



Speech

Agcarm President John Yates to the Agcarm Annual Conference

Te Papa, Wellington

EMBARGOED to 9.45am, Wednesday 21 July 2010.

The great inventor Thomas Edison once said: "Opportunity is missed by most people because it is dressed in overalls and looks like work."

This quote struck me as very pertinent to the main topic of my speech.

There are opportunities for business and the government to work together to cut the unnecessary red tape that is holding back the economy.

When it took office in late 2008, the National coalition government sent strong clear messages about the level of regulation.

The speech from the throne talked about reducing bureaucracy through a regulatory review programme.

Here's a direct quote from the speech delivered by the Governor General.

"This review will identify and remove inefficient and superfluous regulation and it will ensure that regulations are used sparingly and effectively."

Rodney Hide was appointed to oversee regulatory reform.

Mr Hide and other ministers have said that better and less regulation is essential to boost New Zealand's productivity growth, international competitiveness and living standards. I'm sure that all of us here would agree.

The first Government Statement on Regulation contained two key commitments: to introduce new regulation only when the government is satisfied that it is required, reasonable and robust; and to review existing regulation to identify and remove requirements that are unnecessary, ineffective and excessively costly.

The government appears to have a clear plan to make New Zealand a more productive and higher income country, and that better and less regulation is essential to achieving that goal.

Government departments were told to put in place systems for continually and systematically scanning existing regulation to identify possible areas for reform or further review.

Agrichemicals and veterinary medicines are two of the most regulated industries. We accept that we need to be regulated more than most, as we sell products which enter the food chain, our export markets, and some products are hazardous to the environment and people if used, stored, or transported incorrectly. These products must be used safely and responsibly.

So we accept that regulation is necessary.

But there is currently so much regulation in our industry, even the regulators struggle at times to remember all the rules that have been put in place.

Let's look at whether there been any reduction in regulation in the first 19 months of the National government?

To answer, let's look at the work programmes of our industry's two main regulators - these are the Agricultural Compounds and Veterinary Medicines Group (ACVM) of the New Zealand Food Safety Authority, and the Environmental Risk Management Authority (ERMA).

ACVM has grasped by considering an exemption from registration for a number of product categories, including those used for research, testing and training. This was strongly supported by Agcarm.

There is currently a requirement on companies to obtain a research permit from the NZFSA to use agricultural compounds for trials. This has long been a bugbear of the industry. Much pressure has been exerted over years to simplify this cumbersome compliance burden.

For example, one of our crop protection members applies to ACVM for about 15 research approvals a year. In addition to the \$300-\$400 in regulatory fees, the member spends at least two hours completing each application form. Of these 15 applications, only a third is actually taken through to the testing stage. The estimated cost of each application in terms of fees and time is therefore \$2,000 to \$3,000 each.

So clearly an exemption from the bulk of this work would result in considerable savings.

We look forward to hearing more about the exemption from ACVM this afternoon.

These savings all help lower the compliance burden and improve access to agricultural compounds, which results in a greater range of products available for farmers, pet owners, vets, and growers at competitive prices.

Agcarm was very supportive of the exemption and said so in - not one - but two strongly worded submissions.

This aside, ACVM has made some other changes, for example removing the requirement for manufacturers' details to be included on the public register. This will be welcomed by some of our members.

Meanwhile, the NZ Food Safety Authority has merged with MAF to create economies and increase efficiency. We will be interested to see how this blend of cultures pans out for our industries.

Turning to ERMA and the Ministry for the Environment, what have we seen in terms of getting rid of unnecessary regulation and putting forward new exemptions from regulation?

Agcarm is not aware of any initiatives that ERMA or the Ministry for the Environment has done to meaningfully reduce unnecessary hazardous substance regulation over our industry.

However, we recognize that the Ministry has been busy turning itself into an Environmental Protection Authority, which will involve a merger with ERMA. MfE has also been involved in reforming the Resource Management Act and redesigning the Emissions Trading Scheme. All important work which has taken a high priority in the Ministry's work programme.

On the hazardous substance front, the reduction in regulation has not been obvious.

So, are there significant opportunities to reduce the regulatory burden? Yes there are.

Agcarm has been very proactive in pointing out the opportunity to reduce regulation.

Working with Federated Farmers, the New Zealand Veterinary Association, and ARPPA, we have put forward a joint case for an exemption for most animal health products from the HSNO regime.

An exemption would save an estimated \$2.5 million a year in unnecessary compliance activity, and remove needless labeling information. Removing this information is important, because it will also remove confusion for users and labeling hassles, which restrict the availability of medicines for vets, farmers and pet owners in New Zealand.

An exemption would also bring animal medicines into line with human medicines, which were granted an exemption in 2001.

Human medicines were exempted because the Ministry of Health fought hard to stop unnecessary regulation which added costs to the price of getting treatments.

The same arguments apply to veterinary medicines and we are determined to achieve an exemption this time around.

Agcarm and our partners ARPPA, Federated Farmers, and the New Zealand Veterinary Association have made a convincing case for an exemption.

It is now up to the regulators to agree to do the work necessary to implement the exemption.

On that front, we last week received promising news and an indication of some concrete steps forward.

The Ministry for the Environment has agreed that there are merits in an exemption, and will add it to its work programme.

So, where to from here?

ACVM and ERMA will do a stock take on products and their risks, which we expect to take three to six months.

Once done, there will be a meeting to test the thinking, after which a case for exemption will be developed.

All going well, we could see a discussion paper in March 2011, a round of submissions, and a regulatory change by July 1, 2011.

This is a significant step forward, however, let's not count our chickens – the Ministry for the Environment is stretched and the agreement of the Minister is crucial. But this is definitely progress and showed the joint campaign is working and government is listening.

This brings me back to the quote from Thomas Edison: "Opportunity is missed by most people because it is dressed in overalls and looks like work."

Let's not pass up the opportunity before us. A period of work in coming months by government officials and industry will lead to savings in time and money, free the animal health and veterinary industry of some unnecessary regulation, and increase access to the latest veterinary medicines.

Removing unnecessary regulation is all the more important for our industry right now.

Both our Animal Health and Crop Protection sector sales are flat or down.

Total crop protection sales in the year ending March 2010 were \$209 million, down 9.7 percent from the same period a year earlier. Fungicides were hardest hit, down 12.5 percent.

Animal health sales are flat.

In the year ending March 2010 versus a year earlier, sales were down 0.6 percent. While many major categories experienced sales growth, anthelmintic sales were down 13 percent in the year.

We do not have sales data for our distributor members but anecdotal evidence tells us that times have been tough.

I said last year that we will bounce back from the current difficulties, but, like the economy, it is less of a bounce and more of a glide - it will take time.

Later today we are fortunate to hear Murray Sherwin present the Ministry of Agriculture's Situation and Outlook for Agriculture and Forestry.

This report contains many good reasons why we should look forward to better times ahead.

Finally, this is my last speech as President of Agcarm.

I have thoroughly enjoyed my time as president, and working with other members of the executive to represent your interests.

I would like to finish by thanking executive members, and two in particular.

Derek Moore is retiring from the executive after 15 years, including three as president. And Steve Metzger is stepping down after nine years, including two as president.

On behalf of members, thank you for your huge commitment over the years.

I would also like to thank the subcommittees, which meet twice a year to discuss crop protection, animal health, and distributor issues.

And I thank the members of the labeling committee which is reviewing the labeling guide with enthusiasm and commitment. The guide is now being reviewed by ERMA for approval as a code of practice.

Finally I would like to thank the members for their continued support.

I can assure you that this support is never taken for granted.

Your executive and our secretariat will continue to work hard for you, your business, and the wider industry.

Thank you and I hope you enjoy the day.

Ends