



### ***Joint update from the Meat Industry Association and Beef + Lamb New Zealand***

Beef + Lamb New Zealand's Economic Service, in conjunction with the Meat Industry Association and processors, has assessed processing capacity across the country and the potential impact on waiting times for farmers.

The key findings are:

- The COVID-19 meat processing protocol, which requires physical distancing between plant employees to prevent the spread of the virus, has reduced the industry's peak processing capacity by approximately 50 per cent for ovine and 30 per cent for bovine.
- Due to uncertainty about how long Alert Level 4 may last, and whether the physical distancing rule will remain under Alert Level 3, the B+LNZ Economic Service modelling is based on the current protocols remaining in place for eight weeks from the start of April.
- We are well aware there are already significant waits for some farmers. What this analysis sought to identify is what difference the processing reduction would make to that wait, and the knock-on effects across species and islands.
- A summary of analysis is set out below but it confirmed there will be extra delays for farmers to get stock processed. Farmers are therefore encouraged to talk to their processor to understand exactly how it will affect them, as individual companies are looking at a range of options to better manage peak demand.
- This analysis reinforces the need for farmers to have a feed plan, more on this below.

There are important caveats to consider with this analysis. In particular, it's still early days with the new protocol so the capacity figures may change. Processors and their people are bedding in the new way of working and will look at ways to optimise their processing operations over the coming weeks.

The analysis is on an island basis, but we know animals are crossing Cook Strait. There are also significant differences in terms of how far each region is through the processing season, and every processor and plant has variations in set-up for ovine versus bovine, and the class of animal they process.

#### *Lamb, Mutton and Bobby Calves*

- The analysis forecasts extra delays to **lamb** processing in the South Island in April and May with processing being pushed back at least a further week. In essence, if you were expecting a four week wait before the protocol, that would now be stretched to five weeks. By the end of May that extra week backlog should be cleared. In the North Island, the analysis does not forecast further delays on top of what farmers are currently experiencing.
- There is likely to be little impact on **adult sheep** processing.
- It is unlikely there will be any impact of processing of **bobby calves** because that is typically done in July onwards when sheep processing is ceasing on the calf processing chains, which is expected to be after the protocols have been lifted.

### *Adult Cattle*

- With cattle, it's particularly important that you talk to your processor as each will have individual plans around prime versus manufacturing. The analysis here looks at the different animal classes and the forecast numbers still to be processed versus capacity.
- **Bull** processing is likely to be unaffected because the peak of processing occurred in January.
- There is forecast to be an extra week's delay on top of any current backlog of prime **steer and heifer** in both islands in May. This extra one-week backlog is expected to carry on through to June in the North Island.
- There is forecast to be an extra week's delay to **cow** processing (predominantly cull dairy cows) in both islands in May, followed by a return to the normal seasonal pattern in June.

### *What are meat processors doing about this?*

- Processors are well aware of the pressure many farmers are under at present. They are working hard to ascertain how they can lift throughput under the current protocol, while not endangering workers.
- Processors are also continuing to work with MPI to see if there are more science-supported changes that could be made to the protocol that would allow an increase in throughput, while not compromising worker safety in any way.
- Processors are also working hard to move inventory out of cold storage to free up space for incoming stock. This depends on commercial contracts for export orders and logistics flows, both of which are experiencing some disruptions.

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### *What is B+LNZ doing about this?*

- B+LNZ, together with the MIA and processing companies, will be updating processing data and reforecasting on a weekly basis and feeding that back to the industry. This will continue to give an overall picture on likely processing performance nationally, by island and by stock class and identify ongoing implications. Please note that as the situation is changing rapidly, the forecast should be taken into consideration alongside regular discussions with processing companies.
- B+LNZ will continue to provide farmers with technical information that will allow you to make timely decisions around feed planning, animal management and how you can look after yourself, your family and others in your community.
- B+LNZ is working with the Ministry for Primary Industries and other industry organisations such as Federated Farmers and DairyNZ to identify regional feed levels and supplement levels. MPI is seeking to facilitate the importation of supplementary feed where there are constraints at present. Next week, B+LNZ will be working with consultants to build some

regionally- representative feed budgets to further illustrate the current situation for farmers in each region and examine relevant management options and the financial implications.

### *Feed planning advice for farmers*

Given the uncertainty around processing, the unknown impacts of the COVID-19 response and the pressing feed situation in many regions, farmers should be:

1. Putting a feed budget together now and reviewing it regularly;
2. Talking to your key advisors, neighbours and friends to test ideas and share what you know so that everyone can proactively address the situation; and
3. Reviewing your financial situation and considering the implications of today's decisions for next season.

The following are resources we've pulled together for farmers:

- A checklist and key resources on the following website page: <https://beeflambnz.com/news-views/covid-19-feed-management-check-list-farmers>
- Farmers can also call **0800 BEEFLAMB (0800 233 352)** for one-on-one advice on pulling together a feed plan. This is a national service -- no matter what part of the country you are in, you will be put in touch with someone with local knowledge to help you work out how much feed you have and options to manage the situation.
- Given slower processing times and slower pasture growth in some regions, supplements may be required. The feed value and the cost effectiveness of each option is important. Both pricing and availability of supplements is highly variable at present. The table on pages 42, 43 of <https://beeflambnz.com/knowledge-hub/PDF/guide-feed-planning-sheep-farmers> shows the feed value of various supplements. One supplement that is of known price and quantity at the moment is Nitrogen fertiliser. With Nitrogen, temperature and moisture are two key ingredients so early decisions will allow farmers to extract most benefit from it.

It has been a stressful few weeks for farmers and rural communities and there are still hard decisions ahead for many. It has been great to see the sector pull together and support each other through this time.

While the fundamentals for red meat globally, and New Zealand in particular, are strong, we will continue to face rapidly changing market dynamics through the next year. Processors and exporters are working together to ensure the industry has the best chance of success in this environment. The following is a link to a video our Chairman recently did thanking processing workers for their contribution: [find the video here](#).

This week, we also joined forces with DairyNZ to do a joint video to shout out to everyone in our respective sector's supply chains, still open and operating to provide for New Zealand. We hope these videos bring you a smile over Easter: [find our joint video here](#).

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