

# NFF COVID-19 UPDATE

**8 May 2020**

Welcome to the NFF COVID-19 update, collating recent updates and information relevant to the agrifood supply chain.

**We strongly encourage you to forward this brief through your network.**

In addition to this regular brief, we are also maintaining pages on FarmHub with information relevant to farm businesses. Follow the links below to view those pages.

## FarmHub COVID-19 Resources

[Key Information and  
FAQs](#)

[Border Control  
Information](#)

[Assistance and  
Support](#)

[NFF Workplace  
Guide](#)

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## 3 STEP REOPENING PLAN ANNOUNCED

As is being widely reported, the Prime Minister has this afternoon announced a 3 step plan for reopening the Australian economy. State premiers will retain the final say over how quickly states move through these steps, and some premiers have begun making announcements regarding timeframes this afternoon.

Live updates on state announcements can be found [here](#).

## NFF RELEASES JOBKEEPER FACT SHEET

NFF has compiled a short guide on how the JobKeeper program applies to farm businesses, including FAQs.

This downloadable guide is now available on FarmHub. To download a copy, [click here](#).

## NFF ADVOCACY ON AGRICULTURAL RECOVERY

The NFF has been providing advice to Government on key policies that should be actioned to promote growth and economic recovery. To date, this has principally been through contributions regarding red tape and regulation through Treasury's Business Liaison Group. However, as easing of restrictions is contemplated we are also taking this opportunity to reinforce our broader policy agenda.

The Australian ran an opinion editorial today outlining some of these priorities and we will continue to promote this agenda in coming weeks. [Click here](#) to read our editorial.

## JOBKEEPER PAYMENT: ALTERNATIVE TEST FOR DROUGHT IMPACTED BUSINESSES

The Government has amended the criteria for determining a 30% drop in turnover to enable farming businesses impacted by drought and COVID-19 to claim.

Rather than using the 'basic test' period of the month or quarter immediately before a JobKeeper payment is sought, drought impacted businesses can now use an 'alternative test'. This test allows drought impacted businesses to use the GST period used in the year immediately before a drought declaration was made.

The details of the drought 'alternative test' are below. Full details are available here (<https://www.ato.gov.au/General/JobKeeper-Payment/>).

### *10. Business affected by drought or natural disaster*

*(1) An entity applies the alternative test under this section if:*

*(a) the entity conducted business or some of the business in a declared drought zone, or declared natural disaster zone, during the relevant comparison period, and*

*(b) the drought or natural disaster changed the entity's turnover.*

*(2) The alternative test is the entity uses the entity's current GST turnover for the same period in the year immediately before the declaration for the purposes of the basic test in section 8 of the Rules.*

## COVID-19 ANIMAL WELFARE RESPONSE REFERENCE GROUP

The National Animal Welfare Research, Development and Extension Strategy (NAWDRES) is facilitating weekly meetings of a 'COVID-19 Animal Welfare Response Reference Group', to exchange information and coordinate responses where necessary. The group includes representatives from Australian, state and territory government departments, the research sector, animal welfare organisations and representative organisations for livestock as well as wildlife, zoos and aquariums. The group will meet again tomorrow, with discussion expected to canvass industry preparedness for any COVID-related shutdown of processing facilities, among other issues. Relevant resources are being collated on the NAWDRES website at [this link](#).

## NBN CO EXTENDS ADDITIONAL CAPACITY OFFER BY TWO MONTHS

This week, NBN Co announced that it would be extending its offer to provide an additional 40 per cent data capacity for internet service providers at no extra cost by an extra two months – through to the end of July. NBN Co also confirmed that it would be extending its increased download limits for standard Sky Muster services for another two months. Further details, including the latest *Australian Broadband Data Demand* report, which shows how data demands have changed as people work, school and socialise remotely during COVID-19, are available at [this link](#).

## WOOLWORTHS PRODUCT LIMIT INCREASE

As of Wednesday this week, Woolworths has increased product limits for certain items. The changes which have now taken effect for all customers are:

- Toilet paper and rice moving from a limit of 1 product per shop to 4 per shop;
- All product limits removed for pasta, frozen vegetables, tissues, baby wipes, baked beans and canned spaghetti, paper towels and disposable gloves; and,
- 2 limit per shop remains for eggs, flour, sugar, pasta sauce, handwash, cleaners and disinfectants.

## DFAT UPDATE ON KEY EXPORT MARKETS

NFF has received the following information from DFAT on the impact of COVID on some of our key international markets. Please let Pru Gordon know if you have questions on these or other markets we can put to DFAT.

### CHINA

- China's economy is substantially back to work. Virtually all large manufacturing businesses were up and running at around 95 per cent capacity. Eighty-four per cent of smaller businesses had reopened.
- It is unclear whether Chinese SMEs – key targets for Chinese support – are benefiting from government support or lower interest rates. SMEs are hoarding, rather than spending or investing, money.
- Chinese household spending will be important to economic recovery. Households are indebted and this weighs on their ability to spend, affecting consumer demand.
- The export-oriented sector continues to recover but is starting to face second wave shocks as global demand falls due to COVID-19. Factories are starting to cut staff and ramp down production in response.
- Air passenger flights are recovering. For the week ending 21 April, flights were up by 21 per cent but remained only one third of the volume compared with the same time period in 2019. The number of cargo flights are rising, with almost 2000 cargo flights last week. 940 passenger flights have been converted to freight. These are starting to ramp up. There have been delays in processing flights and air freight on arrival. Some other logistics issues are appearing.
- E-commerce has become an essential element of doing business in China. Those who were sceptical prior to the COVID-19 crisis were now piling into the e-commerce sector. Even beverage makers were embracing e-commerce.

### *DFAT report of impact on Australian ag exports to China*

- The wine sector is having a difficult time, with a 7 per cent decline year on year for exports to China for the first quarter.
- Impacts of infant formula have held up (3 per cent increase).
- Demand for cattle, including Australian breeding cattle, has also held up.

### MALAYSIA

- Malaysia remains a key market for Australia (9<sup>th</sup> largest trade partner; 2nd largest source of inbound investment, and biggest ASEAN market, after Singapore). Australia is a prime supplier of food to Malaysia.
- Malaysia instituted a COVID-19 Movement Control Order on 18 March. This virtually shut down over a half Malaysia's economy. Measures had been eased back since mid-April. Further easing was expected in coming weeks.
- Restrictions have had a significant impact on Australian businesses.
- The Australian Embassy in Kuala Lumpur is actively assisting Australian businesses, including to maintain continuity of supply.
- Reduced freight capacity has been a major issue. The Embassy is looking at how it can assist businesses, including under the International Freight Assistance Mechanism.
- Malaysia is implementing relatively modest stimulus. More may be needed.
- The Embassy is developing a COVID-19 recovery strategy, including focusing on restoring trade and investment flows and getting a clearer sense of the Malaysian government's long term economic plans. The change in government in Malaysia just prior to COVID-19 has made this challenging.

## **VIETNAM**

- Vietnam is experiencing its lowest growth in a decade with further deterioration possible. First quarter GDP growth was 3.8 per cent (down from 6 per cent for the same period in 2019).
- Prior to the crisis Vietnam had been one of Australia's fastest growing economic partners.
- Vietnam sees COVID-19 as an opportunity for the global manufacturing base to shift from China to Vietnam.
- Manufacturing in Vietnam is less affected but weak domestic demand and lockdowns are affecting production.
- Export restrictions have been put in place for rice, pharmaceuticals and PPE. However, Vietnam has been receptive to representations by the Australian Government on disruptions. Vietnam is conscious of its reliance of foreign direct investment and is keen to remain responsive.
- Restrictions on rice exports are scheduled to be lifted from 1 May.
- Vietnam's COVID-19 response has been largely successful, in part due to its previous experience with SARS. Measures have included very early contact tracing, quarantine, border closures and school closures. 75,000 people have been in national quarantine centres over the last few months.
- Businesses are now returning to normal. Restrictions are lifting and life is also returning to normal. While there will be a slowdown in new deals, the impact is expected to be relatively contained for Australian business.
- Neighbouring countries are not back to normal yet, which will be a frustration for Vietnam's recovery.

## **UNITED STATES**

- There are now over 1 million cases of COVID-19 in the US. This equates to around a third of cases globally. However, the reality could be even worse, because of low testing rates.
- Consumer confidence is sharply down, roughly equivalent to the Global Financial Crisis levels.
- Meat processing is at 50 per cent capacity due to labour shortages, resulting in shortages of meat on grocery store shelves.
- On the positive side, US car manufacturers are looking to restore production by 18 May.
- The US has tightened export restrictions on semi-conductors and telecommunications equipment, including to China and third party countries.

## Key Messages

The NFF encourages stakeholders to align where possible with the cross-industry messaging below.

- Australia is one of the most food secure countries in the world, exporting 75% of what we produce.
- The impact of COVID-19 on Australian agriculture is an evolving situation, but it's largely business as usual for farmers and the food supply chain.
- Panic buying by consumers is not necessary, and it's not helpful. There is plenty of food to go around. We just need to shop sensibly.
- The NFF is in ongoing contact with all levels of government, and helping to coordinate the flow of information to and from industry.
- It is critical that all levels of Government recognise agriculture as an essential service, and not restrict the flow of inputs or raw products through the supply chain.

## COMMODITY BRIEFS

RDCs and industry associations are releasing tailored information on COVID19 developments relevant to specific commodities. Links to these are below. Please let us know of others that can be added.

- [WoolProducers Australia](#)
- [Dairy Australia](#)
- [Red Meat Advisory Council](#)
- [Wool Industry – Shearing Operations: Protocols in response to COVID19 – Operations Document](#)
- [GrainGrowers Limited](#)

## KEY CONTACTS AND CONSULTATION FORUMS

NFF is participating in the COVID19 forums listed below. Please forward any questions you would like us to raise in these forums to the following staff:

- Overall coordination: Tony Mahar – ([tmahar@nff.org.au](mailto:tmahar@nff.org.au))
- Labour and workplace issues: Ben Rogers ([brogers@nff.org.au](mailto:brogers@nff.org.au))
- Border Controls: Warwick Ragg ([wragg@nff.org.au](mailto:wragg@nff.org.au))
- Stimulus packages and trade: Pru Gordon ([pgordon@nff.org.au](mailto:pgordon@nff.org.au))
- Farm inputs: Adrienne Ryan ([aryan@nff.org.au](mailto:aryan@nff.org.au))
- FarmHub: Heidi Reid ([hereid@nff.org.au](mailto:hereid@nff.org.au))
- Communications and media: Laureta Wallace ([lwallace@nff.org.au](mailto:lwallace@nff.org.au)) or Charlie Thomas ([cthomas@nff.org.au](mailto:cthomas@nff.org.au))

Forum	Convener	Time/day
NFF/DAWE Coronavirus Teleconference	NFF	Every second Wednesdays, 3.30 - 4.00 pm
NFF Partner Briefing	NFF	Every second Wednesdays, 4.30 – 5.00 pm

Member Communications Group	NFF	Thursdays, 4 - 5pm
NFF Member CEOs Meeting	NFF	Tuesdays, 9.30
Food and Grocery Sector Group	Department of Agriculture, Water and the Environment	Mondays 10.30-11.30am
The Agriculture Ministers' Forum (AGMIN)	Council of Australian Governments	Last held Thursday 7 May
Coronavirus – Industry Consultation	Department of Foreign Affairs and Trade	Wednesdays, 2.00 - 3.00pm
Coronavirus – Industry Consultation	Department of Agriculture, Water and the Environment	Next TBC