, that is true. The Government sets what we call the Australian maximum residue limit standards [MRLs]. They really govern what you can detect in any product that comes from an animal, whether that is liver, egg, meat or whatever that is. We are bound by meeting the MRLs that are set by Government for all of those products.

Mr SHERWOOD: Just on data. The withholding period is usually set for a certain number of days and that has worked out as the amount of time that there will not be any residues going through into the meat or the egg. Nil withhold means you can use it while you are using the product, so you can sell the product—the meat or the egg. But we only have two, that is the problem. There are only two available.

Ms ABIGAIL BOYD: Thanks very much for your submission, which does detail the advantages and disadvantages of various things. It is very helpful. Various points you talk about there being a different outcome depending on—I do not know if I am using the right terminology—the stocking density of free-range in particular. If you were comparing—or perhaps that is not what you are referring to—the three different types of egg production, but splitting out the free-range at, say, 1,500 birds per hectare, versus 10,000 birds per hectare, would there be a different conclusion reached at all in relation to any of the factors, when you have been balancing them all up?

Dr ALFIREVICH: I think, from a veterinary perspective, the really stark difference is cage versus non-cage. With barn and free-range we have these disease issues, such as cholera and spotty liver, that we do not have in caged systems, which cause higher mortality. But I cannot think of anything specifically that relates to stocking density and, subjectively, I do not think there is a difference in occurrence of those diseases or mortality associated with stocking density.

The Hon. BEN FRANKLIN: Thank you very much. I just wanted to talk about your views on the importance of a national framework. Obviously, the standards and guidelines are being developed now. I note the comments in your submission. But if you could speak to that a little in terms of the work that we are doing here and how you think it should link in with the development of the standards and guidelines, which I think are in their draft form at the moment but are about to be finalised.

Dr ALFIREVICH: I think we all agree that the standards and guidelines has been a rigorous process. We have been involved in that, from our organisation and also from a veterinary perspective. National consistency is important to us because we work across States and across borders as well. A lot of different companies work across States and across State borders. Having consistency and certainty for companies and for producers moving forward is instrumental. That is not to say that the role of New South Wales and State Government legislation is not also important, because it is. But I see this as a great opportunity to be able to get that consistency in animal welfare legislation for the benefit of all animals, not just within one State.

The Hon. COURTNEY HOUSSOS: I just want to say thank you very much for a really informative and very impressive submission. Your presentation today has been very useful for us. This is something that I have asked previous witnesses—which you may have heard—but I just wanted to ask you about the huge variance in the mortality rate—and I take your earlier comments to Ms Boyd, where you said there is a more nuanced position about animal welfare across different mechanisms. What are the things that producers can be doing to reduce the mortality rates across the different types of egg production from a veterinary perspective?

Dr ALFIREVICH: Like I said, most of the challenges we encounter are from non-cage to systems. I can talk to the particular things in non-cage systems that particularly create stress. Obviously, if you have stress on an animal, then their immune system is compromised and then they are more susceptible to a range of different disease challenges. Good husbandry really underpins it: good ventilation, hygiene, drinking water, feed space, drinking space and stocking density. There are just so many factors that play into good husbandry. I think good husbandry is obviously important. Which particular factor that you need to control to prevent a lot of these diseases is the real challenge. I think we know that it is complex and we do not often understand the social hierarchy and stresses within populations—they are things that might be out of our control. I think a lot of different things play together to achieve an outcome, in terms of stress.

The Hon. COURTNEY HOUSSOS: Do you provide advice to the farmers or the producers that you work with around ways that they can be doing that better?

Dr ALFIREVICH: Yes, absolutely. It is a big focus of what we do, really. I would say, from a disease point of view, the disease is easy to diagnose. It is about what you can offer to producers in terms of advice and support to be able to stop the effect of that disease in a particular flock, and the most important thing is to stop it coming back for the next flock. There is a big focus on preventative health care. The only tools that are available to you are management tools. A big part of what we do is working out the triggers and how to prevent it.

The Hon. COURTNEY HOUSSOS: This is obviously going to be anecdotal, but do you find that producers are generally receptive to that feedback?

Dr ALFIREVICH: I think the poultry industry in general is very receptive. You can see by the amount of research funding in the welfare space and the disease prevention space. If there is something that we can do to improve animal husbandry, productivity and animal welfare outcomes, I think there is a real, genuine interest to be able to do that. Especially for us, at a veterinary level, it is a very tight-knit group. We all talk, communicate and share our challenges. Generally, we work together as a group to get better outcomes.

Dr GAO: Just from a personal experience, farmers do get stressed when animals get sick as well. It is a stress factor for the farmer, too. They genuinely care about the birds. As we have been emphasising in our submission, a healthy animal is a producing animal for them as well. A lot of farmers can get quite distressed when they see birds dying. We obviously do not have a current approach to address the production or mortality issues.

The Hon. COURTNEY HOUSSOS: Just one more question. I asked the Department of Primary Industries this morning about their inspection regime and whether that is effective. Obviously you would be going onto farms regularly, do you find that, generally, the standards that are legally required are being met on farms?

Dr ALFIREVICH: Yes, absolutely. I think there is more and more emphasis on making sure that not only the minimum standards are met but they are actually exceeding those minimum standards and striving for best practice. Especially at the moment, where there are challenges with the drought and pricing and things like that, people need a competitive edge, otherwise they are just not going to be profitable. It is not just about meeting minimum standards, it is about exceeding those and trying to get best practice.

The CHAIR: Just to follow on from a question from the Hon. Courtney Houssos, you talked about the fact that a lot of the work that you do is about improvements in the non-caged system. In some of our submissions we read that the issues that are associated with the caged system are system based and they cannot actually be improved because it is the system itself that is causing those health issues and welfare issues, whereas there is a huge area for improvement in the other systems. Is that correct, and can you provide an answer?

Dr ALFIREVICH: Yes, but I think, like one of the other speakers said as well, I do not think we will get to a point where mortality and things like that equals what we get in caged systems. While there is that genuine interest and desire to improve production outcomes and improve welfare outcomes and achieve equivalents, I do not think we will get to a stage where we can see that equivalents actually achieved.

The CHAIR: Do you think we will see a lot of improvement, or potential for improvement still?

Dr ALFIREVICH: Like I said, I think management plays a role in it, but to actually pinpoint exactly what the triggers are and to actually fix those triggers is a lot more difficult than people appreciate. I think while the goal is always to improve, always try to achieve equivalents, that is a very difficult thing to be able to get that incremental improvement to get the systems equal.

Mr SHERWOOD: With disease prevention, biosecurity is a major management tool. With non-caged systems, being the system that it is, biosecurity is harder to manage because the birds are more exposed to the outside environment. As a systemic thing, that makes that a bit more difficult than caged systems.

The CHAIR: Do you feel that there is not much that we can do? In the welfare issues that you indicated in the caged system, do you feel that there is anything much we can do to improve that?

Dr ALFIREVICH: To be honest, I think you are already at world class in terms of the level of mortality that you have got in caged systems. So while you can quote fatty liver haemorrhagic syndrome—which is probably a minor issue, really, for birds housed in cages—I think we are already at world standard in terms of mortality. How we get much further improvement, I think again it comes back to nutrition, it comes back to management. There are certain things that you can do to improve. It is variable across producers. But is there one thing that you could really do across all caged housing to improve mortality or welfare outcomes? I do not think so.

The CHAIR: Okay. Just to clarify, that is removing mortality, but some of the welfare science that came out in regards to them not being able to express normal behaviours and things like that, you think there is not much we can do?

Dr ALFIREVICH: That would be moving down the furnished cage route. I have already probably highlighted that I think there are opportunities to be able to encourage natural behaviours that we do not get in conventional cages, but then also we have to look at trade-offs there as well in terms of what we are introducing and what benefit that is to the hen as well.

The Hon. ROSE JACKSON: I will ask a question that might be difficult to answer, perhaps it is more subjective. Obviously, you spend a lot of time with chickens in a range of different accommodation options. Do you think that they have personalities? What is your assessment of their level of sentience in relation to their environment? One of the things that you have to do in order to accept that conventional cages are an acceptable way to house the hens is to believe that they have a relatively low level of sentience and that they do not really have distinct personalities. Otherwise, I think it would be very difficult to believe that this was an acceptable way to keep an intelligent animal—with a high level of sentience and a distinct personality that they wish to express—in that environment for a long period of time. But what is your view about those questions?

Dr ALFIREVICH: Yes, I think you would not be a vet if you did not acknowledge that animals are complex beings and very sentient. I think, at the basis of what you do, you are really interested in optimising animal welfare outcomes and being able to give people advice to be able to achieve the best possible animal welfare outcomes, regardless of the system. I think the real challenge for vets is when you look across those different systems, in this system they might be exposed to some level of behavioural restriction or, depending on where you sit, a lot of behavioural restriction, but then you look at the alternative and you are faced with situations where you have high mortality, you are trying to offer producers advice to be able to reduce that mortality and be able to improve animal welfare as well. I think it is just not easy or clear-cut—you know, "This is the better system"—regardless of the way you feel about the animal.

The CHAIR: I thank you for attending this hearing. The Committee has resolved that answers to any questions taken on notice be returned within 21 days. The secretariat will be in contact with you in relation to the questions that have been taken on notice. Again, thank you for coming.

Dr ALFIREVICH: Thank you very much.

(The witnesses withdrew.)

MALCOLM CAULFIELD, Academic, before the Committee via teleconference, affirmed and examined

The CHAIR: We are joined here today by a variety of different members from different political parties who will be asking you various different questions. I will get them to state their name before they ask you questions so that you do not get lost or confused. You may start by giving an opening statement.

Dr CAULFIELD: Yes. Briefly, I think the committee has an opportunity to recognise that the Australian research into animal welfare science has been sadly out of step with the international consensus in relation to particular so-called "biological measures". That is the basis of what I would like to discuss with the committee.

The CHAIR: Thank you. I will start by asking you a few questions myself. Your submission argues that despite the belief of some Australian animal welfare scientists the presence of corticosterone in chickens is not a valid indicator of their welfare status. Can you explain the problem to us in layman's terms and explain how this affects our assessment of the welfare of battery hens?

Dr CAULFIELD: Yes. The first point is that all of the work that has been done on this subject has been sponsored for many, many years by the industry. There has been no independent work in Australia measuring this hormone. The hormone is said to reflect the level of stress suffered by an animal and therefore it is said that elevated levels of the hormone indicates stress and poor welfare. In fact, it is well known in scientific circles in relation to the measurement of this hormone that where one is dealing with chronic situations—and housing or caging of birds is obviously such a situation—that basically it is a completely inappropriate measure to use. The reason for this is that one of the established features of this hormone response is that in the face of a maintained stress the level of the hormone actually fades back to normal levels. This is completely well established.

However, there is also a second point, which has been the subject of my research at the University of Technology Sydney—that is that the measures that have been used and recorded by the industry-sponsored scientists who have worked on this suffer from enormous technical problems. This is where it has to get slightly technical and I hope that if the committee has a problem with any of this that you come back and ask me specific questions. The long and the short of it is that all the measures that have been used by the Australian scientists to date have used antibody measures of corticosterone. I am sure members of the committee are familiar with what an antibody is. An antibody is a protein substance that is generated by the immune system which has a level of specificity against what is called the antigen. This is usually a response to something like an infection or the insertion of some foreign molecule into a body which produces an immune response. However, it can be used and has been used for many, many decades to measure chemical compounds in general and antibody measures have been developed for the measurement of corticosterone.

That is all fine as far as it goes, except it falls down badly because antibody measures by their nature are not completely specific. This cannot be ignored. The antibody measures that have been used in the Australian studies suffer from cross-reactivity with other molecules, principally hormones and in particular things like progesterone, which is another steroid like corticosterone and has been demonstrated to be present in large amounts in chicken eggs. I should say that the bulk of the studies that have been referred to repeatedly to support the idea that these antibody measures are measuring corticosterone have actually been measures done in chicken egg white. The conclusion of the studies is, first of all, that behavioural deprivation of the chickens that are kept in cages does not result in an elevation of corticosterone. Also, earlier studies not published in a scientific journal published on an industry website have claimed to show that there is no difference in corticosterone between hens in cages and hens either raised in barns or raised in free range systems. Given these major problems with corticosterone measures, you will see that these conclusions that are made and alluded to in both submissions to your inquiry and also in the previous examination of poultry standards are simply unsustainable.

The CHAIR: Just slightly different note, you also refer extensively to the Nicol review in your submission, which was a review commissioned recently by the Victorian Government. I note that you mentioned that review found that free range systems that are well-managed can have similar low mortality rates as cage systems. A lot of witnesses we have heard today have debated against that and said that is not true. Can you give us more detail on the Nicol review finding or anything that you have heard that those mortality rates can be quite similar between the systems if managed appropriately?

Dr CAULFIELD: The Nicol review speaks for itself, as does a very good review paper by the Australian scientist Dr Raf Freire of Southern Cross University. I heartily recommend the committee to read the Nicol review, which refers to Raf Freire's work. The fact of the matter is—and you have said it—that whilst there are many studies that show in settled free range systems that mortality is higher in free range systems than cage systems, the conclusion that Nicol and her fellow reviewers arrived at was that there were a number of studies that pointed

at the idea that well-managed free range systems could produce at least as good mortality levels as the cage systems. That is the conclusion. The take-home message for the committee is that whilst there is clearly a mortality problem with the majority of free range systems, particularly in the commercial arena, this is not an intractable subject. The conclusion of the Nicol review was that the behavioural problems and the denial of natural behaviour associated with cage systems simply cannot be got over.

The fact is that if you keep an animal in a cage as small as a battery cage for the entirety of its life that you will create behavioural difficulties for the animal as a consequence of preventing it from expressing natural behaviours and also result in health problems, especially bone problems resulting from the restriction of movement. The conclusion of the Nicol review is that the problems associated with cage systems cannot be overcome, whereas the problems associated with free range systems—in particular the mortality—can be overcome by well-managed systems. Of course, the question arises is what is the cause of the mortality in range systems. I would say that is still a matter for debate. I have had several discussions on this matter—for example, with Mr Danny Jones, who is the biggest egg producer in Tasmania and was a member of the Animal Welfare Advisory Committee in that State with me. Indeed, he organised a visit to his producing facility by members of that committee. Danny had advised me—and this supports what is in the literature—that the causes of mortality in free range systems are really still being addressed.

One of the key causes from his experience is smothering, which results when hens for some reason cluster in a particular area and lick and smell one another to death. This can occur in a sort of outbreak fashion. That is one obvious cause. There are other possible causes. Infection is one possibility, but it is obvious that infection is something that can be dealt with. The bottom line is that it is a common catchcry in this sort of area. More research is needed. I would implore the Committee to look at this issue and consider it and consider this recommendation, because it is clearly not a simple matter, nor is it easily addressed, but it can be addressed. I think that is the way that the industry should be using its research resources, which of course is the responsibility of Australian Eggs, to address this issue in free range chickens. However, to conclude, I would repeat what I said in my submission, which is that the Committee should regard the Nicol review as the gold standard. Christine Nicol is, I would say, the world expert in this area. They should take her conclusions seriously.

The CHAIR: Just very quickly, Dr Caulfield, you mentioned some of the issues with free-range systems. In your opinion, is that a reason to continue caged-egg farming?

Dr CAULFIELD: No, certainly not. I think the key point with caged-egg farming is—and I am repeating myself here—that there are problems associated with putting animals in cages which cannot be overcome. However, there is one other point, which is very, very important, and that is that it is impossible to balance one particular welfare impairment against another and come to conclusions as to which welfare state is better for the animal. To put it in simple terms, how does one decide whether a chicken dying prematurely in a free-range system—but, nevertheless, having the ability to move and express its natural behaviours for the length of its life—is a better situation? Now, science cannot provide that conclusion for you. That is actually an ethical and, indeed, a political decision to be made by lawmakers. Scientists cannot do that weighing in the balance for you.

All it can say is, "Here are the problems. Here is how they can be addressed, or here is how they cannot be addressed." But I would suggest to the Committee that, in ethical terms, even at the moment, the best situation for the chicken is quite simply to be able to move about and express its natural behaviours, even if it increases its risk of mortality. That is a completely personal opinion, but I would say it is open to the Committee to arrive at that conclusion, because the scientists cannot tell you. You have to arrive at that conclusion.

The Hon. LOU AMATO: Dr Caulfield, may I ask what is your area of expertise, or your qualifications? I notice you are a doctor, but I am not sure in what area.

Dr CAULFIELD: I am strictly speaking a pharmacologist, although I spent a lot of time working in the general area of physiology. My training is as a pharmacologist. My work as a working scientist has been in the area of pharmacology and physiology, but with an emphasis on what I would call basic systems. I worked in the pharmaceutical industry, where I had quite extensive experience of behavioural studies, but I have also latterly had quite a lot of experience of what I call biochemical studies. Very recently I have been working at the University of Technology Sydney using high-performance liquid chromatography and mass spectrometry measures of steroid hormones, including corticosteroid.

The Hon. LOU AMATO: Earlier you were talking about the stress levels of chickens, particularly ones in cages. Can I ask you a question, though, for the benefit of the Committee. Why is it, from my understanding, that chickens in cages lay more eggs than ones that are not in cages, if stress is an indicator?

Dr CAULFIELD: It is not my understanding that productivity is different.

The Hon. LOU AMATO: No, productivity is increased. There is actually more productivity in caged chickens than there is in free range chickens. Obviously, you would expect that, with a high level of stress in caged animals, productivity would be down.

Dr CAULFIELD: No. Well—

The Hon. LOU AMATO: I am only stating the facts and statistics that are in front of me.

Dr CAULFIELD: All right. It is certainly true that very, very high levels of corticosterone suppress the laying of eggs, there is no doubt about that, but you have heard what I have said. In actuality, the knowledge of the science of the corticosterone system would tell you that it is not going to change anyway in the longer term, because basically there is a short-term response to a stressful situation. One would imagine that the corticosterone levels would search with the animal is put in the cage for the first time and then, probably within hours, the corticosterone levels would be expected to come back to normal levels.

The idea that laying levels indicates stress is a complete misnomer. This sort of argument has been used widely throughout animal production systems. It is an argument that I have heard in the context, for example, of keeping pigs in sow stalls. It has no legs whatsoever, because good productivity can occur in the face of extremely poor welfare. I think every animal welfare scientist would agree with that.

The Hon. MARK PEARSON: Dr Caulfield, it is Mark Pearson speaking. Just looking at the report you referred to by Dr Nicol, where she examined all of the scientific studies—veterinary science, et cetera—over time, would it be fair to say that the conclusion there really of a very complex issue is that if you were to, say, get scales and you were to put all of the factors which are concerns and benefits of the caged system on one side, and on the other side all of the factors which are measurable positive welfare for the alternative systems—being barn and free-range—together with all of the problems, be they biosecurity, disease and mortality, in placing those factors on either side of the scale, at the end of the day, is the welfare for the hens that are not in cages better or far better than the ones that are in cages?

Dr CAULFIELD: That is a moral, ethical and personal judgement. I would agree that, to my way of thinking, it is better to have birds that are out of the cages than in them. But I will repeat what I said, at the risk of being too repetitive, that the science alone cannot tell you which is the better situation. Is it better to be in a cage for the whole of your life and have a low risk of mortality, but be deprived of the ability to express natural behaviours, suffer bone problems, suffer fatty liver disease? Or is it better to have a free range system and be able to move around, express yourself, but have a higher overall risk of mortality from possibly mostly unknown causes? I have mentioned smothering and the possibilities of higher infection rates. Science cannot make that decision for you. I would certainly lean towards getting the birds out of the cages and letting them have more behavioural expression, but that is my view.

The CHAIR: One of the submissions to us referred to the work of Professor Paul Hemsworth and others regarding three ways of assessing animal welfare: biological functioning, affective state and natural living. They argued that based on Professor Hemsworth's research that the natural living framework does not provide a rigorous scientific basis for welfare assessment. Can you give us your opinion on this?

Dr CAULFIELD: I think it is an incorrect statement of what Hemsworth and his colleagues in writing a review that produced that framework that you refer to said. This was first said in the poultry standards review. I urge members to read what I wrote in a submission to that review, which was a submission made on behalf of the organisation Animals' Angels. If I can summarise, the Hemsworth review basically said there were issues with using a so-called "natural state" framework and that it was dangerous to accept it uncritically as a direct indicator of welfare, but that nevertheless when used critically it could provide extremely valuable information to indicate the welfare state of an animal. The statement that you just made in those words actually does not represent the statement that was made in the Hemsworth and colleagues review that set up the system. I would say it is really a case of the meaning being twisted as a consequence of misquotation.

The CHAIR: Thank you. Do any other members have questions? No? Thank you very much Mr Caulfield. You are off the hook.

Dr CAULFIELD: Thanks for the invitation. Thanks to the members for the work you are doing.

The CHAIR: Thank you very much.

(The witness withdrew.)

The Committee adjourned at 15:40.