



23rd January 2022

The Hon. David Littleproud, MP

Minister for Agriculture, Drought and Emergency Management
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600
Via email: minister.littleproud@agriculture.gov.au

RE: Final Report of the Independent review of the agvet chemical regulatory system

Dear Minister,

I am writing in response to the final report on the review of the pesticides and veterinary medicines regulatory system in Australia.

1. Organisations involved in this response

This response is presented on behalf of the following organisations:

Grain Trade Australia (GTA)

Grain Trade Australia (GTA) is a national association and is the focal point for the commercial grains industry within Australia. The role of GTA is to provide a framework across Industry to facilitate and promote the trade of grain. GTA facilitates trade and works to provide an efficient, equitable and open trading environment by providing leadership, advocacy and commercial support services to the Australian grain value chain. GTA Members are responsible for over 95% of all grain storage and freight movements made each year in Australia. Over 95% of the grain contracts executed in Australia each year refer to GTA Grain Trading Standards and/or Trade Rules.

GTA has established the Australian Grains Industry Code of Practice. All GTA Members are required to adhere to the Code of Practice. GTA Members are drawn from all sectors of the grain value chain from production to domestic end users and exporters. GTA has over 270 organisations as Members. Their businesses range from regional family businesses to large national and international trading/storage and handling companies who are involved in grain trading activities, grain storage, processing grain for human consumption and stock feed milling. A list of GTA Members is [here](#).

The National Working Party on Grain Protection (NWPGP)

The NWPGP:

- Is the industry body responsible for providing management and leadership to industry in the areas of post-harvest storage, chemical use, market requirements and chemical regulations.
- Is facilitated by Grain Trade Australia.

- Has members across the entire grain supply chain.
- Hosts an annual forum providing participants with the latest research and developments, in the area of post-harvest storage and hygiene, chemical usage and outturn tolerances, international and domestic market requirements, and regulations.
- Co-ordinates and provides government with industry views on chemicals in use on grain and associated products.
- For further details, refer to <http://www.graintrade.org.au/nwpgp>

Within that context, GTA and the NWPGP provides the following response in relation to the final report on the review of the agvet chemicals regulatory system in Australia as it relates to grain, which has recently been passed through parliament. We understand your office will now consider that final report and its recommendations and respond with actions over the ensuing period regarding implementation of those recommendations.

2. General

In our response to the draft report, we outlined a number of concerns with the independent panel recommendations in various areas of operations of the grain supply chain. We note that in the final report there is a significantly reduced number of recommendations however as a general comment, there does not appear to be a real reduction of those recommendations as many have been joined under the one larger recommendation.

While the grain industry supports regulatory reform, it must be done taking into account all relevant impacts on the industry. Specifically, GTA members are responsible for the marketing of grain domestically and more significantly, on the export market for which the grain industry is heavily reliant.

As noted on several occasions in the last 2-3 years, discussions with your office and with government in general has highlighted the need for a wider export market focus and the difficulties with accessing those markets given supply chain restrictions. This has been exacerbated by Covid-19.

We remain concerned that the proposed regulatory reforms may hinder access to additional markets, increase risks of exporting grain into existing markets, add costs to the post farm-gate sector or at worst, result in sending non-compliant grain to markets. All these impact on the good reputation that the Australian grain industry currently maintains.

With that in mind, we re-iterate several concerns raised in our response to the draft report and make reference to the final report. We have not responded on all recommendations in the final report, rather we wish to highlight key issues in the report, noting there are various recommendations that are linked as noted above.

The grain industry would greatly appreciate your continued consideration of these issues in your response to the final report and when implementing those agvet reforms.

3. Recommendations in the final report

a) Recommendation 3 – Principles of the new regulatory system

While we agree with many aspects outlined, we have concerns with “*processes and decisions should be objective, independent and science-based*”. It is not clear how this will occur.

The introduction of a Commissioner and various consultation bodies (Forums) will potentially place this recommendation in jeopardy unless there are clear and transparent rules for operation and

decision making. With increased functions and participants, there is a risk of increased complexity of the regulatory system. There needs to be appropriate representation of all sectors along the supply chain for all industries. It is not clear how all commodity sectors will be represented in those deliberations.

Given the differing views of perspective from potential sectors to be present on those groups, and with an ear to the Commissioner, it must be questioned how those views will be listened to without appropriate consideration of views and impacts on other sectors of the industry of those decisions. The final report does not give clear guidance on how such consultation will occur and the decision-making process to be employed.

It is also unclear how a Commissioner will determine whether “*a chemical needs a review by the APVMA*”. The current process used by the APVMA appears adequate in that regard, albeit somewhat slow at times. More resources provided to the APVMA would assist their task in this area, rather than the Commissioner utilising other resources to determine this need and then require the APVMA to undertake that task anyway.

b) Recommendation 12 – Domestic Produce monitoring

Without further detail it is unclear how data obtained from such a system will be reported in terms of its relevance to chemical usage and without impacting on the reputation and marketing of commodities such as grain.

As noted in our previous submission reporting of residue results on produce needs to be carefully managed to consider any potential negative views such as implications of the health impacts of residues arising and the compliance or otherwise with Australian or export market regulations. Chemicals are used for a number of reasons, including to produce a profitable crop and to control and therefore meet market regulatory limits for various quarantine pests. Misuse of information and inappropriate reporting of domestic residue results has the potential to impact on our ability to market grain, and ultimately availability of those chemicals within Australia.

The final report does not adequately explain how the relationship between domestic produce monitoring, water and soil monitoring, and environmental monitoring will be considered in terms of the longer-term availability of those chemicals where residues are detected. Similarly, reporting of adverse experiences should be consistent across States and Territories and be done in a manner that recognises the impacts of that reporting, taking into account the requirement for all chemical users to comply with relevant regulations.

c) Recommendation 36 – Licensing of internationally registered products

It is recognised in some circumstances “*A lack of access to new products and existing product uses (available overseas) places Australian primary producers at a competitive disadvantage in comparison to their overseas counterparts*”. That concept also applies to other participants in the supply chain who use chemicals.

There are many aspects of this final report proposal that do not provide sufficient detail in terms of consideration of the impact of these registration decisions on market access. While the final report states market access will be taken into account, it remains a risk to implement this recommendation and associated issues as outlined without significant consideration of implementation of clear business rules on how these aspects will be managed.

All industries should be consulted in the development of those business rules as they relate to regulation and market access. It is unclear how they would be developed independently given the vested interests of some sectors of the industry. We would not support adoption of this policy until all potential market access risks, and the regulations and administration of this recommendation are fully considered and outlined.

We are concerned that this recommendation implies that the grain industry is not able to manage or operate commercially or be competitive with international counterparts. That is clearly not true given the significant increase in production and grain exports in the last 1-2 years.

A balance is required in terms of the chemistry available here in Australia with the added workload required to review and monitor such chemistry in terms of the proposed domestic residue monitoring. For example, if the Commissioner/APVMA approved a chemical in Australia based on overseas uses, Australian growers may not necessarily use the chemical for various reasons. Without clear guidance on the need and eventual adoption of use of that chemistry, the risk arises that a large number of chemicals are "registered" but still not used. A transparent system is needed in that regard, not just registration of a multitude of chemicals for registration's sake without consideration of the usage pattern in Australia.

Thank you for your consideration of this response and we remain available for discussion on any of the above either now or as the regulatory reforms are introduced over time.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'P O Shannassy', with a long horizontal flourish extending to the right.

Pat O'Shannassy
CEO, Grain Trade Australia