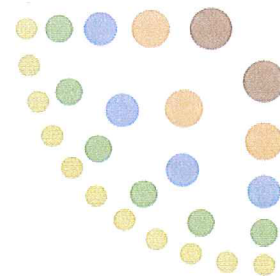




Australian Government
Rural Industries Research and
Development Corporation



19 December 2012

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

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Inquiry regarding the Agricultural and Veterinary Chemicals Legislation Amendment Bill 2012

RIRDC is a statutory authority established by the Primary Industries and Energy Research and Development Act 1989 (PIERD Act). The Corporation was established by the Australian Government to invest in research, development and extension to assist the primary industries to improve economic, environmental and social benefits within their industries and for the broader community. RIRDC is specifically charged with managing investments in research, development and extension for the smaller primary industries, but it also has a strategic focus on cross sectoral research, development and extension, and collaborative research to address these cross-sectoral issues.

RIRDC is not in a position to comment on the Agricultural and Veterinary Chemicals Legislation Amendment Bill 2012, however RIRDC is in the process of contracting research which may provide information relevant to this Inquiry. Briefly, the RIRDC is commissioning a project to inform an improved understanding of the Australian market for agricultural and veterinary chemicals and provide insights to the factors affecting chemical availability. This area was identified by RIRDC stakeholders as potential area for research, and RIRDC worked with these stakeholders to scope and develop the terms of reference for the project (Attached). In commissioning this research RIRDC is seeking to improve the availability of information to better inform debate on the mechanisms that may constrain or encourage chemical manufacturers to bring chemicals to Australian market including the impacts of market size, regulation and other possible barriers.

RIRDC advertised for Expressions of Interest to address the terms of reference in December 2013, and it is expected that the project will begin in early 2013. The project is expected to deliver results by mid 2013. Please contact us if further information is required.

Yours sincerely,

Craig Burns
Managing Director



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Understanding the Agricultural and Veterinary chemical market and product availability in Australia

Background

It is generally considered that Australian farmers should have access to a similar range of chemical control tools to farmers in other developed countries – their international competitiveness may be reliant on it where similar production challenges (pests, disease, weeds) exist. The availability of agricultural and veterinary chemicals is however affected by a range of factors including market size and potential (which determines the potential sales and return on investment), as well as regulatory arrangements and requirements. A better understanding of the Australian market for agricultural and veterinary chemicals is sought to provide insight to the factors affecting chemical availability. At present there is limited information to inform debate on the mechanisms that may constrain or encourage chemical manufacturers to bring chemicals to Australian market and undertake innovation in developing new chemicals for the Australian circumstance. There is similarly limited information to inform debate about whether the competitiveness of Australian primary industry is impacted by the availability of agricultural and veterinary chemicals

DAFF notes in a recent regulatory impact statement¹ that *“agvet chemicals account for around 17 per cent of total farm costs and there is increasing pressure to improve the productivity of the agricultural sector to underpin food security while continuing to provide high human health and environmental outcomes.”* ABARES Agricultural Commodity Statistics (published annually) provides annual aggregated data on sales and prices of agvet chemicals². These data indicate that from the period 2005 to 2010 the cost of sales of herbicides has increased by 31%, insecticides by 3% and animal health products by 32% whilst the use of fungicides/plant growth regulants declined by 1%. In the absence of an more detailed analysis of available information and trends it is difficult for policy makers to understand the key factors influencing price changes (for example the effect of regulatory changes), or the impact of price changes on the market and on trends in chemical use (for example whether factors such as substitution are relevant) and on the productivity or profitability of the agricultural sector.

The type of information sought through this study includes analysis and discussion on the range of chemicals available in other countries (e.g. United States of America, Canada, Europe) when compared to the chemicals available in Australia and the type, nature and significance of any ‘gaps’ in control tools available to Australian producers to benchmark the tools available to Australian

¹ http://www.daff.gov.au/data/assets/pdf_file/0008/2046167/agvet-ris-16nov11.pdf (page 45, section 6)

² http://www.daff.gov.au/abares/publications_remote_content/publication_series/australian_commodity_statistics



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producers against those available to international competitors. This would need to include consideration of the respective needs in Australia and overseas (pest, disease, weed challenges), and the technologies registered for use in a spectrum of different industries, including both large industries (such as the grains industry) and small industries (such as horticultural/specialty crops), where there may be significant differences in market size. An analysis of the relative availability of products should include a discussion with relevant stakeholders to understand potential reasons for the differences (including prevalence of particular pests or diseases, or differences in environmental conditions which impact on effectiveness in the Australian market). The successful applicant should be aware of the work underway on the reform of chemical regulation³ and the type of information that would help inform debate related to this reform process.

Terms of Reference

To address the issues identified above, RIRDC is seeking to engage the services of suitably qualified and experienced individuals or organisations to produce a research report. It is expected that the researchers involved would be expected to have experience with the agvet chemical industry in Australia. The report would include a discussion on the following:

- A chemical needs analysis, comparing and contrasting the control challenges and industry needs with the availability of products.
- A desktop study to bring together information where it exists on chemical use in different agricultural industries, including the cost and volumes of chemicals used.
- Benchmark Australian agvet chemical prices and availability with other markets to better understand the relative input costs of Australian agriculture.
- A discussion of trends in the agricultural and veterinary chemical market, including on the use of generics and any data or information that can illustrate these trends.
- RIRDC will convene a group of stakeholder to provide advice to the researchers on priorities, potential sources of data and assist in the dissemination of research results.
- It is intended that the report will serve as an ongoing reference, and will illustrate the size and operation of the Australian market for agricultural and veterinary chemicals. The successful applicant may be required to present project reports at conferences.

A provisional budget of \$50,000 has been allocated for this project, with the project to be completed before June 2013. Applicants should submit an expression of interest which outlines the program of work they would undertake to deliver the research, along with a description of the key personnel that would be involved in the delivery of the project. The expression of interest should be no longer than five (5) pages. Expressions of interest must be received at the RIRDC offices by close of business on 14 December 2012.

³ <http://www.daff.gov.au/agriculture-food/ag-vet-chemicals/better-regulation-of-ag-vet-chemicals>



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