



30 May 2013

Members
Primary Production Committee

Inquiry into whether New Zealand can afford to be free range

The Primary Production Committee has been asked to conduct an inquiry into: “Can New Zealand afford to be free range?” This paper has been prepared to assist the Committee with its examination. Issues are identified and possible lines of inquiry are provided for the Committee to consider. The Committee may also wish to raise these matters with the witnesses who have been asked to appear before the Committee to give evidence on this inquiry.

Introduction

With agriculture as New Zealand’s largest industry, our methods of farming are of great interest and importance. There are varying opinions on which methods of farming are best for animal welfare, food quality, the environment and our economy.

The Primary Production Committee will explore the economic costs and benefits of free range farming compared to farming systems that use cages or other types of confined housing to assess whether compulsory free range farming would be economically viable for New Zealand’s economy. The balance between society’s desire for strong animal welfare, safe and affordable food, environmental sustainability and economic growth will also be considered.

Definitions

The term “free range” is not legally defined, but most people would understand it to mean that animals are kept in a way that they are free to range or roam. Free range usually means that animals have access to the outdoors. The term “free range” is often used as a marketing tool, and it is not always clear to consumers purchasing products with free range labels what sort of production system was used. For example, a free range egg farm may contain thousands of birds that have access to a small dirt area - while the birds can technically go outside, many people would not consider such a farm to be “free range”.

“Free range” does not necessarily mean good welfare. The most important thing for a farm animal’s welfare is good stockmanship, meaning that the farmer and farm employees are attentive to the needs of the animals in their care. Free range animals in the care of people with poor stockmanship skills can suffer more than animals that are confined.

“Animal welfare” broadly means how an animal copes with its environment, and includes both its physical and mental state. If anything in the animal’s environment causes it pain or distress, this can lead to poor welfare.

What is the current situation in New Zealand?

According to the Ministry of Primary Industries' *Situation and Outlook for Primary Industries 2012*, pigs generated an estimated \$187 million and poultry an estimated \$214 million in gross revenue for the year ended March 2013.¹ Many types of farming practice are employed in New Zealand, and the following list is not intended to be exhaustive.

Layer hens

Hens producing eggs are known as "layer hens". New Zealand currently has around 140 egg farms. The majority of eggs are produced by battery cage farms (83 per cent), with the rest being farmed in barns (3 per cent) or by free-range methods (14 per cent).²

Battery cages

Cage systems have been used extensively throughout the last 50 years as they enable good quality eggs to be produced on a large scale and reduce problems of animal health and cannibalism. Cage systems house four to five birds and allow high hygiene standards to be met, through methods such as the automatic removal of manure. Feed and water supplies are also constant, so that birds maintain nutritional standards and hydration. Climate, dust and ammonia levels are easy to control, and mortality levels and the need for medical treatment are low.

However, such systems are subject to criticism as cages severely restrict the bird's ability to perform most normal behaviours, such as foraging, dust bathing, wing flapping, stretching, nesting and perching. Animal advocacy groups often argue that these behaviours are more valuable to a hen's wellbeing than being kept in the clean environment of cage systems.

Colony Cages

Colony cage systems, also known as 'furnished' or 'enriched' cages, house between 20 and 90 birds, and have furnishings that are intended to enable the birds to express a range of behaviours considered most important to them. Furnishings usually consist of a secluded nest area, perches, claw shortening devices, and areas that allow for scratching, foraging and dustbathing. Hens have the opportunity to exercise, thereby strengthening bones. Colony cages attempt to combine the benefits of the cage system by maintaining the levels of hygiene and productivity with the behavioural freedoms afforded by non-cage systems.

From a commercial perspective, birds in colony cages have been shown to produce a similar numbers of eggs to birds kept in battery cages, eat the same amount of feed, and have similar mortality rates. Colony cages are not yet widely used in New Zealand, but their use is likely to increase due to the new code of welfare for layer hens, which phases out battery cages but allows the use of colony cages.

Barn and free range farming

Typically, non-cage systems have large open ground floor areas that are fully or partially covered with litter, and separate nest boxes and perches. Some systems also allow birds access to the outside, or may have covered areas attached to the main barn. In such non-cage systems, birds are free to move as they wish and are able to perform normal behaviours easier. Commercial free range or barn farms can range from having a few hundred birds to several

¹ Ministry of Primary Industries, *Situation and Outlook for Primary Industries 2012*, <http://www.fedfarm.org.nz/files/2012-Situation-&-Outlook-for-Primary.pdf>, pp 10. Total gross revenue for primary industries for the period amounted to \$21,706 million (page 10).

² <http://eggfarmers.org.nz/egg-farming-in-nz>

thousand. Such systems are often associated with higher levels of dust, ammonia and disease than in cage systems, and there is also a greater risk of smothering and outbreaks of injurious pecking.

Pigs

At 30 June 2011, the New Zealand Pork Industry Board estimated there to be 151 registered pig farms and an estimated 340,000 pigs (of which 34,000 were estimated to be breeding sows).³ A number of different pig farming methods is used for the production of pork in New Zealand. Two types of pigs are involved in pork production: breeding sows and their piglets, which are raised to the right weight and age before being killed for meat.

Breeding sows can be very aggressive towards each other, especially when they are kept at a high stocking density. When a breeding sow is first inseminated, she may be housed in a sow stall for a number of weeks to prevent fighting that could cause her to lose the pregnancy. Stalls can be small. In some cases, sows do not have enough room to turn around or lie down.

When a sow is ready to give birth, she may be placed in a farrowing crate. Farrowing crates provide space for the sow, with a space for her piglets separated by bars. This ensures the piglets can feed from the sow, but allows them to escape being crushed by her. The sow's space in a farrowing crate can be small and barren, which prevents the sow from moving or performing normal behaviours. Sows have a strong drive to create a nest prior to giving birth, so being kept in a farrowing crate where they cannot perform this behaviour causes them distress.

Aside from any time spent in sow stalls or farrowing crates, pigs may be kept in barns or outdoors, though some farms may combine both methods of pork production. The term "free-farmed" is often used in the pork industry to show that a farmer does not use stalls or crates. In such systems, breeding sows and their litters are generally housed outdoors in small huts and the pigs are allowed to range over the outdoor area. Once the piglets are weaned, they are kept in barns while they grow to size.

A pro-confinement argument is that pigs desire to be well-fed and secure, and confinement provides that. Farrowing crates protect piglets' welfare as they prevent crushing by sows. Organisations argue that sow stalls and farrowing crates impose restrictions on natural behaviour, and that the treatment is inhumane as the sows cannot turn around and show signs of distress and depression because of this.

Animal welfare legislation

For many New Zealanders, the welfare of animals in food production is an important consideration. Animal welfare contributes to New Zealand's reputation as a trusted, safe and ethical producer of food for consumers both here and overseas. Over the past decade a lot of attention has been directed at the pig and layer hen industries, because some parts of these industries use close confinement housing systems considered cruel by animal welfare groups.

The Animal Welfare Act 1999 (the Act) is based around the concept that people in charge of animals have a duty of care for their animals, and must provide for their physical, health and behavioural needs. To meet these needs, people must ensure that their animals have:

- proper and sufficient food and water
- adequate shelter
- opportunity to display normal patterns of behaviour

³ Beef + Lamb New Zealand Ltd Economic Service, *Compendium of New Zealand Farm Facts (36th edition)*, April 2012, pp. 13.

- physical handling in a manner which minimises the likelihood of unreasonable or unnecessary pain or distress
- protection from, and rapid diagnosis of, any significant injury or disease, as appropriate to the species, environment, and circumstances of the animal.

The Ministry for Primary Industries administers the Act and provides advice to the Government. The National Animal Welfare Advisory Committee (NAWAC) is an independent committee that advises the Government on animal welfare matters. One of NAWAC's responsibilities is producing and recommending codes of welfare, which are issued under the Act and set minimum standards people must meet to provide for particular animal sectors or activities involving animals.

There are codes of welfare that cover all management systems for pigs (with or without the use of sow stalls and farrowing crates) and layer hens (free range, barns, colony cages or battery cages). Fifteen codes of welfare cover various species and use of animals in New Zealand.

New Code of welfare for layer hens

Cage systems are currently being phased out in New Zealand. Under the new code of welfare, battery cages will be phased out by 2022. Every two years from 1 January 2016, all battery cages older than 17 years must be phased out. From 1 January 2022, no hens are to be housed in battery cages. These step-wise changes will mean that farmers will have to implement alternative housing systems steadily over a 10 year period rather than waiting 10 years to change or to leave the industry. NAWAC decided that a 10 year phase out period balances the welfare needs of the hens with practicality and feasibility for farmers to change how they farm, with the affordability of eggs for all consumer groups. No additional battery cages can be installed for housing layer hens, as they do not meet the standard required to meet the behavioural requirements of layer hens.

When it was developing the new code, NAWAC compared battery cages, colony cages, barns, and barns with access to outside. It found that colony cages, barns and barns with access to outside have similar welfare rankings, but that cage systems get a significantly lower rating.

The animals' rights group, Save Animals From Exploitation (SAFE), argues that the new Code does not meet the principles of New Zealand's animal welfare legislation. SAFE states: "... the supposed welfare benefits of colony battery cages are superficial, and the hens will still be living on a space little more than an A4 sheet of paper." It is considering taking legal action to stop the introduction of colony cages, which it argues are just another form of battery cage.

New Code of welfare for pigs

A new Animal Welfare (Pigs) Code of Welfare was issued in 2010. The Code requires that sows may no longer be kept in sow stalls from the end of 2015. It allows for the use of farrowing crates, but restricts the time that sows may be kept in these crates to four weeks. Sows in farrowing systems built after the Code was issued must be provided with nesting material, such as hay, so that they can perform nest-building behaviours.

NAWAC stated in its Animal Welfare (Pigs) Code of Welfare Report 2010 that there "is no single alternative farrowing system that meets all the welfare aims and has commercially acceptable levels of performance".⁴ Sow productivity and piglet survival can be as good or better in some alternatives when compared with the farrowing crate, but these alternatives require more space than farrowing crates. In alternate farrowing systems, sows are able to turn around and can

⁴ NAWAC, *Animal Welfare (Pigs) Code of Welfare Report*, 2010, pp. 13.

express a higher level of maternal behaviour than in crates, but piglets are more prone to being crushed and killed.

Economic considerations

There are a number of considerations when looking at whether New Zealand can afford to be free range. Society's expectations for animal welfare, safe and affordable food, environmental sustainability and economic growth can sometimes conflict, and need to be balanced.

New Zealanders are used to cheap eggs, pork and bacon. In particular, eggs are a good source of protein and their cheapness makes them a key dietary staple for poorer families who may not be able to afford more expensive sources of protein.

There will be significant costs for both farmers and consumers if there is a change to free range farming. More resources are required to farm in this way and it is often more labour intensive, resulting in a more expensive product. Farmers are likely to pass these increased costs on to consumers, making eggs and pork more expensive. The higher price of free range eggs as compared to cage eggs is an example of how this happens now. The Ministry of Agriculture and Forestry⁵ has estimated that if all battery cage farmers moved to barn systems with outdoor access, the retail price of eggs could increase by 38 to 56 per cent.⁶

The capital cost of changing farming style (which for a farmer may include providing additional shed or land space, new equipment, and acquiring additional resource consents) may be unaffordable for some farmers. The impact of such effects can be reduced if a long transition period is allowed, but even with long transition periods, some farmers may prefer to stop farming rather than make lower profits due to increased costs. Small farmers in particular will have difficulty sustaining these new costs.

If a large number of farmers stop farming, the supply of their produce will decline. This is likely to lead to higher costs to consumers, as supermarkets and their customers are prepared to pay more for a scarcer product. This is a particular risk in the egg industry, where around 87 per cent of New Zealand's eggs are produced by fewer than 50 farmers who use battery cages. Even a small number of farmers leaving the industry could have a big effect on New Zealand's egg supply. Biosecurity laws prevent fresh eggs being imported from other countries, as imported eggs may contain avian diseases that could affect New Zealand birds.

Public submissions in the public consultation process for the animal welfare codes for both pigs and layer hens revealed public concern for the welfare of these animals. There was a broad view among the submissions for both codes that New Zealanders would be willing to pay a higher price in the supermarket for animal welfare friendly eggs or pork. The reasoning is agreed by most to be related to television exposés about how hens and pigs suffer under current methods. However, while customer surveys usually show strong support for free-range or cage-free products, this often does not translate into sales. Willingness to pay for animal friendly products appears to vary significantly across consumer groups. Free range and free farmed products are gradually becoming more common in supermarkets, but are often more expensive than alternatives, such as cage eggs.

⁵ Now the Ministry for Primary Industries (Ministry of Agriculture and Forestry merged with the Ministry of Fisheries)

⁶ NAWAC, *Animal Welfare (Layer Hens) Code of Welfare Report*, 29 June 2012, pp. 13

Other considerations

Transition issues

Where changes to current farming practice are considered, timeframes are important. Farms need time to plan changes to their systems, secure resource consent and financing, source new equipment and train staff. Where farmers are only given a short time to change, there could be more capital redundancy and more price variability (particularly short term). The longer farmers have to make the change, the less significant these impacts are likely to be.

Food safety and environmental sustainability

Confined farming can make food safer, as animals can be kept clean, and are exposed to fewer parasites and diseases.

Confined farming can also have benefits for the environment, as manure can be easily collected and turned into fertiliser, rather than washing into waterways. Pigs and chickens can be very destructive to pasture if they are allowed to range outdoors, and keeping animals in confinement makes farming more efficient by requiring less land to produce the same amount of product.

Report to the House

The Committee is required to report its findings on this inquiry to the House. The purpose of your report is first to inform the House and stimulate debate. In doing so your report should reflect both the oral and written evidence the Committee received, the issues the Committee considered in-depth, and the views of the members. From these the Committee should develop conclusions and recommendations to the Government.

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Youth Parliament 2013
Ministry of Social Development

Members may wish to ask:

- Do you agree with the Government that the layer hens industry should be required to phase out battery cages by the end of 2022?
- Do you agree with the Government that battery cage farmers should have the choice to transition to colony cages, barns, or free range systems?
- Or should the Government go further and require that all layer hens be housed in free range systems?
- Do you agree with the Government that the pig industry should be required to phase out sow stalls by the end of 2015?
- What about allowing the ongoing use of farrowing crates – do you accept NAWAC's view that there is no commercially acceptable alternative?
- What would be the implications for supply and prices of a Government decision to require all New Zealand eggs and pork to be produced in free range systems?
- Are battery cages and sow stalls the biggest animal welfare issues we face in New Zealand, or are there other priorities?
- Is it the role of Government to restrict production methods, or is it better left to the market to determine production methods based on consumer demand?
- The majority of New Zealand consumers do not buy free range eggs or pork products – does this mean that New Zealanders value cheap food over animal welfare?

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Keywords and phrases:

- layer hens
- NAWAC
- animal welfare concerns
- sow stalls
- farrowing crate
- broiler chickens
- free range
- intensive farming