



Report of the State Comptroller of Israel | May 2022

Ministry of Agriculture and Rural
Development

Egg Production in Israel – Implementation of the Laying Hen Coops Reform



Egg Production in Israel – Implementation of the Laying Hen Coops Reform

Background

Eggs for consumption are a source of animal protein in the human diet. The egg-laying industry in Israel is planned, and it is only possible to produce and market eggs according to the quota allotted to the poultry farmer. The laying hens are raised in various systems of coops: old battery cages, larger battery cages that can be equipped or have already been equipped (enriched), and cage-free (new laying hen coops). The majority of laying hen coops in Israel are old; they were built in the 1950s and 1960s, where the space for egg laying hens is approximately 400 square centimeters. In 2007 and 2010, the Government decided to assist poultry farmers by giving grants to invest in the consumption eggs industry, to remove the laying hen coops from the communities' centers. In August 2021, the Government decided to cancel the quotas regime in the egg-laying industry, but this decision has not yet been implemented. Towards the end of 2021, there was an outbreak of avian influenza in Israel, which is also dangerous for humans. Following this, the Ministry of Agriculture exterminated more than one million laying hen in all types of coops and even treated hundreds of people to prevent an outbreak of the disease in humans.

Key figures



2.2 billion eggs

the average number of eggs produced in Israel every year



100 million eggs

the average number of eggs imported to Israel every year



9 million

the number of laying hens in Israel



41%

the discrepancy between the egg price to the consumer (high) in Israel and the average price in the OECD countries



92%

of the laying hen coops in Israel do not have a business license



400 square centimeters

the commonest living space for a laying hen in Israel compared with the European Standard, which requires 750 square centimeters per laying hen



1,653 laying hen coops

the number of laying hen coops in Israel



7%

of the laying hen coops in Israel are aviaries, organic or free, compared to 52% in the European Union countries. 93% of the coops in Israel are battery cages



71%

of the laying hen coops are in the north of the country



NIS 250-500 million

the surplus cost is borne by the Israeli egg consumer every year due to their high price in Israel



150,000 tons of garbage

of the laying hen coops in the north (83%) are not properly disposed of in the authorized treatment facilities every year



approx. 36%

of the laying hens in Israel were infected with salmonella in 2020



77 areas for laying hen coops

are required in the north of the country to relieve the existing density in the coops, and so far, 24 of them have been budgeted



200-250 eggs

annual average per laying hen



250 eggs

the annual average consumption per person



89% of the subsidies for farmers in Israel

are indirect subsidies compared to the 35% thereof in the OECD countries

Audit actions





From May to October 2021, the Office of the State Comptroller examined the implementation of the Government decisions to advance reform in the egg-laying industry and the removal of laying hen coops from the communities' centers. The audit was conducted in the Ministry of Agriculture and Rural Development (the Ministry of Agriculture) and at the Egg and Poultry Board. Supplementary examinations were conducted at the Ministry of Finance, the Kanat Company, and the Ministry of Environmental Protection.

Key findings

Conditions for the laying hens rearing – 94% of the laying hens in Israel are reared in battery cages. This rate is considerably higher than the rate of laying hens reared in battery cages in European Union countries (48%, all in enriched battery cages) and the United States (70%). 76% of all the laying hens are reared in old laying hen coops, where the space for one hen is only approximately 400 square centimeters, and 18% in new battery cages, compared to enriched battery cages in Europe, where the standard is 750 square centimeters per hen. This is inconsistent with the need to safeguard public







health and prevent hazards, improve financial efficiency and laying hen welfare, and develop northern communities.

-  **Egg prices** – even though eggs are a staple and price-controlled product in Israel, mainly to protect the consumer from unreasonable price increases. The price of eggs in Israel for the consumer is considerably higher – 41%, than their average price in the OECD countries and 72% higher than their price in the United States.
-  **The types of subsidies for farmers in Israel** – despite OECD recommendations, agreements between the Ministries of Agriculture and Finance from 2016, and the 2021 Government decision – the rate of indirect subsidies in agriculture, has remained at 89% of all the subsidies for farmers, as it was over the years, compared to the one in the OECD countries which is 35%.
-  **Business license for laying hen coops** – in August 2021, approximately 91% of the laying hen coops in Israel did not have a business license. This raises concern that most of the consumption eggs are produced in laying hen coops that do not comply with the basic sanitary and biological safety requirements that may adversely affect the prevention of poultry diseases. Thus safeguarding public health and laying hens' welfare, and preventing hazards. Likewise, the relevant statutory provisions have not yet been updated about seven years after the steering committee recommendations to match business-licensing regulations to the updated veterinary requirements.
-  **The Government decisions for implementing the egg-laying industry reform** – due to disagreements with the poultry farmers' organizations, the Government decisions from 2007, 2010, and 2021 to upgrade the laying hen coops have not been implemented. It was raised that this reform in the northern communities will be completed during 2027 at the earliest.
-  **Advancement of the reform in laying hen coops other than in the north** – apart from the plan advanced by the Mate Yehuda Regional Council, neither the Ministry of Agriculture nor any other party has advanced a plan for building laying hen coop compounds in communities other than in the north, to which the old laying hen coops may be moved. Most of these communities are in the center of the country, and the shortage of suitable spaces in the center to move the laying hen coops is even more prominent there. Consequently, in the next few years, about one-third of the laying hen coops in Israel will remain without a solution and an implementable outline. Accordingly, they cannot obtain permits to house and rear laying hens.
-  **Disposal and treatment of laying hen coop waste in the north** – every year, 30,000 tons of garbage (17%) are treated in the Merom HaGalil area from approximately 180,000 tons produced in laying hen coops. The remainder of the garbage (about 150,000 tons) is not properly disposed of in the authorized treatment facilities but dispersed in the open spaces of the northern district without coordination with the authorized parties. The planned solution to implement shortly pertains only to one-half



of the quantity. The implementation of the entire reform is in danger due to frustrating schedules and progress delays.

-  **Enacting regulations for laying hen welfare** – the proceeding for enacting minimal living conditions regulations for the laying hens lasted for about a decade and has not been completed. Today, the majority of the laying hens (76%) are still held in conditions that do not comply with the basic international standards for proper living space, which all Government ministries agree are no longer acceptable in Israel. Likewise, the failure to enact regulations leads to perennial uncertainty in the egg-laying industry, making it difficult for poultry farmers to plan appropriately, mainly their investments in upgrading the laying hen coops.
-  **Diseases in the laying hen coops** – the common bird diseases morbidity rate in Israel, excluding salmonella, in the northern laying hen coops is higher than those in other parts of the country – 90% of the laying hens' flocks which were infected with Newcastle disease, 78% of the flocks which were infected with mycoplasma, 88% of the flocks who were infected with contagious bronchitis, and 100% of the flocks who were infected with H9 avian influenza were raised in the northern laying hen coops. This imposes upon the egg-laying industry and the public (which bears the high egg prices, as aforesaid) additional financial costs due to the need to exterminate laying hens flocks and to shut down laying hen coops. Zoonotic diseases (which are liable to be transmitted to humans), such as avian influenza and salmonella, may also harm public health.
-  **The avian influenza outbreak at the end of 2021** – an avian influenza pandemic, also dangerous to humans, broke out in Israel in December 2021. Migratory birds were the source of the flu. Consequently, the Ministry of Agriculture exterminated about one million hens in all types of laying hen coops, and hundreds of people were treated to prevent the disease outbreak in humans. The inability to prevent the spread of the avian influenza among the existing densely built laying hen coops hindered the isolation of the outbreak epicenter and the concern for public health.
-  **The "One Age" directive – the insurance aspect** – the Ministry of Agriculture and the Ministry of Finance have not formulated an insurance arrangement suitable for poultry farmers to implement the One Age Directive¹ in adjacent laying hen coops. This raises concern that poultry farmers required to exterminate flocks or leave laying hen coops empty to achieve one intake date for laying hens in adjacent laying hen coops cannot comply with the directive and accordingly will violate it, retire from the industry or even collapse financially.





1 A directive whereby every laying hen coop will be inhabited by laying hens that hatched no more than ten days apart. The requirement of one age comes against a veterinary background, for preventing outbreaks and spreads of disease factors.



Advancement of the plan to build spaces for laying hen coops – the Office of the State Comptroller commends the Ministry of Agriculture initiative to advance outline plans for compounds for building future laying hen coops in the northern communities.







Advancement of the reform through the Veterinary Services (VS) directives – the Office of the State Comptroller commends the VS's decision to stipulate the population permits for laying hen coops upon the poultry farmers' progress in the planning and building of New laying hen Coops complying with the business licensing regulations. This decision directly affects the egg-laying industry reform advancement.

Key recommendations

-  Given the European Union's decade-old prohibition on rearing laying hens in old laying hen coops where the space per laying hen is less than 750 square centimeters and the decision of the Ministry of Agriculture to adopt this trend – it is recommended that it formulate a multi-year plan for transition to new laying hen coops that do not contain old battery cages. The Ministry of Agriculture, in conjunction with the Ministry of Environmental Protection and the Ministry of Finance, should enact regulations concerning the laying hens' welfare, alongside advancing the reform – upgrading rearing methods in new laying hen coops, which will enable to implement the regulations, regarding among other things, the minimal living space for the laying hens.
-  It is recommended that the Ministry of Agriculture and the Ministry of Finance advance the implementation of the OECD recommendations, the ministries' agreements, and the Government's decision to lower the eggs price in Israel and reduce the discrepancy between their price in Israel and in the United States and Europe.
-  Implementation of the egg-laying industry reform, from 2007, is designed to move all poultry farmers with statutory business licenses to New laying hen Coops, and therefore the Egg and Poultry Board and the Ministry of Agriculture should continue to implement it. Likewise, it is appropriate for the Ministry of Agriculture to update the statutory provisions to conform to the updated veterinary requirements.
-  It is recommended that the Ministry of Agriculture, which has invested approximately NIS 50 million in the construction of spaces according to the 2019 procedure, and which is due to invest a similar sum according to the 2021 procedure, ascertain that the spaces do not remain unused. For this purpose, it should formulate possible solutions, so that the necessary laying hen coops are built. Likewise, since the 2021 call for submitting subsidies requests has already been published and the communities have submitted the requests, and given the importance of continuing the reform – it is appropriate that the



Ministries of Agriculture and Finance budget the implementation of the 2021 procedure or, alternatively, provide a comprehensive reform solution in the egg-laying industry.

-  The Ministry of Agriculture should ensure that the laying hen coops in Israel comply with the statutory provisions. Simultaneously, the Ministry of Agriculture should consider the employment and planning aspects in the northern region following the reform implementation, and work diligently with all relevant parties, including the Ministry of Finance, to find a suitable solution for this issue, including the budget aspect.
-  It is recommended that the Ministry of Agriculture consider the limitations of the communities other than in the north, to implement the reform, and consider whether to continue their existence or their closer, and examine the closer effect on the poultry farmers. Regarding the communities where it is possible to construct laying hen coops according to the requisite conditions, it is appropriate that the Ministry of Agriculture and the Ministry of Finance, in conjunction with the relevant local authorities, prepare a suitable plan to upgrade the laying hen coops, ensuring that public health is safeguarded, preventing nuisances and optimize egg production.
-  The relevant parties, headed by the Ministry of Agriculture and the Ministry of Environmental Protection, should formulate an appropriate solution to treat all the waste produced in the existing and planned laying hen coops.
-  It is recommended that the Ministry of Agriculture consider the reasons for the high contagion bird disease rates of the laying hens coops in the north, its lack of biological safety, and the measures required to reduce the contagion rates. The Ministry of Agriculture should continue the egg-laying industry reform to improve public health and the laying hens' welfare. Still, simultaneously it should take the necessary measures to maintain biological safety in the large compounds of laying hen coops.
-  The widespread breakout of avian influenza at the end of 2021 highlights the need to advance the reform, regulate New laying hen Coops and adopt control and monitoring measures to prevent such a severe spread also dangerous to human health.
-  It is recommended that the Ministry of Agriculture examine the financial and health damages expected from the failure to implement the one age directive and compare them to the cost of implementing it – for the poultry farmers and the State. If the examination raises a more significant benefit in implementing the directive, the implementing method should be examined and solutions found for the poultry farmers, in conjunction with the Ministry of Finance. If the examination indicates that the benefit does not justify the implementation of the directive, it is appropriate that the Ministry re-examine it.



Old battery laying hen coop



Photographed by the audit team in April 2021.

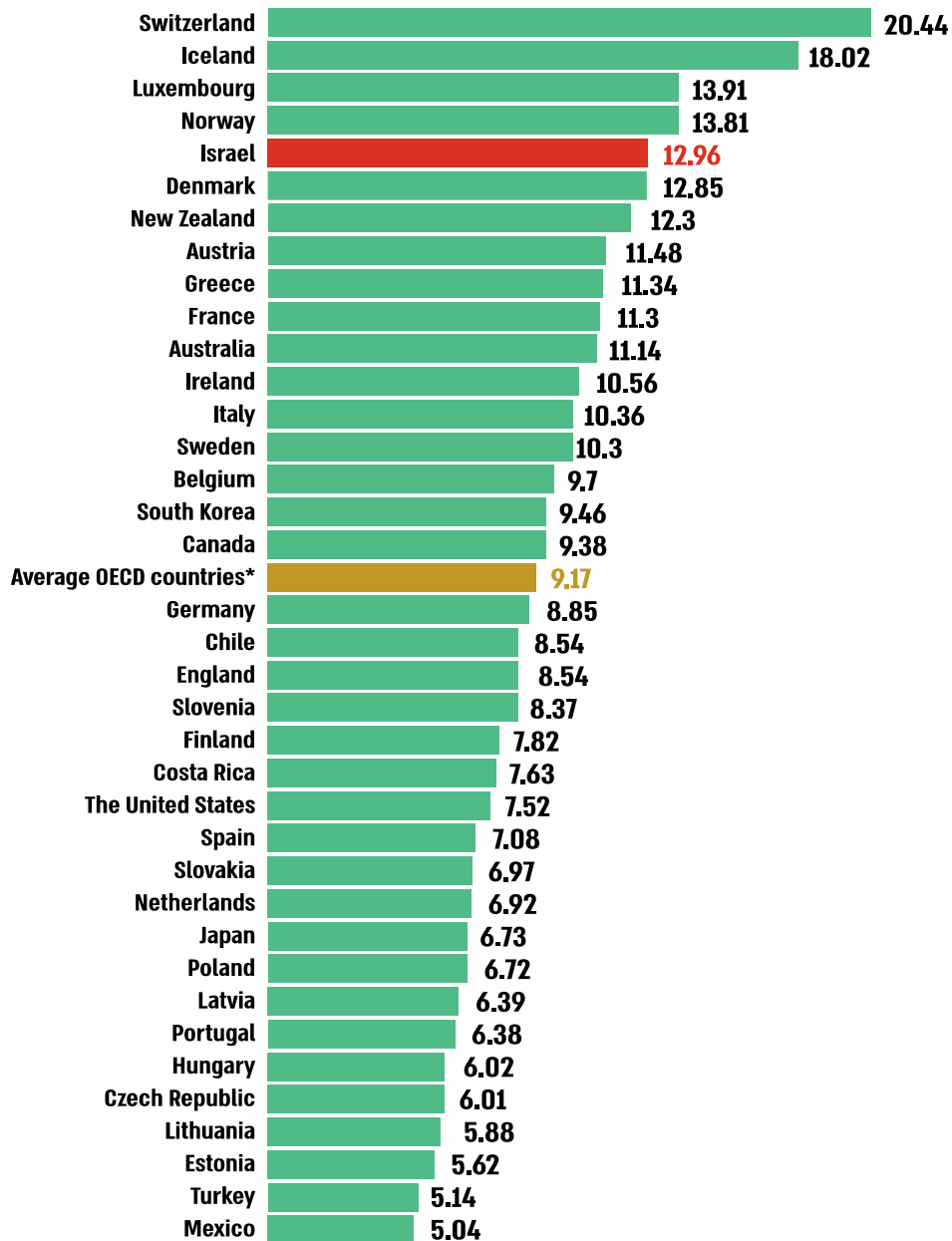
New battery laying hen coop which can be equipped



Photographed by the audit team in April 2021.



The average price of a 12 eggs carton size M in large supermarkets in the OECD countries, February 2022 (in NIS)*



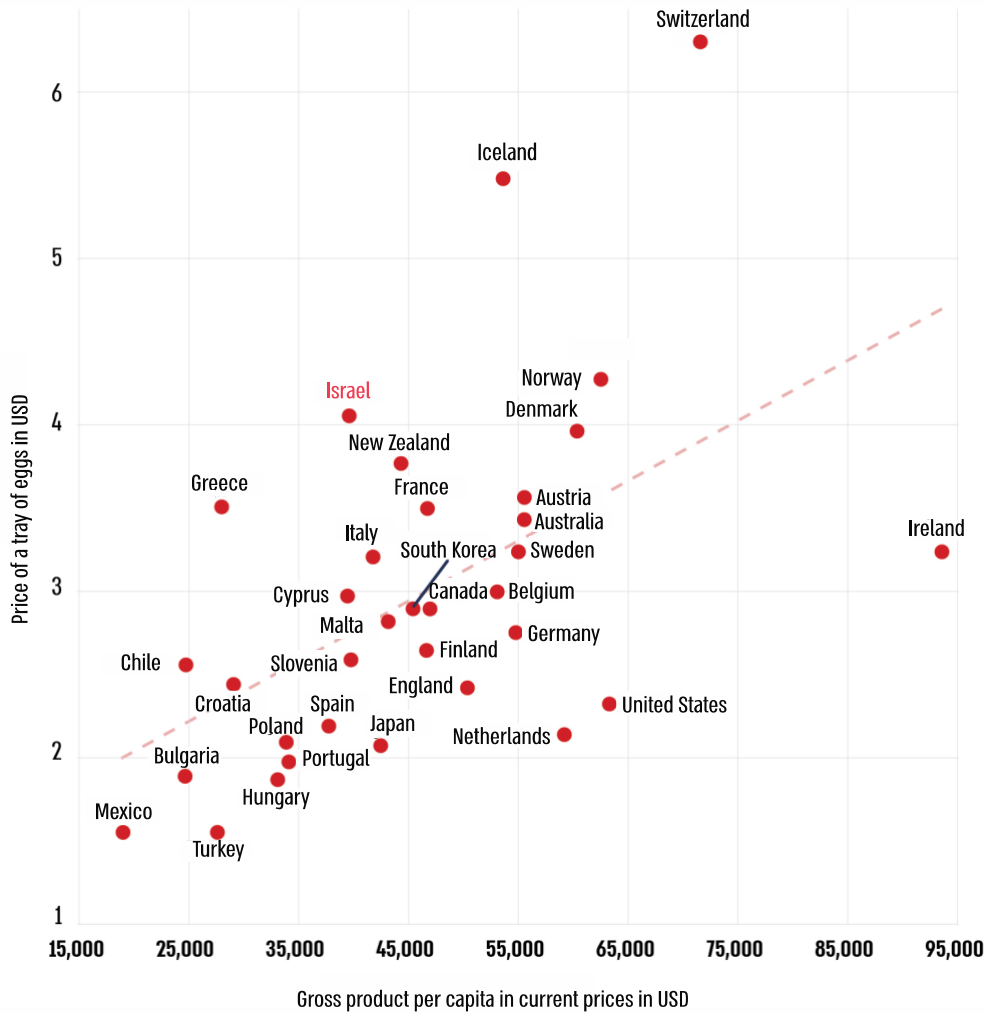
According to the NUMBER website, as of 14.2.22.

* The average in the OECD countries, not including Israel.

[https://www.numbeo.com/cost-of-living/country_price_rankings?itemId=11.](https://www.numbeo.com/cost-of-living/country_price_rankings?itemId=11)



Comparison of the gross product per capita in current prices in the OECD countries in 2020 in relation to the average price for a carton of eggs in these countries in February 2022 (in USD)



By the OECD data² and data from the NUMBEO website for egg prices as of 8.2.22.

² <https://stats.oecd.org/>



Summary

The majority of laying hen coops in Israel were built in the 1950s and 1960s, mainly in the northern district. For several decades, the laying hen coops in Israel have not complied with the statutory provisions, where binding standards were prescribed from the licensing, planning and construction, and public health aspects, and they do not meet the acceptable requirements in the developed countries concerning the welfare of the laying hens. 76% of all laying hens are reared in battery cages where the space per laying hen is only approximately 400 square centimeters. Many of the laying hen coops are located in communities' centers and create an environmental hazard there, and also affect their development possibilities and the quality of life of their residents.

In the northern laying hen coops, which are more crowded than those in other parts of the country are, the morbidity rate in most of the common bird diseases in Israel is considerably more significant compared with the morbidity rate in the laying hen coops in the other parts of the country. The avian influenza outbreak at the end of 2021 indicates the ineffective isolation of the outbreak's epicenter and prevention of the avian influenza spread among the laying hen coops.

Furthermore, due to the quotas policy prevalent in the industry, the egg price in Israel is one of the highest in the world, even though the Government controls the prices. Thus, for example, the average price for a carton of 12 medium eggs in Israel is NIS 12.96, while the average price for a similar carton in the OECD countries (not including Israel) is NIS 9.17, and in the United States, NIS 7.52. The Israeli consumer bears the burden of the high price.

Since 2007, the Government has made various decisions concerning the reform implementing in the egg-laying industry, mainly concerning the removal of old laying hen coops from the communities' centers and building instead new and modern laying hen coops outside them. Even though all those concerned agree that the current situation is dangerous to public health, harms the appearance of the northern communities and their development possibilities, laying hen welfare, and the financial efficiency of the egg-laying industry, by the date of the audit completion, the removal of the laying hen coops from the communities' centers have not yet been implemented.

The Ministry of Agriculture's advancement in upgrading laying hen coops in recent years should be commended. This is both by the VS, motivating the poultry farmers to gradually comply with the binding conditions for rearing laying hens in Israel, and by the Planning Authority, which funds and builds areas on the outskirts of the northern communities designed to be used as a basis for building laying hen coops in the future. Nevertheless, in current state, the reform will be completed in 2027 at the earliest, 20 years after the Government decision in 2007. Furthermore, the absence of a binding norm concerning the method of rearing the laying hens, while considering their welfare, creates uncertainty in the industry



and makes it difficult for poultry farmers to plan their steps and mainly to invest the necessary funds to upgrade the laying hen coops.

In the light of the aforesaid, the Ministry of Agriculture, in conjunction with the Ministry of Finance, should continue to remove the obstacles to advancing the reform, including the budgetary, planning, and normative aspects. Since a significant part of the old laying hen coops are located in the north of the country, (71% of the laying hen coops in Israel and 65% of all the poultry farmers are located in the northern communities), the employment aspects of the reform adoption should also be considered, and the provision of relevant solutions should be worked on diligently.

