Nursery & Garden Industry
Australia

NGIA Response to the APVMA Cost Recovery Impact Statement

February 2009

Industry Profile 2009

The Nursery & Garden Industry Australia (NGIA) is the national peak industry body representing producers, retailers and allied trades involved in the production of greenlife across Australia. NGIA works in close association with the state and territory peak industry bodies providing a nationally united position on issues of commonality and importance.

The combined 'supply chain' of the Australian nursery industry has an annual value exceeding $5.5 billion, includes more than 20 000 small to medium sized businesses and employs approximately 45 000 FTE. The industry is located in every state and territory across Australia, and in most communities and environments, providing greenlife to a diverse customer base. The production sector is broad based producing in excess of 10 000 plant species with many and varying target markets that have an estimated annual value to the Australian economy exceeding $10 billion including:

Production Nursery	Horticultural markets
Container stock	Ornamental/urban horticulture
Foliage plants	Interior-scapes
Seedling stock	Vegetable growers
Forestry stock	Plantation timber
Fruit and nut tree stock	Orchardists (citrus, mango, etc)
Landscape stock	Domestic & commercial projects
Plug and tube stock	Cut flower, ornamental, etc
Revegetation stock	Farmers, government, landcare
Mine revegetation	Mine site rehabilitation

The Australian nursery industry is a small user (by volume) of pesticides however due to the more than 10 000 crop lines produced the industry requires a large range of products to combat the various pests, diseases and weeds that threaten the many different production systems in operation across the country. Due to the low volume of pesticides utilised throughout nursery production the pesticide manufacturers see the industry as a minor player within the market and as such tend to focus on the broader horticultural and agricultural markets to maximise the returns on their investment. This has resulted, over recent years, in a low number of label registered pesticides being available to nursery production in most states and territories. As such the industry is reliant on the Minor Use provisions provided for by the APVMA to gain access to modern pesticides to efficiently combat the various pests, diseases and weeds impacting on their businesses.

Current APVMA Process

NGIA understands the need to ensure that Minor Use Permits are valued by applicants and that realistic costs are recovered allowing the service to continue. The costs imposed on industry must be a reflection of the true cost and not an arbitratory figure selected to address internal budgetary concerns.

Industry supports the current APVMA mix of cost recovery methods including the application fee combined with the APVMA levy returns associated with product sales. This distribution of the APVMA income stream assists in keeping up-front fees to a minium and also ensures that all beneficiaries of the permit contribute to the overall cost of its approval and use.

Response to draft Cost Recovery Impact Statement (CRIS)

Of significant concern to the nursery industry is the recommendation from the CRIS to increase the cost of Minor Use Permits (MUP) by more than 100% from $320 to $700 to ensure full cost recovery of adminstraton fees. NGIA has a number of concerns with this conclusion and has itemised them below:

1. NGIA questions the methodology that has arrived at a cost increase of more than 100% as outlined in the CRIS. In 2008 the Productivity Commission review of chemical regulation recommended that the APVMA ensure the cost of assessments are commensurate with the risk. NGIA believes that this recommendation has not been applied to the assessment of the costs of delivering MUP's to the nursery industry.

2. The industry will find it difficult to cover the increased costs of MUP's as they are struggling with the current costs imposed by the APVMA over recent years. With community and government pressures on growers increasing (product & environmental safety) access to quality pesticides is essential. The industry considers increased fee's a barrier to improving pest management on-farm due to the potentially reduced access to new or effective chemistry(s).

3. The expertise once provided by state governments to industry MUP applications is no longer available except under an emergency response scenario. Therefore industry must now pay for this assistance which has added a significant cost to the preparation of MUP applications.

4. The cost of MUP's has gone from an approximate $60 to more than $2500 for industry over the past 4 - 5 years, higher for food based industries, putting enormous pressure on already stretched R&D budgets. This higher cost is due to the APVMA initially increasing the cost of a MUP ($320) and the increased documentation (application) costs due to the specialist input required plus efficacy, worker exposure and food safety data. NGIA believes that industry is adequately contributing its share under the current APVMA cost recovery system through:

   a) Grower application fees
   b) Data generation costs
   c) APVMA product sales levy.

5. With Minor Use Permits sought for products already registered within Agriculture/Horticulture in Australia NGIA considers the assessment of an application by the APVMA to be a straight forward process. NGIA has estimated that the new fee recommended in the CRIS reflects a minium of 20 hours required to assess a 4 page MUP application. Furthermore the same fee is proposed for the granting of a MUP "Renewal" which in many cases requires no additional effort or administration by the APVMA. NGIA questions both of these assumptions and believes the APVMA needs to produce conclusive costings to satisfy the concerns of industry.

6. The nursery industry anticipates manufacturers will continue to ignore industry needs and therefore MUP's will be considered the norm as opposed to the exception. Manufacturers

have cited low revenue returns as a reason for not progressing label registrations for low volume users. Increasing MUP costs will place an added financial burden on industry which is facing various pressures through drought, water restrictions, the slowing economy and climate change (increased pest pressures).

7. Higher MUP costs will limit the ability of industry to access new chemistry that may have greater efficacy against the target pest(s), a reduced environmental impact, lower toxicity to humans or minimal off-target impacts (fish, etc). Currently the industry has a reliance on older chemistries including organophosphates, many of which are under review, that are considered to have a broad spectrum of activity, are environmentally persistent and toxic to humans. The fee increase will not improve access to better pesticides for industry instead it will potentially limit their timely introduction into many cropping systems.

8. The CRIS considers the producer, or industry, to be the sole beneficiary of the registration process and therefore must cover the entire cost. This is a flawed concept as the community and environment also benefit from the correct pesticide being used at the correct rate and therefore the costs should be distributed appropriately across all stakeholders. As a result it should be recognised that the costs associated with MUP's need to be proportionally covered by industry and by government who represents both the community and the environment.

Conclusion

The Australian nursery industry has a proven track record as a progressive, innovative and adaptive industry embracing concepts such as Environmental Management Systems and Integrated Pest Management. An important aspect of both the above concepts is the application of pest management tools that fit to the strategies employed by growers to meet their obligations of reduced and specific pesticide use, safe places of work and environmental stewardship. Potentially limiting access to new and advanced chemistries through increased cost burdens will reduce the progress made by industry over recent years.

Further Information:

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