

Office of the Minister of Agriculture
Office of the Minister of Commerce and Consumer Affairs

Chair, Cabinet Committee

Essential services – butchers

Proposal

- 1 This paper seeks approval that butchers should be permitted to open as an essential service.

Relation to government priorities

- 2 The proposals in this paper relate to the Government's response to COVID-19.

Executive Summary

- 3 The classification of butchers as a non-essential service has raised concerns in relation to the animal welfare of pigs (because there is not enough capacity to hold surplus pigs on farm or pig carcasses in processing facilities) and access to halal products (which cannot be effectively managed through supermarkets). We propose that to address these issues, butchers should be classified as an essential service and either be allowed to open for processing and retail, or only be permitted to process meat.

Background

- 4 Butchers are currently unable to open as they have not been classified as an essential service. Cabinet COVID Committee first discussed the issue in relation to butchers at its meeting on 26 March 2020. Officials were directed to do further work with supermarket chains and the pork industry to see whether pork supply could be effectively managed through the retail chains that remain open.
- 5 The rules in relation to what constitutes an essential service are evolving and we need to make adjustments to those rules as issues arise. However, to promote confidence and certainty for the public, changes should only be made where there are strong grounds to do so.

Butchers as an essential service

- 6 We seek approval that butchers should be classified an essential service, to maintain animal welfare of pigs and to ensure access to halal products.


Animal welfare

- 7 Generally speaking, supermarkets will be the primary source of essential food products for New Zealanders, and we do not require butchers to open to fulfil this need (while noting the exception for halal butchers below). However,

there are animal welfare issues concerning pigs that we need to factor in to making this decision.


- 8 Intensive pig production involves growing large numbers of pigs quickly in relatively confined facilities. Farms do not have capacity to continue to house pigs that grow quickly at a daily rate. Overcrowding of pigs in pens would quickly constitute a significant welfare issue under the animal welfare code.
- 9 Pigs are also difficult to slaughter the heavier they get. This means that very quickly there would be no ability to house pigs or potentially put them through the usual abattoir process and potentially could lead to the need to kill large numbers of pigs on farm (see Appendix 1).
- 10 Between 12,000 and 12,500 pigs are produced weekly for the domestic market. There is no capacity to hold surplus pigs on farm. Commercial farms typically supply pigs to market on a weekly basis and do not carry spare holding capacity. Pigs grow rapidly and the specialist meat works that slaughter pigs are designed to operate at a certain weight.
- 11 Wholesalers typically sell a mix of carcass and carton (cut) product. Wholesalers do not have cutting capacity to process and freeze the volumes surplus to demand. Cutting capacity of wholesalers could result in downstream animal welfare issues if the carcass market is significantly reduced.
- 12 About half of the pork domestic sales are to the two main supermarket groups. Estimates are that with the closure of other retail and hospitality avenues, there will be a surplus of 4000-5000 pigs a week to slaughter.
- 13 The supermarkets have indicated that they may be able to handle an additional § 9(2)(b)(ii) pigs a week. § 9(2)(d)
- 14 Allowing butchers to open to process and sell product would significantly mitigate the excess. There are approximately 350 independent retail butchers and while it is difficult to predict consumer reaction should these premises be allowed to reopen, retail butchers took 2000 pigs a week in 2019. Having butchers process this meat would significantly reduce the oversupply. Under a best case scenario, where supermarkets are able to maintain an increase of § 9(2)(b)(ii) pigs with the butchers also open for processing and retail, this would solve the oversupply problem. If this assumption does not hold, the worst case scenario would be an oversupply of § 9(2)(b)(ii) pigs.

¹ Any such decision to procure domestic pigs to support the response is a decision for industry in the first instance, rather than something that can be mandated by government.

- 15 However, allowing butchers to open for retail would increase the number of retail stores open, increasing the risk of Covid-19 transmission. While strict guidelines on operating conditions to mitigate health risks could be put in place this risk may still be considered unacceptable. Allowing butchers to only open for processing purposes would limit health risks.
- 16 The amount of pigs that could be processed under a processing only scenario will depend heavily on storage capacity for processed meat and the ability to access markets to generate the turnover needed to keep purchasing pigs. Some products produced by butchers may be able to be channelled through supermarkets where there are existing supply arrangements, although the volume for traditional cuts is likely to be limited as supermarkets are constrained by cool storage and shelf space rather than processing capacity. Specialised products such as charcuterie and consumer ready products may find more ready access to supermarkets. There may also be avenues for additional product through food delivery services that are increasing in popularity under the current travel restrictions.
- 17 Although there may be some channels to market under this option, the amount of product that butchers will be able to sell is likely to be limited. With little available storage space and an uncertain lockdown duration, butchers are unlikely to be willing to purchase enough pigs to meaningfully address the animal welfare issue. If butchers do not purchase the pigs, they will not be processed by the abattoirs and the problem of oversupply will revert to the farmer to resolve (see Appendix 1).
- 18 Officials have also explored the following options for dealing with the excess supply of pigs:
- 18.1 Reducing the flow of pigs to slaughter age. This is not achievable in the short term and it would take up to 9 months to achieve a big enough reduction in supply
- 18.2 Keeping pigs on farms. This not possible due to the industry structure, lack of space on farms and animal welfare concerns.
- 18.3 Export product. The pork industry is domestically focused with limited export to the Pacific Islands only. Getting new market assess arrangements takes considerable time and will be particularly difficult with the dynamics in the pork industry.
- 18.4 s 9(2)(d) 
- 18.5 Freezing the excess. Pigs are difficult to freeze and access to appropriate freezing space is limited.

- 18.6 The halal rules that the rest of the meat industry operates under further reduces freezing capacity as pork cannot be stored with other meat types such as beef and lamb.
- 18.7 Rendering is also not an option because of halal rules.
- 18.8 Ultimately, if the excess of supply exceeds the industry's ability to manage, the Ministry for Primary Industries would need to implement measures, such as those under the Foot and Mouth Disease plan, for the mass destruction and disposal of animals.
- 19 Not slaughtering the pigs will, as set out above, lead to significant animal welfare concerns which the pork industry tell us cannot be mitigated on farm. Keeping the market demand on stream for pork will help ensure that this worst case scenario does not happen.
- 20 The choice that we have is whether we are comfortable with the possibility of poor animal outcomes if the abattoirs reduce capacity in the face of reduced demand and/or the disposal of a significant number of pigs in the coming weeks. The numbers of carcasses could mount quickly and there could be consequential environmental issues.
- 21 Opening butchers for both processing and retail would help mitigate the animal welfare problems but does create public health concerns. The Ministry for Primary Industries' view is that opening of all butchers in this way – under strict non-contact conditions – would go a long way towards addressing the animal welfare risk. The option of allowing butchers to process only would provide some relief but is unlikely to fully resolve the issue. A further alternative is to keep the butchers closed and monitor the numbers for the first weeks of the lockdown and reassess if the number of carcasses that require disposal becomes unacceptably high.

22 s 9(2)(f)(iv)



Halal considerations

- 23 Even though all meat is slaughtered in New Zealand to halal standards, supermarket processing practice means that it is not possible for them to process halal product themselves. There are approximately 60 halal butchers in New Zealand – 10-15 in Auckland, and 1-2 in most other centres.
- 24 Officials have investigated whether it is possible for halal butchers to supply pre-packaged halal product for supermarkets to retail. Officials have discussed acceptable practice with representatives of the Muslim community

in New Zealand, including the Federation of Islamic Associations of New Zealand (FIANZ), which plays a key role in certifying halal practices. They have advised that there is a range of comfort levels in the Muslim community in New Zealand on where halal food is bought from, and that some supermarkets do stock halal goods. However, the feedback received is that many in the community would not be comfortable buying from supermarkets. The supermarkets have also indicated that they would not be able to manage the required volume of goods.

- 25 FIANZ indicated that there is significant concern in the community regarding sourcing halal red meat, and that they were planning to engage in writing with the Government shortly on this issue. They intend to request that halal butchers should be considered an essential service. They noted that halal butchers cater for the devout Muslims who do not wish to risk cross contamination with other products in supermarkets such as alcohol and pork and pork products.
- 26 Allowing halal butchers to open for processing and retail on a limited basis would enable Muslim communities to continue to access meat products. If retail was not permitted, better information could be provided to the Muslim community on halal distribution through supermarkets to support halal butchers, although this option may not meet the expectations of Muslims who follow strict halal practices.

Conditions of opening

- 27 If butchers are permitted to open for both processing and retail, we propose that strict conditions be placed on opening to ensure that the key public health interest is served by limiting physical interaction. In line with other essential retail operations, this would mean contactless home delivery where possible or contactless collection. s 9(2)(f)(iv)
- [REDACTED]

- 28 There is a risk that if full opening, albeit with strict conditions, is permitted, further retail outlets, such as green-grocers, may seek to be included as essential services. We will make clear in public messaging that the aim remains to minimise retail outlets being open in order to minimise risk to public health. However, the decision in relation to butchers was made to address specific concerns in relation to animal welfare and access to halal products.

Financial Implications

- 29 There are no financial implications from the recommendations in this paper.

Legislative Implications

- 30 There are no legislative implications from the recommendations in this paper.

Impact Analysis

- 31 A Regulatory Impact Analysis did not apply because this was a policy proposal directly related to the COVID-19 response.

Human Rights

- 32 There are no human rights implications, although we note the importance of the Muslim community being able to access halal products.

Consultation

- 33 This paper was prepared by the Ministry of Primary Industries and Ministry of Business, Innovation and Employment.
- 34 Officials discussed issues in relation to butchers with representatives of supermarkets, the pork industry and Muslim community.

Communications

- 35 The Ministry of Business, Innovation and Employment will communicate the decisions set out in this paper after Cabinet agreement. Communications will be co-ordinated with the Government's broader communications around its COVID-19 response.

Proactive Release

- 36 We intend to proactively release this Cabinet paper following Cabinet consideration.

Recommendations


The Minister of Agriculture and Minister of Commerce and Consumer Affairs recommend that Cabinet:

- 1 **agree** that all butchers are classified as an essential service;
- 2 **agree** that to address issues in relation to animal welfare of pigs, non halal butchers are either;
 - (i) permitted to open for processing only; or
 - (ii) permitted to open for processing and retail, subject to strict operating conditions;
- 3 **agree** that to ensure access to halal products, halal butchers are either;
 - (i) permitted to open for processing only; or
 - (ii) permitted to open for processing and retail, subject to strict operating conditions;

- 4 s 9(2)(f)(iv)

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s 9(2)(f)(iv)



Authorised for lodgement

Hon Damien O'Connor

Minister of Agriculture

Hon Kris Faafoi

Minister of Commerce and Consumer Affairs

Proactively Released

