



6 December 2019

Australian Pesticides and Veterinary Medicines Authority  
GPO Box 3262  
SYDNEY NSW 2001

Via email: [CRIS2019@apvma.gov.au](mailto:CRIS2019@apvma.gov.au)

To whom it may concern,

**RE: APVMA draft Cost Recovery Implementation Statement**

The National Farmers' Federation (NFF) welcomes the opportunity to provide a submission on the APVMA *Draft Cost Recovery Implementation Statement (CRIS) pricing options 1, 2 and 3: evaluation and registration of agvet chemicals and their regulation up to and including point of sale*.

The NFF was established in 1979 as the national peak body representing farmers and the agriculture sector more broadly, across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain, including live export. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The APVMA plays an extremely important role as Australia's independent national regulator of agricultural chemicals and veterinary medicines (agvet chemicals), ensuring that agvet chemicals sold in Australia are safe and effective. The APVMA's regulatory approvals allow agvet chemical companies to sell their products on the Australian market, and the cost of these regulatory functions are therefore recovered from the agvet chemical industry. Regulatory costs are ultimately reflected in the prices paid by farmers and others for the agvet chemicals they purchase, so cost efficient regulation is in the interests of both registrants and users.

The NFF understands that the costs associated with the APVMA's regulatory activities are not covered by the current fee structure, and that the imbalance between revenue and expenditure will grow under current settings. We appreciate that changes to the cost recovery fee structure are needed to address under-recovery and ensure financial sustainability of the APVMA. Transparency is critical, and in moving to increase cost recovery fees it is incumbent on the APVMA to demonstrate to registrants and end users how additional revenue will be allocated. The NFF also requests that in determining new fee arrangements consideration is given to the demand sensitivity of



evaluation fees and the need to account for and incentivise ongoing regulatory efficiency improvements.

Australian farmers compete in globally competitive markets and it is important that they have access to the latest tools and technology – including agvet chemicals – that allow them to produce high quality commodities in a cost-effective manner. Therefore, it is important that changes to regulatory costs do not create a deterrent to registrants seeking to introduce new chemicals to the Australian market. While the moderate fee increases proposed in the draft CRIS may have no material impact on demand, the NFF asks that the APVMA give consideration to the matter of price sensitivity in determining the preferred option.

The draft CRIS advises that proposed new fees reflect the revised activity-based full costs of the regulatory function, “as well as improved processes and efficiency resulting from improvements over recent years.” The NFF trusts that as efficiencies in application assessment and registration continue to be realised, including through ongoing implementation of the APVMA digital strategy, that these will be reflected in cost recovery arrangements.

We are less disposed towards changes to cost recovery arrangements that fail to recognise or to incentivise efficiency improvements, which may be the case with adjustments to application fees as per options 2 and 3. For this reason option 1 may provide the best model in the current circumstances, noting that cost recovery arrangements will be revisited in the context of designing a new legislative framework after the panel overseeing the independent review of the agvet chemical framework provides its final report and recommendations to government in 2021.

The NFF appreciates the APVMA’s proactive approach to engagement with agvet chemical industry representatives and with the NFF ahead of formal consultation on the draft CRIS. The APVMA was genuine in inviting and responding to feedback through this process, as is evident through the inclusion of an additional option in the CRIS and in the decision to re-establish an industry consultative forum. We welcome this decision, and the move to establish performance measures for consultation on cost-recovery.

Thank you for the opportunity to provide a submission to this process.

Yours sincerely,

**TONY MAHAR**  
Chief Executive Officer