

ROLLING OUT THE RED TAPE: \$21 MILLION LOSS TO THE AUSTRALIAN ECONOMY FOR 287 PAGES OF NEW REGULATION

19 October 2012 (Canberra) – The federal government’s proposed efficiency reforms to the regulation of agricultural chemicals will actually undermine Australian agricultural productivity, according to a Deloitte Access Economics report released today. The report was commissioned by the peak industry organisation for the plant science sector, CropLife Australia.

CropLife Australia’s CEO, Matthew Cossey, said today, “Despite the government’s rhetoric about cutting red tape, out of 287 pages of amendments, not one single rule, process or regulation has been removed, and several new ones have been added.

“After a lengthy three year process, the proposed reforms fail to address serious inefficiencies in the current regulatory regime.

“Accordingly, with these reforms, our nation’s farmers may lose access to a range of safe and effective products on which they depend to run high yielding, environmentally sustainable and profitable farms.

“Proposed reforms in the transition period will require an extra \$8 million of industry resources to be paid each year by product registrants to the Australian Pesticides and Veterinary Medicines Authority (APVMA), for no demonstrable public benefit. This additional imposition on industry relies on a proposed cost recovery regime that is already operating in direct conflict with the government’s own cost recovery policies.”

Economic modelling by Deloitte Access Economics confirms that the proposed increased regulatory costs will in themselves reduce Australia’s GDP by \$21million each year, in the absence of any discernible efficiency gains.

The report states, “Agriculture is a trade-exposed sector. Australian farmers are competing against other producers around the world. Increases in the cost of agvet chemicals – caused by regulatory processes that are more costly than they need to be – reduce the competitiveness of our agricultural exports, resulting in a reduction in economic activity and employment.”

Mr Cossey said, “Cost recovery schemes, like that which currently funds the activities of the APVMA, represent a compact between government, industry and the wider community. Revenue is raised from industry to fund government’s regulatory activities, which benefits the community by protecting human health, trade or the environment. In the case of agvet chem regulation, the federal government has been ignoring its side of the bargain.”

“If the government is to consume \$30.4 million of society’s resources there must be some demonstrable benefit in terms of human health, trade and environmental outcomes.”

“We have a situation where the regulator is in some cases processing as few as 40% of

applications within the required time period. The proposed reforms offer no evidence as to how this will be improved. Nonetheless, industry is being asked to pay more for this shoddy service.

“An unnecessarily high regulatory burden and the associated costs compared to other markets around the world will continue to deter investment right at the time when investment in agricultural innovation needs to be encouraged.

“Australia’s plant science industry remains committed to working with government and the parliament to ensure that these reforms will actually assist in safeguarding the international trade competitiveness of Australia’s farming sector and help increase our contribution to global food security.” Mr Cossey concluded.

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About CropLife Australia

CropLife Australia (CropLife) is the peak industry organisation representing the agricultural chemical and biotechnology (plant science) sector in Australia. CropLife represents the innovators, developers, manufacturers and formulators of crop protection and agricultural biotechnology products. The plant science industry provides products to protect crops against pests, weeds and diseases, as well as developing crop biotechnologies that are key to the nation’s agricultural productivity, sustainability and food security. The plant science industry is worth more than \$1.5 billion a year to the Australian economy and directly employs thousands of people across the country.

CropLife and its members are committed to the stewardship of their products throughout their lifecycle and to ensuring that human health, environment and trade issues associated with agricultural chemical use in Australia are responsibly and sustainably managed. Our member companies spend more than \$13 million a year on stewardship activities to ensure the safe and effective use of their products. CropLife ensures the responsible use of these products through its mandatory industry code of conduct and has set a benchmark for industry stewardship through programs such as *drumMUSTER*, ChemClear® and Agsafe Accreditation and Training. Our stewardship activities demonstrate our commitment to managing the impacts associated with container waste and unwanted chemicals.

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