



Healthy crops : Healthy animals : Healthy business

Speech

Agcarm President Justin Hurst to the Agcarm Annual Conference

Te Papa, Wellington

EMBARGOED to 9.15am, Wednesday 13 July 2010.

Here's a quote from the Situation and Outlook for New Zealand Agriculture and Forestry, commonly known as SONZAF.

"New Zealand exporters are receiving historically high prices...for beef, dairy, lamb, logs, timber and wool products, with the returns expected to continue into the medium-term."

We should all read the latest SONZAF, which is probably one of the best if not THE best on record. This is really saying something. Though SONZAF was first published in 1998, MAF has produced an annual 'state of agriculture' report since at least 1979.

Agriculture Minister David Carter might have more to say about SONZAF in a few minutes because I'm sure he's very encouraged by MAF's forecasts as well.

There were a couple of points in SONZAF which I'd like to highlight. Here's another quote:

“The agricultural, forestry, and associated processing sectors continue to be the backbone of our economy. They have played a critical role in recent years in assisting New Zealand’s recovery from the impact of the 2008 global economic crisis.”

Agcarm members would totally agree with these comments. Thankfully recent governments have woken up to the immense importance to New Zealand of agriculture, which is forecast to generate over \$32 billion in revenues in 2015 – compared with an estimated \$24 billion in 2011.

In other words, for every two dollars generated by agriculture in 2011, three dollars will be generated in 2015. Truly a sunrise industry.

This increase will be led by dairy, cattle, sheep meat, wool, deer, fruit, vegetables, forestry, wine and agricultural services. This tells us that the growth in the agricultural economy is very broad based, with poultry and pigs the only sectors with a flat outlook.

The reasons for the solid, broad-based outlook hinge on what New Zealand does best – selling high quality food and fibre to a growing affluent population.

As part of the paddock-to-plate food chain, Agcarm members are very proud of their contribution to New Zealand’s primary sector success story.

Agricultural compounds help manage pests and diseases in New Zealand crops and animals, which leads to healthier crops and healthier animals.

Healthier crops and healthier animals translate to healthy food, higher productivity, growing exports and a buoyant agrarian economy. This means more employment and more export dollars building stronger and safer communities.

If the SONZAF is accurate - and I stress “IF” because it assumes a much weaker exchange rate by 2015 and strong growth in the global economy - if the forecasts are accurate, Agcarm members will be already positioning themselves for increased demand for their products.

Indeed, some members are already reporting an increase in sales. The increase is evident in the two sales audits which are free to members or available at a discounted rate.

Crop protection sales were up about four percent in the year ending March 2011 based on the Agcarm-Scott Economics sales audit. Hardly a boom. But, importantly, much of this increase was recorded in the final six months of the March year.

The slight lift in sales is significant because it follows a couple of years of sales declines.

Turning to animal health, the market is estimated to have grown by about five percent in the year ending March, compared with a 0.6 percent decline in the previous year.

The major growth categories were vaccines (up 10 percent, led by a strong increase in sheep vaccines, and internal parasiticides (up seven percent).

So things are looking up. But we’ve been in this business long enough to know that nothing can be taken for granted and we must continue to work hard to deliver the best products at the best value to our customers. We work in very competitive industries so there’s no opportunity for any of us to rest on our laurels and take market growth for granted.

One way to ensure that we can deliver the best products at the sharpest prices is to continue our work, through our membership association, to improve the regulatory regime.

This government came to power with the clear message that it would place a high priority on removing unnecessary bureaucracy.

Agricultural compounds are arguably the most heavily regulated sector of the economy so there is plenty of opportunity to cut red tape. We were first in the line with our ideas on how to make our sector more efficient through better regulation.

It pains me to tell you that success with the government has been slow. Indeed, nearly three years on, we are still going through the process when we should be standing at the finishing line. This is probably because both the ACVM and ERMA have been busy merging with other government agencies.

In the process of pushing for the removal of unnecessary regulation, Agcarm has uncovered a rich irony.

The removal of bureaucracy is a body of work in itself. It may require new regulations or a change in legislation. To achieve these requires government officials to put them on their work programme, which requires resources which the departments can't always spare.

A law change also means finding a high place on Parliament's crowded order paper.

For example, Agcarm backed a change to the Agricultural Compounds and Veterinary Medicines Act to remove a requirement for product manufacturers' details to be included on the public register. These changes – first mooted in 2009, soon after the election - are part of the Regulatory Reform Bill, which is currently before the Commerce select committee.

The Bill requires two more readings before it passes into law.

We are also waiting for a change in the law to exempt from ACVM registration some product categories, including those used for research, testing, and training.

This exemption is included in draft regulations which still require public consultation, so they could be some way off.

I can report better progress on Agcarm's group standard covering low-risk veterinary medicines in small pack sizes.

Agcarm is close to lodging the group standard with the Environmental Protection Authority. But before that happens we are working on improving the scope of the group standard to cover new actives, and removing unrealistic and unworkable controls around division of medicines, advertising and personal protective equipment. Both the EPA and Agcarm are working with a will to succeed as there are benefits for many parties in the group standard going ahead. These parties include vets, farmers, pet owners, Agcarm members, and the EPA itself.

Another major piece of work is the second edition of Agcarm's labeling guide – we're hopeful this will be approved as a code of practice in the next few weeks. I'll say more about the labeling later today.

Looking further ahead, Agcarm is positioning for an expected review of the HSNO regime after the next election. With your valuable input, Agcarm has prepared a key issues paper which highlights the parts of HSNO which are desperate for improvement.

We have distributed a the paper with your information pack so I encourage you to read it and give us your feedback.

Turning to the conference, I think you'll agree that we've put together a very interesting programme.

Speakers include Country Calendar stalwart Frank Torley and Tan Siang Hee from CropLife Asia. Topics include the red meat strategy, NAIT, and the sports turf. Given events over the past

year, risk and emergency management will be covered off from the perspectives of animal health and the Rugby World Cup.

I encourage you to ask questions at the end of speeches. There's no such thing as a stupid question.

This afternoon we are holding a one-hour workshop to explore ways that Agcarm can create even more value for its members. If you've got an idea, no matter how weird or whacky, today is your chance to put it on the table.

This evening we are expecting about 60 guests to join us at our cocktail party to be held here in this room. Afterwards we are crossing the road for dinner and quiz night at Zibibbo.

Tomorrow we are off on a field trip to a MAF facility at Upper Hutt to learn how MAF deals with animal disease and pest incursions.

Turning to Agcarm's finances, which will be discussed at the annual general meeting this afternoon. Agcarm will post a \$36,000 deficit in the current financial year. Your executive committee has considered the situation and is unanimously recommending an adjustment in the membership subscriptions in 2012. The effect will be a lift in the cap on subscriptions paid by manufacturer member companies to \$42,000, from the current \$35,000.

This will be voted on this afternoon. We will also be considering a rule change.

I'd like to thank the executive committee for its hard work during the year. I thank especially our two retiring members Arnie Haydon and John Messer.

I'd also like to thank the members who attend our sub-committee meetings where some of the most important work for our three industry groups is examined in detail. Indeed a lot of the value from our membership is generated in these important meetings.

Finally I'd like to thank you, the members, for your support of Agcarm during the year.

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.

On that note I'd like to introduce our next speaker, the Honourable David Carter.

Ends