



CANTERBURY MANUFACTURERS'
ASSOCIATION

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Government Administration
Committee Secretariat
Parliament House
Wellington

Dear Sir

Submission from the Canterbury Manufacturers' Association on the Therapeutic Products and Medicines Bill

The Canterbury Manufacturers' Association is pleased to have this opportunity to provide feedback from our members.

Background

The Canterbury Manufacturers' Association represents manufacturers predominantly in Canterbury and Westland, with members from the rest of the South Island and Auckland. The numbers of staff employed by our members represent approximately 40% of those employed by the manufacturing sector in the Canterbury region. Locally the manufacturing sector is a significant contributor to the economy, representing about 15% of employment.

Elaborately transformed manufactures comprise over 30% of New Zealand tradeable exports; sector sales total over \$30 billion and total national employment numbers around 170,000. New Zealand manufacturers face the ever-increasing onslaught of the cost of local regulation and global competition from low cost countries without any significant support and protection. The Canterbury region has a disproportionately high number of high value elaborately transformed manufacturers who have significant export sales when compared with all the other regions of New Zealand.

The historical reliance that New Zealand has placed in the primary sector and basic manufactured goods has seen the position that New Zealand has in the rankings of the Organisation of Economic Co-operation and Development fall from 5th in 1950 to 21st in 2004, placed between Spain and Greece - well into the lower middle bracket of global income per capita. New Zealand has grown more slowly than other countries due to the dependence on the primary sector. The manufactured goods sector of the internationally traded economy has grown much faster.

Without economic development, based on elaborate transformation commanding high prices from global customers, we will increasingly see issues such as "health problems" correctly characterised as "wealth problems". Recent headlines on the "management" of the waiting lists are bringing this issue to the attention of the general public. The Canterbury Manufacturers' Association is of the view that provided we have a balanced and practical approach to environmental regulation and cost allocation, we can enjoy an improving environment and a growing economy.

Perhaps more than any other form of enterprise, the elaborate transformation of materials involves new and sometimes difficult to quantify environmental issues. In this sector the poor application of good regulation, or poor regulation and inequitable cost allocation, has the capacity to wipe away any comparative advantage, threatening jobs, businesses and economic growth as businesses do not develop or relocate to take the advantages offered by other centres or jurisdictions.

Submission

The above Bill has caused some significant comment from our members involved in the nutraceutical sector. Whilst they recognise that control and regulation is necessary for the industry, they question the necessity for the heavy-handed regulation proposed.

Such a highly complex regulatory regime will have a much greater impact to the small to medium firms prevalent in the New Zealand nutraceutical sector. This problem is less acute for the Australian side of the discussion. This difference and the severe impact cost and compliance load has on small firms should never be far from the minds of our legislators.

Expensive regulation will effectively close many small-scale nutraceutical or complimentary product producers in New Zealand. Of course that will remove their products from the market, this will clearly impact sales and reduce consumer choice with little net benefit to us all and possibly some major downsides for the companies and people concerned.

We should try to protect and support nutraceutical and complimentary products that have shown themselves to be safe in the hands of consumers. From our standpoint there is a low risk associated with a 'grandfathering' of existing products relating to vitamins and food based ingredients. There is little risk with any product that has been used safely provided consistent and controlled ingredients are used and good manufacturing practice is in place. Consequently provided ingredient control and good manufacturing practice is in place such products could be 'grandfathered'. This would require compliance and audit of ingredients and manufacturing process. This approach might improve the transitional arrangements associated with this legislation.

'Grandfathering' the ingredients and regulating the manufacturing practice on a transitional basis would maintain consumer choice and introduce increasingly higher levels of compliance without treating low risk complimentary products as highly active pharmaceuticals.

The Canterbury Manufacturers' Association does not wish to be heard on this submission.

Yours sincerely



John Walley
Chief Executive