



Healthy crops : Healthy animals : Healthy business

Speech

Agcarm President John Yates to the Agcarm Summer Conference

Waipuna Hotel and Conference Centre

EMBARGOED to 9.00am, Thursday 25 February 2010.

Good morning and welcome to Agcarm's Summer Conference.

It's great to see so many people here, many of whom are very familiar, but also a few new faces.

I would in particular like to welcome two new manufacturer members, Donaghys and Novartis, and it's nice to see Jarred Marfell from Donaghys here.

We have a very interesting day ahead. The format is a little different from previous years as we are going off site this morning.

I'll take you through the agenda a bit later but first I'd like to update you on some key topics of interest.

Last year I spoke of the wishes of many members to have a single regulator. There has been a very animated discussion about this topic. An Agcarm discussion paper called Pathway To Market was circulated to members in November for feedback.

The feedback suggests that many members – especially on the animal health side - would prefer to deal with a single regulator.

The crop protection area is more problematic, as there are benefits to retaining the current two-tier approach to pesticide regulation.

While it is clear there is no political appetite for wholesale change to the current regulatory system, we are pleased that the government has been encouraging its officials to find ways to lower the regulatory burden and costs on industry.

We were heartened to see ACVM for example remove the requirement for public disclosure of the “responsible manufacturer” information. Removing this requirement may not save industry much money, but will be welcomed by some of our members.

Meanwhile a significant opportunity has arisen to lower compliance costs for animal health members.

The Ministry for the Environment and ERMA is consulting on changes to HSNO regulations. The proposal is for HSNO to be updated to the latest version of the Globally Harmonised System (GHS).

During consultation about the proposed changes, the Ministry has noted that there are some exemptions to HSNO. These include human pharmaceuticals and food.

Agcarm will next week lodge a submission on the proposed update in the HSNO regulations.

The submission gives very clear arguments on why there should be another exemption to HSNO – an exemption for veterinary medicines.

There are sound reasons why veterinary medicines should be exempt.

HSNO regulation of these products adds a level of regulatory oversight that is not needed.

In most countries, veterinary medicines are regulated in a similar way to human medicines.

Indeed, the GHS was not written with veterinary medicines in mind, but in New Zealand they were captured almost by accident.

An exemption would significantly reduce the regulatory burden on animal health companies.

This would result in lower costs for manufacturers, and savings which will be passed to distributors and on to farmers, vets, and pet owners. It will also remove some of the unnecessary controls on veterinary medicines, which in many cases are very similar or identical to human pharmaceuticals.

For example, one of our members sells an ear treatment which is identical for both humans and animals. The human version does not need ERMA approval, but the animal product does. Where is the sense in this?

While we are asking for as wide an exemption as possible, we must understand that there are some animal health products which may not be exempted. For example, pour-ons used on large animals.

We are prepared to negotiate over these products as we are conscious they may need specific controls placed on them, especially their labeling, use, transport, and storage.

Now, getting back to the single regulator.

An exemption from HSNO will effectively mean that the veterinary medicines industry will have a single regulator – the ACVM group.

A single regulator will substantially reduce compliance costs for this industry.

Agcarm sees the exemption as a far better option than the development of group standards for the animal health industry. In the months ahead I hope we can count on your support for the push for an exemption for veterinary medicines from HSNO.

Now, I would like to turn to an entirely different topic, that of advertising, and ask you a question.

Should Agcarm members be automatic members of Fair Ad?

Fair Ad is the forum for industry self-regulation of advertising. It was established in 2006 and heard its first complaint last year. A further two complaints are with Fair Ad at present.

The first complaint was not resolved. That is partly because it was a complaint by a Fair Ad member against a company which was not a Fair Ad member.

The upshot was that complaints against non-members can be problematic.

Agcarm is supportive of Fair Ad. In fact, Agcarm pays the \$200 annual subscription for each of its members who belong to Fair Ad. There are currently 10 Agcarm members who have voluntarily signed up to Fair Ad.

I should emphasise the word 'voluntarily'. Agcarm does not compel its members to join Fair Ad.

A suggestion being floated is to link Agcarm membership to Fair Ad membership. In other words, if you are a member of Agcarm, you are automatically enrolled as a member of Fair Ad.

Discussions are ongoing at the moment. It is not a fait accompli as I am acutely aware that some Agcarm members may be uncomfortable about being part of Fair Ad.

We would like your feedback on linking Agcarm membership to Fair Ad.

Graeme Peters will be sending you a document about this for your feedback.

Turning back to the agenda, after Graeme's address we will be boarding a bus to Ports of Auckland, where we will be given a briefing and guided tour. We will return here for lunch.

After lunch, Westpac chief economist Brendan O'Donovan joins us with his take on where the economy is heading.

You will then have an opportunity to join one of two groups. The first group will be in here and is hosted by ERMA.

The topic is "How to Do a Great Application To ERMA".

The session is intended to highlight some of the common reasons for delays in the ERMA approvals process.

At the same time, in the breakout room next door, we will have a session on product stewardship, including an update on Agrecovery. The plastic recycling scheme has been going three years, and the new chemical recovery scheme is now up and running.

The good news is that I can announce today that the Agrecovery levy will fall to 12 cents per litre. This lower levy will apply on sales after April 1, 2010, and will save brand owners about \$100,000 a year in total.

Agcarm pushed hard for a reduction in the levy from 13 cents, and we will continue to push hard to ensure members are getting value for money.

Our final two sessions will start at 3.15pm. In this room, the ACVM Group will hold a session on its current work programme and seek your feedback.

In the room next door, we will have a special session with the Department of Labour which will be of particular interest to our distributor members.

At the annual meeting I committed to come back to you about a possible rule change on proxy voting for alternates attending executive meetings.

The Executive Committee has discussed the issue. It does not see a compelling need for proxy voting, so no change is required to the new rule which allows non-voting alternates to attend executive committee meetings.

Finally, copies of Agcarm's Business Plan and Budget for 2010-11 are available from the back of the room.

In a moment, Graeme will be highlighting some of the key issues in the business plan, and reviewing some of Agcarm's achievements in 2009.

I hope you enjoy today's meeting.

I now declare the Agcarm summer general meeting open.