



5 October 2007

Regulatory Burdens - Primary Sector
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Annual Review of the Regulator Burdens on Business – Primary Sector

The APVMA welcomes the opportunity to further comment on this important review of regulatory burdens on businesses in the primary sector and is appreciative of the opportunity to participate in the Commission's roundtable discussion on the draft report on 27 September.

We acknowledge that the review has raised issues associated with chemicals regulation and note the position expressed in the Draft Research Report¹ that the current Productivity Commission study into chemicals and plastics regulation provides the opportunity for their detailed examination. This approach is strongly supported.

We note the Commission's comment that the burden imposed on the agricultural sector through the regulation of farm chemicals was raised more often in submissions to the review than any other concern². This does not necessarily mean that the regulation of farm chemicals is the most significant burden on the agricultural sector. It is noteworthy that a number of the submissions raising concern with chemical regulation were provided by associations from the manufacturing and distributive sector and focussed on burdens to that sector, rather than to farmers and other primary sector businesses.

Given that this review is focussed on productivity, we note that no submissions contained measures of the quantitative effect of regulation on farmers and other businesses in the primary sector. As a result, the Commission has limited quantitative evidence regarding the size of the unnecessary burden from regulation³ and this restricts the ability of the Commission to assess the regulatory burden. Further we note the Commission's view that all regulation has a cost but that unnecessarily burdensome regulations, the focus of the review, are a smaller subset of costs that are over and above the necessary costs inherent in meeting policy objectives³.

Acknowledging the confounding difficulties associated with separating unnecessary cost from the underlying or necessary cost (i.e. quantifying the unnecessary burden), it

¹ Draft Response 3.27

² Page XVIII of the Draft Research Report

³ Page XXI of the Draft Research Report

would seem critical that quantitative data be available, particularly as perceptions between different stakeholders can be diverse. Given this, and current lack of data, we encourage the Commission to promote further research in the area of quantitative cost effects of regulation. Such cost estimates would better inform government on the actual, as distinct from the perceived, effects of unnecessary regulation on business in the primary sector.

Whilst we expect that such issues will be considered in more detail in the study on chemicals and plastics regulation, it is important to note that the APVMA, the national regulator of pesticides and veterinary medicines, regulates a range of products including many which are not relevant to the primary sector, including companion animal products, home and garden products and pool chemicals.

We note that Draft Response 3.13 encourages COAG to put in place workable and effective 'regulation' for security sensitive chemicals. It may be more appropriate to consider workable and effective 'controls' for such chemicals, as this would include control measures such as awareness raising and education, which are not elements of regulation.

The APVMA looks forward to participating in the Study of Chemicals and Plastics Regulation and intends to make a submission to that study.

Yours Sincerely,

Dr Eva Bennet-Jenkins
Acting Chief Executive Officer