



25th November 2015

Manager
Consumer Policy Unit
Small Business, Competition and Consumer Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Treasury

Re: Free range egg labelling consultation

We appreciate the opportunity to provide the following comments to Treasury on free range egg labelling.

FREPOSA 1500 is a group of 13 South Australian farms all stocking hens at 1500hens/ha or less. We have a diverse range of hen numbers on farms from 500 to 60,000. There are many systems of farming within this group but we all allow our hens to have access to the outdoor range for a minimum of 8hrs per day and have shade and shelter available.

All of our businesses are negatively affected, in some way by the current situation of the free range egg market ie. without a standard. Increased numbers of eggs are being marketed as free range where the stocking densities are much higher than the Animal Welfare Model Code of Practice recommendation of 1500 hen/ha. In some cases up to 10,000 hens/ha, having limited or no access to the outdoor range and sometimes kept in a controlled environment, this confuses the consumer at the checkout where they ask questions regarding the discrepancy in pricing of free range eggs.

Eggs produced at much higher stocking densities do not have the same high level of labour or capital expenditure in land, therefore the prices can be lower to receive a greater profit margin. It is estimated that, Genuine Free Range egg production requires 3 times the labour input as its industrial counterpart, resulting in higher production costs, as well as providing more employment in the community, which is an unrecognised benefit.

We support the following definition of free range: An information standard that would prescribe that eggs can only be labelled free range if ‘most birds range freely on an open range during daylight hours for a minimum of 8 hours with a stocking density no greater than 1500 hens/ha of outdoor space’. We would like to suggest an additional category ‘access to range’ based on a combination of options in the Consultation discussion paper for those producers that don’t meet the free range category when stocking at over 1500 hens/ha. In addition, barn and cage egg production systems

would be defined so producers would need to ensure they label their eggs as either free range, access to range, barn or caged.

If the free range definition was adopted as proposed above, all current FREPOSA 1500 businesses along with many others, would fit the criteria without any changes and the consumer would be able to confidently purchase eggs that meet their current expectations of free range. We would not be forced out of business when our businesses become unprofitable whilst trying to compete on price with a completely different production system. As producers that generally market our eggs directly to retailers rather than via wholesalers, we all have personal contact with our consumers (even hosting some on our properties) and without fail, the response is that what we do meets their expectations of free range. Consumer confidence in all egg labelling would be restored if the four criteria were to be implemented.

By allowing only eggs produced by hens stocked to a maximum of 1500 hens/ha to fall under the free range definition there would be little or no compliance costs for the 14 businesses in this group and many other smaller producers that also currently meet these criteria. If the proposed definition of Premium free range was applied to those stocking at 1500 hens/ha there would be costs enforced on each business. Some of the FREPOSA 1500 farms are quite small and would have higher packaging and labelling cost compared to the larger producers that are able change labels more regularly with less cost due to economies of scale. Turn over of packaging takes some considerable length of time on smaller scale farms one states it would take up to 18 months to clear one packaging line.

We would also like to address some of the questions in the consultation paper:

1. Can you comment on how many eggs are being sold as 'free range' that may be produced in conditions that would not conform to the information standard? *It is possible that there are over 10,000,000 dozen eggs per year being produced in conditions that would not conform to the information standard sold in South Australia alone. An article in 'The Australian' on 16/4/15 mentioned 2 producers in South Australia who stock their hens at 10,000 hens/ha and have 80% of the South Australian market. In another news report (see link) One producer with six sheds of 30,000 hens stocking at 10,000 hens/ha with 80% lay could produce 4,380,00 dozen eggs per year and there are at least 3 producers of this size in South Australia. <http://www.abc.net.au/news/2014-11-05/nrn-sa-egg-expansion/5867402>*
2. What harm have you and your farm suffered due to misleading production system claims for eggs made by competitors? *FREPOSA 1500 producers cannot compete on price against other free range systems that stock at and above 10,000 hens/h and have falling profit margins that if were allowed to continue could see business closures. It is a very uneven playing field built on*

deceptive labelling that disadvantages genuine producers and consumers alike while providing super profits to those who take advantage of the lack of a legal definition

3. Does the definition 'most hens go outside on most ordinary days' reduce the current problem? Would consumers have a greater ability to identify whether free range eggs produced to this definition are in line with their values and expectations? *We feel that the wording 'most birds range freely on an open range during daylight hours for a minimum of 8 hours with a stocking density no greater than 1500 hens/ha of outdoor space'. as previously stated would give the consumers a greater ability to identify a free range egg.*
4. Would the disclosure of stocking density help consumers distinguish between different husbandry practices? *We feel that most consumers do not have a concept of a stocking density, so do not feel that it would be of any great advantage to the consumer. The words on the carton are most powerful. Claims of stocking density could be made as an extra marketing information tool rather than be used as an actual definition.*
5. Would a premium animal welfare category benefit consumers and impact on your business? *We feel that if the free range definition we propose was adopted the consumers would benefit from having their expectations met of hens being able to exhibit natural behaviours in a well managed environment and our businesses would also benefit by only having to compete for market share with farmers that adopt a similar production method. And do not see the need for a premium animal welfare category.*
6. Currently the proposal is for the premium free range definition to be called 'premium free range'. Is 'premium' the best descriptor or should this category simply be called 'free range'? *We feel very strongly that free range is all that is required on the label if the criteria of 'most birds range freely on an open range during daylight hours for a minimum of 8 hours with a stocking density no greater than 1500 hens/ha of outdoor space' is met. The term premium is commonly used as a marketing term and is not suitable for use as a descriptor for labelling purposes.*
7. Does an 'access to range' category accurately reflect the 'grey area' between free range and barn eggs in a way that meets consumer expectations and describes production methods? *An access to range category would accurately reflect the 'grey area' between free range and barn in a way the meets consumer expectations if it is defined as 'most birds range freely on most*

ordinary days on an open range during daylight hours with a stocking density above 1500 hens/ha of outdoor space.'

8. What would the cost be to your business to change your labels to 'premium free range'? *There would be considerable costs to all FREPOSA 1500 business if we were forced to change to 'premium free range'. There are only 3 or 4 larger producers stocking at more than 1500 hens/ha with greater economies of scale for all their purchases and there are many more than 13 egg producers already using the free range label, many of these business have been trading with the words free range for 20 years or more.*

We would also like to dispute the claim made by Egg Farmers Australia that 'egg farmers are united on free range'. Very few of the FREPOSA 1500 members have had any contact with Egg Farmers Australia and to our knowledge there are no producers with stocking densities of 1500 hens/ha actively involved in the group. Our views are never taken into consideration. In their press release 16th October 2015 (available on their website <http://eggfarmersaustralia.org/>) there was no mention of a stocking density for free range and this is an integral part of free range along with access to an outdoor range area.

We thank you for the opportunity to participate in the consultation process for the change to free range egg labelling and we hope that you will take our thoughts into consideration when making your decision.

Yours sincerely,
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