CropLife Australia

Media RELEASE

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# Call for updated APVMA cost recovery proposal after flawed process and fundamental errors found

**27 October, Canberra** – The Australian Pesticides and Veterinary Medicines Authority (APVMA) needs to release a corrected and updated draft 2027–28 Cost Recovery Implementation Statement (CRIS) if the Minister, government, farming sector, industry and community can have any confidence in what is being proposed.

The original proposal contained significant and numerous errors in the financial analysis underpinning its proposed massive increase in fees and levies, including a $6.1 million error in its basic forecast of its annual financial position.

This follows an initial consultation paper that also omitted key data needed to test the assumptions behind the proposal. Additional information was released only after CropLife formally requested it, more than four weeks into the eight-week consultation period, and even then, core cost data was still missing.

Subsequent review by CropLife and independent cost recover specialists found errors in the material provided, raising serious questions about the reliability of the proposal and making it clear that it is not fit to be sent to the Minister for approval without a subsequent public release and review.

“Industry is being asked to accept the biggest increase and restructure of agricultural and veterinary chemical fees and levies in two decades, yet the financial information used to justify it was late, incomplete and, in several places, simply wrong,” said CropLife Australia Chief Executive Officer, Mr Matthew Cossey.

Among the errors and omissions identified by CropLife:

- A $6.1 million error in the forecast financial position: The APVMA’s 2027–28 headline figures indicate a deficit of around $3 million, when the position is actually a surplus of around $3 million.
- Unexplained costs of $6.2 million: The activity cost tables account for around $56.4 million of regulatory costs against forecast total expenses of $62.6 million, without explaining the remaining costs or how corporate and indirect costs have been allocated.
- Understated renewal revenue: The 2028–29 revenue forecast uses the 2027–28 fee rate for product registration renewals, understating revenue by around $606,000.

**About CropLife Australia**

CropLife Australia is the national peak industry organisation representing the plant science sector in Australia. CropLife’s members are the world-leading innovators, developers, manufacturers and formulators of crop protection and crop biotechnology products. The plant science industry, worth more than $20 billion a year to Australian agricultural production, provides products to protect crops against pests, weeds and diseases, as well as developing crop biotechnologies key to the nation’s agricultural productivity, profitability and sustainability. CropLife is part of the plant science industry’s 91 country international federation.

- Inconsistent levy modelling: The forecast reductions in levies for products with sales between $1 million and $5 million cannot be reconciled with the published levy rates, with a discrepancy of more than $2 million.
- A flawed risk assessment: The APVMA's charging risk assessment did not classify market impact, consultation and state government involvement as high risks. Under the Department of Finance's own matrix, any one of these factors should have triggered a high-risk classification and greater scrutiny.

"These are not minor drafting issues. They go directly to whether the proposed charges are supported by reliable financial information," said Mr Cossey.

"When the regulated industry has to identify basic errors in the Regulator's own financial modelling, serious questions must be asked about the quality assurance behind the proposal."

The problems are compounded by DAFF's failure to consult directly with affected industry stakeholders on the underlying policy changes or undertake a Policy Impact Assessment, despite the scale of the proposed reform.

"Those failures sit with the Department, but the APVMA must ensure its own consultation process is robust enough to address them, not compound them," said Mr Cossey.

The APVMA has also pointed to fees not increasing since 2019 as a justification for its proposed changes. However, its own CRIS records average operating surpluses of $4.5 million a year for five years following the last fee increase.

"It is not an agency that has been starved of revenue. It collected materially more than it needed, even after its original 2019 request was cut back.

"CropLife supports a properly funded and well-resourced APVMA. This is not a criticism of the agency's dedicated scientific and regulatory staff. It is a question of whether senior management has got the numbers right before asking the Minister to approve a major change to industry charges.

"It is not too late to fix this. Release a corrected draft, allow a further period for meaningful consultation and get the numbers right before this proposal goes any further. It would cost little and would give government, industry and farmers some confidence in the outcome. Right now, that confidence does not exist," Mr Cossey concluded.

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