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Dear First-principles cost review team

### **Submission on cost recovery**

The National Farmers' Federation (NFF) welcomes the opportunity to comment on the first-principles review of the cost recovery arrangements for the Australian Pesticides and Veterinary Medicines Authority (APVMA). The NFF and its member organisations tend not to be regularly engaged in the registration of chemicals. However, Australian farmers need a system of chemical registration that facilitates the introduction of new chemicals onto the Australian market in a timely and cost efficient manner.

The NFF is not in a position to provide comment on all specific details of the consultation paper, but notes that the assessment and registration process should be efficient and effective to reduce the cost of the process, but also transparent. Reforms that would improve the efficiency and effectiveness of the APVMA's operations would be supported. We note that chemical registrants will be impacted the most by the proposed changes, and are in a better position to understand the implications and potential costs for their sector.

The APVMA fee structures and recovery costs impact first the chemical companies as chemical developers and registrants in APVMAs process; but will impact farmers as end-users by higher costs and delay in the availability, or non-availability of products. Australian farmers compete in international markets, and it is important that they have access to the tools which allow them to produce safe fresh produce in a cost effective manner. The costs of registration and timeframe around this process should not deter registrants from seeking to introduce new chemicals to the Australian market. Any changes to funding structures should ultimately be viewed from this perspective.

Overall, while the NFF understands the rationale for cost recovery of many of the APVMA's functions, such as assessment of applications; it would be reasonable for other functions, such as community engagement activities and general information resources, to be funded by the Australian Government, given the broader public benefit of these activities.

Further, the access to certain products (such as niclosamide for snail control in rice production) may have a net benefit to the Australian environment, however the limited size of the Australian market can prevent the business case for private companies to take the product through the regulatory hurdles and costs. The Australian Government should be taking steps to reduce the cost of doing business in

Australia, not reducing the competitiveness and environmental sustainability of our industries through the imposition of unwarranted costs.

Putting aside the argument around which specific activities should be cost recovered, the APVMA ultimately needs to be able to demonstrate to chemical users and registrants that it operates effectively and efficiently, and that its cost structures are fair and reasonable. The fee structure and any related changes need to be both transparent and measurable, underpinned by the opportunity for reviews of resulting structures and outcomes.

Any consideration of changes to the proportion of funding from up-front fees and sales-based levy, needs to be considered not in the context of benefits for the companies registering the products, but from the perspective from the ultimate end-user – farmers. The availability and price of products for farmers needs to be front and centre of any discussion. While companies that have a large market share should be encouraged to continue to invest in the Australian market, changes that would provide a disincentive for new players in the market need to be carefully analysed for the impact on competition and farmer access to the range of products they require now and into the future.

For example, within the current approach it could be considered that there are already significant barriers preventing minor use permits, emergency use permits and permit renewals. Moving to full cost recovery through fees on specific activities would significantly increase the financial burden on applicants and lead to even less product availability for Australian farmers.

The NFF encourages the Australian Government to work collaboratively with industry and continue any further reforms of agricultural and veterinary chemicals through a more holistic approach. The NFF is encouraged by recent steps taken by the Department of Agriculture to improve their approach. It will be important that any steps taken to change the funding structure of APVMA, are integrated with work on an effective minor use program and other steps to resolve the market failure currently leading to lack of access to agricultural and veterinary chemical products in Australia. The lack of a clear and coherent approach of these various processes will no doubt limit the opportunity for improved outcomes.

The key challenges outlined above are certainly not exhaustive and it will be essential that Australian Government and the APVMA continue to work closely with industry to identify and address future influences on the management of agricultural and veterinary chemicals in Australia.

Yours sincerely



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Chief Executive Officer