



Proposed Cost Recovery Implementation Statement (CRIS) 2027-28

**Submission
September 2026**

ABOUT CROPLIFE

CropLife Australia (CropLife) is the national peak industry organisation representing Australia's agricultural chemical and plant biotechnology (plant science) sector. CropLife represents the innovators, developers, manufacturers, formulators and suppliers of crop protection products (organic, synthetic and biological-based pesticides) and agricultural biotechnology innovations. CropLife's membership is made up of both large and small, patent-holding and generic, Australian and international companies. Accordingly, CropLife only advocates for policy positions that deliver whole-of-industry and national benefit. CropLife Australia is a member of CropLife Asia and part of the CropLife International Federation of 91 CropLife national associations globally. Our focus is specifically on sustainable environmental land management and an Australian farming sector that is internationally competitive through globally leading productivity and sustainability practices. We achieve both outcomes through access to world-class technological innovation and products from the plant science sector.

The plant science industry contributes to the nation's agricultural productivity, environmental sustainability and food security through innovation in plant breeding and pesticides that protect crops against pests, weeds and disease. More than \$31 billion of the value of Australia's agricultural production is directly attributable to the responsible use of crop protection products. At the same time, the plant science industry itself directly employs thousands of people across the country.¹

¹ Deloitte Access Economics. *Economic Contribution of Crop Protection Products in Australia*. August 2023. <https://www.croplife.org.au/resources/reports/economic-contribution-of-crop-protection-products-in-australia/>.

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EXECUTIVE SUMMARY

- CropLife supports an independent, scientifically credible, evidence-based, efficient and properly resourced Australian Pesticides and Veterinary Medicines Authority (APVMA) and accepts that cost recovery plays a legitimate role in funding the National Registration Scheme. As demands on the APVMA increase, it needs more resourcing; however, cost recovery must be designed to strengthen, rather than undermine, the statutory objective of maintaining a regulatory system that is cost-effective, efficient, predictable, adaptive and responsive.
- Likewise, the APVMA's cost recovery arrangements should be designed in a way that aligns with the Australian Government's broader policy objectives for agriculture, including productivity growth, food security and biosecurity. The proposal to significantly increase application fees risks working against these objectives by discouraging investment in commercialising the new plant science technologies that will support farmers to remain productive and internationally competitive.
- The proposed shift in the APVMA's cost recovery policy requiring full upfront cost recovery for the assessment of applications is a radical departure from the existing settings. Formerly these fees were capped at 40 per cent of cost to ensure the smallness of the Australian market was not a disincentive to registration. Although the new policy also reduces sales levies by 40 per cent, this does not offset the commercial impact of significantly higher upfront application fees.
- Thorough consultation, as proposed by the Australian Government's Charging Policy, would have allowed the Department of Agriculture, Fisheries and Forestry (DAFF) to work with industry and other stakeholders to develop policy options that generated increased revenue for the APVMA while avoiding perverse outcomes. Such a consultative approach would have supported the identification of risks and the development of strategies to avoid or manage risks. Instead, the policy was developed in relative isolation from stakeholders, without releasing commissioned market analysis that would have allowed stakeholders to understand and test the underpinning assumptions, findings, or recommendations.
- CropLife consulted its member companies, which represent approximately 80 per cent of the Australian crop protection market, on the changes and engaged leading independent economics, policy and advisory firm ACIL Allen to analyse the market impacts of the proposal.

- These investigations have identified that the proposed shift to full upfront recovery of application assessment costs, even after the proposed reduction in levy burden, will discourage registration activity. This is because higher fees materially affect business cases for projects to register new products and expand product registrations to new uses.
- ACIL Allen has characterised the impact as creating a “no man’s land”, where the registration of a product, or a specific use, becomes uneconomical due to higher application fees, yet the same use is ineligible for access under a permit due to eligibility requirements.
- Hardest hit will be horticultural production, with reduced grower access to the technologies that will support production and food affordability. The change will also affect major crops where the business case is uncertain.
- By revisiting the policy in consultation with industry and other stakeholders, Government can recalibrate the APVMA’s cost recovery policy to increase its resourcing and avoid these perverse outcomes.
- Key elements of a revised model should include:
 - Applying concessional application fees for products that support agricultural innovation, including the expansion of existing products to new commodities.
 - Ensuring products not currently generating a levy contribute greater funding to the APVMA through either increased registration renewal fees or a new minimum flat-rate duty levied on all products.
 - Increasing Government funding to support the full cost of APVMA activities that generate public benefit.
 - Applying caps on the amount of levy paid on the sales of any one product to avoid system cross-subsidisation.
 - Implementing new performance measures that require the APVMA to deliver productivity improvements. This should be accompanied by reduced statutory assessment timeframes, payment by instalments and fee-remission schemes that support regulator accountability.
- Any fee increases should be phased in over no less than three years.
- To promote stability and enhance incentives for the APVMA’s efficiency, CRIS consultations should be held on a three-year cycle without interim indexation.

RECOMMENDATIONS

CropLife, in extensive consultation and on behalf of Australia's plant science industry, has developed the following recommendations for DAFF and the APVMA. These recommendations identify actions that will give the regulator the resource base needed to deliver its regulatory functions efficiently while avoiding the downside risks of full upfront cost recovery for applications.

- *Cost recovery policy should not create a disincentive to register new and innovative products or to expand existing labels to bring innovation to the production of other crops.*
 - A system of concessional upfront cost recovery for applications that support Australia's primary industries and environmental land managers to have regulated access to productivity-enhancing uses of pesticides and veterinary medicines. This should not only be limited to first-time modes of action but should also recognise the importance of label extensions to crops and uses where technologies would enhance productivity.
 - Applications to register generic products should be moved to full cost recovery.
- *Cost shifting and cross-subsidisation should be minimised where this can be done without impacting farmer access to uses of agricultural chemicals that will support productivity*
 - Government should fund the full amount of public benefit created by the APVMA to prevent the shift of this cost burden onto industry. This includes the full cost of compliance, enforcement, and chemical review activities.
 - A greater contribution from products not currently generating any levy revenue for the APVMA is required to cover a fair share of the regulator's post-market activities and ongoing overheads. The APVMA and DAFF should begin consulting stakeholders to develop mechanisms to collect these funds through a fee/charge and/or an adjusted levy mechanism, and/or by providing rebates on registration renewal fees for products that generate a determined minimum levy amount.
 - Maximum levy collection caps for any one product should be applied each financial year. This will prevent cross-subsidisation created by successful products generating significant leviable disposals.
 - The removal of the sales levy on the sales of seeds with inserted genes that code for pesticidal substances, which are currently considered pesticides. The Office of the Gene Technology Regulator (OGTR) primarily regulates these, and the APVMA does not conduct post-market activities on them.

- *Improved efficiency is required under new cost recovery arrangements*
 - The adverse market impacts of the proposed increase in application fees mean that greater effort is required from the APVMA to improve regulatory efficiency through enhanced productivity. This will enable the APVMA to improve on-time performance while lowering the unit costs of assessing applications without reducing regulatory standards.
 - Reduced statutory assessment timeframes should accompany the increased resourcing made available through the CRIS.
 - An accountability regime for on-time performance should be implemented. This includes:
 - Payment by instalment, where the final fee instalment is not remitted to the APVMA until the completion of the assessment.
 - A fee remission scheme similar to that used in Canada. This would provide fee rebates to applicants where the regulator misses a published assessment timeframe by more than 10 per cent. Fee remissions increase on a sliding scale should an assessment suffer further delays up to a maximum of 25 per cent of the application fee. However, for Item 27 (time-shift) applications, where assessment timeframes are agreed between the APVMA and the applicant, the maximum remission should be increased to 50 per cent of the application fee. This would strengthen accountability and provide an appropriate incentive for both parties to meet agreed milestones and completion dates.
- *Increases in fees should be phased in over an appropriate period of time to reduce commercial disincentives*
 - The adoption of the policy to require full cost recovery for application fees should be phased in over a period of no less than three years.
- *Adjustments to cost recovery arrangements should be done in a manner that supports stability*
 - Review of cost recovery arrangements should not be scheduled more frequently than every three years. This creates the opportunity to undertake appropriate budgeting and resource allocation and reduces the risks of facilitating entrenched inefficiency.

1 INTRODUCTION

On behalf of the Australian plant science industry, CropLife Australia provides this submission in response to the Australian Pesticides and Veterinary Medicines Authority's (APVMA) proposed 2027-28 Cost Recovery Implementation Statement (CRIS) and the accompanying consultation paper on fees and charges. In doing so, we emphasise the comments made by the APVMA CEO, Mr Scott Hansen, in his statement opening the consultation on the cost recovery arrangements:

Consultation gives stakeholders an opportunity to understand the proposed changes, test the assumptions that underpin the model, and provide evidence-based feedback on practical implementation issues.²

In accordance with this guidance, CropLife and its member companies have thoroughly investigated the proposed cost recovery settings to:

- Test the assertions contained within the consultation documents regarding market impact.
- Examine the development of the new cost recovery policy by the Department of Agriculture, Fisheries and Forestry (DAFF) and the APVMA's construction of fees and charges in accordance with the Australian Government's Charging Framework, including the Australian Government Charging Policy and Cost Recovery Policy. This includes consideration of best practice against these policies.
- Develop recommendations that will support the APVMA and industry to achieve the statutory objectives of the National Registration Scheme laid out in the *Agricultural and Veterinary Chemicals Code Act 1994*.

This has been informed by expert analysis undertaken by leading independent economics, policy and advisory firm, ACIL Allen. ACIL Allen's final report has been appended to this submission to support the evidence base around CropLife's concerns over the changes to the policy governing the APVMA's cost recovery arrangements and the CRIS.

CropLife supports ensuring the APVMA has the resources needed to deliver its regulatory functions efficiently. However, without appropriate mitigations, implementing the new cost recovery policy will affect the APVMA's ability to achieve its statutory objectives. Specifically, our analysis indicates that the cost-recovery structure proposed in the

² Australian Pesticides and Veterinary Medicines Authority, 'APVMA Opens Consultation on Proposed Cost Recovery Changes' (Web Page, 13 July 2026) <<https://www.apvma.gov.au/news-and-publications/news/apvma-opens-consultation-proposed-cost-recovery-changes>>.

consultation documents will negatively affect the commercial viability of continuing the level of regulatory activities currently undertaken by CropLife's member companies. As a result, Australian farmers can expect further deterioration in their access to uses of crop protection products available for regulated use by competitors in other jurisdictions. These uses would otherwise contribute to the productivity, viability and international competitiveness of Australian farming businesses.

This in turn impedes the ability to achieve broader policy objectives of the Australian Government, including:

- Enhancing Australia's economic prosperity through supporting productivity growth in the agricultural sector.
- Ensuring Australian producers remain global leaders in low-emissions food production.
- Supporting the easing of the cost of living through growing the supply of fresh fruit and vegetables to place downward pressure on grocery bills.
- Strengthening food security through improving production and the resilience of the supply chains for inputs that Australia's farmers rely upon.
- Empowering farmers and environmental land managers to undertake their '*on the ground*' responsibilities under the National Biosecurity Strategy.

Specifically, these impacts are inconsistent with the Australian Government's stated policy objectives to support agricultural productivity growth, innovation, food security, international competitiveness and efficient regulation. These are reflected in strategic objectives of sector growth, sector resilience and sustainability, and national biosecurity, set out in the Department of Agriculture, Fisheries and Forestry Corporate Plan 2026–27.

Industry has developed the recommendations set out earlier in this submission for DAFF and the APVMA. These recommendations identify actions that will give the regulator the resource base needed to deliver its regulatory functions efficiently while avoiding the downside risks of full upfront cost recovery for applications.

2 COST RECOVERY MUST SUPPORT AND ADHERE TO STATUTORY OBJECTIVES

CropLife Australia supports a scientifically robust, efficient and appropriately resourced APVMA. Australia's agricultural and veterinary chemical regulatory system protects human health, animal health, the environment and Australia's trade interests, while giving farmers access to safe and effective technologies. Sustaining that capability requires stable funding, and industry accepts that cost recovery is a legitimate and necessary part of the framework.

However, the cost recovery mechanisms required for the APVMA must also support the broader statutory objectives of the regulatory framework it oversees. This is consistent with the guidance provided to Commonwealth entities within the Australian Government Charging Framework, which outlines that:

*Charges should be consistent with the policy intent and legislative objectives of the activity and/or the entity.*³

The objectives of the *Agricultural and Veterinary Chemicals Code Act 1994* are set out in a preamble included at the beginning of the Act. This preamble includes a specific reference to:

- The role of crop protection products and veterinary medicines in supporting the economic viability and competitiveness of Australia's primary industries;
- The role this plays in the prosperity of the national economy; and
- The need for a regulatory system that is "*cost effective, efficient, predictable, adaptive and responsive*" to support these outcomes.

Section 1A of the *Agvet Code* repeats this objective as explicit guidance for the APVMA in implementing the Code.

As such, CropLife recognises that cost recovery plays an important role in providing the resourcing the APVMA needs to deliver the National Registration Scheme. However, it is equally important to Parliament's intentions that cost-recovery arrangements support the objectives of enabling the regulatory system to be *cost-effective* and *efficient*. This recognises that the statutory objectives of the *Agvet Code* can be achieved only where commercial

³ Department of Finance (Cth), *What is the Australian Government Charging Framework?* (Web Page, 21 June 2023) <<https://www.finance.gov.au/government/managing-commonwealth-resources/implementing-charging-framework-rmg-302/what-australian-government-charging-framework>>.

investment brings products through the regulatory system to underpin the productive capacity of Australia's farmers.

With this in mind, the plant science industry's position is not that the APVMA should receive less funding. Rather, the question for consultation is narrower and more important: ensuring the cost recovery model operates in the most effective, efficient, and fair way to fund the regulator while supporting innovation, competition, and productivity in Australian agriculture. A well-designed model should deliver a regulator that is adequately funded, scientifically credible, efficient, accountable, and able to make decisions within statutory timeframes. This supports Australia's farmers in gaining timely access to technologies that support productivity growth, without pricing out the investment needed to bring these technologies to the Australian market.

2.1 Consistency with Australian Government Agricultural Policy Objectives

The proposed cost recovery arrangements should not be assessed solely through the lens of funding the APVMA's regulatory activities. They should also be assessed against the Australian Government's broader policy objectives as well as the role the National Registration Scheme plays in supporting them.

The Australian Government has identified sector growth, sector resilience and sustainability, and national biosecurity as key priorities for the agricultural sector.⁴ These objectives are supported through commitments to productivity growth, innovation, food security, international competitiveness, sustainable production systems and efficient regulation.

The responsible use of pesticides supports agricultural productivity, enables growers to manage increasingly complex weed, pest and disease pressures, protects production against biosecurity threats and contributes directly to food security and international competitiveness.

As a consequence, changes to regulatory cost recovery arrangements should be assessed not only on their ability to fund regulatory functions, but also on whether they support or undermine these broader Government objectives.

⁴ DAFF Corporate Plan 2026–27.

2.1.1 Productivity and innovation

Supporting productivity growth and innovation is a central objective of Australian agricultural policy. The Australian Government's economy-wide productivity agenda has been integrated into DAFF's corporate plan, which includes the objective of 'supporting sector productivity growth and innovation'.⁵ In support of this objective, the plan measures the department's success against growth in agricultural productivity.

Innovation in crop protection products contributes directly to improved productivity, enhanced sustainability outcomes and Australia's international competitiveness. In fact, more than \$31 billion of the value of Australia's agricultural production is directly attributable to the responsible use of crop protection products.⁶

The benefits these technological inputs provide to Australian agricultural productivity are reflected in the stronger productivity growth in the cropping sector compared to the rest of broadacre agriculture (see Figure 1). This sector's growth has been driven by the adoption of science-based farming practices. Most notably, this has supported improved resilience in drier periods through no-till farming, improved weed control that aids soil moisture and nutrient retention, and the prevention of losses due to crop disease.

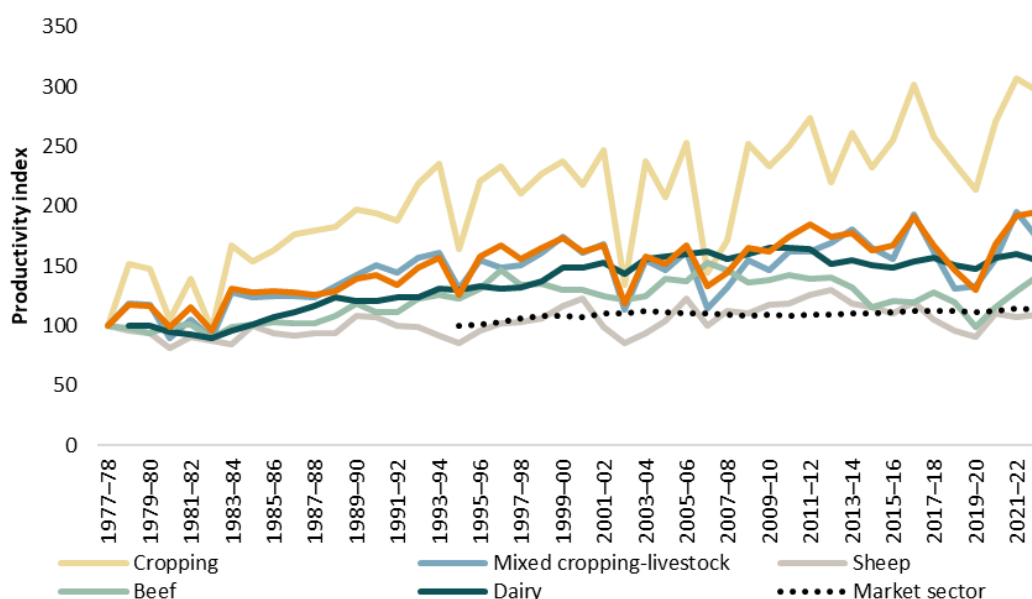


Figure 1: Productivity by farm type. Source: ABARES

⁵ DAFF Corporate Plan 2026–27.

⁶ Deloitte Access Economics, 'Economic Contribution of Crop Protection Products in Australia', August 2023, <https://www.croplife.org.au/resources/reports/economic-contribution-of-crop-protection-products-in-australia/>.

However, introducing newer crop protection technologies is essential to maintaining current rates of agricultural productivity, let alone sustaining productivity growth. This is due to rising production constraints from exotic weeds, pests, and diseases across Australia's agricultural regions. New technologies also support managing resistance created by biological selection pressure otherwise created when industry is required to rely on fewer modes of action to control pests, weeds and disease.

The proposed shift to full upfront cost recovery creates additional barriers to investment in registering new products and expanding existing labels. The increased capital required at the commencement of a regulatory project reduces the commercial attractiveness of registrations, particularly for lower-volume applications, specialty crops and emerging technologies. It also prevents the earlier introduction of newer technologies, even in major crops, because the full value that sales of a new crop protection product could provide a company may not be well understood without more extensive R&D.

As such, the policy change to require full upfront cost recovery creates an inconsistency in policy settings whereby one part of Government seeks to encourage agricultural innovation while another increases the cost of commercialising that innovation in Australia.

2.1.2 Food security

Food security is an increasingly important policy priority for Australia. Maintaining a resilient domestic food production system requires farmers to have access to the technologies needed to manage pests, weeds and diseases effectively.

Crop protection products represent one of the most important production inputs available to Australian farmers. Reduced investment in registrations, label expansions and minor-use activities will disproportionately affect horticultural production systems and specialty crops, reducing access to technologies that support production, resilience and supply chain stability. The Australian Government is due to release its National Food Security Strategy, Feeding Australia, in 2027, the same year the proposed cost recovery arrangements take effect.

One of the key pillars of the yet-to-be-finalised food security plan will be ensuring the affordability of nutritious fresh produce. Price rises in fruit and vegetables as reported by the ABS led food inflation for FY2024-25.⁷ This inflation reflects the tightness of supply and demand for fresh produce in Australia and erodes the purchasing power of real wages across the economy. ANZ's recent *Food for Thought* publication identified that inflation in

⁷ ABS, "Monthly Consumer Price Index Indicator" <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/monthly-consumer-price-index-indicator>.

the cost of vegetables over the period from 2017 to the present was as high as 65 per cent (see Figure 2).⁸ Productivity growth across Australia's horticultural commodities is important to curbing the impact of food inflation on household budgets while returning fair reward to our nation's farmers.

Any policy setting that discourages the introduction or expansion of crop protection technologies should therefore be carefully assessed against broader food security and cost of living objectives.

Increase in select food and beverage prices since September 2017

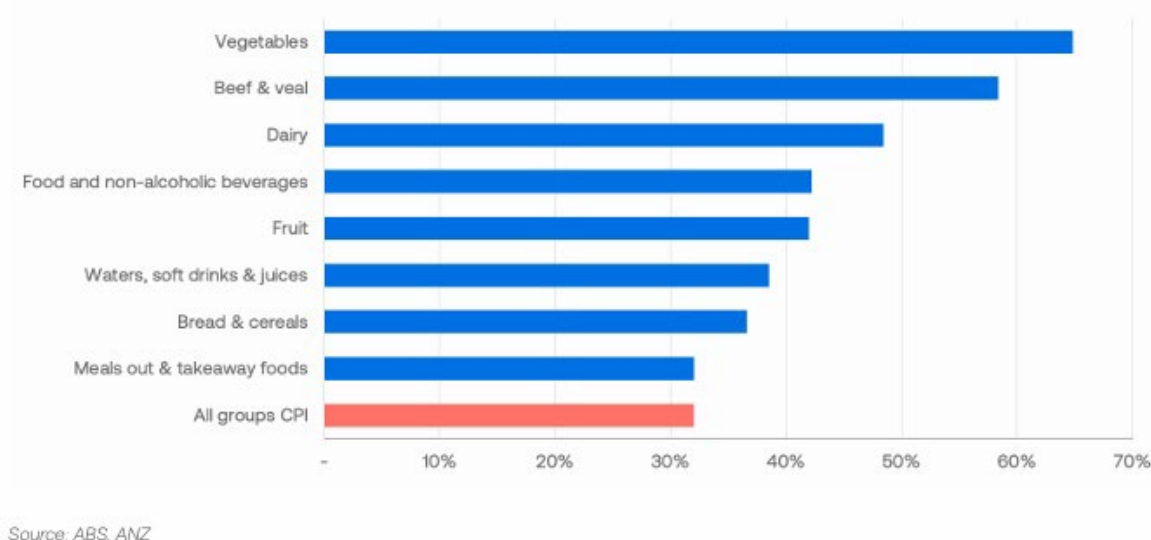


Figure 2

2.1.3 International competitiveness

Australian agriculture is highly export-oriented and relies upon productivity growth and innovation to remain competitive in global markets.

Australian farmers compete directly with producers in jurisdictions that often have larger domestic markets and stronger commercial incentives for product registration. Higher regulatory costs for introducing new technologies into Australia risk delaying or preventing access to products available to competing producers in overseas markets.

⁸ Australia and New Zealand Banking Group Ltd, *Food for Thought: FBA Quarterly*, Q3 2026 (Report, Q3 2026) <<https://www.anz.com/content/dam/anzcom/pdf/institutional/reports/food-for-thought/food-for-thought-q3-2026.pdf>>.

As a result, Australian producers will have a reduced ability to adopt productivity-enhancing technologies that support competitiveness and profitability.

2.1.4 Biosecurity and resilience

Australia faces increasing biosecurity risks and growing pressure from emerging pest, weed and disease threats.

Crop protection technologies form a critical component of Australia's biosecurity preparedness and response capability. Delays to registrations or reductions in investment in product development and label expansion reduce the range of tools available to respond to future biosecurity threats and production challenges. Delays also restrict the tools available to enable farmers to manage endemic biosecurity threats, which is an allocated responsibility under the National Biosecurity strategy.

For this reason, cost recovery arrangements should support, rather than hinder, access to technologies that strengthen national biosecurity resilience and support sustainable agricultural production.

2.1.5 Regulatory efficiency and performance

A fundamental objective of cost recovery is to provide regulators with the resources necessary to undertake their functions efficiently and effectively.⁹

With industry being asked to fund a substantial increase in regulatory costs, it is reasonable to expect a corresponding commitment to improved regulatory performance. This is particularly so, given the proposal comes at a time when the APVMA's compliance with statutory timeframes for assessing major pesticide applications has been on a downward trend since the middle of 2022 (see Figure 3).

⁹ Department of Finance (Cth), *What is the Australian Government Charging Framework?* (Web Page, 21 June 2023) <<https://www.finance.gov.au/government/managing-commonwealth-resources/implementing-charging-framework-rmg-302/what-australian-government-charging-framework>>.

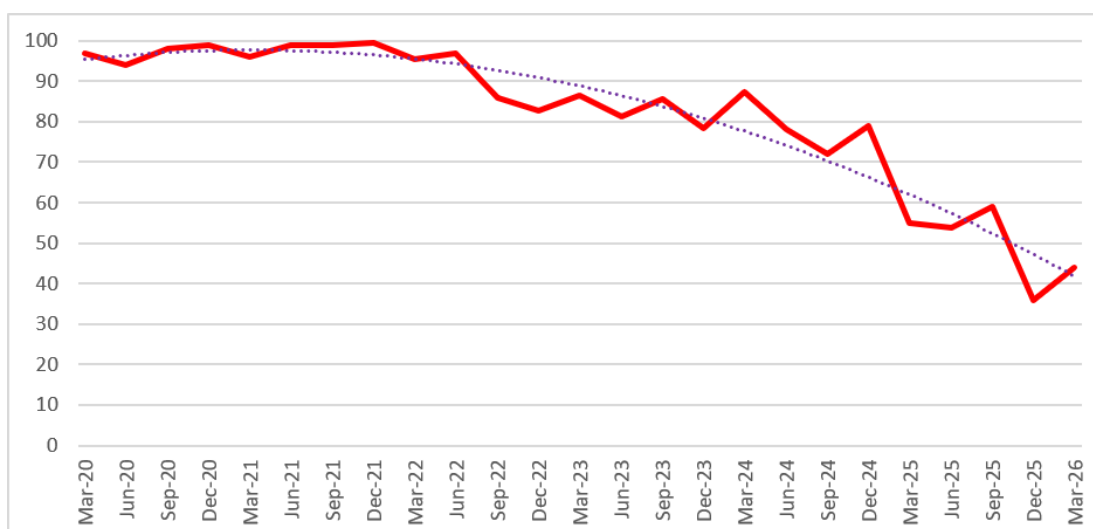


Figure 3: APVMA reported on-time performance for major pesticide applications

Accordingly, any significant increase in application fees should be accompanied by:

- Measurable improvements in assessment timeliness.
- Increased transparency regarding regulatory performance.
- Accountability mechanisms where statutory timeframes are not met.
- Demonstrated improvements in regulatory efficiency.
- Clear evidence that the additional funds collected are delivering better service outcomes.

Absent such commitments, industry bears the increased cost of regulation without receiving corresponding improvements in service delivery, raising the relative cost of doing business in Australia. Combined with the smallness of the Australian market, this will result in fewer products and uses being registered to support farm productivity and the international competitiveness of our agricultural sector.

3 DEFICIENCIES IN CONSULTATION

CropLife is concerned that, through the APVMA's current consultation on the CRIS, stakeholders are being consulted on implementing a policy decision rather than engaged in the policy setting that produced it. As outlined below, a change of this significance warranted thorough consultation on the underlying rationale and on alternative models. Consultation with industry on these fundamentals prior to the CRIS would also be more consistent with the strategic activity articulated within the APVMA's strategic plan:

We will work together across government, industry and the community to identify options to reform funding and investment in agvet chemical regulation (R5)¹⁰

That concern has been compounded by the limited evidence base available to stakeholders. Meaningful consultation requires stakeholders to understand the evidence behind a proposal before being asked to respond, and stakeholders should not have to reverse-engineer a cost recovery model to assess its impact.

To support meaningful, evidence-based feedback as part of the consultation, CropLife established a dedicated CRIS Task Force, commissioned independent economic analysis from ACIL Allen, and built industry modelling tools. Through coordinated consultation with member companies representing approximately 80 per cent of the Australian agricultural crop protection market, CropLife has facilitated a whole-of-industry response on behalf of the Australian plant science industry

However, the delay in providing the underlying analysis has reduced the time available for in-depth assessment and constrained stakeholders' ability to respond on a fully informed basis. This included a response time of over three and a half weeks for information that the APVMA should have developed as part of the CRIS design process. The delay in receipt has curtailed CropLife's ability to use the consultation period in a way that would support the consultation objectives of the Australian Government's Cost Recovery Policy.

Overall, CropLife considers that the process, from policy development through to the CRIS, has fallen short of the standard of genuine, evidence-based consultation that a change of this scale requires.

¹⁰ Australian Pesticides and Veterinary Medicines Authority, *Corporate Plan 2024-25* (Corporate Plan, July 2024) 19. <<https://www.apvma.gov.au/sites/default/files/2024-07/APVMA%20Corporate%20Plan%202024%20%E2%80%93%2025.pdf>>.

3.1 Consultation on policy not consistent with the Australian Government Charging Framework

The change in the policy guiding the APVMA's cost recovery activities overturns more than thirty years of established policy, which previously capped upfront recovery of assessment costs at 40 per cent. The rationale of the previous policy was to ensure the application fee did not act as a disincentive to registering new products in Australia.¹¹

This setting recognised that Australia is a comparatively small market in which excessive upfront fees discourage innovation, reduce product availability and impede investment. Shifting substantially more cost to the point of application changes how regulatory cost is distributed and alters the commercial risk of introducing products into Australia. A change of this significance warranted consultation on the underlying rationale and on alternative models.

The only consultation CropLife is aware of was a series of short meetings that an independent economic consultant, Cambridge Economic Policy Associates (CEPA), undertook with specific industry stakeholders. This included one meeting with CropLife.

CropLife believes a more thorough approach to consultation would align with the intentions outlined in the Australian Government's Charging Framework and Cost Recovery Policy (CRP). The CRP proposes that Government entities should engage with stakeholders through all stages of the cost recovery process *"from policy development through to implementation and review"*.¹² CropLife agrees with the rationale provided in the CRP, which indicates that early engagement provides the opportunity to refine policy proposals. We further note that the principle was recently cited by the Australian National Audit Office (ANAO) in its review of DAFF's biosecurity cost recovery.¹³

In fact, given the radical departure from a well-established policy setting, CropLife believes DAFF should have undertaken a formal Policy Impact Assessment to ensure a transparent approach to identifying and mitigating any risks associated with the proposal and the policy design. Such an outcome would have improved policy design, enabling the development

¹¹ Australian Pesticides and Veterinary Medicines Authority, Cost Recovery Implementation Statement 2025 (Report, January 2025) 34 <<https://www.apvma.gov.au/sites/default/files/2025-01/CRIS%202025.pdf>>.

¹² Department of Finance (Cth), "Australian Government Cost Recovery Guidelines" (Resource Management Guide No 304, July 2014) [30].

¹³ Ibid [67]; Australian National Audit Office, Cost Recovery for Biosecurity in the Department of Agriculture, Fisheries and Forestry, Auditor-General Report No 4 of 2026-27 (Performance Audit, 29 July 2026) <https://www.anao.gov.au/sites/default/files/2026-07/Auditor-General_Report_2026-27_4.pdf>.

of a position that supported the APVMA and industry to achieve the statutory objectives of the Agvet Code as well as complementary policy objectives.

In comparison, a full Policy Impact Analysis that involved consultation was undertaken for the changes to DAFF's cost recovery of biosecurity operations.¹⁴

Implementing this approach in the development of the Sustainable Funding Model would have been consistent with the intention for consultation outlined in the Department of Finance's Resource Management Guide 302, *Implementing the Charging Framework*.

The inadequacy of consultation can be further understood when considering the issue of registered products that do not generate levy. One of the major reasons this occurs is that a registration in Australia is used as an "overseas bridging" registration to facilitate access in another country. This has been presented as one of the major reasons underlying the change in both the announcement of the policy and within the consultation paper.

However, in response to questions from CropLife on the issue of bridging registrations, the APVMA put forward the view that its new fee structure, based on the policy change to full upfront cost recovery, was not established as a targeted charge on bridging activity. In response to questions around other regulatory choices to manage the impact of bridging, the APVMA noted these would require different policy and legal frameworks to implement.

Given the substantial impact of full cost recovery on the incentives to register new products or expand the registration of existing products to new uses, a broader open consultation would have been a more appropriate way to consider changes to policy. This would have allowed an identification of the risks and benefits of different policy options to ensure any shift in policy did not impact the achievement of the statutory objectives and, if necessary, consider the trade-off options that optimised preferred outcomes.

¹⁴ Department of Agriculture, Fisheries and Forestry, *Changes to Regulatory Charging for Biosecurity Activities: Impact Analysis* (July 2023) <<https://oia.pmc.gov.au/sites/default/files/posts/2023/07/Impact%20Analysis%20Revised%20Document.pdf>>

4 MARKET IMPACTS OF POLICY CHANGES

CropLife rejects the assertion within the CRIS and the consultation paper that the shift to full upfront recovery of assessment costs will not impact the registration of products that will support productivity growth in Australian agriculture.

The APVMA's position relies on an independent economic analysis referred to in the CRIS. CropLife cautions that this study has not been released to the public, meaning the inputs and assumptions it used cannot be transparently and publicly tested. DAFF's failure to release it before the consultation runs contrary to the principle of government transparency. It undermines public confidence that the Department has undertaken the necessary steps to develop evidence-based policy to guide the APVMA's cost recovery activities. These criticisms are further articulated in Section 3 of this submission.

The consultation paper contains the assertion that the market analysis found transitioning to greater reliance on fee-for-service charges is "*not expected to create material barriers to market entry*".¹⁵ Based on analysis undertaken by CropLife and ACIL Allen, this statement appears to demonstrate a lack of understanding of the global context within which crop protection products are developed and then commercialised in Australia.

As such, CropLife feels obliged to outline this global context and how it impacts decisions to invest in a project to bring a new crop protection product to Australia. These dynamics also affect commercial decisions to expand label registration so that products can be used for crops or pests not currently permitted on the label. Such an outcome not only risks impeding productivity growth but also places pressure on existing technologies needed to defend current productivity levels.

4.1 Global context

4.1.1 The commercial context of developing and registering a new crop protection product

The global plant science industry is being shaped by intense competition, against a backdrop of increasing complexity in developing new crop protection technologies for the

¹⁵ It is acknowledged that the Consultation Paper did not specifically state whether the market analysis made an evaluative judgement on the model of full upfront cost recovery of assessment costs as opposed to the more generic statement offered around greater reliance on the fees charged for this regulatory service.

market. Research and development costs have risen sharply over the past few decades, driven by growing difficulties in identifying and screening new compounds.

In 1995, it took the assessment of 52,500 compounds to develop one effective new pesticide chemical active constituent. It now requires assessing more than 160,000 compounds. Further, investment of more than US\$307 million over 11.4 years is needed to bring just one successful pesticide to product launch in the major markets of the European Union and North America.¹⁶ Additional investment is then required to conduct Australia-relevant trials and regulatory costs prior to Australian farmers obtaining access to a new pesticide technology.

At the same time, global capacity to produce crop protection compounds no longer protected by patent has grown, driving growth in the market for generic crop protection products. This has left innovator companies developing the new technologies necessary to grow global agricultural productivity holding only 10 per cent of the global market. These commercial pressures have shortened the sales period over which these companies can recoup the development cost of more than US\$300+ million, provide an adequate commercial return to shareholders, and reinvest in future product development.¹⁷

As a result, global firms investing in R&D to produce new crop protection technologies are being strategic about the investments they make to commercialise new products that will service specific uses in each market. Under this dynamic, priority is given to jurisdictions and uses that will contribute more significantly to a commercial return on the high upfront investment already made.

Australia is an important but small-value market for members of the global plant science industry, accounting for between 1.5 and 3 per cent of global sales of crop protection products. The comparatively small returns available in the Australian market weaken investment signals, delaying Australian farmers' access to these products. This is particularly true for crops with smaller production volumes, including many horticultural crops, or for controlling minor pests, weeds, or diseases.

These factors have resulted in an environment where a decision to invest in releasing a new crop protection product in Australia is made in competition with making a comparable

¹⁶ AgbioInvestor, The Cost of New Agrochemical Product Discovery, Development and Registration (Report, May 2026) <<https://agbioinvestor.com/wp-content/uploads/2026/05/AgbioInvestor-The-Cost-of-New-Agrochemical-Product-Discovery-Development-and-Registration.pdf>>.

¹⁷ Thomas, Shane, 'Highlights and Analysis from the 2026 AgbioInvestor Agrochemical Product Discovery, Development and Registration Report' (Upstream Ag Insights, 31 May 2026) <<https://upstream.ag/p/highlights-and-analysis-from-the-2026-agbioinvestor-agrochemical-product-discovery-development-and-r>>.

investment elsewhere in the world. This directly places our national interest in competition with the countries our farmers compete against in export markets.

Australian-based R&D and regulatory teams for these companies are provided a budget that is based on the identified revenue pools available in the market. Prior to investing in a project to register a new crop protection product or expand the use of an existing product to new uses, a viable business case must be established. Increased regulatory costs of the magnitude proposed within the draft CRIS will materially impact the business case for a project that is already on the edge of commercial viability for the Australian market. In doing so, the proposed fee increases become the decisive factor, denying or delaying farmers' access to these technologies.

4.1.2 International comparisons

Materials developed to support consultation on the CRIS attempt to position the APVMA as comparing more favourably with regulators in the USA, the EU and Canada on both cost and timeliness. However, the analysis provided is incomplete, particularly with regard to the following dimensions:

Market size

Both the EU and the USA are around ten times the size of the Australian market; therefore, they present greater revenue opportunities for registered crop protection products.

Canada's market is slightly larger than Australia's.

Fully loaded lifetime regulatory costs

Neither the USA nor Canada impose a sales levy on disposals of crop protection products. Therefore, focusing solely on assessment costs fails to capture the additional costs of selling into the Australian market.

Likewise, the Canadian Government's decision to cap cost recovery at 30 per cent of assessment costs means that the APVMA's extrapolation of 100 per cent cost recovery is irrelevant to the commercial considerations faced by members of the plant science industry as they develop business cases to underpin investment in regulatory approval.

Uses registered at assessment

A comparison of registration time and cost between Australia and the US fails to account for the additional assessment complexity created by the material difference in the number of uses included on a label at first-time registration in both jurisdictions.

Table 1 outlines a selected set of products registered in both the USA and Australia over 2019–2022. The table demonstrates that first-time registrations in the USA received, on average, four times the number of uses made available in Australia.

Table 1: Uses included on selected first-time registrations 2019-2022 - USA v Australia

Compound	Type	Uses: USA	Uses: Australia
Mefentrifluconazole	Fungicide	Corn, field, pop, and sweet; Legume vegetables (succulent or dried) (6), with Soybean and Lentil tolerance separate; Foliage of legume vegetables (7); Citrus fruit (10-10); Cereal grain, forage, fodder and straw (16); Pome fruit (11-10); Peach (12-12b); Plum (12-12c), with Prune tolerance separate; Cherry (12-12a); Tree nut (14-12); Cereal grains (15), with Corn and Wheat tolerances separate; Rapeseed (20a); Small fruit vine climbing, except fuzzy kiwifruit (13-07F); Grape, raisin; Peanut; Sugar beet; Tuberous and corm Veg. (1C). Non-food use: Turf and ornamentals	Apples, Grapes
Broflanilide	Insecticide	Corn (Field, Sweet, and Pop); Tuberous and corm crops (Group 1C); Grain, cereal, except rice, (group 15); amaranth grain; quinoa, grain; spelt, grain; cañihua, grain; chia, grain; cram-cram, grain; huauzontle, grain; teff, grain. Non-food uses: Ant Bait; General Insect control in commercial and residential settings; Termite and other wood destroying insect applications in commercial and residential settings.	Brassica and leafy vegetables
Tetraniliprole	Insecticide	Tuberous and corm vegetables (Crop Subgroup 1C), leafy vegetables (Crop Group 4-16), brassica head and stem (Crop Group 5-16), soybean, fruiting vegetables (Crop Group 8-10), citrus (Crop Group 10-10), pome fruits (Crop Group 11-10), stone fruits (Crop Group 12-12), small fruit vine climbing except fuzzy kiwifruit (Crop Subgroup 13-07F), tree nuts (Crop Group 14-12), corn (field, pop, sweet, and corn grown for seed) and tobacco, Turf	Almonds, macadamia, Pome fruit, stone fruit
Trifludimoxazin	Herbicide	Cereal grains (i.e., corn, sorghum, small grains); Legumes (dry and succulent edible beans, dry and succulent edible peas, edible-podded beans and peas); Soybean; Peanut; Chemical fallow and post-harvest croplands; Citrus fruit, Pome fruit; Tree nuts	Barley, oats, triticale, wheat, pasture and fallow.
Fluoxapiprolin	Fungicide	Brassica head and stem vegetables (5-16); Bulb vegetables (3-07); Cucurbit vegetables (9); Fruiting vegetables (8-10); Leafy vegetables (4-16); Leaf petiole vegetables (22B); Small fruit vine climbing, except fuzzy kiwifruit (13-07F); and Tuberous and corm vegetables (1C). Also includes the data necessary for establishing inadvertent tolerance for Low growing berry (13-07G).	Grapes
Isocycloseram	Insecticide	Brassica Head and Stem Vegetable (5-16), Bulb Vegetable (3-07), Barley, Citrus Fruit (10-10), Corn (Field, Pop, Seed), Cottonseed (20C), Cucurbit Vegetables (9), Dried Shelled Pea and Bean (except soybean) (6C), Forage, Fodder and Straw of Cereal Grains (16); Fruiting Vegetables (8-10A and 8-10B), Leafy Vegetables (4-16), Peanuts, Pome Fruit (11-10), Rapeseed (20A), Small Grain Cereals (Buckwheat, Oats, Pearl millet, Proso Millet, Rye, Teosinte and Triticale), Soybean, Stone Fruit (12-12), Tree Nuts (14-12), Tuberous and Corm Vegetables (1C) and Wheat	Brassica leafy vegetables. Brassica vegetables, Bulb vegetables, Cucurbits, Fruiting vegetables

Compliance with timeframes

Additionally, CropLife questions the APVMA's selection of an 18-month timeframe to position its own performance. Eighteen months is the statutory timeframe for an Item 1 application, which has increasingly been replaced by Item 27 as the main regulatory pathway for introducing new products. Because first-time registrations in Australia have a narrower profile, members of the plant science industry rely more on other technical assessments to bring the full suite of productive uses to Australian farmers. Across the full financial year 2024-25, the APVMA's compliance with the statutory timeframes for all major pesticide applications was at 65.2 per cent. The APVMA's performance for timeframe compliance for technical assessments of pesticide applications in the last reporting quarter (Q3 2025-26) was at 43.9 per cent.

A combination of poor timeframe performance, inconsistent regulatory decisions, and significant fee increases represents a perfect storm that discourages innovation and investment in the Australian market. This concern is not hypothetical. Members have pointed to New Zealand's experience, where application activity reportedly declined, and some products launched in other markets did not proceed. Public reports have pointed to the combination of application cost and chronic delays in regulatory assessment against timeframes as both contributing to that outcome. Members consider that comparable effects may occur in Australia if the proposed CRIS proceeds unchanged. Any cost recovery model for the APVMA must be designed with this market context in mind to support its statutory objectives.

4.2 Impact of commencing full cost recovery for applications in 2027-28

CropLife's member companies develop a pipeline of projects to register products or increase the number of registered uses based on a horizon of around five years. This timeframe reflects the long lead times for product development, the business discipline of prioritising more profitable regulatory applications and the time required to develop data packages for applications to the APVMA.

The budgets provided to Australian subsidiaries of global plant science companies for regulatory affairs activities are planned out across this horizon. The magnitude of the changes to application fees and the proposed implementation period in the CRIS will require further prioritisation of projects planned for regulatory approval to fit activities within this budget envelope. Feedback from member companies is that higher application costs are unlikely to be supported by increased budgets for regulatory affairs activities in Australia, as these are set using global investment metrics.

This will make some projects completely unviable due to the additional cost, while others will be delayed, with reduced budget purchasing power acting as a bottleneck as delayed products compete with future products for investment.

A phase-in of new application fees will support the developers of these innovative products to appropriately plan a transition to higher application fees.

There is direct precedent for such a transition within the same portfolio and the same timeframe. The Australian Government has deferred the phased transition to full cost recovery for agricultural export regulatory functions by 12 months, to 1 July 2027. In its corporate plan, DAFF states this 'recognises the current financial pressures on Australia's farmers and producers, including those arising from conflict in the Middle East, and provides additional time to mature cost recovery arrangements before the transition proceeds'.¹⁸ The same reasoning applies to the APVMA's cost recovery transition: registrants face comparable financial pressure, and the arrangements themselves require time to mature. Consistent treatment supports phasing the APVMA cost-recovery transition over no less than three years.

4.3 Impact of full upfront cost recovery on innovation and productivity

CropLife's consultation within member companies representing approximately 80 per cent of the crop protection market indicates the move to 100 per cent upfront recovery is not a neutral transfer between fees and levies. Most members who modelled their actual portfolios reported material increases in upfront regulatory costs, with application fees for some items rising substantially. In most instances, the 40 per cent levy reduction did not offset these additional costs. Feedback from several major innovator companies has indicated the new cost recovery arrangements would lead to an overall increase in regulatory costs exceeding 60 per cent in the first year of operation.

Even companies that reported to CropLife that reductions in levies meant the total impact of the new cost recovery arrangements may not be as material as the example above, still reported that full upfront cost recovery for applications would influence commercial behaviour. These companies noted that projects on the margins of viability would still not be progressed.

This is because the upfront fee is a barrier at the project initiation phase, particularly for registering niche products and for label expansions after initial registration. Full cost

¹⁸ DAFF Corporate Plan 2026–27, p.22

recovery at this stage affects the return on investment calculated in a business case across a product lifecycle. This includes the cost of carrying additional capital until revenue generation is sufficient to meet target returns.

Based on this modelling, members consistently identified risks to future application activity, label expansions, minor use registrations, and investment in smaller markets. These are projections from portfolio-level modelling rather than abstract concerns, and their consistency across companies representing most of the market is significant.

A further consequence of disproportionately burdening local formulators and toll manufacturers is the potential erosion of domestic formulation capability. As local manufacturing contracts, Australia becomes more reliant on imported formulated products. This has implications beyond commercial competitiveness: reduced domestic formulation can mean reduced visibility over the composition and quality of the products entering the Australian market, and a loss of the sovereign manufacturing capability that supports supply-chain resilience and food security. These are matters squarely within the Government's stated objectives on food security and self-reliance, and they weigh against a fee structure that accelerates the exit of domestic formulators

4.3.1 Label expansions, minor uses and horticulture are most exposed

A clear theme from consultation is that lower value activities will be curtailed first. Faced with materially higher application costs, members will prioritise large broadacre uses, higher-volume products, and higher-return projects. These changes will make it hardest for plant science industry members to justify label extensions, minor use registrations, and applications for horticultural and specialty crops. This will particularly discriminate against products with uses in horticultural production and will further delay label expansion applications while companies seek the economies of scale needed to make such applications viable.

Decisions to register these products deliver much of the public and industry benefit of the regulatory system through grower choice, resistance management, and access to new technology for smaller sectors. A model that suppresses them would narrow the technology base available to exactly the parts of Australian agriculture least able to absorb the loss.

From a policy consistency perspective, this will impact Australia's goals to strengthen food security, particularly regarding the domestic supply and affordability of fresh produce. Inflation in the cost of fresh produce, which is the result of tightness of supply and demand

for fresh produce in Australia, erodes the purchasing power of real wages across the economy.

Because it is not possible to produce many fruit and vegetable crops without the use of crop protection products,¹⁹ the new cost recovery arrangements, and reduced access to these technologies, will affect productivity. While the Government has programs that seek to support access to crop protection for these commodities, even under current arrangements, this support leaves much of Australia's horticultural production without optimal access.²⁰

This concern connects directly to agricultural productivity, which is increasingly recognised as the principal source of value growth in Australian food and agriculture. Independent analysis by ANZ estimates that a one per cent improvement in productivity across Australian farm production and food and grocery manufacturing would generate around \$2.6 billion in additional value each year.²¹ Access to crop protection technology is a direct input to that productivity: it is what allows growers to protect yields, manage resistance, and bring a wider range of crops to market. A cost recovery model that raises the barrier to registering new and improved products, and that falls most heavily on minor uses, specialty crops and label extensions, therefore works against the productivity improvements on which both farm value and the affordability of food increasingly depend. This runs counter to the Government's own stated objectives on productivity, food security and easing cost-of-living pressures.

Beyond these productivity and affordability consequences, the proposal also fails to address a regulatory-quality consequence. If full upfront cost recovery makes registration of new formulations cost-prohibitive, and applicants respond by not progressing them, growers facing resistance or increased pest pressure will increasingly be served through the APVMA's permit program rather than fully registered products

Permits are an important safety net; however, they do not undergo the same rigorous efficacy and safety evaluation as a full registration. A cost recovery model that shifts activity from the registered pathway toward the permit pathway therefore risks lowering, not maintaining, the standard of the products growers actually use in the field. This runs

¹⁹ Deloitte Access Economics. *Economic Contribution of Crop Protection Products in Australia*. August 2023. <https://www.croplife.org.au/resources/reports/economic-contribution-of-crop-protection-products-in-australia/>.

²⁰ Horticulture Innovation, 'New National Initiative Tackles Growing Risks to Crop Protection Access for Australian Growers' (Web Page, 19 June 2026) <<https://www.horticulture.com.au/news-and-events/latest-news/2026/new-national-initiative-tackles-growing-risks-to-crop-protection-access-for-australian-growers>>.

²¹ Australia and New Zealand Banking Group Ltd, *Food for Thought: FBA Quarterly, Q3 2026* (Report, Q3 2026) <<https://www.anz.com/content/dam/anzcom/pdf/institutional/reports/food-for-thought/food-for-thought-q3-2026.pdf>>.

contrary to the objectives of the regulatory scheme and should be weighed against the fee design.

4.3.2 Major crop production is not immune to increases in fees

While horticultural and specialty crops have been identified as the most likely to suffer from full upfront cost recovery, the policy change will also affect major crop production systems. This is because some new chemistries are designed to be one component of an integrated pest/weed/disease management system or for use in industry-wide resistance management. This results in lower volumes or irregular seasonal demand, depending on pest, weed, or disease pressure, which makes the business case for commercialisation more marginal.

For some products, the additional upfront costs will see a delay in registration where the value from access to the Australian market for a product may initially be uncertain. This means a sufficient business case may not be able to be developed until further in-country R&D and market analysis is completed.

In some instances, the commercial discipline of not proceeding with a registration while additional R&D is undertaken may mean the product will not be brought to Australia at all. This is on the basis that estimated returns in the market are commensurate with the amount of time in market while under patent. Longer delays created by the impact of significantly higher upfront regulatory costs will further erode the diminished period available for a company to gain a commercial return on investment from the Australian market.

5 AUSTRALIAN GOVERNMENT COST RECOVERY POLICY

5.1 Recovery of efficient costs

The APVMA operates under the Australian Government Charging Framework and Cost Recovery Policy, which require charges to be efficient, transparent, accountable and appropriately allocated, and which rest on the principle that regulated entities should contribute to the efficient cost of activities that provide them a direct benefit. CropLife supports that principle and industry is willing to fund an efficient regulator.

The operative word is “efficient”. The policy does not authorise the recovery of cost in the abstract; it authorises the “recovery of efficient cost”. DAFF endorses the same standard. Its corporate plan commits the department to recovering 'the minimum necessary cost' and to a 'targeted and risk-based' approach to regulation.²²

The evidence CropLife seeks on minimum efficient cost is therefore not an industry-specific demand; it is the standard the responsible department has publicly adopted. The APVMA has not justified the proposed costs within the CRIS as the efficient costs required to deliver its regulatory remit, particularly given the agency's history of over-collection. Independent analysis commissioned by CropLife from ACIL Allen reinforces this concern. That analysis found that the proportion of indirect (overhead) costs in the proposed model has risen to approximately 51 per cent of total costs, close to a one-to-one ratio of direct to indirect costs, up from around 40 per cent at the time of ACIL Allen's 2024 review, without adequate justification for either the level or the increase.

By comparison, regulators applying the same activity-based costing method report materially lower overhead ratios: approximately 20 per cent for Food Standards Australia New Zealand and approximately 40 per cent for the Australian Industrial Chemicals Introduction Scheme. While cross-regulator comparisons must be treated with care, a difference of this magnitude raises a legitimate question about whether APVMA's indirect cost base reflects efficient delivery.

The scale of forecast cost growth compounds this concern. The APVMA's total expenses are projected to rise by approximately 28 per cent between 2024-25 and 2026-27, following growth of approximately 37 per cent across the preceding period. Yet, the CRIS does not

²² DAFF Corporate Plan 2026–27, pp.21–22.

adequately explain the drivers of this increase. Industry is entitled to understand why its regulatory costs are growing at this rate before being asked to fund the result.

Any proposal involving substantial fee increases should therefore be accompanied by clear evidence that the costs recovered are efficient, necessary and correctly allocated, and by transparency on cost allocation methodology, revenue and expenditure forecasts, planned efficiency gains, and the relationship between recovered cost and regulatory outcome. Industry is entitled to see evidence before being asked to fund a materially larger cost base.

This request is supported by recent findings from the ANAO's audit of DAFF's biosecurity cost recovery. The ANAO recommended that DAFF enhance its visibility and monitoring of key business processes required to deliver cost-recovered regulatory functions. Critical to this recommendation was the need to demonstrate to stakeholders that these activities were being delivered at minimum efficient cost.

While the CRIS outlines the methodology the APVMA used to allocate costs and validate efficient cost levels through "recalibrated business rules", it does not provide sufficient information on how a minimum efficient cost was established. For the assessment of applications, the following information should have been included within the CRIS to enable stakeholders to understand how the APVMA has developed a minimum efficient cost:

- Principal business processes involved.
- Expected regulatory effort.
- Staff classifications and hours.
- External assessment costs.
- Overhead attribution.
- Efficiency adjustments applied to historical or observed expenditure used in developing activity costings.

Specifically, CropLife believes the APVMA should explain how it has distinguished between the cost currently incurred in delivering an activity and the minimum efficient cost at which that activity should be reasonably delivered.

Likewise, information that supports stakeholders in independently testing the application of this methodology used to develop the activity costings should be provided. This includes:

- The proportion of estimated regulatory effort that has been derived directly from recorded time data.
- The proportion that remains dependent on estimates, assumptions or business rules.

- How the APVMA treated incomplete or anomalous time-recording data.
- Whether management moderation changed the outputs developed using observed data, and, if so, how.
- Whether the assumptions used have been independently validated.

Lastly, CropLife believes the APVMA's consultation documents for the CRIS should identify the internal governance model that is applied to the operation of its Activity Based Costing (ABC) model. This includes:

- The internal policy/procedural framework governing responsibility for the costing model.
- Who within the APVMA has the responsibility for approving cost drivers or business rules.
- The controls the APVMA has put in place with regard to applying changes to the assumptions or methodologies of the costing model
- The processes the APVMA uses to approve moderated estimates.
- The version control and quality assurance arrangements for the costing model.
- The steps that must be taken for the APVMA to depart from modelled costs, including the positions within the APVMA able to approve any departure.
- Whether the ABC model has been subjected to independent assurance.

The CRIS outlines that the APVMA sought assistance from DAFF's cost recovery team. Given the ANAO's findings, the APVMA should provide advice on whether this assistance was provided prior to the ANAO's report into DAFF's cost recovery.

Separately, the new cost recovery design raises a further structural concern. The proposal concentrates revenue collection in upfront application fees. These charges are demand-driven and rely on application volumes which, based on the APVMA's own data, have been declining. The proposal does this while reducing revenue collected through the broad, stable levy base by 40 per cent.

Concentrating recovery in a volatile and declining fee base has consequences beyond future fee increases. This is particularly so with the CRIS allocating \$19.3 million in indirect costs to pre-market assessment activities. This is equivalent to approximately 68 per cent of the regulator's total indirect or overhead costs.

This means that if application volumes fall, either in response to increased fees or for other exogenous reasons, fee revenue will also fall. To the extent that overhead costs attributed to pre-market activities are fixed, this will lead to an under-recovery and a funding shortfall. This shortfall will need to be addressed through future fee increases, reduced capacity, or additional appropriation.

In the last of these cases, moving to full upfront applicant-funded cost recovery could, in practice, transfer costs back to taxpayers, contrary to the policy's stated intent. The resultant overweighting of the APVMA's revenue on a variable and declining revenue base to fund a relatively fixed cost structure erodes the revenue stability that should have been sought in developing a sustainable funding model.

5.1.1 Benchmarking and contestable provision

The Australian Government's Cost Recovery Policy and the Department of Finance's guidance on implementing the Charging Framework (RMG 302) encourage entities to benchmark activity costs to demonstrate efficiency. The Department of Finance's guidance provides that benchmarking "*can cover either the whole activity or, where there is no directly comparable activity, cover the business processes within the activity,*" and notes that "*benchmarking against the private sector may be limited or may not be appropriate, as government entities have a range of legislative accountabilities to the public and the Parliament that the private sector is not subject to.*" Benchmarking may be undertaken against comparable activities or organisations, in Australia or overseas.

This expectation is reinforced by the ANAO, which has stated that entities should benchmark key activities, understand trends in charges and prices over time, identify where efficiencies can be achieved, and incorporate these elements into their cost recovery models.

The CRIS makes no reference to this benchmarking having been undertaken or presented as part of the CRIS process.

A level of contestability can be introduced to an agency's activities through the appropriate outsourcing and market testing of activities. For example, outsourcing various components of the assessment process to external scientific reviewers could increase contestability and improve agency efficiency. Outsourcing some of these activities could also reduce the APVMA's fixed costs while maintaining the capacity to meet demand. The APVMA should assess whether greater contestability will deliver further benefits and cost efficiencies.

To this end, the *Independent Review of Assessment Performance*²³ conducted by the Reason Group in 2017 made similar recommendations.

The use of third parties, with peer review and approval by the regulator, has provided efficiencies for international agencies. Efficiencies have also been gained through the

²³ https://www.apvma.gov.au/sites/default/files/publication/28851-apvma_independent_review_summary_20171222_1.pdf

acceptance of assessments performed by other regulators and joint initiatives between free trade agreement partners.

5.2 Cost Shifting

5.2.1 Products not generating leviable disposals

The announcement of the sustainable funding model and the consultation paper state that approximately half of all registered products have never recorded a sale in Australia. These nil-sales registrations were used to justify the policy change to full upfront cost recovery for application fees, on the basis of reducing cost shifting from levy-paying products to registrations generating little or no levy revenue.

In response to CropLife's questions, the APVMA confirmed that the figure indicating approximately half of registered products generate no levy is a point-in-time measure, whereas the nil-sales product data provided to CropLife is a five-year cumulative count of distinct products. The two are measured on different bases and over different periods and therefore cannot be reconciled. The APVMA has not disclosed the numerator and denominator underlying the cross-subsidisation figure, and it cannot be independently verified from the data provided. This reinforces CropLife's concern that the scale of the cross-subsidisation the reform is intended to address has not been established, and that a response as significant as full upfront cost recovery has not been shown to be proportionate.

Separately, registrations that generate no levy nonetheless continue to impose administration, compliance and assessment costs on the regulatory system while generating no sales levy revenue. This issue was neither raised by DAFF nor addressed in the CRIS consultation materials released by the APVMA. While the CRIS outlines that post-market functions are funded through a mix of registration renewal and levy funds, the APVMA was unable to provide CropLife with an estimate of the regulatory costs that have been allocated to registration renewals as opposed to funds raised by the sales levy. Additionally, the consultation has not outlined what the total ongoing regulatory burden of the APVMA is in relation to registered products not generating levy revenue.

In response to another request from CropLife, the APVMA generated information on regulatory assessments associated with registrations that generated no levy across two five-year periods. For both periods, almost 60 per cent of the nil-sales assessment records related to Items 5, 6, 7 and 8 registrations. Assessments for these registrations are undertaken by reference to similarity to an existing registered product or relate to re-packs of a registered product. As a result, they do not introduce innovation to the farming system compared to other registrations.

The data also indicates these products are subject to post-market regulatory effort by the APVMA, with over 20 per cent of products being subject to assessment under Item 13 and Item 13A. Applications made under these item numbers are amendments requested by the APVMA, reflecting ongoing scientific monitoring and engagement with other regulators globally. Post-market regulatory effort created by these labels includes, but is not limited to, scientific monitoring and chemical review.

As part of its feedback to the cost recovery consultation undertaken by the APVMA in 2025, CropLife proposed increasing revenue collected from registrations that do not generate levy revenue to address this cross-subsidisation while expanding the APVMA's revenue base. At the time, CropLife specifically proposed increasing renewal fees for these products to reduce cross-subsidisation from products that support the objectives of the Agvet Code.

As part of articulating options that would meet the APVMA's resourcing objectives without sacrificing new product registration, the submission pointed to a cost-recovery recommendation developed by the 2002 Signatories Working Group (SWG). The SWG's recommendations supported the replacement of the annual renewal fee with a minimum levy and the removal of the minimum sales levy volume.

Regardless of the cost recovery instrument proposed, the objective of ensuring these products contribute more to funding both the pre-market and post-market functions of the APVMA should have formed the basis of more detailed consultation from DAFF in developing the sustainable funding model.

CropLife considers that reform should prioritise addressing this structural imbalance so inactive registrations contribute appropriately to the ongoing cost of regulation, before imposing additional upfront costs on applications that support innovation and productivity growth. Any such arrangement should include a targeted exemption process for registrations maintained for genuine supply-chain, stewardship, contract manufacturing or toll-manufacturing purposes.

The concern about registrations that generate little or no levy revenue should be separated from the distinct question of how best to target reform. Members distinguished between genuinely innovative applications and follow-on or "me-too" registrations obtained mainly to support approvals in overseas jurisdictions rather than to achieve meaningful sales in Australia. Where reform targets low-value registration activity, members considered it should target that behaviour specifically, rather than raising upfront costs across all applicants in a way that falls most heavily on innovation.

CroLife acknowledges the APVMA's position that purpose-based mechanisms, such as lock-out periods or specific bridging charges, would involve broader regulatory policy choices and would require a different policy and legal framework to implement. That position reinforces, rather than answers, industry's concern: it confirms that the targeted mechanisms best suited to addressing low-value registration activity sit with government as policy settings and should have been considered by DAFF as part of the design of the sustainable funding model. Defaulting instead to upfront application fee increases spreads the cost across all applicants, including the innovative applications the reform is not intended to discourage, and does not target the specific behaviour of concern.

5.2.2 Excessive cross-subsidisation created by levy collection

CroLife is concerned that the current levy collection regime results in unnecessary cross-subsidisation that unfairly penalises successful products that dominate leviable disposals. Efforts should be made to reduce this level of cross-subsidisation while also ensuring upfront application fees do not create a disincentive to registration activities.

To support broader reform of the cost recovery arrangements toward this objective, caps on the amount of levy payable upon the sales of any one product should be implemented.

Likewise, there is considerable cross-subsidisation that occurs as a result of charging levy on sales that involve seeds with inserted genes that code for pesticidal substances. The OGTR is the regulator with primary responsibility for these plants, with the APVMA not conducting post-market activities on them.

5.2.3 Targeting less innovative registration activity

CroLife acknowledges the important role that generic products play alongside the entry of new patented innovation in the Australian market. However, in terms of maintaining the productivity that crop protection products provide to Australia's agricultural industry, the entry of new modes of action and expansion of newer products to a broader variety of uses is critical. Further, without the registration of newer crop protection technologies in Australia, the task of registering generic products becomes more difficult.

Therefore, the policy settings that support the APVMA's cost recovery should seek to support a balanced approach. This should recognise that regulatory mechanisms that enable registration by reference to a closely similar product create a cross-subsidy in favour of generic products. This is because they rely upon hundreds of millions of dollars of research, product development and regulatory effort by the initial innovator.

Further, as outlined in sub-section 5.2.1, almost 60 per cent of the assessment records for registrations not generating any levy relate to registrations made on the basis of being closely similar to a registered product.

Cost recovery should be a tool that supports Australia's statutory objectives, which include enabling Australia's primary industries to contribute to Australia's economic prosperity, these settings should prioritise the entry of new products and their expansion to a broader range of uses.

5.3 Review of cost recovery arrangements and indexation

CropLife is concerned that the rhetoric within the CRIS around moving to an annual review process focuses on the administrative mechanics of increasing and indexing fees, rather than on whether more frequent review delivers a more efficient or better-targeted cost recovery model. More frequent adjustment is not, of itself, an improvement: it increases the compliance and planning burden on both the regulator and industry. It further introduces annual uncertainty into the multi-year investment decisions on which registration activity depends. It also removes the APVMA from the constraints that an efficiency dividend would impose, which would otherwise support new and innovative approaches to internal productivity that lower the cost of operation while delivering improvements in regulatory outcomes.

The relevant question, therefore, is not how often fees can be changed, but whether the review cycle supports stability, predictability and efficient cost recovery. This is consistent with the Australian Government Cost Recovery Policy, which sets out the following principle regarding cost recovery fees:

Predetermined and less frequently changed fees and levies generally provide more certainty for both non-government stakeholders and the entity and are simpler to administer, but may require careful planning, budgeting and management.

5.3.1 Frequency of CRIS consultation

The APVMA proposes conducting an annual CRIS. CropLife acknowledges that other regulators comparable to the APVMA, such as the Therapeutic Goods Administration, Food Standards Australia New Zealand, and the Australian Industrial Chemicals Introduction Scheme, typically release a CRIS annually. However, the APVMA is the only fully cost-recovered regulator among these agencies, and given the burden of time and resources

deployed by both the regulator and industry, CropLife unequivocally rejects the undertaking of an annual CRIS.

Given the changing agricultural landscape, the five-year minimum charging review required is perhaps too lengthy, but an annual CRIS would be distorted by seasonal fluctuation in agricultural production, resulting in significantly skewed financial forecasting.

Instead, the objectives could be achieved by publishing an annual Cost Recovery Performance Statement, which would contribute to the evidence base supporting a three-yearly CRIS consultation.

5.3.2 Indexation

CropLife also opposes the proposal to index costs on the following grounds. Firstly, the CRIS provides insufficient evidence to assess the rationale for selecting the underlying indexation weights.

Additionally, the proposed indexation fails to incorporate an efficiency dividend that creates the management imperative to develop increased productivity, enabling more to be done within the budget envelope. Examples of positive outcomes from regulators pursuing their regulatory objectives more efficiently include the development of the Shared Assessment Process by Food Standards Australia New Zealand. This has reduced the overhead required by both regulators to develop high-quality assessments shared between both jurisdictions, while reducing the regulatory burden and cost of bringing innovation to the Australian and Canadian jurisdictions.

6 PREFERRED MODEL FOR COST RECOVERY

To ensure its response was grounded in independent economic analysis, CropLife engaged ACIL Allen, a leading independent economics, policy and advisory firm, to examine the impacts of the proposed cost recovery regime and to identify and test alternative funding models. ACIL Allen was asked to assess the effect of the shift to full upfront cost recovery on the commercial incentives to register new and innovative products and to expand existing registrations to new uses; to test the proposed revenue model against the available data; to review the APVMA's assertion that the proposal aligns with international practice in Canada, the United Kingdom and New Zealand; and to develop alternative options capable of raising equivalent revenue while producing more economically efficient outcomes. ACIL Allen's full report is attached to this submission and should be read as part of it.

6.1 The report's central findings

The proposed regime is not well targeted. It addresses the free-rider problem by making registration more expensive for all applicants, without distinguishing between a registrant building an Australian market and one maintaining a registration that generates little or no Australian sales. In seeking to do so, the new framework imposes a high-cost burden on the registration of new products and new uses, frustrating the objectives of the statutory framework.

The impact falls unevenly and is not predictable from portfolio size or sales. Of the member portfolios modelled, reported increases in regulatory costs ranged widely, demonstrating that the regime's effect cannot be explained by scale alone and falls heavily on smaller, niche and innovation-focused portfolios. These are illustrative case studies rather than an industry projection, in part because the APVMA did not make available the primary registration and fee data needed for a full industry model.

The shift to full upfront recovery creates a "no man's land". This is where a product or use becomes uneconomic to register because of higher application fees, yet does not meet the eligibility criteria for a permit. The likely consequence is that some new products and label extensions that would otherwise have been registered will not proceed.

The proposal is likely to increase reliance on the permit system, shifting activity away from the full registration pathway toward a pathway intended for uses where the commercial case for registration is insufficient, with consequences for the evidence base, for APVMA and government-funded regulatory effort, and for industry-funded research bodies.

The international comparison relied upon in the consultation material does not withstand scrutiny. Comparable jurisdictions treat regulatory assurance as partly a public good and cap industry's share of funding it: Canada recovers only around 30 per cent of assessment costs through fees, with the balance appropriated; the United Kingdom and New Zealand also fund a share through appropriation or levy rather than full upfront fees. Australia's proposed move to full upfront recovery is not aligned with the practice it is said to reflect.

6.1.1 The alternatives tested, and what they point to

ACIL Allen assessed nine alternative funding structures, each varying the balance between upfront registration fees, annual renewal charges and the sales levy, against five criteria: whether each addresses the free-rider problem, limits cross-subsidisation, imposes a low administrative burden, supports registration and innovation, and minimises unintended consequences. Several conclusions relevant to the design of a revised model emerged:

The renewal fee is better suited to targeting free-riders than the application fee. Lifting the annual renewal charge, rather than the upfront cost of registration, draws a greater contribution from products that remain on the register without generating Australian sales, the population the reform is concerned with, while leaving the incentive to register new products intact. The upfront application fee falls on the decision to register at all, not on the decision to maintain a dormant registration, so it is the wrong lever.

Cross-subsidisation is better managed through tiered renewal fees and a levy cap than through a blanket fee increase. A structure that requires a fair ongoing contribution from low- and no-sales products while capping the levy payable on any single high-selling product addresses the imbalance at both ends, without penalising bringing a new product to market.

Where innovation needs protecting, it should be protected directly, through concessional cost recovery, a rebate, or a targeted exemption for products that genuinely advance the technology base, including label extensions to new crops and uses, rather than by raising costs across the board in the hope that the levy reduction offsets them.

International practice supports a moderated, not a maximal, approach. Because comparable regulators recover only part of their assessment costs through fees and appropriate the balance as a public good, moderating the increase in upfront fees is both more consistent with international practice and less damaging to Australia's position in the global competition for registration investment.

6.1.2 ACIL Allen's recommended foundation for a revised model

Drawing these together, ACIL Allen identifies four elements as the foundation for a workable alternative:

- Retain a meaningful sales levy, complemented by higher renewal fees, so that products with low or no Australian sales contribute their share. At the same time, maintain a link between charges and market participation.
- Adopt tiered renewal fees and/or a levy cap to reduce cross-subsidisation between low-sales and high-sales products and avoid disproportionate contributions from individual registrants.
- Moderate the increase in upfront registration fees, rather than pursuing full upfront recovery, to avoid unnecessarily discouraging new registrations, label extensions, minor uses and innovative products where commercial returns are uncertain.
- Provide targeted relief for innovation or other strategically valuable registrations, to preserve incentives for technologies and uses that may deliver benefits to the Australian market but have limited initial sales.

These elements are not mutually exclusive. They should be combined and calibrated, through quantitative testing against the APVMA's revenue requirement and the actual characteristics of registrant portfolios, into a single revised model.

6.1.3 Outcome of the analysis

CroLife's recommended model, set out in the Recommendations of this submission, is consistent with the findings of the ACIL analysis. Taken together, the analysis demonstrates that the APVMA's revenue requirement can be met, without the perverse outcomes that full upfront cost recovery would create. This outcome can be achieved if the model is designed to:

- Draw appropriate contribution from registrations that currently pay little or no levy.
- Provide concessional upfront cost of registration and label extension to ensure the statutory scheme is consistent with the objectives provided to it by the Australian Parliament.
- Retain a meaningful and stable levy base that funds the regulator while preserving incentives for the innovation on which Australian agricultural productivity depends.

7 CONCLUSION

CroLife supports a well-resourced, efficient and scientifically credible APVMA, and accepts that cost recovery is a legitimate and necessary part of funding the National Registration Scheme. Industry is willing to fund an efficient regulator and to see the APVMA properly equipped to deliver timely, high-quality regulatory decisions.

The concerns set out in this submission are not that industry should pay its share; it is that the proposed model gets the structure and balance completely wrong. The shift to full upfront cost recovery increases the regulatory burden on the activities that contribute the most benefit to the public policy objectives of the regulatory system. It also directly against the Government's publicly stated broader agricultural and food security policy outcomes. Specifically, the massive increase in upfront cost recovery for applications will deter the registration of new products and the expansion of registrations of existing products to new crops and uses, minor-use registrations, and specialty and horticultural applications. This will in turn affect the agricultural productivity that supports the Australian economy through export earnings and is integral to easing the cost-of-living challenge created by food unaffordability.

In seeking to address the genuine issue of registrations that contribute little to the cost of the registration and broader regularity system, the proposal captures innovation in the same net, which Australian farmers will be severely disadvantaged by. It does so at a time when the APVMA's assessment timeliness is declining, and it offers no corresponding service or performance improvement commitment or targets.

These outcomes are avoidable with proper work and a more considered and effective fee and levy structure. As this submission and the attached ACIL Allen analysis demonstrate, the APVMA's revenue requirements can be met through a better-targeted model, one that draws appropriate contribution from registrations that currently generate little or no levy, moderates the upfront cost of registration and label extension, retains a meaningful and stable levy base, and provides concessional treatment for innovation and productivity-enhancing uses. It is now imperative that DAFF and the APVMA re-engage with stakeholders to develop such a model that creates the benefits of increased resourcing for the APVMA without creating the severe and perverse outcomes identified within this submission and by ACIL Allen.

Any increases that arise from the adoption of a new model of cost recovery should be phased in over a minimum of at least three years. This will support commercial actors to make appropriate adjustments to continue providing innovation to the farming sector in Australia.

It is essential that DAFF and the APVMA now revisit the policy in genuine consultation with industry and other stakeholders to develop a more modern, sophisticated and viable cost recovery model. There is still time to develop a funding model that supports the APVMA, Australian farmers, and the sector's ongoing productivity and international competitiveness through access to crucial innovation and new crop protection products. CropLife remains willing and committed to working toward that outcome with the government.