



Australian Government
Department of Agriculture, Fisheries and Forestry

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Mr Scott Gregson
General Manager
Adjudication Branch
Australian Competition and Consumer Commission (ACCC)
PO Box 1199
DICKSON ACT 2602

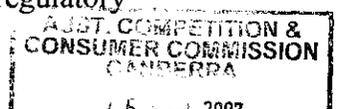
Dear Mr Gregson

Thank you for your letter of 5 January 2007 to Mr Peter Yuile, Executive Director, Australian Quarantine and Inspection Service, seeking comments in relation to an application made by Agsafe Limited to the ACCC to revoke its existing authorisations and substitute new authorisations in relation to the Agsafe Guardian Code of Conduct. In particular, you are seeking views on any likely public benefits/detriments and any effects on competition arising from the Agsafe Guardian Code of Conduct. In this regard, you have indicated that a key issue for consideration by the ACCC will be the ability of Agsafe and its members to impose trading sanctions on businesses that are not accredited under the program.

While the Department of Agriculture, Fisheries and Forestry (DAFF) is involved in the development of national regulatory policy in relation to the management of agricultural and veterinary chemicals, it has no direct involvement in regulating agvet chemicals. Therefore, DAFF believes that the Australian Pesticides and Veterinary Medicines Authority (APVMA), which registers agvet chemicals for use in Australia, and relevant state/territory government departments, which regulate the control of their use, would be best placed to provide the detailed information sought by the ACCC. We are, however, happy to provide the following general comments.

The key issue for governments in regulating agvet chemicals is to ensure that they are effective when used according to the label instructions and that food safety, public health, occupational health and safety, environmental (agricultural and natural) and trade risks associated with their handling, storage, transport and use are managed. The ability of governments to enforce compliance with agvet chemical regulatory requirements, particularly at business premises/farm level, is affected by resource limitations. As a result, government enforcement activity tends to focus largely on monitoring, eg monitoring residues in agricultural produce, and investigation of residue and other adverse agvet chemical incidents for evidence of non-compliance with the regulations or aspects of risk management that may require improvement.

Industry self-regulation/co-regulation is recognised by government as an important and integral part of risk management systems in the primary industry sector. Industry codes of practice, training and accreditation and quality assurance programs etc can reduce the need for government intervention by providing a mechanism for participants to demonstrate their compliance with regulatory requirements and that they are exercising their duty of care.



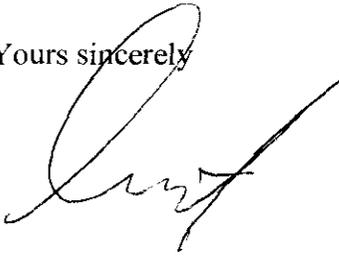
Participation in industry stewardship and other industry-driven programs is voluntary. As a result, their effectiveness in assuring markets and the broader community that the industry as a whole is managing the risks involved depends to a large extent upon the level of participation of individuals and companies. For example, participation in an industry QA program or code of practice may provide participants with a marketing advantage over non-participants, while participation in a supplier QA program may be a prerequisite for supplying a particular market.

In the last year, there have been a number of developments which have implications for the way the agvet chemical industry is regulated. For example, the COAG decision to reduce red tape for businesses and the recommendations of the Banks Review have made the impact of regulation on the agvet chemical industry a focus for government attention. The COAG review of chemicals and plastics regulation will take into account current industry self-regulatory and co-regulatory schemes and consider these and other similar options for reducing the burden of regulation on the sector, noting the need for such schemes to be effective and have clear accountability.

National security arrangements are also expected to have an impact on agvet chemical regulation. Arrangements are currently being developed through COAG for managing security sensitive chemicals which are expected to include a number of agvet chemicals. As a result, it is likely that both the agvet chemical industry and primary producers will be required to meet some additional risk management requirements in order to be able to supply or have access to these chemicals.

I hope that this information will be helpful to the ACCC in its deliberations.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Steve McCutcheon', written in a cursive style.

Steve McCutcheon
Executive Manager
Product Integrity, Animal and Plant Health Division