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SUBMISSION TO TREASURY CONSULTATION

Free range egg labelling

World Animal Protection Limited
Level 1, 39 Chandos Street, St Leonards NSW 2065
Ph: 0299028025
worldanimalprotection.org.au

We were known as **WSPA**
(World Society for the
Protection of Animals)



ABOUT WORLD ANIMAL PROTECTION

World Animal Protection is one of the world's leading animal welfare organisations, and has been protecting animals around the world for over 50 years. Our vision is for a world where animals live free from suffering.

We work in over 50 countries, collaborating with local communities, NGOs and governments to change animals' lives for the better. We also act for animals at a global level, using our United Nations consultative status to give them a voice and put animal welfare on the global agenda so we can demonstrate that what is good for animals is good for the world.



World Animal Protection is grateful for the opportunity to provide input to the Commonwealth's consultation process on egg labelling. We note that it is not the Commonwealth's objective in this particular consultation process to prescribe a set of production practices or to regulate animal welfare – rather it is to enhance consumer confidence and certainty regarding egg labelling and to ensure consumers are not misled by egg labels.

We note also the key questions relating to the problem brought about by current uncertainty about egg labelling contained in the Treasury's Consultation Regulation Impact Statement (consultation discussion paper) and the policy options to achieve consumer confidence. Our submission responds to the consultation discussion paper.

Why 'free range' is about more than just space per hen

The Australian community increasingly wants to know where food comes from and the conditions in which it is grown and produced. We believe there is a role for government policy in terms of establishing and regulating standards that reflect broad community values. In the absence of Commonwealth leadership in regards to egg labelling to date, we acknowledge the major supermarkets have responded to community values by implementing their own standards. These standards however should be developed by government, consulted broadly and ensure clear transparency to enable consumers to discern the different categories of eggs i.e. "cage eggs", "cage free (barn laid)" eggs, and "free range" eggs.

Choices made by consumers on the basis of more accurately labelled eggs, will lead to improvements in the welfare of layer hens and more consumer confidence for producers more broadly. There is evidence to show that when people know more about how their eggs are produced, they choose cage-free.¹ Across the USA in 2012 organic egg sales (i.e. eggs produced from laying hens with access to the outdoors) increased by 66 per cent. The trend to cage free eggs is also evident in Europe. In the UK cage free eggs are now the largest section of the egg market.

Therefore, in answer to the first focus question in the Treasury's consultation discussion paper, "Why do some consumers prefer free range eggs?" it is because more and more people are becoming increasingly concerned with the welfare of the animals used to make the products they consume. What's more, we're finding anecdotally the consumption of eggs from caged birds is also becoming more socially unacceptable, again driving the demand for higher welfare products.

Price is clearly another important consideration, especially for products that on the face of it are identical, such as eggs, but the "value for money" consideration by consumers is increasingly taking into account issues other than purely financial. Among these is animal welfare. Which explains the growing preference by Australian consumers for cage free and specifically free range eggs, reported by CHOICE (*Free range eggs: making the claim meaningful*, June 2015) on the basis of Ibis world research, showing that the free range egg industry is growing eight times faster than caged eggs.

¹ Lusk, J.L. "The Effect of Proposition 2 on the Demand for Eggs in California." *Journal of Agricultural and Food Industrial Organization*. 8(2010), Iss. 1, Article 3.



Better transparency will reduce risk, increase industry stability, and empower customers to make informed choices

The second focus question asks, “Would consumers and egg producers benefit from a clarification of the meaning of free range in relation to egg labelling?” The answer is clearly “Yes.” Clear labelling is becoming ever more evident in terms of the requirements of major retail outlets internationally and in Australia, which in turn reflect consumer requirements. Sustainability of suppliers depends on them ensuring they can meet retailer requirements. To make things easier for suppliers, nationally consistent labelling standards would assist businesses, especially those who supply to multiple retail chains. Consumers would benefit also by having the information available to make informed choices, choices which truly represent their attitudes.

It is our view based on the procurement decisions to move to cage free eggs by more and more retailers internationally, by Coles and Woolworths in Australia, and by major food service companies such as McDonalds and Subway, and by major food companies such as Heinz, that these decisions reflect the fact that consumers are, as addressed in focus question 5 “interested in additional information about production methods used to produce free range eggs such as stocking density, number of hours hens range freely in daylight hours and hen mortality rates”.

The consultation discussion paper canvasses the possible degree to which misleading labelling of free range eggs has been to the detriment of consumers. It notes that if CHOICE’s premise of 1,500 hens per hectare is accepted as a proxy for free range, consumers could be paying a premium of between \$21 million and \$45 million per year for free range eggs that are not actually free range according to that definition. Clearly misleading labelling causes this mismatch between consumer preferences and their purchases, in turn creating risk for industry.

Another focus question in the consultation discussion paper asks whether egg producers have purposely misled and deceived consumers where labelling has been inaccurate. It is our view, based on the actions that have had to be undertaken by the Australian Competition and Consumer Commission (ACCC) that consumers’ willingness to pay a premium for better animal welfare has been exploited for profitability without delivering on consumer expectations for animal welfare.

As mentioned, World Animal Protection’s position in terms of labelling eggs is that there should be a clear delineation specified by the Australian government between “cage eggs”, “cage free (barn laid)” eggs, and “free range” eggs.

We recommend the following delineation between each labelling type, with a focus on how well each farming system meets the needs of the hen – not just about space:

- Cage eggs are produced by hens confined in cages, often stacked up as batteries in multiple rows. It is a system which prevents hens from being able to engage in important natural behaviours, resulting in significant negative effects on their welfare.

*Note the principles of animal welfare as stated by the OIE: “Animal welfare means how an animal is coping with the conditions in which it lives. An animal is in a good state of welfare if (as indicated by scientific evidence) it is healthy, comfortable, well nourished, safe, able to express innate behaviour, and if it is not suffering from unpleasant states such as pain, fear, and distress.”



- Cage free (barn laid) eggs are those produced by hens living in barns but not confined in cages, so they are able to move about and carry out more natural behaviours such as stretching, flapping wings, dust-bathing, perching, nesting and foraging. Nest boxes are also provided so that hens can lay their eggs.
- Free range eggs are produced by hens that have access to outdoor areas during the day, including shade and protection, have access to palatable vegetation for foraging, and at night are kept in sheds or barns with conditions as specified above.

One determinant of a hen's ability to engage in natural behaviours is the space she has. We echo the range area specifications outlined within the RSPCA standards for layer hens as part of its Approved Farming Scheme. These standards require that:

1. For indoor cage free systems the stocking density in the laying facility must be no more than:
 - 7 birds/m² of the usable area for floor-based systems
 - 9 birds/m² of the usable area for tiered systems
2. For outdoor systems there must be no more than:
 - 1,500 birds per ha of outdoor area if there are no rotational range management strategies in place (i.e. a fixed outdoor area).
 - 2,500 birds per ha of outdoor area if there are rotational range management strategies in place

Densities above this clearly do not allow for the hens to engage in their natural behaviours and we strongly encourage that the RSPCA standards, developed and supported as they are by animal welfare science, should be adopted.

Consistent with our position on egg labelling World Animal Protection calls for the information standard specified in Option 3 in the consultation discussion paper to be adopted – requiring all egg producers to label their eggs as “cage”, “barn” or “free range”. Guidance on the production factors required to comply with this information standard should be developed and published by the ACCC in consultation with the RSPCA, and such guidance should not be held off until after the review of the “Model Code of Practice for the Welfare of Animals – Domestic Poultry” has been completed in 2017. It should be developed and published as soon as practicable.

There has been a reluctance by government for far too long to review the Model Code and respond to Australian community attitudes to animal welfare generally. This has been demonstrated in part by its lack of interest in establishing robust national frameworks for animal welfare.

The Greens recently put forward a bill calling for an Independent Office of Animal Welfare (IOAW), a model to provide national frameworks, to help ensure the way animals are cared for in Australia, reflects the views and attitudes of the community and ultimately consumers. The debate over free range labelling underscores the value of the commonwealth establishing such a body, to provide expert advice on national animal welfare matters and standard setting. World Animal Protection is also calling for an IOAW for this reason, and to ensure there is leadership and coordination for animal welfare at the national level.



Over the past few months over 20,000 Australians have signed a petition calling for an IOAW, again clearly showing the community expectations for good welfare are growing.

In conclusion, the requirement to provide consumer certainty regarding egg labelling is urgent. The premium of between \$21 million and \$43 million per year that consumers might be paying for free range eggs that are not actually free range is just one of the many reasons underlining the urgency.

Nicola Beynon
Head of Campaigns
World Animal Protection Australia