

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

**Agriculture**

**Question:** 20

**Division/Agency:** Australian Egg Corporation Limited

**Topic:** ACCC investigations into Snowdale Holdings & Pirovic

**Proof Hansard page:** Written

**Senator RHIANNON asked:**

With regard to the ACCC's legal proceedings against two egg producers, Snowdale Holdings and Pirovic for alleged misleading and deceptive conduct in relation to labelling of free range eggs:

At the time of the initial complaint to the ACCC, both companies were accredited through Australian Egg Corporation's Quality Assurance program, Egg Corp Assured (ECA). Pirovic continues to be accredited as a free range producer under the program in order to supply free range eggs to some of the supermarkets.

Further, Egg Corp Assured has adopted the Model Code of Practice for the Welfare of Animals – Domestic Poultry as a standard against which to assess farms. The Model Code sets out stocking rates for free range hens at 1,500 hens per hectare.

- a. Both Snowdale Holdings and Pirovic were found to have stocking rates for outdoor hens well in excess of 100,000 birds per hectare. What was the stocking rate of outdoor hens for each of these companies when accredited by the ECA program?
- b. Is the AECL aware that the entire number of eggs produced under Snowdale's brands Swan Valley Eggs and Eggs by Ellah were produced on a farm of just 2.8 hectares in size?
  - i. If not, why did the AECL's accreditation process not pick this up?
- c. How is it possible that these two producers were accredited under the ECA program when their stocking rates for free range hens exceeded the requirements of the ECA standards (Model Code) to such a vast extent?
- d. Why is Snowdale Holdings no longer accredited under the ECA program yet Pirovic is?
- e. Has an audit been carried out by ECA inspectors to ensure that eggs sold as free range by Pirovic now comply with the standards set out in the ECA program?
- f. If not, why not?

**Question: 20 (continued)**

**Answer:**

- a. The stocking rates (density) for outdoor hens at the last audit for Snowdale Holdings (February 2010) is not known as the audit template at that time sought compliance to Appendix 2, Clause 2.1.4 of the Model Code of Practice for the Welfare of Animals – Domestic Poultry, 4<sup>th</sup> edition (MCoP). The government-owned but not legislated Code states:

“stocking density for layer hens is a maximum of 1500 per hectare.

N.B. any higher density is acceptable only where regular rotation of birds onto fresh range areas occurs and close management is undertaken which provides some continuing fodder cover.”

The MCoP does not require the stocking rate for outdoor hens to be stated if the hens are managed through regular rotation.

At last audit for all Pirovic free range farms, stocking rates for outdoor hens stated on the audit report ranged from 1,301 to 18,969 hens per hectare over ten houses on three egg farms.

- b. No.
- i. The egg farm, Eggs by Ellah, is not known to the AECL’s Quality Assurance program, Egg Corp Assured (ECA). The audit template used at the time did not request the land size. Swan Valley Eggs is deemed compliant to Appendix 2, Clause 2.1.4 of the MCoP.
- c. At the time of audit, the accredited ECA auditor ensured compliance with Appendix 2, Clause 2.1.4 of the MCoP.
- d. Snowdale Holdings chose to no longer participate in the ECA program as a licensee. However, Pirovic Family Farms has decided to remain a licensee of ECA. ECA is a voluntary Quality Assurance program.
- e. Yes.
- f. Not applicable.

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Budget Estimates May 2014

**Agriculture**

**Question: 21**

**Division/Agency:** Australian Egg Corporation Limited

**Topic:** Egg Cartel investigations by the ACCC

**Proof Hansard page:** Written

**Senator RHIANNON asked:**

The ACCC is taking legal action against the AECL for attempting to induce AECL member egg producers to cull hens or dispose of eggs to reduce the supply available to the market:

- a. Where is this process up to?
- b. Have allegations of this market manipulation been made in the past?
- c. What does this say about the accountability and honesty of the AECL and indeed of the egg industry?

**Answer:**

- a. The Australian Competition and Consumer Commission (ACCC) instituted proceedings in the Federal Court on 28 May 2014. The directions hearing has been scheduled for 26 June 2014.
- b. No.
- c. Australian Egg Corporation Limited has been honest in answering all queries put to it by the ACCC in the investigations related to this matter and will continue to co-operate with the court accordingly.