

9 February 2010

**Product Safety and Integrity Committee Secretariat
Innovation, Productivity and Food Security Branch
Department of Agriculture, Fisheries and Forestry
GPO Box 858
CANBERRA ACT 2601**

SFMCA SUBMISSION - REVIEW OF THE NATIONAL REGULATORY FRAMEWORK FOR AGRICULTURAL AND VETERINARY CHEMICALS REGULATION

The Stock Feed Manufacturers' Council of Australia (SFMCA) is the peak industry body representing Australian feed manufacturers. SFMCA members manufacture over 5.5MMT of animal feeds annually. The members of our organisation comprise both companies that manufacture and distribute agricultural and veterinary chemical products, as well as being major users of veterinary chemical products where they are included within feed.

This submission addresses issues raised within the Discussion Paper titled A National Scheme for Assessment, Registration and Control of Use of Agricultural and Veterinary Chemicals.

Our submission supports the aim of these reforms in reducing the regulatory burden on businesses and increasing government efficiency. We particularly support initiatives that result in uniformity in regulatory control between States. Many feed manufacturers purchase raw materials and supply stockfeed across state borders, where differences in individual State control systems can present an added burden to business.

Within this submission, we wish to focus upon those areas of the Discussion Paper that have direct implications for stockfeed manufacturers. Reference below is made to either the question number or section number annotated within the Discussion Paper.

Section 8.1.1. Issues in the Assessment Process

The SFMCA believes that the consultants have accurately captured the areas of dissatisfaction with regards to assessment and registration. We believe it is important to repeat the areas of dissatisfaction contained within the Discussion Paper that our members have experienced whilst seeking to gain product assessment and registration:

With regard to assessment and registration, the main areas of dissatisfaction concerned:

- the time taken for assessment;

- cost impositions, particularly in terms of additional data requirements;
- unpredictability in time taken to complete assessments;
- apparently different appetites for risk and other inconsistencies between reviewers and
- between the APVMA and other government agencies involved in assessments;
- the continuing absence of data protection with respect to minor use permits;
- difficulty in having the registration of apparently low risk products facilitated.

Of these points, we believe that there exist a number of veterinary chemical products that present low risk and yet are required to be assessed and registered. For example the AVPMA requires the registration of feed enzymes, many of which are in use within food products where registration is not required. It would seem that in some instances, the demand of assessment and registration for feed additives for animal feeding is beyond those placed upon human food manufacture.

We believe there remain problems of resource allocation enabling the APVMA to effectively service product assessment and registration. Based upon these existing limitations, we support the observation made, that the Productivity Commission's preferred model of incorporation of control of use activities into an expanded APVMA is questionable.

Q8 What are the most important ways in which the efficiency of the APVMA's assessment process could be enhanced?

The implementation of a high/low risk tiered assessment/registration scheme would assist in increasing APVMA efficiency. By default, the nature of the product would dictate the complexity of the data package required to support its registration. This would assist the APVMA and registrants alike. This approach has been discussed at PSIC industry workshops.

Section 11 – National Regulatory Scheme

Whichever national regulation scheme is adopted (pg 52) it is important that one set of regulations are adopted in regards to regulatory requirements. If states chose to transgress from these national regulations, there needs to be harmonisation or a mutual recognition scheme. Labelling being one area – national labelling requirements differ to individual states legislation. A manufacturer may label a product in compliance with national regulatory requirements so that they can trade nationally but be in breach in different states for different reasons because the states labelling requirements are not harmonised.

Section 13 - Is Cost Recovery of Control of Use Appropriate?

13.4.2. – Licencing of Users

The Discussion Paper refers to a single licensing system and notes "users of agvet chemicals for high risk use (accreditation)", the paper then goes on to say that the licensing of veterinary surgeons is covered through separate arrangements and is not considered in these arrangements. The SFMCA believes that the Discussion Paper has failed to adequately cover the existing control of use and licensing activities that relate to prescribed veterinary chemical products.

Existing licensing relates to more than just veterinary surgeons. Additionally there is a veterinary wholesale licensing system, also known as Poisons Licensing, operating and controlled by each relevant State and Territory Health Department. Many feed manufacturers and some supply distributors are required to hold appropriate licences that allow the purchase and use of some scheduled veterinary chemical products.

The SFMCA would question what is proposed within a "single licensing system" that will overlap with the existing veterinary wholesale licensing system. We believe this is an area that requires greater review and a weakness in the Discussion Paper is in not considering these issues when discussing licensing of users. We can see value in the concept of a single licensing system, this however must take account of all aspects of veterinary chemical licensing. The SFMCA would not support any move to for a licensing system in addition to the existing veterinary wholesale licensing.

Q28 What is the view of stakeholders regarding the arguments made for cost recovery of monitoring compliance, investigation and enforcement, particularly:

- *cost recovery would not be inconsistent with the Government's policy objectives;*
- *the regulated industry is a beneficiary of the regulatory activities; and*
- *the users of agvet chemicals create the need for the regulatory activity?*

The SFMCA does not agree or support the arguments made for cost recovery. We see this as a means of transferring existing regulatory control funding from government to industry.

Based upon the opening COAG comment that "the aim of these reforms is to reduce the regulatory burden on businesses", we see the implementation of cost recovery as increasing the burden on business, this being the opposite of the COAG stated aim.

The SFMCA believes there are major differences between control of use issues for agricultural chemicals and veterinary products. We argue that within the stockfeed segment of the industry, there is sufficient existing control of use and we do not see any benefit to our industry from

adding additional control functions. In particular we believe there is a strong risk that the proposed control options will add layers of management and costs beyond the existing control activity and through cost recovery industry will be required to pay for these costs.

Q29 What is the potential impact of cost recovery of control of use regulation on:

- *manufacturers, if it results in higher regulatory fees; and*
- *the users of agvet chemicals, if it results in higher prices for agvet chemicals?*

The one area on cost recovery that is not identified in the Discussion Paper, if control of use cost recovery is implemented and this cost is paid for by industry (either companies with registered products or some charge on users) this will place a greater limitation on new products (from overseas where most of our chemicals come from) entering the Australian market.

In global terms, Australia provides a small market opportunity for companies manufacturing and supplying veterinary chemical products. We already have suppliers that do not bother to register their products for use in Australia due to market limitations, this including the existing costs of APVMA product registration. The SFMCA strongly believes that should a further cost burden be placed upon veterinary chemical products, this will further reduce our livestock industries access the veterinary chemical products and competitive position.

We see a major weakness in the Discussion Paper not providing details on how cost recovery would operate. Without any detailed proposal our industry can only comment upon the concept of cost recovery and as such we believe we have a limited capacity to know what is being considered.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. C. Spragg', with a stylized flourish at the end.

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