

Covid-19 Management

This week has been a huge period of adjustment, learning how to operate under lockdown rules.

We have been in discussion with a large number of our clients along with rural suppliers, stock agents, fertiliser companies and meat companies, all of whom are going through the same adjustments.

The following attempts to describe what the new working environment looks like both inside the farm gate and in the wider industry.

We provide this in good faith that it is accurate, but acknowledge that rules and protocols are changing all the time and that these will need updating.

Much of this technical information is also available on the BLNZ, MPI and Federated Farmers websites. The management information comes from conversations with farmers and farm service providers.

ON-FARM PRACTICE

- All farm businesses should have effectively closed the gate and created a “bubble” around those working permanently on that farm. In the case of larger farms there should be multiple bubbles comprising family units or groups of single workers, all of whom are observing physical distance rules. This includes guidelines around restricted movements and social events.
- As far as operating procedures go there is a very good set of fact sheets the Federated farmers and BLNZ websites: https://www.fedfarm.org.nz/FFPublic/Policy2/Policy_Factsheets/Coronavirus_Information.aspx, and the BLNZ website <https://beeflambnz.com/news-views/coronavirus-covid-19>. These include protocols for on-farm operation, FAQs, essential services employee movement declaration (for staff that don't reside on-farm), and protocols around using contractors.
- Businesses that are either employing more than 5 staff (including working owners) or who cannot achieve social distancing measures between staff in their workplace need to have registered as an essential business with MPI by 5 pm Friday 27th March.

LOOKING AFTER YOUR PEOPLE

- Apart from maintaining physical separation in the workplace, it will be business as usual for the majority of farm staff. This won't be the same however for their families, who are confined to their home on the farm with no social interaction allowed. Some thought may have to go into making sure that social media is available, along with video options such as Skype, Zoom, Facetime and Microsoft Teams. Obviously, these are dependent on a reasonable level of internet broadband. Quizzes, competitions and any form of interaction between people will make a big difference, along with a civil phone call just to check up on how things are going.
- Think about single staff particularly, who will not have the same social support in lockdown and who have probably made a conscious decision to commit to this workplace for lockdown as opposed to heading for somewhere more comfortable.
- Designate one person for grocery shopping and supplies from town.
- Think about disinfecting grocery or supply items that are likely to have been handled individually at source with a mild solution of bleach or detergent.
- A good idea for the owner/manager to keep a log of people coming and going from the property including own staff, contractors and service providers.

SERVICE PROVIDERS

- Most of the key suppliers to keep your business going are designated Essential Services i.e. trucking firms, meat processors and exporters, veterinary supplies, feed suppliers and transporters, animal remedies, stock agents and fertiliser manufacturers and distributors. All these contractors including shearers have to complete a declaration with MPI to confirm that they have full procedures in place to mitigate cross-infection. E.g. the New Zealand Shearing Contractors Association have recommended operating procedures which can be sourced through the Fed Farmers website.
- There has been a big scramble this week as these service providers get their procedures up to speed and ground-tested. This may continue on into next week.
- There was concern this week when killing space was withdrawn and some lines even sent back from meat companies. We understand this was largely because the companies were in the process of reconfiguring their chains and facilities to accommodate spatial separation and hygiene. It is hoped that this will be sorted out in the

coming week, but the manning of these chains may become a problem as workers make their own decisions around their personal safety.

- We understand that the killing capacity will be cut back by 30 to 40% in order to accommodate the separation and hygiene standards required in the workplace. Killing space is likely to be hand-to-mouth for a couple of weeks as the system gets itself sorted.
- The processing of pigs is a separate issue. With the closure of local butcheries and the Auckland Chinese supermarkets, the offtake of pork has fallen away. This can become an animal welfare issue whereby pigs can't be held up in piggeries once they reach killable weight.
- We also understand that it's been touch-and-go whether the government allowed all meat processing to proceed, given that 90% of it is for export purposes and therefore "non-essential", against the risk presented by this the workplace environment.
- Contractors who are visiting your farm have to be aware of more than just physical separation. E.g. a fertiliser spreader (truck) may specify that all gates that they must use must be open so that the operator does not have to touch any surfaces that farm staff have touched.
- Farm merchandise suppliers are setting up protocols whereby there will be no "walk-in" sales. You'll have to order in advance and have an account to shop at the store. When you turn up, your vehicle may be loaded by the store staff with you staying in the cab, or the goods set up in the yard for you to load. It may be that the load has to be sanitised before you pick it up, otherwise you may have to do this yourself.
- Merchants advise that non-essential supplies such as fencing gear and construction material may be more difficult to source as freight companies prioritise more essential loads. It is hoped that animal remedies and feed supplies will be prioritised.
- The supply and application of nitrogen fertiliser may take precedence over lime and maintenance fertiliser, particularly in drought-affected areas.
- Stock firms advise that all saleyard activity has ceased. They can continue to conduct farmer-to-farmer store stock transactions. They have developed strict protocols around their self-management when drafting stock on farms. No purchasers can come and view the stock and all agents must come in separate vehicles. The truck driver will stay in his cab and the vendors will load the stock. Full records must be kept of the agents' movements and timings. Only lines that are essential to draft will be viewed. Everything else will be done remotely. Where not viewed by an agent, the description and presentation of stock by the vendor will be more critical. We understand that weighbridges are no longer available (non-essential), therefore transactions must be either per head or on-farm weights. On-line platforms such as Stock-X, AGONLINE and BIDR are expected to be promoted more heavily.
- Many agribusiness consultants have registered as essential services. While this doesn't mean we will be continuing with on-farm visits under Stage 4, it does provide the opportunity to get on to farms where there are "essential" cases such as mental health or animal welfare that need to be managed. In the meantime, there are a large number of services that rural consultants can provide remotely, including feed budgeting, financial planning, human resource management, data management, succession planning, land-use and environmental planning.

FINANCIAL PLANNING

- Once the dust has settled, you will need to think about the impact of the lockdown on your business, along with associated costs, what's happening to market prices and how this will affect your profitability and working capital requirements over the next 12 months.
- Business profitability is being affected throughout the country. For many businesses trading has stopped altogether, and others will be experiencing a severe downturn.
- Banks are facing unprecedented demand for working capital.
- If you suspect that your working capital requirements have changed significantly, you should be talking to your bank about how this can be funded.

HOW LONG IS THIS GOING TO LAST?

- At the moment we are only thinking in a 4-week timeframe.

There is a very good chance however that the lockdown will last for longer and that there may be re-occurring lockdowns as the pandemic ebbs and flows through the country.

- Think it through on a 6- to 9-month worst-case scenario, with fluctuating levels of restriction. How would this affect your ability to operate in terms of staff availability, business interruption, major supplies required, working capital, business morale and the resources in your business?

MARKETS

- The good news on the export front is that China is coming back on-stream. This is putting a lift under manufacturing product prices (mutton and manufacturing beef).
- There is a questionmark over the European and North American markets in terms of how the pandemic will affect consumer buying power and demand. There is no doubt that the loss of the restaurant trade will affect the high-end lamb and prime beef pricing while the international lockdown is on.
- The logistics around shipping space and container handling in ports (with reduce handling capacity) have come under pressure lately. We will have to wait and see whether these can be ironed out.
- The weakened New Zealand exchange rate helps the export equation.
- The liquidity of store stock sales in the North Island is at a very low ebb due to the extensive dry conditions, the loss of the saleyard platform and the more difficult logistics around on-farm sales.

The BakerAg team are all available to have a chat and help you through any of the issues outlined above.

We have posted relevant Covid 19 information on our website: <http://www.bakeraq.co.nz/news> which is being continually updated.
