



Animal Welfare Regulations 2017

Regulatory Impact Statement

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Agency Disclosure Statement

This Regulatory Impact Statement (RIS) has been prepared by the Ministry for Primary Industries (MPI). The Statement provides an analysis of options to improve compliance with existing codes of welfare and to improve the care of, and conduct towards, animals. Specific areas where options have been explored relate to:

- production animals (covered by the proposed stock transport and farm husbandry regulations);
- companion and working animals;
- farmed pigs and layer hens;
- crustaceans;
- rodeos; and
- the way animals are accounted for in research, testing, and teaching.

Codes of welfare set out minimum standards for the care of, and conduct towards, animals, but are not directly enforceable and do not have any associated offences or penalties. This means a significant range of low to medium level offending against animals is currently not addressed effectively.

In 2015, the Animal Welfare Act 1999 (the Act) was amended to enable regulations to be made that would be directly enforceable through associated offences and penalties. Regulations specifically target low to medium offending.

MPI has examined both regulatory and non-regulatory options to improve the welfare of animals. The preferred option outlined in this RIS is the development of regulations that are designed to address the problems that presently exist with enforcement of the codes and provides clarity around surgical and painful procedures. The RIS also includes two minor and technical regulatory changes required as a result of the Amendment.

Impact of the regulations

The new regulations will deliver benefits to animal welfare outcomes. They will also protect and enhance our domestic and international reputation as an ethical supplier of animals and animal products. It is difficult to quantify these benefits but they make an important contribution to New Zealand's strong international trade reputation and trading opportunities.

MPI considers that the overall costs of complying with the new regulations will be low.

The incidence of reported non-compliance with the minimum standards in the codes of welfare is low, with approximately 15,000 animal welfare complaints to the Royal New Society for the Prevention of Cruelty to Animals (SPCA) or MPI each year, out of an animal population estimated to be in the tens of millions.¹

Based on MPI's experience in implementing the Animal Welfare (Calves) Regulations 2016², and from comments made during stakeholder workshops, there is a degree of under

¹ Overall the number of animals in New Zealand at any one time is unknown. However, Statistics New Zealand provides estimates that relate to some production species. For example, it is estimated that there are 27.6 million sheep, 3.5 million beef cattle, 6.7 million dairy cattle, and 835,000 deer. (http://www.stats.govt.nz/browse_for_stats/industry_sectors/agriculture-horticulture-forestry/AgriculturalProduction_final_HOTPJun16final.aspx). The New Zealand Companion Animal Council estimates that there are approximately 683,000 dogs. (<http://www.nzcac.org.nz/privacy-statement/7-blog/73-companion-animals-in-new-zealand-2016>)

² <https://www.mpi.govt.nz/law-and-policy/legal-overviews/regulatory-impact-statements/>

reporting of non-compliance with the existing codes in some areas. In terms of the current set of regulations, we are unable to quantify the level of non-compliance.

Even if the cases of animal welfare abuse were significantly under-reported, the extent of the abuse is low considering the total number of animals in New Zealand overall.

Regulations that will increase cost

Two areas will materially change the operating environment for a number of affected parties and will have cost impacts. These are:

- Requiring the mandatory use of pain relief for disbudding and dehorning of cattle.
- Restrictions on docking dogs' tails except for the treatment of injury or disease.

In addition, it is likely that there is a significant level of under-reporting in terms of transporting lame sheep. Although the requirements relating to transporting lame stock are not new, the regulation making these requirements enforceable will have a cost impact for some sheep farmers. The true costs associated with this regulation cannot be estimated at this stage. MPI will monitor the impact of the regulation and continue to work with industry to lift compliance levels while also mitigating business impacts.

Overall, we consider the benefits of the regulations outweigh any associated costs or other impacts.

Implications for cost recovery under the Act

Existing provisions in the Animal Welfare Act allow for the cost recovery of animal welfare services. These provisions are not utilised to any significant level at present. The proposed regulations are not expected to result in new or additional cost recovery. However, MPI is progressing a First Principles Review of its approach to cost recovery, targeting improvements from 1 July 2018. This work will examine all areas of cost recovery, including under the Animal Welfare Act.

Julie Collins

Director Biosecurity and Animal
Welfare

1. Executive summary

The Animal Welfare Act 1999 establishes the obligations and responsibilities of parties in relation to the care of animals. These obligations are written in general terms, while the detailed conditions are found in codes of welfare (codes). Codes set out minimum standards and recommendations relating to all aspects of the care of animals.

Codes of Welfare are issued by the Minister for Primary Industries (the Minister) under the Animal Welfare Act 1999 (the Act), on advice from the National Animal Welfare Advisory Committee (NAWAC). NAWAC is an independent ministerial advisory group set up under the Act to provide advice directly to the Minister.

Codes of welfare are not directly enforceable and do not have any associated offences or penalties for breach. This means that while high end animal cruelty can be properly dealt with by prosecution under the Act, there is no simple and cost-effective way to address a significant range of low to medium level offending against animals.

In 2015, the Act was amended by the Animal Welfare Amendment Act (No 2) 2015 (the Amendment) to enable regulations to be made that would be directly enforceable through associated offences and penalties. The regulations specifically target low to medium offending.

The RIS also includes two additional regulatory changes required as a result of the Amendment. These are:

- A minor and technical amendment to the Animal Welfare (Records and Statistics) Regulations 1999; and
- Setting an infringement fee of \$300 for failure to check traps and devices used to capture live animals in a timely manner.

The main findings outlined in this RIS are:

1. Regulations together with the use of non-regulatory tools, such as education and warning letters, are the preferred approach to address low to moderate level offending under the Act. MPI considers that non-regulatory options alone, such as amending the codes of welfare and education, will not provide a significant improvement over the status quo.
2. Non-compliance with some existing minimum standards in individual codes is likely to be under-reported in some areas. This makes it difficult to accurately estimate the total impact of the proposed regulations on some businesses.
3. However, given the large number of animals in New Zealand the current levels of non-compliance are extremely low. Even if the level of non-compliance is significantly under-reported we consider that the majority of New Zealanders already meet their obligations towards their animals. Therefore, the overall cost impact of compliance for most sectors will remain low.

4. Cost impacts of the proposed regulations will not be distributed evenly, and some businesses will bear a greater financial burden than others. In particular:

i. *Regulating restrictions on the transportation of lame sheep*

It is likely that there is a significant level of under-reporting in terms of transporting lame sheep. This is an existing minimum standard, and therefore compliance costs associated with meeting the minimum standard are not new, however the regulation making these requirements enforceable will have a cost impact for some sheep farmers. The true costs cannot be estimated at this stage because it is not known what action farmers will take to meet their obligations and to mitigate their costs. MPI will take an educative approach in the first instance in order to assist affected farmers into voluntary compliance, and this will include significant work with industry to ensure that farmers are aware of their obligations under the regulations. MPI will monitor the impact of the regulation and continue to work with industry to lift compliance levels while also mitigating business impacts.

ii. *Requiring the mandatory use of pain relief for disbudding and dehorning.*

This requirement will primarily affect the dairy and beef sectors. The extent of impact on the different sectors depends on their ability to adapt, but the common impacts will be associated with upskilling non-veterinarian practitioners on the use of local anaesthetic, the cost of local anaesthetic itself, and additional time required to administer the drug. MPI has estimated that the cost of the drug itself is likely to be up to approximately \$1 per animal for disbudding and \$10 for dehorning. This equates to an increase in the costs of disbudding and dehorning in New Zealand by \$2.4 to \$3.8 million per annum—based on an assumption that between 1.6 and 2.2 million animals are disbudded or dehorned annually. There will also be costs associated with training and the additional time associated with administering the pain relief. The training costs are likely to diminish over time as operators become more experienced. On balance, although there may be additional costs for some individual operations, we consider the cost implications of these proposals will be modest in the wider context of farming in New Zealand.

iii. *Restrictions on docking dogs' tails except for the treatment of injury or disease.*

This may affect the livelihood of a number of breeders of docked dogs' including those who supply docked dogs in New Zealand and for export. Breeders expect there will be a significant drop in demand particularly from Australia where tail docking is prohibited. These breeders say that the prohibition will effectively put them out of business. It has not been possible to verify the impacts on the basis of the information provided to us by the breeders concerned. Although we accept there will be a significant impact on a small number of breeders, we consider that impact to be outweighed by the counter-factual considerations outlined in this RIS.

5. The impacts of the new regulations on the justice sector will be minimal. Overall, we estimate approximately 2000 infringements and regulatory prosecutions will be pursued each year³. Of these we expect approximately 5% to be challenged or appealed through the Court process. In total, the numbers involved will be negligible in terms of their impact on the judicial system.

6. The new regulations will deliver tangible benefits to animal welfare outcomes. Four regulations related to the welfare of young calves came into force on 1 August 2016. These regulations contributed to a decrease in the mortality rate of young calves of

³ It is estimated based on a review of recent animal welfare complaints 200-300 cases will result in either infringements or prosecutions being taken by MPI and 1700 by the RNZSPCA.

approximately 50% from the 2015 season to the 2016 season. While mortality levels have been dropping over time due to a range of factors, we consider that the new regulations helped to further decrease mortality.

7. The new regulations will protect and enhance both our domestic and international reputation as an ethical supplier of animals and animal products. In an environment where there is an increasing demand for ethically produced food across all of our key markets, this is an important contributor to New Zealand's international trade reputation and trading opportunities.
8. There will be costs associated with the enforcement and raising of awareness of the new regulations. These are expected to be offset by additional revenues to the Crown from fines and other penalties.
9. Overall, we consider the benefits of the regulations proposed outweigh any associated costs or other impacts. This is because of the very significant benefit to New Zealand Inc. derived from our robust animal welfare regulatory system and the need to maintain the integrity and reputation of that system in order to fully exploit future trade opportunities.
10. We also note the value to the New Zealand community of having strong laws in place to protect animals as this reflects an important self-belief that we have as New Zealanders—that we care well for our animals.

2. Background

The Animal Welfare Act 1999 establishes the fundamental obligations that owners and people in charge of animals must meet in caring for their animals. These obligations are written in general terms. The detail is found in codes of welfare. Codes set out minimum standards and recommendations relating to all aspects of the care of animals.

In 2013 Cabinet approved the New Zealand Animal Welfare Strategy. This has two overarching goals:

- Care for our animals; and
- Care for our reputation.

Part of implementing the New Zealand Animal Welfare Strategy involved reviewing the Act for the first time since it was passed in 1999. One of the difficulties identified with the regulatory framework established under the Act was a lack of enforcement options for lesser cases of animal ill-treatment, often involving breaches of minimum standards in the codes of welfare.

In May 2015 the Act was amended to enable the development of regulations. Regulations were primarily intended to make directly enforceable animal welfare standards and provide clarity around specific surgical and painful procedures. The regulations will prescribe prosecutable offences and infringement offences which carry lower penalties than those prescribed for offences under the Act. They will complement minimum standards in the codes of welfare and the more general and serious offences provided under the Act.

Ninety-one regulatory proposals were consulted on in April/ May 2016. These proposals drew on over 1,200 minimum standards across 18 different codes. The first regulations from

these proposals were concerned with the welfare of young calves (often referred to as bobby calves) and live animal exports. These regulations were delivered in July 2016.

MPI is now ready to progress the next suite of regulations arising out of the 91 proposals consulted on in April/ May 2016. These proposals have been broken into two broad groups – those for development in 2017 and those for development in 2018. The proposals in this paper are those for delivery in 2017 and these have been prioritised on the basis that they will deliver the greatest animal welfare benefits.

This RIS also includes two additional regulatory changes required as a result of changes made to the Act in 2015.

3. Status quo and problem definition

Good animal welfare is important to the people of New Zealand. Not only are animals vital to our country's economy, with exports of meat, wool and dairy products contributing \$19.4 billion to New Zealand's export revenue to the year to June 2016, but more than two thirds of households in New Zealand own a companion animal.

New Zealand's reputation as a safe and ethical food producer also depends on us continuing to produce animal products while maintaining high animal welfare standards. Even isolated cases of poor animal welfare have the potential to damage our reputation as a responsible producer of animals and animal products.

The New Zealand animal welfare regulatory system is designed to ensure our animals are treated appropriately and to ensure they do not suffer unnecessarily. The National Animal Welfare Advisory Committee (NAWAC) is an independent ministerial advisory group established under the Act to provide advice directly to the Minister for Primary Industries on issues relating to animal welfare.

As a part of its statutory role, NAWAC has developed a series of 18 codes of welfare, which set out minimum standards and recommended best practice in relation to a variety of different species of animals (including dogs, cats, layer hens, pigs, horses and donkeys, sheep and beef cattle, dairy cattle and goats), and activities involving animals (including commercial slaughter, transport and painful husbandry procedures).

In November 2014, the global charity World Animal Protection ranked NZ first equal with Austria, the UK and Switzerland, out of 50 countries surveyed, for its animal welfare regulatory system.

Nonetheless, there are problems with the enforceability of the minimum standards set out in codes of welfare as these do not have any associated offences or penalties. Breaches of codes of welfare are often at the lower-end of severity from an animal welfare perspective, and do not warrant the costs associated with full-scale prosecution under the Act. These cases often result in provision of verbal advice, warnings and other directions. Alternatively there are also complaints that, when investigated, reveal no animal welfare issues.

Despite this, in the absence of any other regulatory mechanism to enforce the minimum standards in codes of welfare, we consider a significant amount of lower-level offending against animals is not being addressed.

Of the approximately 15,000 public complaints received each year, around 30 percent are not substantiated. Of the remaining approximately 10,000 substantiated cases less than 100 are prosecuted annually by both the SPCA and MPI and the balance are dealt with through education and/ or warning letters.

As a part of implementing the New Zealand Animal Welfare Strategy, the Act was amended in 2015. Analysis conducted as part of the review concluded that regulations would best address problems related to enforceability and clarity, and the Act was amended to enable regulations to be made.

This RIS also includes two additional regulatory changes required as a result of changes made to the Act in 2015. These are:

- A minor and technical amendment to the Animal Welfare (Records and Statistics) Regulations 1999 as a consequence of amendments made to the Act in 2015. This proposed regulation requires the reporting to MPI of the numbers of animals bred, but not used for the purposes of research, testing and teaching (RTT). This is a new requirement as these animals have not formerly been accounted for in official statistics about the use of animals in RTT. Each animal ethics code-holder will record these figures and report them to the Director-General of MPI annually.
- Setting an infringement fee of \$300 for failure to check traps and devices used to capture live animals in a timely manner. While such obligations to check traps and devices exist under Section 36 of the Animal Welfare Act 1999, no infringement fee had been previously set for this offence.

The new regulations delivered last year, and those proposed in the current suite of regulations, will enhance the credibility and integrity of our regulatory system because they attach specific offences and penalties to breaches of minimum animal welfare standards. This is expected to lead to material improvements in outcomes for animals, and will also serve to protect and enhance our domestic and international reputation as an ethical supplier of animals and animal products.

In an environment where there is an increasing demand for ethically produced food, this is not only important in terms of animal welfare outcomes, but is also an important contributor to New Zealand's international trade reputation and trading opportunities.

4. Objectives

The objectives of the Animal Welfare Strategy 2013 are to:

- care for our animals; and
- care for our reputation.

To meet the objectives of the Strategy and to effectively address low to medium-level offending, we have considered regulatory (new regulations) and other options (including amendments to existing codes of animal welfare, and initiatives to improve training and awareness).

Four criteria have been used to evaluate each of the options:

1. Will the options considered be *effective* in achieving the desired change in outcomes? If an option is effective:
 - There will be a higher level of compliance with animal welfare standards.
 - There will be fewer instances where an animal's physical, health and behavioural needs are not met.
 - The world leading reputation of New Zealand's animal welfare regulatory system will be maintained and enhanced, as measured by international assessments.

2. Will the options considered be *efficient* (i.e. will they be the minimum necessary in order to ensure the purposes of the Animal Welfare Act are met; will they be practical, economically viable and administratively efficient to deliver)?
3. Will the options considered be *equitable* in that the level of offence is proportionate to the level of penalties that are available?
4. Will the options considered be *clear and precise* so there is no doubt when an offence is committed?

5. Options analysis

MPI applied the criteria identified above to four different options for addressing the difficulty identified with enforceability of the codes:

Option 1 - Status quo

The status quo option would involve maintaining the existing general requirements under the Act, supported by a combination of codes of welfare and initiatives by MPI, industry and non-Governmental organisations to improve education and training.

The status quo option would mean no new regulations are put in place. Instead enforcement options would remain limited to the Act. Individual codes would be relevant only in so far as breaches of certain minimum standards could be used as evidence of a breach of the Act, or conversely complying with required minimum standards would be available as a defence against prosecution.

Under this option severe cases of ill treatment of an animal would continue to be prosecuted under the Act. These cases carry maximum penalties of fines up to \$100,000 or up to five years imprisonment for individuals and fines up to \$500,000 for companies for wilful ill-treatment. The current lack of enforcement options other than prosecution for less severe cases of ill-treatment would remain. As a result this option would be unlikely to provide the necessary incentives for those who harm animals in all but the most serious cases.

New Zealand's reputation would remain vulnerable under the status quo due to the ongoing risks posed by both those who continue to mistreat animals, and the fact that we have a regulatory system built on unenforceable minimum standards – with obvious implications for the credibility of that system.

The impact on New Zealand's reputation may affect existing export revenue for animals or animal products and hinder our ability to develop new markets. In the year ended June 2016, New Zealand earned \$19.4 billion from export revenue from animals and animal products. Even small reductions in the levels of our exports, resulting from damage to our reputation, could have a significant economic impact.

Option 2 - Implementing proposed new regulations

Regulations would target known areas of non-compliance, those activities that pose significant reputational risks, and those activities currently provided for by older codes of welfare where expectations driven by current standards of good practice and scientific knowledge have changed. The regulations are designed to complement existing codes of welfare and educational/training initiatives.

As regulations are directly enforceable, they will provide a stronger incentive to people who continue to mistreat their animals. Breaching a regulation can result in financial penalties,

prosecution and, in some cases, a criminal conviction. As regulations are intended to be more specific, prosecution under regulations will be more straightforward and less resource intensive than prosecution under the Act.

We have already seen the impact of regulations relating to the welfare of young calves that took effect during the 2016 year. Overall these contributed to a reduction in mortality rates and drove significant changes in the behaviours of both transporters and farmers.

Option 3 - Other options such as improved training and education/awareness

Under this option non-regulatory mechanisms would be used to address problems with compliance by using a “softer” approach based on educating people about their obligations towards their animals, and encouraging them to comply with these. Educational or awareness initiatives could be delivered by the government, stakeholders, or jointly. Initiatives could include education and/or training programmes or the development of industry standards. They could expand on existing programmes or could be developed in response to a particular issue.

As a proportion of the total numbers of production and companion animals in New Zealand, the number of complaints received by both MPI and the RNZSPCA is very small. This suggests that those people who are motivated to meet their animals’ needs are already doing so. Education and training can be resource intensive from both the government and the industry perspectives and we consider this option is less likely to achieve the improvements in animal welfare that could be achieved from introduction of new regulations. One of the problems with education and training is the likelihood that those who avail themselves of the educational or training opportunities are already those motivated to treat their animals well. The target audience, those who are not motivated, are unlikely to attend.

Option 4 - Amend relevant codes of welfare

This option involves amending codes of welfare to address any areas where we consider they could be strengthened to improve the level of care and protection of animals. This may include amending existing minimum standards and/or developing new minimum standards within the codes of welfare. Currently 18 codes of welfare are in force and these are published on MPI’s website.

While codes of welfare set out minimum standards and best practice for animal welfare for many animals and animal activities they are not directly enforceable, which, as noted above, means that breaching a minimum standard in a code of welfare is not an offence in and of itself.

Updating codes of welfare may improve the behaviour of some of those who inadvertently mistreat animals through lack of knowledge. However, as codes of welfare are difficult to enforce, amending the codes is unlikely to impact on the behaviour of all those who mistreat animals – and in particular will not reach those who are simply not motivated to do better.

In effect, this option would do nothing other than perpetuate the status quo.

Options analysis – Conclusion

From this assessment, the preferred option is the development of regulations that are designed to address the problems that presently exist with enforcement of the codes and provide clarity for surgical and painful procedures.

The offences set out in the regulations will be designed to complement the codes of welfare and the more general and serious offences that will continue to be dealt with primarily through the Act itself.

MPI notes that a similar regulatory impact analysis completed when the Amendment was introduced in 2013 also identified regulatory intervention as the most appropriate response to ongoing difficulties with the lack of direct enforceability of minimum standards in the codes.

Summary of the options analysis

The analysis in the table below compares options against the status quo.

Summary of proposed regulations	Effective – the desired change in outcome and/or updated practice be achieved	Efficient – requirements are the minimum necessary, practical, economically viable and administratively efficient	Equitable – the level of the offence proportionate to the level of penalties	Clear – the actions or omissions are specific and measureable
Option 1: Status quo	- Minimum standards not directly enforceable, therefore unlikely to change behaviour of these outliers that continue to mistreat their animals	- No short term costs to industry or changes to existing procedures and conventions. Potential long term cost if outliers continue to mistreat animals in terms of lost market access and future stringent regulations. Prosecutions may be more resource intensive than regulatory prosecutions.	- Generally limited consequences for offenders not complying with their obligations. Act prose	- Not all high risk activities are set as minimum standards within the codes of welfare
Option 2: proposed regulations	✓✓ Regulations provide directly enforceable standards	✓ Some short term costs to industry associated with change in procedures, conventions and new infrastructure. Potential long term benefit based on a strong reputation and therefore good market access. Regulations are intended to be more specific therefore potentially less resource intensive to enforce.	✓✓ Penalties for non-compliance are available that are efficient and effective to administer and set at appropriate level.	✓✓ Obligations updated clear and measureable
Option 3: increased education/ training	x Minimum standards not directly enforceable, therefore unlikely to change behaviour of those outliers that continue to mistreat animals	x No short term costs to industry. Expectation, but no requirement, that some procedures and conventions are changed. Potentially long term cost, if outliers continue to mistreat animals, in terms of lost market access and future stringent regulations. Education and training can be resource intensive but unlikely to reach all outliers	✓ Generally limited consequences for offenders not complying with their obligations. Act prosecution could be taken but may not be proportionate for low – medium level offending	✓ Not all high risk activities are set as minimum standards within codes of welfare

Option 4: Code changes	<p style="text-align: center;">✓</p> <p>More specific minimum standards may change the behaviour of some outliers, but not all, as they are not directly enforceable</p>	<p style="text-align: center;">✘</p> <p>Likely to be short term costs to industry associated with change in procedures, conventions and new infrastructure. However, this option lacks the potential long term benefit as it is less likely to change the behaviour of those outliers that continue to mistreat animals. Prosecutions under the Act may be more resource intensive than regulatory prosecution, given the more general nature of the offences in the Act</p>	<p style="text-align: center;">✓</p> <p>Generally limited consequences for offenders not complying with their obligations. Act prosecution could be taken but may not be proportionate for low – medium level offending.</p>	<p style="text-align: center;">✓✓</p> <p>Obligations updated and aligned within codes of welfare.</p>
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Key: ✘= criteria unlikely to be met; ✓= criteria is partially met; ✓✓= criteria is likely to be met.

Regulatory proposals considered that will not progress at this time

MPI consulted on 91 regulatory options in April/May 2016. An initial group of regulations relating to bobby calves were fast-tracked in 2016. A second group is covered by this RIS, and a third group will be progressed in 2018. There are a number of regulatory options that will not be progressed at this time. These are:

Proposal	Rationale for not progressing
All animals – twisting an animal’s tail	<p>Tail breaking in cattle is regularly prosecuted.</p> <p>There are legitimate and safe use of the tail such as ‘tail jacking’ for moving or restraining cattle.</p> <p>This infringement was intended to target twisting that is more than necessary to move or restrain the animal but less than a broken tail.</p> <p>This level is difficult to define and observe.</p> <p>Infringements are intended to be an instant fine for clearly inappropriate behaviour. There needs to be little, if any, room for interpretation or argument.</p>
Dogs – Pinch and prong collars	<p>Submissions indicate this proposal has not been consulted widely enough and should cover all forms of collar, including electric collars, choke collars and others.</p> <p>Note that the proposal relating to injuries from collars and tethers will progress and this addresses injuries caused to any animal by any kind of collar.</p>
Dogs and Cats – Drowning dogs and cats	<p>Drowning any land animal causes severe pain and distress.</p> <p>There were concerns that this regulation would send a message that euthanasia of other mammals by drowning and that other cruel methods for killing cats and dogs would appear acceptable.</p> <p>It is appropriate that drowning offences should be prosecuted under the Act, which enables access to the much more serious penalties available for Act-level prosecutions.</p>
Eels – insensible for de-sliming	<p>There are only four current operators in the eel industry, all of which are currently compliant with the existing minimum standards.</p>
Layer Hens – Stocking densities	<p>Following stakeholder feedback, these two proposals were deferred. MPI have decided to reassess existing minimum standards in both Layer Hen and Meat Chicken codes of welfare to determine what other standards may be suitable for regulation. Once identified, these will be reviewed to ensure they reflect current scientific knowledge and good practice.</p>
Layer Hens – Housing and Equipment design	

Llama & Alpaca – Companion animals	This is part of a wider set of issues around the social needs of a number of animals, of which llamas and alpacas are only one sub-set.
Llama & Alpaca – Cria (offspring) camelid companions	
Pigs – Nesting material	<p>There was a strong lack of clarity for regulator and industry on the best way to meet this requirement. The suggested use of straw from the Pigs Code of Welfare 2010 presented significant compliance issues for the industry in slatted systems. Particularly around animal hygiene and labour.</p> <p>The existing minimum standard is currently not being met in a meaningful way by industry due to uncertainty as to the requirements and lack of meaningful welfare benefit that existing materials provide.</p> <p>The current standard is to apply to post 2010 farms, as consulted on. The regulatory reach would impact approximately only 4 current farms and those built post 2010. Presenting significant equity and efficiency issues.</p> <p>A transitional arrangement was considered, however without certainty as to what the industry had to transition to, this was not feasible.</p>
Exotic animals – Used in circuses	<p>There are currently no exotic animals used in circuses in New Zealand.</p> <p>NAWAC is undertaking work on the use of animals in entertainment, exhibition and encounter (which will include circuses).</p>
Cattle – Teat Occlusion	<p>Main identified issue (inappropriate use of rubber rings on teats) fits within proposal 63. Cattle - Teat removal. This issue will be covered during development of proposals 63 in 2018.</p> <p>A related issue that has been raised, chemical quarter ablation, was not consulted on and will need to be considered at the same time.</p>

6. Overview of the regulations

The proposed regulations covered by this RIS cover a range of animals and activities and have been grouped into three broad categories:

- Production animals (covered by the proposed stock transport and farm husbandry regulations);
- Companion and working animals; and
- Farmed pigs and layer hens.

This RIS also includes two additional regulatory changes required as a result of changes made to the Act in 2015. These are:

- A minor and technical amendment to the Animal Welfare (Records and Statistics) Regulations 1999; and
- Setting an infringement fee of \$300 for failure to check traps and devices used to capture live animals in a timely manner

The specific regulatory proposals are summarised below and outlined in detail in the annex:

STOCK TRANSPORT AND FARM HUSBANDRY
All animals – Electric prodders
All animals – Use of goads
Cattle – Stimulating milk let-down
Cattle and Sheep – Use of traction in calving and lambing
Cattle and Sheep – Ingrown horns
Stock transport – Abrasions caused during transport (back-rub)
Stock transport – Injuries caused during transport
Stock transport – Animals with ingrown horns
Stock transport – Animals with bleeding horns or antlers
Stock transport – Animals with horns or antlers
Stock transport – Lamé animals
Stock transport – Pregnant animals
Stock transport – Animals with injured or diseased udders
Stock transport – Cattle or sheep with cancer eye
Cattle – Tail docking
Cattle and sheep – Castration and shortening of the scrotum (Cryptorchid)
Cattle – Disbudding
Cattle – Dehorning
Sheep – Mulesing
COMPANION ANIMALS
All animals – Injuries from collars or tethers
Dogs – Muzzling a dog
Dogs – Dry and shaded shelter
Dogs – Dogs left in vehicles
Dogs – Secured on moving vehicles
Dogs – Dew claws
Dogs – Tail docking
Goats – Tethering requirements
Horses and donkeys – Striking horse or donkey on the head

Horses and donkeys - Injuries from equipment such as halter, head ropes and saddles
Horses & donkeys – Tethering requirements
Horses – Castration
Llama & Alpaca- Injuries from equipment such as halters, head ropes and packs
OTHER
Crabs, rock lobster and crayfish – Insensible before being killed
Rodeos – Fireworks
LAYER HENS
Layer hens – Transition from battery cages
Layer hens – Induced moulting
PIGS
Pigs – Dry sleeping area
Pigs – Lying space for grower pigs
Pigs – Dry sow stalls
Pigs – Size of farrowing crates
Pigs – Castration
Pigs – Tail docking
ADDITIONAL AMENDMENTS CONSEQUENTIAL ON CHANGES TO THE ACT MADE IN 2015
Require a code of ethical conduct holder to report to MPI, the killing of animals bred, but not used for the purposes of research, testing and teaching
Set an infringement fee of \$300 for failure to check, traps and devices used to capture live animals

7. Impact of the proposed regulations

The objective of the regulations covered by this RIS are to lead to better animal welfare outcomes over time; and to also enhance the credibility of our already world-leading animal welfare regulatory system. While it is difficult to quantify these impacts, it has already been noted above that the new Animal Welfare (Calves) Regulations 2016 contributed to a drop in the number of young calves dying from welfare related issues, from 0.25% in 2015 to 0.12% in 2016.

Information on the economic costs and benefits associated with the proposed regulations, along with mitigation strategies to manage the costs, and the benefits expected are outlined below.

Economic impact and mitigation strategies

Overall cost impact of proposed regulations

As noted earlier, the number of complaints received by MPI and the SPCA as a proportion of the total number of animals in New Zealand is very small. Taking production animals as an example, in June 2016 there were more than 39 million production animals in New Zealand⁴. During that year to June 2016 both MPI and SPCA combined received approximately 1000 complaints concerning production animals. While one complaint may involve multiple animals, the level of complaints is very small relative to the numbers of production animals in New Zealand (0.0004%).

While the specific percentage identified above should be used with caution, it does serve to illustrate that the level of offending against the number of animals we have in New Zealand is extremely small. It is therefore reasonable to assume that most owners and people in charge of animals care for their animals well, and will already be complying with minimum standards set out in the codes. For those people, there will not be any additional costs associated with the requirements set out in most of the proposed new regulations.

There are some specific areas however where we anticipate cost impacts on particular individuals or businesses may be higher. These are proposals relating to the areas outlined below.

Stock transport – backrub

MPI has considered whether proposals relating to backrub caused during transportation of stock could have fiscal implications for farmers, transporters or others across the supply chain. The proposed regulation requires that cattle, deer, sheep, goats or pigs not be transported in such a manner that it causes significant skin abrasions. This may result in some stock transporters having to reconsider where larger animals (primarily cattle) are placed on stock truck and what sort of truck stock can be transported on (single deck, multi-deck etc).

We have tested whether this proposal would drive additional costs with all relevant stakeholder groups, but their advice is that the proposal can be managed without affecting existing infrastructure or business processes significantly.

For instance, the top deck of a stock truck or the trailer of a stock truck has more space than the bottom deck of a stock truck. Alternatively, transporters could use trailers that are specifically designed to transport larger animals. If this regulation meant that some transporters were to take fewer animals per consignment, this could have some cost implications. However, meat processing companies generally fund the cost of stock transport to processing plants and meat processors have advised that they consider the cost implications to be insignificant.

Stock transport – lameness in sheep

The proposed restrictions on transporting lame stock will also include sheep. These restrictions are not new as they are already set out in relevant codes of welfare, and many farmers already absorb the costs of meeting these requirements into the general running costs of their business.

⁴ This figure accounts for 27.6 million sheep; 3.5 million beef cattle; 6.5 million dairy cattle, 850,000 deer and 650,000 pigs. This figure does not include layer hens, meat chickens, farmed fish or minority production animals.

However, it is likely that there is a significant level of under-reporting in relation to the transportation of lame sheep and affected industry groups have raised a concern about this because they believe that lameness is endemic in the national sheep flock, and is difficult to control and identify.

Lameness may be divided into three grades of severity:

- minor lameness – an animal that may have a limp but it is not clear which limb is affected, and it does not have issues keeping up with the group;
- moderate lameness (infringement level) – an animal that is limping on a clearly identifiable leg, and is lagging behind the rest of the group; and
- severe lameness (prosecution level) – an animal only uses three legs. It does not bear weight on the affected leg and it is reluctant to move.

Currently there are approximately 30 – 40 cases of lameness in sheep identified at processing plants per annum. However, research undertaken by MPI in 2013⁵ found that approximately 1% of all sheep in the study that were transported for slaughter displayed lameness at the level targeted by the proposed regulations. Extrapolating the 1% to the 24 million sheep slaughtered each year indicates that approximately 240,000 sheep could have been transported in an infringeable condition. We note however that 98.9% of sheep transported for slaughter within the study did meet the existing minimum standards⁶.

While MPI accepts that the issues raised have some foundation, we do not believe it is appropriate for the law to allow lame sheep to be transported when other species would not be. Lameness is exacerbated by transportation leading to poor welfare outcomes, and lame stock can, and do, go down in trucks, causing them to be trampled – which leads to even more serious welfare issues. This is a concern both in animal welfare terms, and in terms of New Zealand's trade reputation.

MPI also notes that encountering higher than anticipated levels of non-compliance in this area supports the rationale for regulation. MPI considers that this will encourage improved management of lameness in sheep at an earlier stage, which is the behaviour change that the regulations are trying to achieve.

Once the new regulation takes effect we consider that those farmers who are affected by the new regulations (i.e. those currently not in compliance with the minimum standards in the codes) will adopt the following mitigation strategies:

- Changing management practices to detect and address lameness earlier.
- Treating lame sheep before sending them to the works.
- Disposing of lame sheep on farm.

The additional costs for affected farmers will depend on which combination of the mitigation strategies listed above they choose to adopt, and therefore the true costs associated with this regulation overall cannot be estimated at this stage. Similarly, the numbers of sheep likely to continue to present at slaughter premises in an infringeable condition is unknown.

⁵ 2013 MPI research indicates that 1 percent of sheep sent to slaughter plants may be lame at the level targeted by the proposed infringement *Lameness in sheep transported to slaughter in New Zealand* (Wild et al.) in publication. MPI veterinarians individually graded the lameness of 78,833 sheep sampled from 1682 consignments in 2013. The research confirmed earlier findings that indicates the problem is more significant, approximately double, in merino sheep.

⁶ Most sheep in the study showed no signs of lameness, 2.5% showed the earliest signs of lameness (grade 1) and 0.1% of sheep displayed grade 3 lameness.

MPI will take an educative approach in the first instance in order to assist affected farmers into voluntary compliance, and this will include significant work with industry to ensure that farmers are aware of their obligations under the regulations.

MPI will monitor the impact of the regulation and continue to work with industry to lift compliance levels while also mitigating business impacts.

Pain relief for disbudding and dehorning

Requiring pain relief is a significant change from the current requirements and is contentious with some stakeholders. The disbudding and dehorning proposals will require that an animal be under the influence of pain relief throughout the performance of the procedure.

The pain relief required is a local anaesthetic which is classified as a Registered Veterinary Medicines (RVMs) under the Agriculture Compound and Veterinary Medicine Act 1997 (ACVM Act), and as such its use must be authorised by a veterinarian.

The ACVM Act allows veterinarians to authorise non-veterinarians to hold and use local anaesthetics. However, there have been some issues where non-veterinarians have had difficulty accessing local anaesthetic for procedures such as disbudding.

As well as the economic costs associated with requiring pain relief, discussed below, effort will be required to develop the systems, training and effective relationships needed to ensure that competent non-veterinarians (e.g. trained farmers, contractors) undertaking the procedure can reasonably access pain relief from the veterinary community. While at the same time, ensuring pain relief continues to be used properly and with appropriate veterinary oversight.

Economic impact

The economic impact of the pain relief on is a combination of the following effects:

- (i) Upskilling non veterinarian and veterinarian practitioners

The different farming sectors have different levels of experience and knowledge with administering local anaesthetic for procedures such as disbudding and dehorning. And different arrangements for performing the procedures. For all sectors, if pain relief becomes mandatory, there will need to be training to ensure non-veterinarian practitioners are able and suitably trained to administer the local anaesthetic. There will also need to be training within the veterinary community on the systems and processes necessary to authorise non-veterinarians to hold and use pain relief.

For operations where farmers are likely to do the procedure themselves, for example dehorning or smaller farming operations, the cost of training, relative to the numbers of animals 'treated' is likely to be proportionately higher than in situations where contractors primarily undertake the procedure. Contractors can distribute the training costs over a larger number of animals.

Veterinary representative organisations are in the process of determining what might constitute 'training'. It has been suggested that training could take as little as one hour for disbudding and that, particularly with dehorning, it could be associated with other extension activities occurring within the rural community.

Experience and arrangements within the different sectors

- Dairy bovine sector—approximately 75% of disbudding is undertaken by veterinarians or specialist disbudding contractors. Currently approximately 40-50% of all disbudding using local anaesthetic as a minimum.

- Beef sector—the extent of disbudding and dehorning in the beef sector is unknown. However, the vast majority of animals in the beef sector are polled breeds or animals from the dairy sector⁷. There is an opportunity for those animals from the dairy sector to be disbudded prior to entering the beef sector as they are handled at a young age. As noted above, there is expertise within the dairy sector to disbud with pain relief.

- Dehorning is generally more common in the beef sector than the dairy bovine sector due to the later age at which animals are handled in the beef. Dehorning is primarily undertaken by a veterinarian or the farmer. The extent of pain relief used for dehorning is unknown. However, it is currently required if performed over the age of 9 months. A survey of beef and sheep farmers indicated that only 17% are trained to administer pain relief.

(ii) Accessing the local anaesthetic

The cost of the local anaesthetic includes both the cost of the drug itself and the costs associated with the veterinarian authorising the use of the drug.

- *Cost of the local anaesthetic*

Local anaesthetic is a reasonably inexpensive and robust⁸ drug. The cost of the drug itself is likely range from approximately \$1 per animal for disbudding up to \$10 for dehorning. This price reflects the likely upper cost of the product provided to a farmer or contractor rather than the wholesale price⁹.

On a New Zealand wide basis it is estimated that this could increase the cost of disbudding and dehorning by \$2.4 to 3.8 million per annum—based on an assumption that between 1.6 and 2.2 million animals are disbudded or dehorned annually.

Dairy sector

In the dairy sector approximately 1.25 million replacement calves enter the dairy herd every year¹⁰—majority of which will be disbudded. Currently approximately 40-50% of these calves receive local anaesthetic. If we assume that 60% of dairy calves will now need pain relief under the new proposal it is estimated that an additional 750,000 animals will need to have pain relief at a maximum cost of approximately \$750,000.

Beef sector

The extent of disbudding and dehorning in the beef sector is unknown. To estimate the cost of these proposals on the beef sector as a whole the following scenarios have been considered:

⁷ Compendium of New Zealand 2016. – Farm Facts 40th edition. Beef + Lamb New Zealand

⁸ Limited specific handling requirements.

⁹ Based on information provided by the disbudding industry sector on the cost of local anaesthetic and a dose per animal of 4ml for disbudding and 40ml for dehorning.

¹⁰ Mortality rates in bobby calves 2008-2016. <http://www.mpi.govt.nz/law-and-policy/legal-overviews/animal-welfare/animal-welfare-regulations/caring-for-bobby-calves/>

- Disbudding

Approximately 1.25 million calves enter the beef sector from the dairy sector annually¹¹. If 60% are disbudded this would equate to an additional 750,000 animals needing to have pain relief at an estimated maximum cost of \$750,000. If 100% are disbudded this would equate to an additional 1,250,000 animals needing to have pain relief at an estimated maximum cost of \$1.25 million

- Dehorning

These estimates are based on the assumption that there are approximately 900,000 new animals are born into this sector annually¹². The majority of these do not naturally grow horns. If we assume 10% will need to be dehorned this would equate to an additional 90,000 animal needing to have pain relief at an estimated maximum cost of \$900,000. If we assume 20% will need to be dehorned this would equate to that an additional 180,000 animals needing to have pain relief at an estimated maximum cost of \$1.8 million.

- *Authorising the local anaesthetic*

A veterinarian is ultimately responsible for the use of any local anaesthetic that they authorise, including how and when it is used. As would be expected, there is time and administration costs associated with training farmers and authorising the use of local anaesthetic. Anecdotal information from contractors within the disbudding sector indicates that veterinarians charge an annual certification fee of between \$150 and \$350 to authorise contractors to hold and use local anaesthetic. This fee could potentially be less for farmers if the authorisation was part of an 'annual consultation' with a veterinarian on the wider health and welfare needs of the animals, including requirements for other prescription medications.

Similar to training and upskilling costs, the burden of any annual certification fee is likely to be proportionally higher on operators only disbudding or dehorning small numbers of animals.

(iii) Time required to administer pain relief

For disbudding, it has been suggested that overall the additional time required to administer pain relief is likely to be minor — partially due to pain relief potentially making older calves (i.e. 4 - 8 weeks of age)¹³ easier to handle during the disbudding process. However, for dehorning the use of pain relief is likely to result in additional time. The additional time is primarily associated with the time to administer the drug rather than waiting for it to be effective prior to undertaking the procedure.

Significantly more animals are likely to be disbudded than dehorned as the vast majority of the beef sector do not naturally grow horns (i.e. are polled) or come from the dairy sector. For those animals from the dairy sector there is an opportunity for them to be disbudded prior to entering the beef sector as they are handled at a younger age.

Benefits for farm productivity and output

There is some evidence that the use of different types and combinations of pain relief during disbudding can result in better growth for calves up to 30 days. For example, the effect of

¹¹ Mortality rates in bobby calves 2008-2016. <http://www.mpi.govt.nz/law-and-policy/legal-overviews/animal-welfare/animal-welfare-regulations/caring-for-bobby-calves/>

¹² In 2015 provisional information indicated that there were 1 million breeding cows and heifers. Assuming that not all breeding animals will produce a viable animal it is estimated that 900,000 new animals are born into the industry. Compendium of New Zealand Farm Facts 40th edition. 2016. Beef + Lamb New Zealand

¹³ Calves are generally disbudded between 1 and 8 weeks of age.

analgesia (e.g. non-steroidal anti-inflammatory drugs) on growth rate lasted for up to 15 days and the use of sedation in combination with local anaesthetic was associated with increased growth rates up to 30 days post disbudding¹⁴ (the effects of local anaesthetic alone were not tested in this study).

Restrictions on docking of dogs' tails except to treat injury or disease

The proposal to prohibit the docking of dogs' tails for non-therapeutic reasons has been one of the most contentious of the proposals consulted on.

The majority of submitters who oppose the proposal are dog breeders, or advocates of purebred dogs. They believe that tail docking is a preventative measure against the risk of injury and therefore performed in the best interests of the animal. They also strongly believe that tail docking is an essential part of the character of a given breed.

Submissions in favour of restricting tail docking came from veterinarians and animal welfare advocates, including the SPCA and the New Zealand Veterinary Association (NZVA). They contend that tail injuries are relatively uncommon and treatment rarely requires tail removal. Therefore the procedure is unnecessary, particularly because tails have a function in terms of balance and communication with other dogs and humans.

Because of the contentious nature of the proposal, MPI engaged an independent expert to conduct a review of all written submissions and relevant science. The expert was a behavioural psychologist and animal welfare specialist who is currently the Animal Welfare Scientist for the American Veterinary Medical Association (AMVA). On the basis of her analysis of all submissions received and review of the relevant scientific literature, she found that:

- Tail docking is a surgical or operative procedure, and causes distress and potential pain.
- Because of the low frequency of serious tail injuries, routine tail docking cannot be justified on therapeutic grounds.
- While the detrimental effects of tail docking are generally not severe, it cannot be justified by probable benefit to the dog and is therefore an unjustified surgical procedure.

This independent analysis supports the view that MPI took in the Consultation Document, which is that routine tail docking is not justified on welfare grounds.

The routine docking of dogs' tails for non-therapeutic reasons is banned or restricted in around 30 countries or territories, including Australia, parts of Canada and most of Europe. There is a danger that New Zealand will be seen to be lagging in implementing a significant animal welfare measure for a key companion animal species.

There are concerns that the proposed prohibition of tail docking for dogs will impact on the livelihood of commercial breeders who breed certain types of dogs who have their tails docked. The concern is that if these dogs were to no longer have their tails removed they may not be as attractive to buyers, either in New Zealand or overseas.

The majority of dogs with docked tails that are exported go to Australia (a total of 173 in the year to March 2017). One likely contributing factor to this demand for dogs with docked tails is that in Australia the docking of dogs' tails has been illegal since 2004, so those who want

¹⁴ Bates, A., Laven, R. Chapple, F. Weeks, D., and Eder, P. 2016. Should calves get analgesia when they are disbudded? Proceedings of the Society of Dairy Cattle Veterinarians of the NZVA Annual Conference.

such dogs import them, often from New Zealand. There is a risk that if docking of dogs' tails was banned in New Zealand this export market will largely cease.

We estimate, from the limited available information, the total value of the docked puppies exported to other countries (including Australia) is around \$750,000 per annum. Taken in the context of our overall export revenues from animals and animal products of approximately \$19.4b for the year to end June 2016, this is not a significant fiscal impact for New Zealand as a whole, although the impacts on specific dog breeders may be much greater.

MPI has sought information on impacts from breeders but the information provided has been somewhat subjective and lacked robust costings. Some breeders claim that a ban on docking dogs' tails other than to treat injury or disease would put them out of business, and that many Australian breeders exited the industry following the prohibition on tail docking in that country. However, we have been unable to ascertain how many breeders would be affected by the proposed regulation. The total effects on the purebred dog breeding industry are unclear, as we do not know how many purebred dogs have their tails docked at present, and the degree to which breeders and purchasers may switch to alternative undocked breeds. It seems likely there will be a negative impact, but we lack the information to quantify it. Information provided by the industry has not significantly assisted us in gaining clarity on these issues.

There also may be some minor additional costs on dog breeders as a result of the regulation restricting the removal of some dog dew claws to veterinarians. The number of animals and the resulting costs are unable to be calculated but are not considered significant across all dogs bred in New Zealand.

Mitigation strategies

Strategies to mitigate the costs identified above are set out below:

Area of impact	Cost and Risk	Mitigation of risks and cost
Restricting transportation of lame sheep	<p>Costs</p> <p>Cannot be accurately identified at this stage because these will be impacted by:</p> <ul style="list-style-type: none"> - The type of mitigation action farmers decide to take in meeting the new regulations; and - MPI's approach to compliance. 	<p>Affected farmers can mitigate the costs themselves by choosing to either:</p> <ul style="list-style-type: none"> - Manage issues of lameness earlier so that they do not progress to an infringeable level; - Treating their sheep before transporting them; - Disposing of the sheep on farm. <p>The true costs incurred by farmers will be affected by which of these strategies they use and in what combination.</p> <p>MPI will work to mitigate these costs by taking an educative approach in the first instance, monitoring the impact of the regulation and continuing to work with industry to lift compliance</p>

		levels while also mitigating business impacts.
Pain relief for disbudding and dehorning	<p>Costs</p> <ul style="list-style-type: none"> - Approximately \$2.4 to 3.8 million per annum for the cost of the pain relief. - Additional costs associated with the training and administration necessary to be authorised by a veterinarian to hold and use pain relief. These costs are likely to be low but proportionally higher for operators only disbudding or dehorning small numbers of animals. - Additional costs associated with the time needed to administer the pain relief. This additional cost is considered minor for disbudding but likely to be more substantial for dehorning due to the size of the animal. However, significantly fewer animals are dehorned than disbudded. <p>Risks</p> <ul style="list-style-type: none"> - Risk that individual farmers are not able to obtain access to the required pain relief. 	<p>Working with the Veterinary Council of NZ to develop standard operating procedures for these procedures across their sector, including the process that a veterinarian must follow if they decline to provide an non-veterinarian with pain relief,</p> <p>Deferred commencement date may be used if necessary to enable time for processes to get bedded in. Could look to a voluntary compliance regime for the first year or so of regulation.</p>
Prohibition on dog tail docking	Potential loss of exports of around \$750,000 per annum due to the risk that breeders of dogs who have their tails docked will no longer remain viable.	No mitigation strategy. MPI notes that tail docking in dogs is already banned in 30 countries and considers that the reasons banning the practice in NZ are robust.

Animal welfare benefits

While there are additional costs associated with some of the regulations, as outlined above, we consider that these will be off-set by the overall benefits for New Zealand Inc. of maintaining the credibility of our animal welfare regulatory system; and ensuring that our farming and animal husbandry practices keep pace with good practice and scientific knowledge.

There is an increasing trend of greater demands for improved animal welfare from consumers both in New Zealand and also in our main export markets. Consumers are being influenced by “conscience factors”, rather than only cost, and are now moving to take a “conception to consumption” interest in farming and abattoir practices and the associated animal welfare standards¹⁵. While results in surveys may differ somewhat from actual

¹⁵ An illustration of the consumer preferences in key markets is shown by the report *Attitudes of Europeans towards Animal Welfare*, (March 2016). In this report it was found more than half (59%) of Europeans were prepared to pay more for products sourced from animal welfare-friendly production systems.

consumer behaviours when purchasing products, when price differentials are considered, such surveys are indicative of changing consumer preferences.

In November 2014, the global charity World Animal Protection ranked New Zealand first equal with Austria, the UK, and Switzerland, in a survey of 50 countries, for its animal welfare regulatory system. The new regulations delivered last year, and those proposed in the current suite of regulations, will further enhance the credibility and integrity of our world leading regulatory system because they attach specific offences and penalties to breaches of minimum animal welfare standards. As already noted in relation to the regulations protecting young calves, this will lead to material improvements in outcomes for animals, and will also serve to protect and enhance both our domestic and international reputation as an ethical supplier of animals and animal products. In an environment where there is an increasing demand for ethically produced food across all of our key markets, this is an important contributor to New Zealand's international trade reputation and trading opportunities.

While it is very difficult to quantify the benefit this will bring to New Zealand overall, in recent offshore trade focussed visits by both the Director General of MPI and the Minister for Primary Industries, the question of assurances around animal welfare was brought up by almost every country and / or delegation visited; and our ability to talk about our world leading regulatory system and work underway to reinforce the robustness of that system was an important component of those discussions. New Zealand products are being exported to an expanding range of countries, so our ability to contribute to the animal welfare conversation with assurances about ongoing regulatory development is important. Perceptions of New Zealand's animal welfare and husbandry practices play an important role in favourably positioning products in premium-priced international markets. The reputation of New Zealand is particularly important when considering the size of our exports of sheep, dairy and other animal products (\$19.4 billion in the year to June 2016). In order to maintain our position and to grow our reputation it is important to review the appropriateness of our animal welfare requirements.

Historically farm animal welfare has been seen primarily as a source of business risk through increased costs, media exposés of poor practices and NGO campaigns. However with globalisation and competition in markets for New Zealand produce both here and abroad, farms and other businesses now increasingly describe farm animal welfare in terms of the opportunities – financial and reputational – that can be delivered. With New Zealand farms and businesses operating in an internationally competitive economy it is important to be responsive to consumer preference trends and continue to highlight how our animal welfare regime is aligned to these preferences.

Proposed regulations relating to the welfare of companion animals are important because they demonstrate that New Zealand's animal welfare regulatory system is not just interested in farmed animals. Proposals relating to the welfare of companion animals received considerable support from the public, and will have little cost impacts on owners who will already be meeting the required standards if they are caring for their animals well. While there are generally no financial benefit to society in caring well for its pets, this is something that matters to the wider community, and forms an important part of how New Zealanders see themselves.

8. Fiscal costs and benefits to the Government

Costs

There will be fiscal costs to the Government arising from ensuring compliance with the proposed regulations. This will include costs of education and raising awareness of the new regulations, costs of enforcement activity and administration costs for issuing and collection of fines. These costs will sit with both the SPCA and MPI as the two enforcement agencies under the Act.

Over the past three years the SPCA and MPI collectively received approximately 15,000 animal welfare complaints per annum, resulting in about 100 prosecutions per year, although this number varies. We expect that the proposed regulations will result in an increase in the levels of infringements and prosecutions undertaken under the new regulations. We found that the number of complaints about abuse of calves rose from 30 in 2015 to 150 in 2016. This increase in complaints would have in part been due to the provision of better enforcement options under the Animal Welfare (calves) Regulations that were passed in 2016 but also due to greater awareness in the media about cases of abuse.

Impact on the court system

Once the new regulations come into force we expect that the number of infringements or regulatory prosecutions will rise to approximately 2000 per annum¹⁶ (At present, each year MPI and SPCA carry out just under 100 prosecutions under the Animal Welfare Act, with the bulk of these being carried out by the SPCA.). There are no statutory defences available for infringement offences, but a defendant may write to the issuing authority or a District Court asking for a review of the decision to issue. There are limited statutory defences available for regulatory prosecutions. In all, we anticipate that approximately 20% of infringements and prosecutions will be challenged by the defendant, largely by way of letter requiring a review of the circumstances that led to issue of the original fee.

In addition to the cost of proceeding with infringements and regulatory prosecutions there is potential costs to the justice sector in respect of infringements that are appealed or for prosecution offences as they proceed through the Courts process. We are expecting around 5% of cases will result in a defended hearing through the Court process. This 5% figure is based on the rate of defended hearings for MPI Fisheries infringements.

Factors that will offset these estimates

MPI estimates that these numbers are likely to over-state the true burden of enforcement activity that will fall on the Court system because there are significant commercial incentives for people in the production sector to comply even before the new regulations have to be formally enforced by MPI. For example, a number of buyers build compliance with the Act and Regulations into their standard terms of supply – we are aware that this is a tactic of major milk companies, and also of a number of major purchasing chains in the global market.

Secondly, even although the costs of taking regulatory prosecutions will be lower than the costs incurred when taking prosecutions under the Act, these must still be considered in the context of the Solicitor-Generals Prosecution Guidelines and cases will only be taken where there is a high probability of success – making appeals less likely. It is also worth noting that while the majority of regulatory non-compliance complaints are made by the general public, a

¹⁶ This approximate number of infringement and prosecutions is expected to be 1700 for SPCA and 200-300 for MPI. In comparison MPI Biosecurity issue 12,000 infringements notices per annum and MPI Fisheries 1,500.

significant proportion of public complainants are often unwilling to act as a formal witness and this will mean further enforcement options will be limited.

Finally, we note that over time we expect the new regulations to drive the behaviour changes required to reduce low to medium level offending. This is likely to drive change throughout the chain of causation, and ultimately we are aiming to see diminishing levels of high end cruelty cases.

Fiscal implications

The implementation of the proposed regulations will put pressure on MPI baselines to fund activities to raise awareness of the new regulations and to fund enforcement activities within MPI and the SPCA.

To address these funding pressures, the Government provided additional funding of \$10m over four years in Budget 2015 for animal welfare. This funding has been used to develop new regulations, improve compliance and enforcement activity, and to help manage the welfare of animals during civil defence emergencies. It included an allocation of \$2.317m in out-years beyond June 2019 and this money will be used to meet ongoing commitments such as permanent staff salaries arising out of the original Budget 2015 allocation.

We expect there will be ongoing fiscal costs arising from the new regulations. At this stage it is proposed to manage these costs within baseline, however if substantive additional volumes of enforcement activity escalate costs to a point where this is no longer manageable, additional funding may need to be sought.

Benefits

It is not anticipated that there will be any significant direct fiscal benefits or revenues to the Crown arising from the passing of these new regulations.

The Government will achieve some marginal additional revenues associated with the new enforcement options that are available as a result of these new regulations. As with most fiscal penalties imposed in the criminal justice system, those revenues will revert to the central pool and will not be directly available to the enforcement agency responsible for imposing them.

It is worthwhile however to note the importance of maintaining New Zealand's reputation regarding animal welfare to our export revenues. These export revenues contribute to our economy and by implication fiscal revenues to the Government from taxes.

9. Summary of economic and fiscal costs and benefits

Our assessment of the wider economic and fiscal costs and benefits is outlined in the table below. We have used an indicative financial impact ratings of low (being less than \$2m across an affected group), medium (up to \$10m), high (\$10m to \$20m), and very high (greater than \$20m) to describe the collective impact of the regulations on different affected groups. These financial impact ratings are compared.

	Option 1 – Status Quo	Option 2 – Proposed Regulations	Option 3 – Increased Education / Training	Option 4- Improve Codes of Welfare
Costs to farmers in meeting the regulations	No change	Low - Medium	Low	Low
Costs to stock transport operators	No change	Low	Low	Low
Costs to owners of companion animals	No change	Low	Low	Low
Costs to dog breeders with docked tails of dogs	No change	Low in total (but will likely have significant impact over a small number of breeders)	Low	Low
Implementation costs	No change	Low	Low	Low
Monitoring and Enforcement costs	No change	Medium	Low	Low
<i>The following are qualitative assessments of the benefits of the proposed regulations</i>				
Animal Welfare benefits	No change	High	Low	Low
Market access benefits	No change	High to Very High (see note below)	Low	Low
Consumer acceptance/societal value	No change	High to Very High (see note below)	Low	Low

In assessing the market access benefits and the consumer acceptance benefits of the proposed regulations we have also allowed for the potential for cases of animal welfare ill-treatment to adversely affect demand for New Zealand farm produce. The estimate of the impact is based on our assessment of the adverse publicity the New Zealand dairy sector received, both in New Zealand and abroad, from the cases of abuse of dairy (bobby) calves in 2015.

In considering the impact on an affected group, it is also important to consider the numbers of businesses or private owners, and the number of animals in each category. For instance, while we have assessed the impact of the regulations on farmers as being low-medium across the sector (i.e. \$2m to \$10m), the impact per farmer is generally very

low due to the size of the farming sector. Within the sector the impact of the regulations will differ between individual farmers due to the different stock compositions, herd makeup and sizes, and the geographical locations.

10. Consultation

The proposed regulations have been developed following extensive consultation with animal welfare experts, industry, animal advocacy groups and the general public.

Public consultation

MPI consulted on 91 animal welfare regulatory proposals over a five week period during April and May 2016. The regulatory proposals were outlined in the following discussion documents:

- *MPI Discussion Paper No: 2016/12: Proposed Animal Welfare Regulations: Care & Conduct and Surgical and Painful Procedures.*
- *MPI Discussion Paper No: 2016/13: Proposed Regulations for the Transport of live animals from New Zealand.*

Consultation included six public meetings throughout New Zealand and an invitation to all interested parties to provide written submissions on the discussion documents. The public meetings were held in Wellington, Palmerston North, Auckland, Hamilton, Invercargill and Christchurch.

There was considerable comment, from both public meetings and written submissions, that the consultation period was too short and did not provide stakeholders with sufficient time to adequately consider the proposals. Following this a further four week period was provided for affected parties to provide supplementary information on the proposals.

MPI have also undertaken follow up workshops and one-on-one meetings with affected industry and advocacy groups in regards to the proposed regulations as a means of understanding the impacts of the regulations and to further refine their development.

MPI received over 1400 submissions on the proposals relating to Care and Conduct, Significant and Painful Surgical Procedures and Live Animal Exports. Approximately 1000 submissions were from individuals and 400 submissions were from organisations.

While a large number of submitters presented their own submission on the proposed regulation, there were a significant number of 'form submissions' – submissions which are, essentially, copy and pasted and sent by multiple people as individual submissions.

The largest group of these submitters (approximately 600 individuals) provided material prepared by SAFE (Save Animals From Exploitation). This form submission commented on proposals relating to layer hens, farrowing crates, rodeos, exotic animals in circuses and general comments on the practice of factory farming.

Summary of submissions

Overall the majority of submissions supported the regulatory proposals or requested stronger regulations. The information provided in the submissions will be used to refine the proposals and inform the assessment of potential impacts.

Detailed summaries of the submissions on each proposal are outlined in the following document:

- *MPI Final Report No:2017: Animal Welfare Regulations: Summary Report on Public Consultation April/May 2016* which will be available through the MPI website from 13 July 2017.

MPI intends to release this document via its website when government decisions on the regulatory proposals covered by this RIS have been made.

Contentious proposals

While most of the proposed regulations were non contentious, with submitters generally supporting the proposed regulations, in the following areas there were differences in view:

Pain relief

A number of the proposals consulted on drew from the Animal Welfare (Painful Husbandry Procedures) Code of Welfare 2005 in identifying appropriate enforceable standards for the regulation of surgical and painful procedures performed on animals.

The most contentious of the proposed regulations covered by this RIS were the requirements for pain relief during disbudding and dehorning, including the management of ingrown horns in some circumstances.

The common criticism of these proposals was that pain relief is not necessary in all circumstances and the need to ensure equitable and cost-effective access to pain relief for non-veterinarians. The cost and practicalities of accessing pain relief also came up as a concern during consultation. There are concerns particularly about the practicalities of accessing medication for pain relief in remote areas of New Zealand.

Support for the proposals varied within industry and across the non-industry stakeholders. Those supporting the proposals generally noted the need for a lead in time to implement the proposals to allow time to develop the relationships and systems necessary to facilitate access to and the use of Restricted Veterinary Medicines for some of the procedures.

What was the outcome?

As we propose making pain relief mandatory for disbudding and dehorning, systems, training and effective relationships must be put in place so that competent non-veterinarians (e.g. trained farmers, contractors) undertaking the procedure can reasonably access pain relief from the veterinary community. At the same time, pain relief must continue to be used properly and with appropriate veterinary oversight.

Delaying commencement of these proposals until 1 October 2019 allows time for MPI to work with industry and the veterinary community to develop the necessary systems, training and relationships. In many instances, the industry and veterinary community are already working on these issues. For example:

- The Veterinary Council of New Zealand (VCNZ) have committed to developing a Statement of minimum professional standards for these procedures within their Code of Professional Conduct (CoPC). Where a complaint is received, the CoPC is enforceable by VCNZ with actions ranging from 'no case to offer' through to suspension and disqualification. It is proposed that the Statement will clarify for veterinarians what the minimum professional standards are when they are approached by a farmer or technician wanting to undertake these procedures,

including training and providing the non-veterinarian with options for reviewing that decision.

- DairyNZ is working with the Dairy Cattle Veterinarian Association to ensure that training material and programmes are available.

Dogs' tails

The proposal to prohibit the docking of dogs' tails (except in cases of disease or injury) was one of the most contentious proposals consulted on. Approximately 76% of written submissions on this point opposed the proposal in its entirety or asked for weaker regulation in the area.

The majority of submitters who opposed the proposal were dog breeders, or advocates of purebred dogs. They believe that tail docking is a preventative measure against the risk of injury and therefore performed in the best interests of the animal. Many dog breeders said that in their experience neonate puppies (up to four days old) show little or no evidence of pain when the procedure is performed. Additionally, they believe the procedure does not amount to a surgical procedure, particularly when suitably trained breeders use the 'tail banding¹⁷' method on neonate puppies.

Submitters who supported the proposal included veterinarians and animal welfare advocates, including the SPCA. These submitters did not agree with tail docking for aesthetic reasons or as a measure to prevent injury. They contended that the risk of tail injury is over-stated and therefore the procedure is unnecessary, particularly because in their view tails have a function in terms of balance and communication with other dogs and humans. They also point to the significant welfare issues that arise when tails are docked by inexperienced laypeople.

What was the outcome?

Given the highly contentious nature of this proposal MPI contracted with an external expert to review all submissions received and the relevant science. The report supports MPI's position, which is that dogs' tails have an important function and routine docking of dogs' tails has no benefit to the animal and should therefore be prohibited. This is the proposal as it now stands.

The final report will be made available on MPI's website alongside all other documentation released following Cabinet decisions on the policy proposals.

Stock transport

The proposals relating to stock transport target areas which are frequently recorded as issues by MPI's veterinarians at meat processing plants. While most farmers, transporters, stock agents and meat processing companies agree that regulations in this area are required, they expressed differing views as to who within the supply chain should be held responsible.

The three most contentious proposals were transporting lame stock and stock in late pregnancy, and the avoidance of significant cuts and abrasions during transportation.

¹⁷ Tail banding is the application of a tight elastic ring that progressively cuts off the blood supply causing avascular necrosis.

The concern was that the degree of lameness and stage of pregnancy require some subjective judgment and submitters held divergent views about what thresholds should be acceptable. Approximately 90% of submitters supported or wanted a stronger position on transport of lame stock. Some requested higher penalties and some requested that transport of lame animals be prohibited.

Industry are concerned that the low value of individual sheep will mean treatment or a veterinary certificate are not economic and therefore that preventing the transport of lame sheep could lead to a rise in wastage (animals killed on farm) in the sheep industry.

Once the new regulation takes effect we consider that affected farmers will adopt the following mitigation strategies:

- Changing management practices to detect and address lameness earlier
- Treating lame sheep before sending them to the works
- Disposing of lame sheep on farm

On that basis, the true numbers of sheep that are disposed of on farm is impossible to estimate at this stage.

MPI notes that the obligations relating to lameness in sheep are already spelt out in the relevant codes of welfare, and that the requirement to meet this obligation is not new – all that is new is our ability to enforce the requirement.

The stock transport industry advised that regulatory proposals requiring that transport must not result in abrasions could have some implications for the transport industry practices by some transporters. The most common form of abrasions are backrub, which is an area of non-compliance with existing codes of welfare. The proposed regulation could mean that transporters may need to use larger crates to transport larger animals, particularly cattle. While this may mean less large animals being transported per truck, these costs are not considered to be significant.

What was the outcome?

The primary responsibility has been clarified by specifying who will be held liable for infringement offences (suppliers for pre-existing conditions, transporters for issues caused by transport).

So far as lameness in sheep is concerned, MPI considers that the rationale for restricting transportation of lame livestock applies equally to sheep as to other livestock and therefore no exception is justified for sheep. MPI will take an educative approach in the first instance in order to assist affected farmers into voluntary compliance, and this will include significant work with industry to ensure that farmers are aware of their obligations under the regulations.

Concern was raised during consultation that placing requirements around stock transport would limit the ability of suppliers to transport their animals to safety in the face of an adverse weather or environmental event. MPI considers each infringement recommendation based on the facts provided to them, and in the event of a supplier transporting their animals to safety in an adverse event it is very unlikely that they would be infringing.

Pigs

The proposals relating to pigs attracted over 700 submissions—the majority were a form submission expressing general opposition to the use of farrowing crates, colony cages and

calling for the removal of all 'factory farming' regulations, and for MPI to undertake a review of 'factory farming'.

Concerns were also raised over the proposed requirement for nesting material in pig farrowing crates for farrowing systems constructed after 3 December 2010. While a number of submitters supported the proposal, there were significant concerns raised by industry about the impact of proposed nesting material on hygiene in farrowing crates and the impact of material such as straw on sewerage systems. After extensive engagement with both industry and advocacy groups, MPI have decided to defer the proposal to require nesting materials to be provided at this time because:

- The proposal consulted on was drawn directly from the Pigs Code of Welfare 2010, and it was limited to farming systems built after 2010. There are currently approximately only four such farming systems in New Zealand. To make the requirement applicable to all indoor farming systems MPI would need to re-consult;
- There is insufficient clear science available at this time for a regulation to articulate specifically enough exactly what it is that farmers would be expected to provide by way of nesting material.

What was the outcome?

MPI will continue to work with the pork industry to progress research around implementing a requirement to provide suitable nesting material for farrowing sows. The other six proposals relating to pigs are recommended for regulation, and nesting material remains an area for potential future regulation.

Layer hens

The form submission noted above, also expressed general opposition to the use of colony cages, however there was less comment on the specific wording and intent of the regulatory proposals.

What was the outcome?

Following stakeholder feedback, two proposals relating to stocking densities and housing and equipment design have been deferred. NAWAC has advised that they wish to re-consider the minimum standards in both the Layer Hens Code of Welfare and the Meat Chickens Code of Welfare to determine whether all of the relevant minimum standards have been properly identified for regulation, and whether any of the minimum standards identified for regulation need to be revised before being enshrined in law. NAWAC will undertake this work in collaboration with MPI, the SPCA, Egg Producers Federation and the Poultry Industry Association of New Zealand during 2018 with a view to progressing any required regulatory change in 2019.

There are two proposals that will be progressed at this time. These are:

- A requirement that egg producers move their stock out of battery cages in accordance with the transitional dates set down in the Layer Hens Code of Welfare 2012. This will enable MPI to enforce the prohibition on the use of battery cages in 2022 when this takes effect; and
- A prohibition on induced moulting which has met with uniform support from all submitters.

Research, testing and teaching

Targeted consultation was undertaken with a small group of affected stakeholders in relation to minor and technical amendments to the Animal Welfare (Records and Statistics) Regulations 1999 that arose as a consequence of amendments to the Act in 2015. Stakeholders consulted included Universities and other research facilities. The majority of the feedback was supportive of the changes and agreed that these were appropriate, required and imposed only minor additional costs. Advocacy groups were notified of the proposed changes, and no comment was received from them.

What was the outcome?

The proposed and incoming changes will increase recording requirements on code holders. As a result, statistical returns to MPI in 2019 will reflect an increase in the numbers of animals used in RTT. MPI and the National Animal Ethics Advisory Committee are working to publically communicate the reasons for this and provide assurance around the ethical use of animals in research, testing and teaching.

11. Conclusions and recommendations

Most people who own or are in charge of animals, whether as production animals or pets, treat their animals well. A small minority however do not. The vast majority of the New Zealand public, as shown by the consultation undertaken in the process of developing these regulations, want regulatory tools that will enable enforcement agencies to respond effectively to offending against animals at all levels of seriousness. Increasingly consumers of New Zealand dairy, wool and meat products are also interested in animal welfare standards.

Cases of ill-treatment of animals have the potential to disproportionately harm New Zealand's reputation and impact on New Zealand exports and the economy as a whole. For instance, the December 2015 campaign by Save Animals from Exploitation (SAFE) in the UK about mistreatment of bobby calves in New Zealand by a small number of perpetrators reflected on the entire New Zealand dairy industry. While New Zealand has among the highest animal welfare standards in the world we need to protect this position and look for options to improve our reputation for the care of animals.

We consider the best option to address the regulatory gap created by the fact that minimum standards in codes of welfare are not directly enforceable is the option to implement new regulations (option 2 in this paper). Compared to implementing new regulations, option 1 (status quo), option 3 (more education and training) and option 4 (amending codes of welfare) are unlikely to significantly change the behaviour of those who ill-treat animals in New Zealand.

MPI considers that the majority of the proposed regulations will have minimal impact on farmers, other businesses or private individuals. Where we do foresee additional impacts on regulated parties as a result of some of the proposed regulations, we consider that the mitigation strategies we have put in place will be sufficient to manage these impacts in a reasonable way.

Overall, we consider that the costs and impacts of the proposed regulations are outweighed by the benefits in terms of improved animal welfare outcomes and the enhanced credibility of our animal welfare regulatory system.

12. Implementation plan

In order to maximise the effectiveness of the proposed regulations and to mitigate the costs to farms, other businesses, and individuals the following approach will be used to implement the new regulations:

- Delayed commencement of some of the proposed regulations in order to allow for affected parties to transition to the proposed regulations.
- Support and educational initiatives to raise awareness of the proposed new regulations.
- Taking a graduated approach in ensuring compliance with the proposed regulations.

In developing the proposed regulations we have also considered what risks arise that could have negative consequences and means to mitigate these risks. The risk mitigations are outlined in the 'Impact of the Regulations' section.

Delayed commencement

Implementation of the new regulations will be staggered from 1 October 2018 and beyond in order to help mitigate impacts. We are anticipating that the proposed regulations, with the exception of pain relief for disbudding and dehorning for dairy cows and cattle, will have a 1 October 2018 commencement date. This delayed commencement date for the proposed regulations also allows time for farmers, businesses or individuals to adjust practices and/ or to spread the costs associated with meeting the requirements of the new regulations.

We are planning to defer the commencement date for pain relief for disbudding and dehorning dairy cattle to October 2019. The reason for this delay is to allow for time to raise awareness of the regulations and to develop systems and processes, including training, within the farming and veterinary sectors for the administration of the pain relief.

Support and educational activities

Providing support and raising awareness of the new regulations is an area of shared responsibility between MPI and industry groups.

The Ministry for Primary Industry and industry will work together to ensure that educational material and supporting activities are available to regulated parties from a number of different sources. This will help ensure that most people meet their new obligations voluntarily.

Activities include:

- Press releases advising of the new regulations
- Undertaking workshops with industry groups where appropriate to inform farmers and others of the new regulations
- Placing a copy of new regulations on the MPI website <http://www.mpi.govt.nz/law-and-policy/legal-overviews/animal-welfare/animal-welfare-regulations/>
- Working through industry groups to communicate with members through whatever means exist within the industry i.e. such publications, websites, communications to members
- Working with any other non-industry groups such as New Zealand Kennel Club dog training clubs, the Association of Pet Dog Trainers, New Zealand Pony Club and local councils to raise awareness of the new regulations

In addition to raising awareness of the new regulations there will also be a need for ongoing educational activities and support to ensure new entrants to farming or new owners of companion animals are aware of the animal welfare regulations.

Compliance approach

While each case will be considered on its merits, MPI is planning to take a graduated approach to compliance whereby warnings will be used as well as infringements and regulatory prosecutions.

It is also important to note that the MPI On-Farm Verification programme that involves verification of a randomly selected 1200 farms, to ensure they are following the animal welfare codes of welfare and regulations will also contribute to the overall process of identifying and investigating animal welfare issues. This programme is an important part of assuring trading partners that New Zealand production animals in the red meat industry are kept and processed through meat plants in a way that meet our market access obligations in regards to animal welfare.

13. Monitoring, evaluation and review

MPI will develop guidelines for the consistent application of compliance interventions (education, warning, infringements and prosecution). At regular intervals MPI will conduct audits to ensure the guidelines are consistently being applied. The SPCA will be required to do similar which will be subject to audit by MPI. MPI will provide a database that records all animal welfare infringements and prosecutions.

The Ministry for Primary Industries will also review the performance of the regulations once the regulations have become embedded in the animal welfare compliance system. The review will look at whether the regulatory changes have performed as expected.

Indicators which will be used to assess the performance of the regulations, include:

- Levels of complaints and the results of investigations about cases of animal welfare abuse.
- Data collected from MPI's 220 veterinarians who inspect stock transport and the condition of animals as they arrive and are processed through meat processing plants.

To date, there has been one review of the progress of the Animal Welfare (Calves) Regulations 2016. This review found that the 2016 spring calving season saw a marked decrease in young calf mortality (which is the number of bobby calves that die or are condemned for welfare reasons between farm and slaughter), with the mortality rate more than halving from 0.25% in 2015 to 0.12% in 2016.

We are anticipating that in addition to monitoring indicators such as those outlined above that we will review the regulations after a period of three to five years following commencement of the regulations. The timing and scope of such a review will be subject to decisions on prioritisation of the work programme of the Ministry for Primary Industries.

Over time there will be a need to review the effectiveness of the penalties, in terms of whether they are a sufficient deterrent to offending, and also review the monetary levels of the infringements and prosecutions.