Ministry for Primary Industries
Manatū Ahu Matua

Managing high pathogenicity avian influenza H5N1 in poultry

Interim Regulatory Impact Statement

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Te Kāwanatanga o Aotearoa
New Zealand Government

Ministry for Primary Industries
Manatū Ahu Matua

Interim Regulatory Impact Statement: Managing high pathogenicity avian influenza H5N1 in poultry

Decision sought	Analysis produced to inform Cabinet decision to release a discussion document.
Agency responsible	Ministry for Primary Industries (MPI)
Proposing Ministers	Minister for Biosecurity
Date finalised	11 August 2025

Briefly describe the Minister's regulatory proposal

To develop regulations under the Biosecurity Act 1993, providing for an industry-led, government-supported management approach to high pathogenicity avian influenza (HPAI) H5N1, clade 2.3.4.4b, in poultry.

Summary: Problem definition and options

What is the policy problem?

Varying biosecurity capability and capacity in industry means that the current approach to readiness for HPAI H5N1 would likely not be sufficient to effectively manage the disease in the event that it arrives in New Zealand.

Overseas experience indicates that if HPAI H5N1 arrives, it would likely become established in wild birds. Once established, it would be impossible to eradicate from New Zealand, and there would be a persistent risk of re-infection for poultry operators. This persistent risk would cause issues for New Zealand, such as:

- supply chain and food security issues if large numbers of infected products cannot be sold;
- financial issues for the Crown and industry, depending on the type of response taken;
- animal welfare issues if free-range birds are kept indoors; and
- market access and trade issues if trading partners place restrictions on New Zealand poultry products.

What is the policy objective?

The key objective is to ensure suitable biosecurity standards are in place and that industry is empowered, supported and incentivised to meet them. This will ensure that industry is prepared for an incursion of HPAI H5N1 and can reduce its impacts. The solution should also:

- empower the poultry and egg industry to sustainably manage HPAI H5N1 in commercial poultry;
- incentivise good biosecurity practice and early reporting of infection;
- protect public health and domestic food supply; and
- provide for consistent standards across the industry.

What policy options have been considered, including any alternatives to regulation?

The two options considered in this RIS are:

- Option One: Counterfactual – Use existing tools and regulatory settings in the Animal Products Act 1999 and Animal Welfare Act 1999 to manage the risks of HPAI H5N1. This could include using biosecurity powers under the Biosecurity Act 1993 where needed to manage the disease, but that would not be the default approach.
- Option Two: Regulations (preferred option) – Develop regulations under section 165 of the Biosecurity Act 1993 to provide for industry-led, government-supported management of HPAI H5N1 in poultry.

Options are mutually exclusive. Option Two is intended to replace Option One, though some form of government-led response action would likely be required even if Option Two was implemented.

Some options have been ruled out of scope at this stage. These are:

- **Full-scale biosecurity response –** MPI considers this would be epidemiologically infeasible and financially unaffordable. A full-scale biosecurity response would likely reduce MPI's capacity to manage other biosecurity threats and present a fiscal risk to the Crown and industry.
- **Develop a National Pest or Pathway Management Plan (NPMP) under the Biosecurity Act 1993 –** While potentially effective, an NPMP can take up to three years to develop and implement, meaning it would not be timely. This option could be explored later.
- **Amend codes of welfare under the Animal Welfare Act 1999 –** Like developing an NPMP, reviewing and amending codes of welfare may not be completed in the event of HPAI H5N1 arriving. The relevant codes of welfare for poultry are scheduled to be reviewed, and this will be done separately.
- **Industry-developed voluntary programmes for managing HPAI H5N1 in commercial poultry –** MPI considers that a voluntary programme would not be able to adequately achieve desired biosecurity outcomes or provide assurance to New Zealanders or trading partners that HPAI H5N1 is being adequately managed.

What consultation has been undertaken?

- MPI has worked closely with industry to develop an appropriate response approach in the event of HPAI H5N1 being detected in a commercial poultry farm in New Zealand.
- MPI is working closely with the Poultry Industry Association of New Zealand (PIANZ) and the Egg Producers' Federation (EPF) to develop suitable standards that could be set in regulations.[1]
- No public consultation has yet been undertaken. The analysis in this interim RIS supports a decision to release a discussion document for public consultation.

Is the preferred option in the Cabinet paper the same as preferred option in the RIS?

- Yes.

Summary: Minister's preferred option in the Cabinet paper

Costs

- MPI does not have reliable data to estimate final costs at this stage. Public consultation will provide an opportunity to gather data.
- Costs are likely to fall on regulated parties and on MPI. Total estimated costs to these groups are $23.6m, with some one-off costs and some recurring. However, this is an estimate with low confidence.
- Costs for industry are likely to be significant, especially for small operators. The cost of complying with regulations could prompt some operators to exit the industry. However, in the absence of adequate disease management tools, costs for operators would likely be high due to repeated disruptions to production – the impact of the disease could also prompt some operators to exit the industry. Costs of regulation are estimated to be lower than responding to outbreaks under the counterfactual.

Benefits

- While the option will overall protect trade and domestic food supply, it is difficult to predict in advance what the trade or price impacts of HPAI H5N1 are likely to be. We expect that it is highly unlikely trade would return to pre-incursion levels.
- Benefits have been estimated as reduced trade impact and reduced price impact compared with the counterfactual.
- Total estimated benefits are $129.9m. However, this is an estimate with low confidence.

[1] PIANZ and EPF are industry partners under the Government Industry Agreement for Readiness and Response (GIA). https://www.gia.org.nz/

Balance of benefits and costs
• Initial estimates indicate that the benefits outweigh the costs.
Implementation
• The approach to implementation has not yet been decided. During public consultation, MPI aims to gather information about how regulations should be implemented, including what guidance or support may be required. • Regulations would need to provide for a suitable transition period to give regulated parties time to develop control programmes. This period would likely be 12 months.
Limitations and Constraints on Analysis
Interim analysis MPI does not yet have all the data it needs for a full regulatory impact analysis, including implementation and compliance costs, measures of public support for proposals and other quantitative data. Public consultation will enable MPI to collect information to inform the full RIS for the policy stage. Where appropriate, this RIS notes when data is missing, limited or uncertain.

I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.

Fiona Duncan
Director Regulatory Systems Policy
Ministry for Primary Industries
11 August 2025

Quality Assurance Statement	
Reviewing Agency: Ministry for Primary Industries, Department of Corrections	**QA rating:** Meets
Panel Comment: A quality assurance panel with members from MPI and the Department of Corrections has reviewed the interim Regulatory Impact Statement (RIS), “Managing high pathogenicity avian influenza H5N1 in poultry” produced by MPI in July 2025. The panel considers that it meets the Quality Assurance criteria. The panel assessed the RIS on the basis that it is an interim RIS accompanying a discussion document. The panel notes that the proposed public consultation will enable gaps in the analysis to be filled.	

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Glossary of terms and acronyms

Term / Acronym	Explanation
APA	Animal Products Act 1999
AWA	Animal Welfare Act 1999
Biosecurity Act	Biosecurity Act 1993
EPF	Egg Producers Federation of New Zealand
GIA	Government Industry Agreement for Readiness and Response
HPAI	High pathogenicity avian influenza
HPAI H5N1	The H5N1 strain, clade 2.3.4.4b, of HPAI While multiple types of HPAI H5N1 exist, this RIS focuses on clade 2.3.4.4b.
LPAI	Low pathogenicity avian influenza
MPI	Ministry for Primary Industries
NPMP	National Pest Management Plan *or* National Pathway Management Plan
PIANZ	Poultry Industry Association of New Zealand

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

Avian influenza – bird flu

1. Avian influenza, also known as bird flu, is a highly contagious viral disease that mainly affects birds. However, some strains of avian influenza can spread to other animals and people. There are two types of avian influenza:

   - High pathogenicity avian influenza (HPAI) – type that can cause severe symptoms and high mortality in birds; and
   - Low pathogenicity avian influenza (LPAI) – type that typically causes little or no symptoms in birds.

2. HPAI in poultry most often occurs when LPAI in wild birds is transmitted to poultry and mutates to HPAI within the poultry flock.

HPAI H5N1

3. The H5N1 strain of HPAI first emerged in 1997. However, in 2020 a new form of HPAI H5N1, clade[2] 2.3.4.4b, emerged. This form of HPAI H5N1 is well-adapted to spread directly as HPAI. In this interim RIS, "HPAI H5N1" refers to clade 2.3.4.4b.

4. After HPAI H5N1 emerged in the northern hemisphere, it established in wild birds and spread to the United Kingdom, Europe, the United States and other regions. In 2023, HPAI H5N1 was detected in South America and reached the Antarctic peninsula in early 2024. HPAI H5N1 has recently been detected in sub-Antarctic islands in the Indian Ocean, roughly halfway between South America and New Zealand.

5. HPAI H5N1 can infect a much wider range of wild birds and spread across a larger geographical area than previous strains. It can cause high mortality in poultry, waterfowl, and seabirds. The Food and Agriculture Organisation of the United Nations lists over 500 bird species that have been affected by HPAI H5N-type viruses (not limited to HPAI H5N1).[3]

6. HPAI H5N1 can spread by direct contact between birds as well as indirectly through contact with feed, water, clothing, equipment, materials and surfaces that have been contaminated with the virus. Infected birds shed the virus in their saliva, nasal secretions and droppings.

7. HPAI H5N1 has also spread to more than 90 species of mammals, including marine mammals, companion animals and livestock. While HPAI H5N1 can affect humans, human infection with HPAI – of any strain – usually only occurs in people who have had significant close, unprotected contact with infected birds or other infected animals. So far, no human-to-human transmission of HPAI H5N1 has been reported.

[2] A clade is a way of classifying organisms based on genetic similarity.
[3] Global Avian Influenza Viruses with Zoonotic Potential situation update - Bird species affected by H5Nx HPAI (fao.org)

Risks of HPAI H5N1 arriving in New Zealand

8. The risk of HPAI H5N1 arriving in New Zealand through the pathways that MPI manages (air and sea passengers, air and sea cargo, mail) is low. The likely pathway for HPAI H5N1 to arrive in New Zealand is through migratory wild birds. Because of this, it is unlikely that HPAI H5N1 can be kept out of New Zealand over the long term. It is also difficult to predict exactly when HPAI H5N1 could arrive in New Zealand.

HPAI H5N1 would be impossible to eradicate

9. Once HPAI H5N1 was established in wild birds, MPI considers it would be impossible to eradicate from New Zealand. This is because the virus can persist in wild bird populations, mutate and spread through various pathways (including the movement of animals) and infect a wide range of species, including mammals.

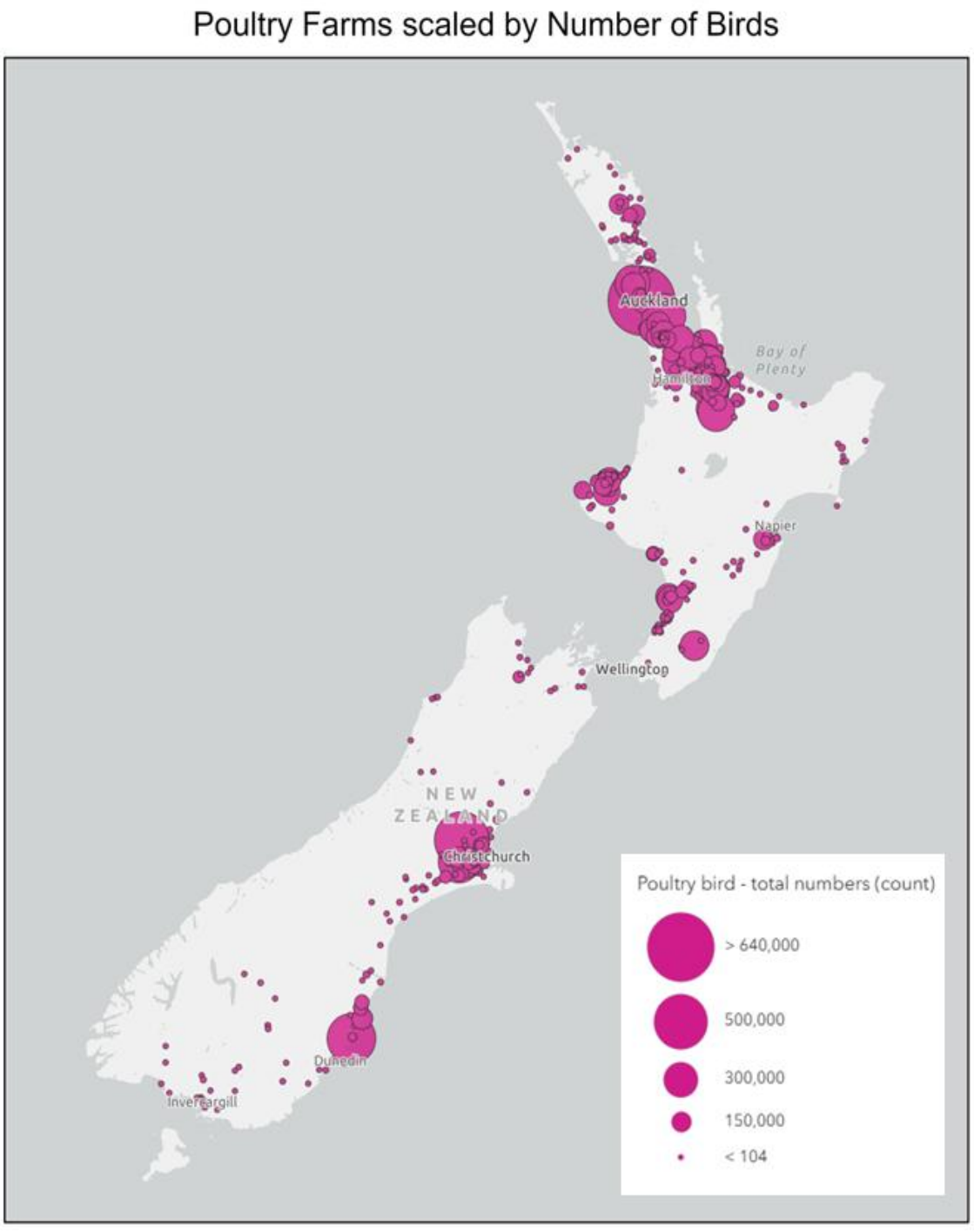
New Zealand's poultry and egg industries

10. Poultry meat (chicken, turkey and duck) and eggs are popular foods in New Zealand. In 2024, poultry farms produced around 225,000 tonnes of poultry meat, equivalent to around 122 million birds. In 2022, the egg industry produced over 90 million dozen eggs (over one billion individual eggs).

11. The Poultry Industry Association of New Zealand (PIANZ) and the Egg Producers Federation of New Zealand (EPF) are the representative industry organisations for the poultry and egg sectors. PIANZ and EPF are signatories to the Government Industry Agreement (GIA), which provides for MPI and industry to share decision-making, responsibilities and costs for biosecurity readiness and response activities.

12. Poultry meat and eggs are mainly produced for the domestic market. There are poultry farms across New Zealand, though largely concentrated in a few areas (see Figure 1).

Figure 1: Distribution of poultry farms in New Zealand



13. New Zealand's poultry and egg industries earn an estimated $2.2 billion a year in domestic revenue and around $200 million a year in export revenue. Associated products containing poultry, such as pet food, earn a further $200 million in export revenue.

A relatively low-risk disease environment means that businesses have varying levels of biosecurity capacity and capability

14. The poultry and egg industries in New Zealand have historically operated in a relatively low-risk disease environment. While there have been avian disease

outbreaks, such as *Salmonella* enteritidis, New Zealand is currently free of major avian diseases (such as Newcastle disease and infectious bursal disease).

15. Because of this relatively low-risk environment, poultry businesses have varied levels of biosecurity capacity and capability. Some businesses have high biosecurity capacity and capability; other businesses do not, especially small operators. Those businesses with lacking biosecurity capacity and/or capability would be more likely to be significantly impacted by HPAI H5N1 and at higher risk of re-infection. HPAI H5N1 arriving in New Zealand could prompt some smaller operators to leave the industry.

Different types of poultry operators / owners

16. In this interim RIS, we refer to commercial, semi-commercial and non-commercial poultry operators or owners.

Category	Explanation
Commercial poultry operators	• Operator who produces poultry meat, eggs or breeds poultry birds for sale or reward. • Operates under a Risk Management Programme (RMP) – egg and chicken meat producers.
Semi-commercial poultry operators	• Operator who produces poultry meat, eggs or breeds poultry birds for sale or reward, but not as their main business. • Does not operate under an RMP. • Owns fewer than 100 birds.
Non-commercial poultry owners	• A person who owns poultry birds but does not sell the birds, animal products or eggs. • For example: People who own chickens or ducks for eggs, but don't sell the eggs (though they might give them away).

One Health approach to HPAI H5N1

17. New Zealand is taking a One Health approach to preparing for and managing HPAI H5N1. This approach involves central government agencies working together with local and regional government agencies, iwi and hapū, industry and community groups. These groups would all have important roles during an HPAI H5N1 outbreak.

18. A One Health approach recognises the interconnected elements of:

- human health;
- animal health;
- plant health; and
- environmental health (including ecosystems).

19. MPI, the Department of Conservation (DOC), the Ministry of Health (MOH) and Health New Zealand | Te Whatu Ora (HNZ) coordinate the One Health approach. A confirmed detection of HPAI H5N1 in New Zealand would trigger a series of actions by One Health agencies and other partners based on established response practices, which have been carefully planned and prepared beforehand. This would be a period of fast-paced, focused activity to

assess the situation, potentially contain any further spread of the disease and identify strategic options to allow further planning and decisions to be made.

20. MPI would lead the overall coordination of the response across multiple agencies, industry partners, service providers and key community stakeholders. Depending on the location and specific characteristics of the situation, One Health partners and other government agencies would activate response plans under their area of responsibility.

21. Communication would play an important role before and during a response and a key focus would be making sure people understand what to do, any consequences or risks of not doing what is required, and where to seek help to cope with the impact of HPAI H5N1. Targeted information would be provided to groups who may be directly impacted by an HPAI H5N1 outbreak. This would include wildlife hospitals and sanctuaries, environmental groups, bird owners and other bird interest and welfare groups.

While this interim RIS focuses on poultry, One Health agencies are preparing for HPAI H5N1 in their area of responsibility

22. This interim RIS focuses on poultry and actions that MPI would take to respond to HPAI H5N1. DOC, MOH and HNZ are also undertaking readiness activities in their areas of responsibility to prepare for the event of HPAI H5N1 arriving in New Zealand.

23. If HPAI H5N1 becomes established in wild birds, DOC's focus will be on minimising spread on public conservation land and supporting the health and resilience of threatened bird populations through conservation work, such as breeding and predator control programmes.[4]

24. Health agencies, MOH and HNZ, have developed guidance and resources to help people understand the health risks and protect themselves from HPAI H5N1.[5] This includes health and safety guidance for workplaces, jointly developed by One Health agencies.[6]

Key legislation

25. The table below shows the four One Health agencies and the key legislation that each agency administers.

Ministry for Primary Industries	**Department of Conservation**	**Ministry of Health** **Health New Zealand | Te Whatu Ora**
• Biosecurity Act 1993 • Animal Products Act 1999 • Animal Welfare Act 1999	• Conservation Act 1987 • Wildlife Act 1953 • Marine Mammal Protection Act 1978	• Health Act 1956 • Epidemic Preparedness Act 2006

26. Legislation like the Health Act 1956, the Conservation Act 1987 and the Wildlife Act 1953 help protect public health and wild birds. This paper focuses on

[4] Avian influenza (doc.govt.nz)
[5] Avian influenza (health.nz)
[6] Avian influenza health and safety guidance for workplaces (tewhatuora.govt.nz)

legislation that MPI administers, as it is the relevant legislation for commercial poultry. These are the:

- Biosecurity Act 1993 – provides the legal framework for MPI and others to help keep harmful organisms out of New Zealand, how we respond to and manage harmful organisms if they do make it into the country;
- Animal Products Act 1999 (APA) – aims to minimise and manage risks to human or animal health that arise from producing and processing animal material and products; and
- Animal Welfare Act 1999 (AWA) – sets out how people should take care of and act towards animals.

More detailed information about these Acts can be found at **Appendix 1**.

Response to HPAI H7N6, December 2024

27. In December 2024, an outbreak of H7N6 HPAI occurred on a commercial layer (egg) farm in Otago. MPI stood up a biosecurity response and successfully eradicated the disease. This included depopulating and disposing of stock, decontamination (cleaning and disinfection) and engaging with New Zealand's trading partners on return to trade for affected products. At its peak, around 200 MPI staff were involved in the response.

28. The H7N6 HPAI outbreak was likely caused by a "spillover event", where LPAI, circulating in wild birds, spreads to poultry and mutates to HPAI within the poultry flock. As noted above (paragraph 2), this is how HPAI most often occurs in poultry. Putting strict biosecurity measures in place to prevent the disease's further spread to other poultry flocks also ensured H7N6 HPAI did not spread back into wild birds.

Cabinet and Ministerial decisions

29. In September 2024, Cabinet agreed that, if there was an incursion of HPAI H5N1 in the near term, MPI would lead a response using powers under the Biosecurity Act, while in the long term, a One Health response would be taken, as described in paragraphs 17 – 21 above.

30. Cabinet also delegated authority to the Ministers of Finance, Health, Conservation, Agriculture and Biosecurity (delegated Ministers) to make decisions on the level of intervention to control HPAI H5N1, and to change the direction of, or scale back, the degree of Crown direct involvement as appropriate [CAB-24-MIN-0381 refers].

31. In August 2025, delegated Ministers agreed in principle that MPI would not rely on the full range of biosecurity powers or attempt to eradicate the disease in the event of an HPAI H5N1 incursion in commercial poultry.

Anticipated results if no actions were taken

32. New Zealand is currently free of HPAI H5N1. If it were to arrive, and no action was taken to respond to the disease, the following would likely be affected:

- wild birds and wild mammals;

- commercial poultry sector, including impacts on food security;
- the wider primary sector; and
- trade and New Zealand's international reputation.

Wildlife impacts are uncertain, but likely to be significant

33. It is difficult to predict the long-term impacts of HPAI H5N1 on New Zealand's native species. Because many of New Zealand's native birds occur nowhere else in the world, the loss of high numbers would increase extinction risk and represent a major setback in ongoing species recovery efforts. Some species populations may take many years to recover from any outbreak, requiring ongoing management, and some may suffer a loss of genetic diversity with long-reaching implications for their future viability.

34. HPAI H5N1 could spread to wild mammals. In New Zealand these are likely to be fur seals and sea lions. In Argentina, an outbreak of HPAI H5N1 killed 96 percent of the elephant seal pups born in 2023.

35. Some species that are regularly harvested for food (such as tītī / muttonbirds) are likely to be affected, which could cause significant reductions in their populations and increased risks to human health.

Supply issues for poultry meat and eggs cannot be ruled out

36. The domestic supply focus of the New Zealand industry (particularly for chicken meat) and the absence of fresh poultry or egg imports mean that medium-term supply issues cannot be ruled out, particularly if several large-scale poultry producers were impacted simultaneously.

The risk to the wider primary sector is low

37. While HPAI H5N1 has been detected in dairy cattle in the United States, the risk of this occurring in New Zealand is considered low due to our pastoral-based farming system. In addition, HPAI H5N1 has been detected overseas in raw milk from infected cows. However, the virus is susceptible to heat treatment, meaning pasteurised milk and dairy products remain safe to consume.

International trade could be affected

38. Should HPAI H5N1 arrive in poultry in New Zealand, trade in poultry meat, eggs and poultry genetics (day-old chicks and hatching eggs) could be affected as overseas markets might place import restrictions on New Zealand uncooked poultry products, products that contain poultry ingredients (such as pet food) and day-old chicks / hatching eggs.

39. If New Zealand was able to demonstrate that we have HPAI H5N1 under control for poultry exports, the impact on exports could be reduced. We would need to negotiate conditions for returning to trade with each trading partner.

What is the policy problem or opportunity?

40. The varying biosecurity capacity and capability in industry means that the current approach to readiness would not be sufficient to effectively manage the risks of HPAI H5N1 in poultry.

41. If it arrives, there would be a continual risk of re-infection for poultry. It is critical that this risk is managed to protect biosecurity, domestic food supply and export trade. While MPI is working closely with industry to support their readiness for HPAI H5N1, these efforts are effectively voluntary for industry, and would not effectively manage the risk of infection or the effects of an HPAI H5N1 outbreak.

HPAI H5N1 would likely be impossible to eradicate, so there would be a persistent risk of infection

42. As noted above, if HPAI H5N1 arrives in New Zealand, MPI considers it would be impossible to eradicate once established in wild birds. New Zealand would have to live with HPAI H5N1, meaning there would be a persistent risk of infection for poultry, especially free-range poultry which have a higher change of contact with wild birds than birds raised inside.

The persistent risk of infection would cause issues

43. The risk of recurring re-infection in commercial poultry and egg production would cause issues for New Zealand, including for:

- supply chain and food security;
- financial issues for the Crown and industry;
- animal welfare;
- public health; and
- trade and market access (see cost-benefit analysis below).

HPAI H5N1 infections in poultry could cause supply chain issues

44. If HPAI H5N1 reinfection occurs (and potentially repeatedly occurs) in commercial poultry meat or egg production, this could cause supply chain issues. This risk is especially significant for producers who supply day-old chicks or hatching eggs to other farms in New Zealand. Supply chain issues could cause the price of poultry meat and eggs on the domestic market to increase, and/or limit availability of products.

45. Improving on-farm biosecurity practices would be the most effective way of reducing the likelihood and frequency of outbreaks at commercial poultry farms. However, outbreaks have occurred at poultry premises overseas with very stringent biosecurity measures, demonstrating the difficulties of keeping this disease out of commercial poultry premises.

Responding to outbreaks would carry costs for the Crown and industry

46. Responding to outbreaks of HPAI H5N1 in poultry using the full range of powers under the Biosecurity Act would carry significant costs for the Crown and industry. PIANZ and EPF, as GIA partners, are negotiating an operational

agreement with MPI to share costs and decision-making for readiness and response activities relating to HPAI H5N1 (and other avian diseases).

47. MPI's response to an outbreak of HPAI H5N1 in a poultry operation would likely result in MPI directing the depopulation and disposal of birds, cleaning and disinfection and other supporting actions. These actions, when directed by MPI, can trigger compensation payments to the operator to cover direct costs (such as destroyed property) and consequential costs (such as production losses). Responses on multiple properties would likely carry high operational and compensation costs.

Keeping free-range birds indoors to protect them from the disease could cause animal welfare issues

48. If free-range birds are kept indoors to protect them from HPAI H5N1, this could cause animal welfare issues. The Code of Welfare: Layer Hens requires that stocking density for hens raised in barns must not exceed 9 hens per m^2 for within barns with outdoor access (free-range hens) and must not exceed 7 hens per m^2 for barns with no outdoor access.[7] If free-range hens are kept indoors, the increased stocking density would breach the code of welfare.

49. Overcrowding can lead to animal welfare issues such as excessive pecking or distress. Poultry operators may need to depopulate to reach required stocking densities.

Infections in poultry would increase the risk to human health

50. Infections in poultry would increase the risk of humans in close contact catching HPAI H5N1. The World Health Organization currently assesses the public health risk posed by HPAI H5N1 as low, and low-to-moderate for people occupationally exposed, depending on the risk mitigation measures in place and the local HPAI disease situation. Human infection overseas, while rare, has generally been linked to people who have had frequent unprotected close contact with infected birds or animals.

What objectives are sought in relation to the policy problem?

51. The key objective is to ensure suitable biosecurity standards are in place and that industry is empowered, supported and incentivised to meet them. This will ensure that industry is prepared for an incursion of HPAI H5N1 to reduce the impacts of the disease on domestic and international trade in poultry products, New Zealand's economy, animal welfare and cost of living.

52. The solution to the problem should be timely. As we explain below, that is why we have ruled some options out of scope at this stage. The solution should also:

- enable the poultry and egg industry to sustainably manage HPAI H5N1 in commercial poultry;
- incentivise good biosecurity practice and early reporting of infection;
- protect public health and domestic food supply; and

[7] Code of Welfare: Layer Hens (mpi.govt.nz)

- provide for consistent standards across the industry.

What consultation has been undertaken?

53. MPI has engaged closely with industry groups, including PIANZ and EPF, on a range of HPAI H5N1 preparedness matters, not limited to the matters considered in this RIS.

54. Public consultation has not yet taken place. This RIS is intended to support Cabinet's decision to release a discussion document for public consultation. Public consultation will help MPI to develop workable policy proposals and understand the level of public support for, or opposition to, the proposed approach.

Section 2: Assessing options to address the policy problem

What criteria will be used to compare options to the status quo?

55. MPI has used the following criteria to evaluate options. Criteria are not weighted.

Criterion	Questions to ask
Effective – empower the poultry and egg industries to sustainably manage HPAI H5N1 biosecurity risks in commercial poultry	How well does the option manage the risk of persistent re-infection in poultry?
Effective – protect public health and animal welfare risks	How well does the option manage risks from HPAI H5N1 such as public health or animal welfare?
Efficient – the tools and resources are quickly available to manage an outbreak of HPAI H5N1 in commercial poultry	How efficiently could the option be implemented? How well would the option minimise unintended consequences?
Clear – all parties understand what they need to do	How well can parties understand what they need to do?
Equitable – regulatory requirements are imposed fairly, and costs are borne appropriately	Are obligations imposed proportionately? Are costs borne by those who benefit?

What scope will options be considered within?

56. The options in this RIS focus on commercial poultry and egg production operators – those who produce poultry or eggs for sale (including those who operate under an RMP). Some options may apply more widely to include semi-commercial and non-commercial poultry owners as well. The table below illustrates what kinds of animals are in and out of scope of the options in this document.

In scope	Out of scope
• Commercial poultry / egg operators (main focus) • Semi-commercial poultry / egg operators • Non-commercial poultry owners (including pet poultry birds) • Breeding operations, including heritage breeders	• Wild birds (including game birds) • Farmed or captive non-poultry birds, including pet birds and non-poultry birds used for food production (such as ostriches) • Other animals (such as cattle or cats) • Human health (other than operator health and safety)

57. The options in this RIS focus on secondary legislation. Amending primary legislation is not being considered as part of this process. MPI considers that the relevant primary legislation is sufficient to provide for managing HPAI H5N1 risks.

Options ruled out of scope

58. The following options have been ruled out of scope at this stage. This means that only a light-touch analysis has been done on them in this RIS, and they are not part of the multi-criteria analysis of options. An analysis of the full range of

feasible options will be conducted in the final RIS for this proposal. Options ruled out of scope are:

- taking a response approach that relies on powers under the Biosecurity Act and aims to eradicate HPAI H5N1;
- developing a National Pest or Pathway Management Plan under the Biosecurity Act;
- amending codes of welfare under the AWA; and
- industry developing a voluntary programme.

A response approach that aims to eradicate the disease would not be feasible

59. Responding to all outbreaks and attempting to eradicate HPAI H5N1 from commercial poultry operations would carry high costs, with no realistic prospect of eradicating the disease from New Zealand.

60. Because of the likely persistent risk of re-infection for commercial poultry and potentially unlimited fiscal risks associated with an eradication-focused response, a response approach that aims to eradicate HPAI H5N1 from New Zealand would not be feasible.

Developing a National Pest or Pathway Management Plan would take too long, reducing New Zealand's ability to respond in a timely way

61. Part 5 of the Biosecurity Act provides for National Pest / Pathway Management Plans (NPMPs). These are secondary legislation that set rules for managing pests or pathways (movements of goods). While this could be a useful option, creating an NPMP is a complex process that can take up to two years, plus a one-year transition period to implement it (three years in total).

62. In the interests of timeliness, MPI considers that this option should not be explored at this stage, though it could be explored later. Proposed regulations and experiences with them – including public reactions – would support this process, reducing the amount of work that needs to be re-done.

63. The Minister for Biosecurity has agreed that MPI will not focus on this option at this stage.

We are not proposing changes to codes of welfare

64. MPI is not proposing changes to animal welfare rules at this time. Reviews of the codes of welfare for meat chickens and layer hens are scheduled to begin in the near future but may not be completed in the event HPAI H5N1 arrives in New Zealand.

65. Any option considered for managing HPAI H5N1 will need to comply with the AWA and relevant codes of welfare. In the short term, MPI recognises that some operators will need to change current practices to protect flocks from disease, while still ensuring their animals can display normal patterns of behaviour as required under the AWA.

66. Conversations about how to ensure animal welfare is protected will be ongoing. Changes to codes of welfare or other animal welfare instruments would be the subject of further analysis and separate consultation.

Voluntary programmes would not be suitable

67. Industry could develop their own programmes for managing HPAI H5N1 on-farm, possibly along similar lines to or based on the Trace My Egg stamping programme.[8] These would be voluntary programmes, though some customers may indicate they would only purchase from producers who have signed up to the programme, creating a commercial incentive to join.

68. This would be a regulatory light-touch option – MPI's role would be limited to providing advice and managing existing regulatory requirements. However, we consider this option is not suitable, because:

- a voluntary programme would be very unlikely to provide sufficient assurance for market access and trade; and
- it is not clear what incentive industry would have to join such a programme – other than the potential commercial incentive if customers indicate they would only buy from accredited suppliers.

69. For these reasons, we consider this option is not suitable.

What options are being considered?

Option One – Counterfactual

70. The counterfactual describes how New Zealand would respond to an outbreak of HPAI H5N1 in commercial poultry in the near term. This approach has been agreed by delegated Ministers (see above). Compared with a full-scale biosecurity response, the counterfactual would take a lower intervention approach. This would include relying on existing operator requirements for managing diseases under the APA and AWA. MPI would retain discretion to intervene further, such as using powers under the Biosecurity Act, if required.

Option Two – Biosecurity regulations

71. Under Option Two, MPI would develop regulations under section 165 of the Biosecurity Act. Regulations would provide for industry-led, government-supported management of HPAI H5N1 in poultry. The regulations would focus on commercial poultry operators, but some regulatory requirements could apply to semi-commercial poultry operators and non-commercial poultry owners as well, such as disposal and disinfection requirements.[9]

72. The discussion document that MPI has prepared for public consultation on biosecurity regulations contains six specific proposals. These proposals are:

- Proposal 1: Operators must develop an avian biosecurity control programme;

[8] https://tracemyegg.co.nz/

[9] For example, regulations could specify several methods for disposing of dead birds and require that semi commercial poultry operators and non-commercial poultry owners use one of those methods.

- Proposal 2: Operators must meet biosecurity standards;
- Proposal 3: Operators must keep appropriate records, and provide information when required;
- Proposal 4: Avian biosecurity control programmes must be audited;
- Proposal 5: Regulations provide for appropriate offences and penalties; and
- Proposal 6: Costs of auditing are at least partially recovered.

73. Proposed regulations would take an outcomes-based approach to managing disease risks. That is, regulations would set the requirements that poultry producers must meet but leave it up to individual producers to decide how they would meet those requirements. This is based on the model of regulation in the food industry, which producers who have an RMP under the APA would already be familiar with.

74. While Option Two would require significantly less government action than Option One, some level of government activity would still be needed under Option Two.

How do the options compare to the counterfactual?

	Option One – Counterfactual	Option Two – Biosecurity regulations
Effective – biosecurity risks	0 A biosecurity response approach would focus on protecting public health and animal welfare, limiting its effectiveness at managing biosecurity risks.	++ Regulations would provide for on-farm disease prevention and management. This would significantly more effectively manage the persistent risk of infection if HPAI H5N1 were established in wild birds.
Effective – public health / animal welfare risks	0 MPI could take action to manage public health risks. Animal welfare risks would be managed by existing obligations under the AWA.	+ Regulations could contain requirements that protect human health and animal welfare, provided they are within the scope of section 165 of the Biosecurity Act.
Efficient – tools are available quickly	0 A response approach is inherently reactive, meaning there would be limited preparatory work that could be done in advance beyond voluntary work.	+ Regulations could be made and implemented before HPAI H5N1 arrives in New Zealand.
Clear – parties understand what they need to do	0 Using tools under the APA or Biosecurity Act is clear.	0 Regulations would provide clear requirements, about as clear as the status quo.
Equitable – requirements are imposed fairly	0 Using the APA to manage a disease that largely affects animals and is not a food safety concern is not equitable.	+ The Biosecurity Act is the appropriate instrument for managing HPAI H5N1 in poultry. Costs would be borne by those who benefit.
Overall assessment	0	+

Key

++	Much better than the counterfactual
+	Better than the counterfactual
0	About the same as the counterfactual
-	Worse than the counterfactual
- -	Much worse than the counterfactual

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

75. Developing regulations under section 165 of the Biosecurity Act is more effective and efficient than the counterfactual. By more effectively managing the risks associated with HPAI H5N1 in commercial poultry, regulations would likely reduce the impact of the disease.

76. Option Two would put the responsibility for biosecurity measures on industry, supported by government. Regulations would set clear standards and individual programmes would specify how operators would meet those standards. MPI and industry would provide appropriate support, guidance and advice on what operators could do to meet standards.

77. Providing for auditing and record-keeping requirements means that MPI would have the information it would need to support operators. In the event of an operator becoming infected with HPAI H5N1, the operator would provide relevant information to MPI, who could provide appropriate support if needed. Industry could also provide support, depending on the circumstances.

78. These measures would likely mean that outbreaks in poultry operations would be shorter than under the counterfactual, meaning operators could return to business sooner. This would reduce the impacts of HPAI H5N1 on poultry production and the wider economy.

79. Regulations would come with costs for industry. Poultry producers would need to make changes to their business operations to meet regulatory requirements. This would especially impact small operators. Costs associated with regulations may cause some operators to exit the industry. However, the presence of HPAI H5N1 in New Zealand would cause increased costs to producers, even in the absence of regulations.

80. During public consultation, MPI will engage with industry groups to understand how proposed regulations are likely to affect operators. This will enable MPI to develop appropriate support mechanisms, if required.

Is the Minister's preferred option in the Cabinet paper the same as the agency's preferred option in the RIS?

81. Yes.

What are the marginal costs and benefits of the preferred option in the Cabinet paper?

82. This is an interim analysis. MPI does not have significant data relating to costs and benefits to conduct a cost-benefit analysis with confidence. Public consultation will provide an opportunity to gather more information to inform this analysis.

83. To model estimated costs and benefits, MPI has used the number of producers with a registered RMP. There are 158 registered poultry producer RMPs. This will not capture:

- chicken producers with fewer than 100 birds; or

- producers of other poultry species (turkey, duck).

84. Costs associated with developing and implementing avian biosecurity control programmes, making changes to business practices and MPI administration and compliance costs would likely be significantly higher. To account for this uncertainty, relevant cost estimates have been multiplied by 2. This reflects the likely size of the industry, beyond those who have currently registered RMPs.

85. MPI notes that these costs may be significant for some operators, especially small or poorly capitalised operators. These costs could cause such operators to exit the industry. However, these costs are likely to be lower than responding to outbreaks of HPAI H5N1 in commercial poultry as under the counterfactual.

86. Trade impacts are likely to be significant and very difficult to predict in advance. MPI considers it is unlikely to be possible for trade revenue to return to pre-incursion levels, even over the longer term. The benefits of intervention in the trade space should therefore be measured by how much trade can be recovered, not whether trade can return to pre-incursion levels.

87. As costs and benefits are estimates only, impacts have been rounded to the nearest $0.1m.

Affected groups	Comment	Impact ($m)	Evidence certainty
Additional costs of the preferred option compared to taking no action			
Regulated parties – Commercial poultry operators	Compliance costs (developing & implementing control programmes, making changes to business models) <u>Assumptions</u> • Developing and implementing a control programme takes an average of 15 hours, at $42.79 per hour.[10] • Businesses spend an average of $10,000 making changes to business models, investing in equipment etc. • Costs have been multiplied by 2 to reflect costs to the wider sector. • Costs do not include GST.	3.4 Largely one-off costs	Low
MPI	Response costs[11]	10 (response costs)	Low

[10] Average ordinary time hourly earnings for the March 2025 quarter. Labour market statistics: March 2025 quarter (stats.govt.nz)

[11] While a response with regulations in place would be unlikely to be at the same scale as a full-scale biosecurity response, there would still likely be significant activity required. These costs may diminish over time.

Affected groups	Comment	Impact ($m)	Evidence certainty
	Compensation costs Administration costs Compliance & enforcement costs <u>Assumptions</u> • Response and compensation costs are funded from MPI baseline. • Administration, compliance and enforcement costs are recovered from registrants. • Auditing (when conducted by MPI)[12] takes 3 hours per registrant, at $216.84 per hour.[13] • Administration, compliance and enforcement costs have been multiplied by 2 to reflect costs to the wider sector. • Costs do not include GST.	10 (compensation) 0.2 (administration, compliance and enforcement) Recurring costs – frequency of recurrence depends on how long registration lasts and how often operators must be audited.	
Total estimated costs		23.6	Low
Additional benefits of the preferred option compared to taking no action			
Regulated parties	Reduction in disease impact	Unknown	Low
Exporters	Reduced trade impact <u>Assumptions</u> • Annual export revenue for poultry is $190,617,737[14] • In the absence of regulations, trade impacts reduce export revenue by 75%. • Regulations reduce trade impacts, resulting in an estimated 50% reduction in export revenue.[15] • The benefit is the difference between the two reductions.	47.7	Low
Consumers	Reduced price impact <u>Assumptions</u>	82.2	Low

[12] While we propose that MPI would conduct audits, appropriately qualified third parties could also conduct audits and set their own fees. As this proposal has not been finalised, third party auditors are not included in this analysis.
[13] These rates are from 1 July 2025.
[14] Poultry industry import export statistics, December 2024 (eggfarmers.org.nz). Page 5.
[15] While MPI considers that a 75% reduction in export revenue is realistic, it is not possible to accurately determine at this stage how much regulations would reduce the impacts.

Affected groups	Comment	Impact ($m)	Evidence certainty
	• Average annual spending is $4,110.1m[16] • In the absence of regulations, prices for eggs and poultry meat increase by 5%. • Regulations reduce these impacts. While prices still increase, they go up by 3%. • The benefit is the difference between the two price rises.		
Total estimated benefits		129.9	Low

[16] Average annual spending on chicken and eggs was calculated as follows:

Item	A Cost per item[1]	B Per capita consumption per year[2]	C NZ Population[3]	D Total consumption (B x C)	E Total cost ($m) (A x D)
Chicken breast, skinless and boneless, 1kg.	$14.79	41kg	5,330,600	218,554,600kg	3,232.4
Eggs, dozen, free range, mixed grade	$8.90	222 eggs (18.5 dozen)		98,616,100 dozen eggs	877.7
Sources: 1 Cost per gram of protein comparison 19 March 2025 (pianz.org.nz) 2 New Zealand meat chicken consumption from June 2008 to June 2024 (pianz.org.nz) 2 Annual Egg Consumption Per Capita (eggfarmers.org.nz) 3 Population (stats.govt.nz)					

Section 3: Delivering an option

How will the proposal be implemented?

88. Industry organisations have agreed to provide leadership in preparing for and managing the long-term impact of HPAI H5N1. However, as noted above, industry biosecurity capability and capacity varies.

89. The disease could arrive in New Zealand before industry and operators have the capability to do this effectively. Given this, MPI proposes that we could deliver the regulatory functions initially, and enable industry to take responsibility for the proposed regulations when they are ready to do so. If MPI were implementing these regulations, the primary focus would be to ensure that poultry owners meet appropriate biosecurity standards.

90. One of MPI's goals for public consultation is to gather information on how regulations should be implemented, including what guidance or support, if any, would be required.

91. Regulations would need to provide for a suitable transition period, likely to be 12 months. This would provide regulated parties with sufficient time to develop and implement measures to meet regulatory requirements. MPI and/or industry would also prepare guidance and templates to assist people to meet their regulatory obligations.

How will the proposal be monitored, evaluated, and reviewed?

92. Regulated parties could raise concerns at any time with industry organisations, MPI or the Minister for Biosecurity. MPI will gather information from industry through engagement with regional staff and On-Farm Support teams and industry bodies to understand how the regulations are working in practice. Depending on policy and operational work programme priorities, MPI will review regulations on a suitable timeframe, such as three years after implementation or after HPAI H5N1 arrives in New Zealand.

Appendix 1: Key legislation administered by MPI

Biosecurity Act 1993

1. The Biosecurity Act 1993 (the Biosecurity Act) provides the legal framework for MPI and others to help keep harmful organisms out of New Zealand. It also provides the framework for how we respond to and manage harmful organisms if any do make it into the country. The Biosecurity Act covers:

- pre-border risk management and standard setting;
- border management;
- readiness and response; and
- long-term pest management.

2. Under the Biosecurity Act, the Minister for Biosecurity is responsible for recording and co-ordinating reports of suspected new organisms and managing appropriate responses to such reports.[17]

Compensation in the Biosecurity Act

3. Section 162A of the Biosecurity Act provides for compensation.[18] Compensation provisions apply when:

- powers under the Biosecurity Act are exercised to eradicate or manage an organism;
- powers are not exercised to implement a pest management plan or pathway management plan (plans may have different compensation provisions);
- the exercise of the powers causes loss to a person as a result of:
    - damage to or destruction of the person's property; or
    - restrictions imposed on the movement or disposal of the person's goods; and
- there is no agreement under the Government Industry Agreement for Readiness and Response that applies to the loss and whose provisions on compensation are expressed to take priority over section 162A.

4. A person is entitled to compensation for losses that are verifiable and that the person has been unable to mitigate by taking every step that is reasonable in the circumstances. Compensation must put the person to whom it is paid in no better or worse position than a person whose property or goods were not directly affected by the exercise of powers.

Animal Products Act 1999

5. The Animal Products Act 1999 (APA) aims to minimise and manage risks to human or animal health that arise from producing and processing animal

[17] Section 8, Biosecurity Act 1993 (legislation.govt.nz)
[18] Section 162A, Biosecurity Act 1993 (legislation.govt.nz)

material and products. This helps ensure that all animal products are fit for their intended purpose. The APA also provides the controls and mechanisms that enable New Zealand to give official assurances to provide and maintain entry into overseas markets.

6. Most people who process or manufacture animal products for human or animal consumption need to have a Risk Management Programme (RMP) under the APA. RMPs are a set of procedures that describe how a business has identified hazards associated with their processes and how they will control those hazards.

7. Chicken producers with 100 birds or fewer, who either do not sell their eggs or sell all their eggs directly to the consumer, do not require an RMP. Other poultry (duck and turkey) producers do not require an RMP.

Animal Welfare Act 1999

8. The Animal Welfare Act 1999 (AWA) sets out how people should take care of and act towards animals. The AWA requires animal owners or people in charge of animals to meet an animal's physical, health and behavioural needs in accordance with both good practice and scientific knowledge. When an animal is ill or injured, the animal must be provided treatment that alleviates any unreasonable or unnecessary pain or distress being suffered by the animal.

9. The AWA provides for codes of welfare, which set detailed requirements and best practice for managing animals in New Zealand. The relevant codes of welfare for the poultry industry are the:

   - Code of Welfare: Meat Chickens;[19]
   - Code of Welfare: Layer Hens;[20] and
   - Code of Welfare: Commercial slaughter (which sets minimum standards and best practice for slaughtering animals).[21]

10. Codes of welfare provide for animal welfare standards, including standards for disease and injury control. They will be important to consider when implementing any options in this paper but are not options to consider in themselves.

[19] Code of Welfare: Meat Chickens (mpi.govt.nz)
[20] Code of Welfare: Layer Hens (mpi.govt.nz)
[21] Code of Welfare: Commercial Slaughter (mpi.govt.nz)