

Submission to the review of the framework for AGVET chemical regulation

**Australian Pork Limited's Response to Discussion Paper:
*A National Scheme for Assessment, Registration and Control of Use of
Agricultural and Veterinary Chemicals***

AUSTRALIAN PORK LIMITED



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Abbreviations

AAPV	Australian Association of Pig Veterinarians
ABARE	Australian Bureau of Agricultural and Resource Economics
ABS	Australian Bureau of Statistics
AGVET	Agricultural and Veterinary
ANZFSC	Australia New Zealand Food Standards Code
APIQ	Australian Pork Industry Quality Program
APL	Australian Pork Limited
APVMA	Australian Pesticides and Veterinary Medicines Authority
AQIS	Australian Quarantine Inspection Service
DAFF	Australian Government Department of Agriculture, Fisheries and Forestry
ESI	Export Slaughter Interval
FSANZ	Food Standards Australia New Zealand
MAT	Moving Annual Total
MRL	Maximum Residue Limit
MRSA	Methicillin-resistant <i>Staphylococcus aureus</i>
NLIS	National Livestock Identification Scheme
NRS	National Residue Survey
NVD	National Vendor Declaration
PPPS	Primary Production and Processing Standard
QA	Quality Assurance
WHP	Withholding Period

I. Executive summary

Australian Pork Limited (APL) is the national representative body for Australian pig producers. It is a producer-owned not-for-profit company combining marketing, export development, research and innovation and strategic policy development to assist in securing a profitable and sustainable future for the Australian pork industry.

APL welcomes the opportunity to provide a submission for consideration in the review of the framework for agricultural and veterinary (AGVET) chemical regulation. We have taken this opportunity to provide information on AGVET chemical use and control of use in the pork industry and to express our views on some of the issues raised in the discussion paper.

APL agrees that a nationally consistent approach to AGVET chemical regulation would have some advantages. Importantly it would enable Australian agricultural producers to send a nationally consistent message about AGVET chemical regulation (and thus food safety) to trade partners and domestic customers. Our preferred option for achieving this is for the states to retain control of use authority which would be harmonised via a template or model legislation, allowing an appropriate mix of consistency, flexibility and consistency in the control of use regime.

Access to competitively priced veterinary chemicals is the main concern for the pork industry although pig producers also require access to herbicides, insecticides and disinfectants to control weeds, pests and pathogens where pigs and grain are held. The pork industry relies heavily on the grains industry for inputs and thus changes resulting in increased grain production costs will impact on the pork industry.

Veterinary chemical use by pig producers is already closely monitored by industry funded schemes including the NRS, Pigpass National Vendor Declaration (NVD) and by independently audited on-farm quality assurance (QA) programs. Veterinary chemical use is also closely monitored by specialist pig veterinarians and responsible chemical use is also regulated by market and trade requirements. Regulatory activities should be designed to encourage and complement these industry initiatives and areas of overlap should be reduced.

APL commends that the objective of this regulatory reform is to reduce the regulatory burden on business and to increase government efficiency (p. 4 of discussion paper). In line with this we advocate that any changes to the regulatory framework for AGVET chemicals should not impose unnecessary further burden or cost on industry.

APL argues that further cost recovery from the agricultural industry due to control of use reforms would be inequitable and inefficient. We argue that the users of AGVET chemicals do not create the need for AGVET chemical regulation alone and that they are not the only beneficiaries (chemicals companies and the community are also beneficiaries). We point out that farmers will not be able to pass the increased costs of regulation onto consumers. The resulting increase in cost of production may further disadvantage Australian pork producers and processors in highly competitive trade and domestic markets as they compete against countries that subsidise inputs. In contrast, increased costs imposed on chemical companies will simply be passed on to farmers via increased AGVET chemical prices.

APL makes the point that agricultural producers have significant incentives to use AGVET chemicals responsibly, and National Residue Survey (NRS) results continue to show that on the whole, pork producers have been vigilant. With this in mind APL advocates that an effective regulatory scheme would be focused on supporting producers to use chemicals correctly by providing effective user training, clear and concise information on labels, and an efficient risk assessment and registration process that is focused on meeting the needs of agricultural industries and the community.

2. Australian Pork Limited

APL is a unique rural industry service body delivering integrated services across research and innovation, marketing and policy to enhance both the viability of Australia's pig producers and opportunities for the sustainable growth of the Australian pork industry. APL pursues opportunities for the Australian pork industry on both a domestic and international level and works in close association with key industry and government stakeholders.

The legal framework for APL's operations is provided by Australian Government legislation, a contract between the Government and APL and APL's constitution. Funding for APL is primarily derived from statutory pig slaughter levies collected under the *Primary Industries (Excise) Levies Act 1999* with additional matching research and development funds provided by the Australian Government.

As the peak representative body for pig producers, APL is committed to reducing the impact of regulatory shifts on industry, improving the professionalism of our industry and assuring the integrity of our product.

3. The Australian pork industry

The Australian pork industry has a significant positive impact on local, regional, state and national economies through substantial income generation and employment. APL has estimated that the Australian pork industry contributed \$2.9 billion to the national economy in 2006-07.¹ In that period, the pork industry delivered \$840 million in value added product and 7,928 full time jobs to the economy (when flow on effects are taken into account).²

To the end of June 2009, the MAT pig slaughter number was 4,521,761, down from about 5,200,000 at the end of June 2008.³ For 2008-09 ABARE estimated the gross value of Australian pig slaughterings at \$1160 million, up from the 2007-08 period (\$901.7 million) while pig numbers in 2009 were estimated at 2236 000, down from 2411 000 in 2008.⁴

The Australian pig/pork industry competes with increasing import volumes (127 894 tonnes shipped weight in 2008-09) from Canada, Denmark and the US and maintains a small export market (39 257 tonnes shipped weight in 2008-09) to Asia and New Zealand.³

APL believes that the longer term outlook for the Australian pork industry is one of a strong future. The Australian pork industry is in the enviable position of having one of the best herd health statuses, which underpins pork exports and is vital to our competitiveness in overseas markets. Australia's proximity to Asia, the largest consumers of pork in the world is another advantage which may present opportunities for the future.

Maintaining access to and expanding export and domestic markets is a priority for APL, and promoting and monitoring the responsible use of AGVET chemicals in pig production is an essential part of this.

4. Chemical use in the Australian pork industry

The pork industry requires access mainly to veterinary chemicals, although pig producers also use herbicides, insecticides and disinfectants to control weeds, pests and pathogens where pigs and grain are held. Additionally, the pork industry relies heavily on the grains industry for inputs, with feed costs accounting for some 60 percent of the cost of pig production and grain costs amounting to

¹ Australian Pork Limited, 'Australian pork industry national research, development and extension strategy', December 2009, p. 6.

² Western Research Institute 2008, 'Socio-Economic Impacts of the Australian Pork Industry - preliminary report'

³ APL from ABS data based on the Moving Annual Total (MAT) as at June 2009

⁴ ABARE 2009, 'Australian commodity statistics 2009', December 2009, viewed on 4 January 2010, <http://abare.gov.au/publications_html/data/data/data.html>

around 80 % of the cost of feed. Thus, regulatory changes resulting in increased grain production costs will impact on the pork industry.

Maintaining herd health in pig production systems (especially in intensive systems) is vital for animal welfare, production and biosecurity reasons. In commercial pig production systems veterinary chemicals play an important role in integrated herd health management plans for control, prevention and treatment of illness. The emphasis is on preventative medicine and the list of veterinary chemicals used by producers includes parasite treatments, wormers, vaccines, and antibiotics.

In Australian pig production systems, antibiotics are only used for prophylactic use (for the prevention of disease) or therapeutic use (to treat a disease once it has occurred) and not for growth promotant purposes. Medications are often administered to pigs as a component of feed, or increasingly, through drinking systems, for ease of delivery and to minimise stress caused to the pigs.

A veterinary chemical called Ractopamine and a protein called pST are used by some pork producers to improve carcass composition. These compounds are registered as safe to use in food producing animals in Australia (and in the US and Canada) and stringent safety margins are in place to prevent any residues from entering the food chain.

5. How the pork industry monitors chemical use

The Australian pork industry has a well-earned reputation as a supplier of safe, wholesome food. To maintain this status, there is a considerable onus on the pork industry to ensure that AGVET chemicals are used responsibly. A significant amount of producer money is invested each year in strategies aimed at minimising the risk of chemical residue contamination of pork and monitoring and promoting the responsible use of AGVET chemicals. The pork industry has a comprehensive system in place to prevent the risk of serious quality and safety problems in the pork supply chain.

5.1 Veterinary supervision of chemical use

Specialist pig veterinarians (employed by pig producers) play an important role in control of use of veterinary chemicals in pig production by prescribing and monitoring chemical use. They also play an important role in ensuring food safety and maintaining the health and welfare of pigs.⁵

There is a requirement under the Model Code of Practice for the Welfare of Animals (Pigs 2007)⁶ that each farm has a herd health program in place. The Model Code standards are currently being regulated in each state. The piggery's veterinarian is responsible for putting together a herd health program which incorporates routine vaccination programs as well as prescribed antibiotic treatment for sick animals. Farm health programs also include recording systems requiring each treatment, whether antibiotic use or vaccine dose, to be documented. The industry's quality assurance program, APIQ, also provides documentation and audit records, including withholding periods and export slaughter intervals, with regard to this. More detail is provided on APIQ in section 5.2.

Pig veterinarians are required to show a duty of care under their right to prescribe veterinary treatments. They are required to comply with various guidelines and codes of practice including the Code of Practice for the use of schedule 4 substances (Prescription Animal Remedies) in the pig industry (approved by the Australian Association of Pig Veterinarians AAPV) and the AAPV Guidelines for the Care of Sick and Injured pigs.

Veterinarians must precisely indicate on prescriptions the treatment regime, the dose, the dosage intervals, the duration of treatment, the withholding period (WHP) and Export Slaughter Interval

⁵ Australian Veterinary Association, 'Special Interest Groups – Pigs', 2008, viewed on 29 January 2010

<<http://avacms.eseries.hengsystems.com.au/AM/Template.cfm?Section=APV&Template=/CM/HTMLDisplay.cfm&ContentID=5567>>

⁶ Model Code of Practice for the Welfare of Animals Pigs 3rd Edition, 2007 available at <<http://www.publish.csiro.au/nid/22/pid/5698.htm>>

(ESI) and the amount of drug to be delivered depending on the dosage and the number of animals to be treated.

Veterinarians must prescribe the conditions for any off-label use in writing. The vet must also provide the producer with written advice regarding change to the withholding period. The veterinarian remains liable for any residue violations that may occur when drugs are used off label under his/her instruction. Veterinarians are required to keep records of all antibiotics prescribed to pig producers, and will periodically review the farm's records in consultation with the producer to ensure responsible use of veterinary chemicals.⁷

5.2 On-farm Quality Assurance (QA)

The Australian Quarantine and Inspection Service (AQIS) requires all pork exporters to verify that the pork and pork offal that they wish to export meets the food safety requirements of the importing country. Verification requires that pigs consigned to export abattoirs are accompanied by a vendor declaration which is backed up by an appropriate on-farm QA system.⁸ The pork industry has been proactive in development and uptake of on-farm QA to meet this requirement and the requirements of customers.

The Australian Pork Industry Quality Program (APIQ) is administered by APL. It is a practical, HACCP based QA program for pig production which enables pig producers to demonstrate that their on-farm systems reflect good agricultural practice. APIQ prescribes auditable standards for food safety, biosecurity and animal welfare and defines and requires producers to have system for:

- Property and production management;
- Chemical identification, control and management;
- Drug identification, including With Holding Period (WHP) and Export Slaughter Interval (ESI) control and management;
- Documented Records;
- Biosecurity management;
- Animal Welfare management;
- Food Safety management; and
- Annual audit.⁸

The majority of Australian pork is produced from pigs raised on APIQ certified farms. As at November 2009 APL's records indicated that almost 80 percent of all breeding sows in Australia were being managed under APIQ standards.⁹

The current APIQ standards (set out below) have been designed to assist producers to prevent chemical residues in pork and require:

- C1: A farm chemical list, which includes the dose rates, that is approved by a veterinarian or that complies with the label claims for use in pigs.
- C2: An ordering system that records all feed ordered and the medication in those feeds
- C3: All feed silos are identified so that feed is placed in the correct silo
- C4: A feed delivery check that ensures the delivered feed went into the correct silo
- C5: Feed mixing, storage and delivery procedures prevent contamination of non-medicated feed by medicated feed
- C6: All off-Label use, including any changes to withholding periods, is prescribed by a veterinarian
- C7: Recommended injection and treatment procedures are followed and the correct drug dose rates are used
- C8: A recording system to ensure withholding periods are observed for all treated pigs
- C9: A method for estimating the weight of pigs that are treated
- C10: People authorised to administer chemicals to pigs are trained and their names listed on the staff training records.¹⁰

⁷ Australian Pork Limited, *APIQ Australian Pork Industry Quality Program Quality Manual 2004*.

⁸ Australian Pork Limited, 'Fact Sheet: On-Farm QA Programs', available at <<http://www.apl.au.com/pages/images/On-Farm%20QA%20Programs.pdf>>

⁹ A further 11 % are managed under Piggpass QA, also an industry QA program which addresses food safety only.

¹⁰ Australian Pork Limited, *APIQ Australian Pork Industry Quality Program Quality Manual 2004*.

APIQ certified farms are independently audited against these standards annually at their own expense. By auditing piggeries against the above standards, APIQ ensures that chemical use on certified farms is effectively monitored. APL regularly reviews APIQ to ensure that it continues to meet industry, regulatory and market needs. A review of the current version of APIQ is still underway and is due for completion in the first half of 2010.

In addition, FSANZ's development of the **Primary Production & Processing Standard (PPPS)** for Meat and Meat Products has been an ongoing process over the last two years. The new PPPS should provide industry with risk-based standards to ensure that both domestically produced and imported products are of an equivalent public health safety standard. To ensure that the pig industry was properly served by the PPPS, APL commissioned a HACCP based approach to specifically address food safety as regards the Australian pig industry. This has provided industry with a scientific and logical HACCP based program that is robust and internationally compliant. Such a program will provide a rigorous platform to counter any other claims of hazards that have not been through the appropriate risk analysis protocols. The Codex compliant HACCP plan at industry level, underpins APIQ.

5.3 NLIS Pork – The Pigpass National Vendor Declaration (NVD)

APL also administers NLIS (pork) which specifies that all pig movements in Australia be accompanied by a Pigpass NVD. The NVD contains key questions relating to pig consignments being within chemical WHPs¹¹ and ESIs¹² for veterinary medicines. This system also covers pig and property identification to facilitate the tracing of pigs in the event of a disease outbreak or chemical residue contamination incident.

APL has been working with livestock selling agents and pig producers to ensure that all movements of pigs in Australia are accompanied by a valid NVD detailing chemical compliance with WHPs and ESIs and the sourcing of pigs from properties with approved QA programs. The 'Saleyards Initiative', launched in 2009 and continuing in 2010 will see an APL representative visit all saleyards that sell pigs in Australia in order to inform and educate pig producers, livestock selling agents and saleyard operators of their responsibilities with respect to the Pigpass NVD program.

The Pigpass NVD form has recently been reviewed to ensure its consistency with changes in standards, WHPs and ESIs and to ensure that that it continues to support the needs of industry and markets.

5.4 National Residue Survey (NRS)

NRS testing began in the 1960's and serves to confirm the residue status of pork as specified by MRLs and the standards set by the Australia New Zealand Food Standards Code. The NRS also establishes a bank of scientifically valid data to underpin APIQ and can assist to resolve residue-related trade incidents.

The NRS program is administered by DAFF but is funded entirely by industry through a compulsory slaughter levy of 17.5 percent per pig. APL is responsible for input into the design of the program in terms of which residues are tested for, however the industry has little control over program costs which are managed by DAFF.

¹¹ WHP – (Withholding period) the period following treatment with a veterinary compound when pigs are unsuitable for processing for domestic consumption

¹² ESI – (Export Slaughter Interval) the period following treatment when pigs are unsuitable for export processing. ESIs have been established by AQIS as part of the export certification process.

The pork residue testing program meets AQIS requirements and the requirements of international trading partners for export certification. Annual random monitoring, targeted monitoring and compliance programs are planned and developed in close collaboration between the NRS, AQIS, and other experts. Residues tested for in pork include AGVET chemicals (pesticides and antibiotics and other veterinary medicines), environmental contaminants (heavy metals, mycotoxins and chlorinated biphenyls) and other chemicals that have trade concern (e.g. Dioxin).

The Australian pork industry has had very few violations. Since NRS began testing pork (nearly 50 years ago), only two (2) trade related residue incidents have been recorded that can be directly related to Australian Pork. For the 2007-08 reporting period 2739 pork samples were tested and a 99.85 percent compliance rate with Australian Food Standards was reported. One residue of AGVET chemical was detected above the Australian Standards. The offending sample was caused by a cull animal inadvertently being fed the wrong ration which contained the residue. The particular chemical is not longer used at that piggery. Three other residues detected were due to environmental contaminants (metals).¹³ In 2008-2009, 3302 pig samples were tested and a 99.91 percent compliance rate was achieved with the relevant standards.¹⁴

Results from the NRS continue to indicate that Australian Pork producers use AGVET chemicals responsibly.

5.5 PorkSAFE

The Australian Pork Industry's Emergency Management Response Plan, PorkSAFE, is managed by APL. It represents industry agreed guidelines to assist in responding to a crisis event and should be utilised in association with relevant Federal and State Department's response plans, which cover incidents from paddock to plate.

PorkSAFE covers emergency animal disease outbreak, biological or residue contamination, environmental contamination, serious animal welfare issues and extortion or sabotage. The response plan is based on the Incident Control System (ICS) which provides for maximum flexibility in varied incident situations. The five areas within the ICS are Incident Control, Communications, Planning, Operations and Logistics.

PorkSAFE has not been invoked due to an AGVET chemical related incident but provides means for a rapid response should a serious food safety, environmental contamination or animal welfare issue result due to AGVET chemical use.

5.6 Stockperson competency training

The pork industry is the first industry to have mandatory stockperson competency requirements imposed by legislation. From 2011 onwards all piggery staff will be required to obtain certification of their competency as a stockperson under the current edition of the Model Code of Practice for the Welfare of Animals Pigs¹⁵ and associated state regulations. A new Stockperson Competency Skill Set has been designed by APL to enable piggery staff to be assessed and certified as competent in accordance with the new laws.

The stockperson skill set contains two (2) mandatory competencies requiring piggery staff to be trained in the responsible use of veterinary chemicals. These are:

AHCALC301A - Administer medication to animals; and

¹³Australian Government Department of Agriculture Fisheries and Forestry, 'National Residue Survey 2007-08 Pig Program – chemical residue monitoring results', viewed on 12 January 2010, <<http://www.australianpork.com.au/pages/images/NRS%20brochure%2008%20pork%205.pdf>>

¹⁴Australian Government Department of Agriculture Fisheries and Forestry, 'National Residue Survey Annual Report 2008-2009', Canberra, viewed on 5 February 2010 <http://www.daff.gov.au/_data/assets/pdf_file/0020/1451711/animal-product-test-part1.pdf>

¹⁵ Model Code of Practice for the Welfare of Animals Pigs 3rd Edition, 2007 available at <<http://www.publish.csiro.au/nid/22/pid/5698.htm>>

AHCAL309A - Implement animal health control programs

The inclusion of these units signifies the pork industry's (and APL's) commitment to promoting responsible use of veterinary chemicals in pig production.

5.7 Research: Monitoring anti-biotic use in the pork industry

APL has been proactive in responding to worldwide community concern about MRSA's (antibiotic resistant bacteria). An APL research project has focused on antibiotic usage in the pig industry and its influence on antimicrobial resistance in porcine pathogenic and commensal *Escherichia coli* isolates. This Australia-wide, transparent survey involved the majority of Australia's specialist pig veterinarians and was both comprehensive and confidential. It confirmed that ceftiofur¹⁶ resistance is currently at negligible levels within the Australian pig industry and that there is widespread reliance in the industry on drugs rated to be of low importance in the context of human health.

This project has also shown that Australian pigs do not carry plasmid-mediated *E. coli* resistance genes of public health significance. The original project plan has been extended to include a survey to ascertain the status of MRSA colonization in slaughter pigs in relation to on-farm antimicrobial usage patterns. APL is confident that the outcomes of this survey will be similar to the outcomes of the *E. coli* survey.

Regardless of the outcomes of this project an industry risk assessment plan for MRSA's based on current knowledge and future needs will be developed. Preliminary data indicate that MRSA's and *Clostridium difficile* are unlikely to be an issue for the Australian pork industry however APL has commissioned Codex based Risk Analyses to identify possible knowledge gaps to better focus ongoing research into these areas.

6. APL comments on the discussion paper

Firstly, APL points out that, farmers have little or no incentive to use AGVET chemicals irresponsibly and they have great incentive to use chemicals in an effective and responsible way. The results of NRS testing and the absence of trade barriers due to chemical residue concerns tends to indicate that either the current regulatory regime is working, or that farmers are doing the right thing because it is in their best interest.

With this in mind APL suggests that the emphasis of regulation should be on supporting producers to use chemicals correctly and safely by providing an effective user training regime, providing clear and useful information on labels and using an effective risk assessment and registration process.

Secondly, in line with the aim of these regulatory reforms (to reduce the regulatory burden on business and increase government efficiency (p. 4 of discussion paper) APL advocates that any changes to the regulatory framework should not impose unnecessary further burden or cost on industry.

6.1 Registration and assessment process

APL comments that while it is important that the registration and assessment process for AGVET chemicals is rigorous and world class, it should not take so long and be so costly that it discourages the registration of newer more effective chemicals in Australia. APL believes that the registration and assessment regime for AGVET chemicals should encourage the registration of effective, safer, low risk chemicals in favour of higher risk chemicals where practical. Requiring that the cost of chemical assessment is proportional to the risk posed by the chemical (as proposed by the Productivity Commission) or prioritising the assessment and registration of effective low risk chemicals may help to manage the overall risk profile of AGVET chemicals. However, the difficulty remains of adequately defining risk.

¹⁶ Ceftiofur is an antibiotic of the cephalosporin type, licensed for veterinary use. Strains of *E. coli* resistant to ceftiofur have been reported.

APL would also like to recommend a streamlining of the process of setting MRLs between APVMA and FSANZ. MRLs are currently set by both the APVMA and FSANZ for the same products under separate legislation. Under this system the APVMA conducts assessments and sets the MRL for a chemical. The APVMA then recommends the MRL to FSANZ who conducts their own assessment and may or may not incorporate it into the Food Standards Code. APL believes that the involvement of two (2) government agencies in formalising MRLs is inefficient and causes unnecessary delays and confusion. APL recommends the use of only one (1) and not two (2) MRL systems, achieved by only sending APVMA MRLs to the food regulators if a cost benefit analysis supports this.

6.1.1 Minor uses

APL comments that the registration and assessment process for AGVET chemicals should be focused on meeting the needs of agricultural industries and the community and less on the commercial needs of the chemical industry (Q2).

Although the pork industry is not as concerned as other agricultural industries are with applications for minor uses (due to veterinary rights to prescribe off label) it is concerning that it is chemical companies that dictate the uses (target species etc.) that a chemical is assessed and registered for. This may be restricting access to chemicals for legitimate minor uses needlessly. It is often not timely for a producer to have to make an application for a minor use permit if a pest or disease is already destroying their produce.

APL believes that the uses chemicals are assessed and registered for should be based on industry need and overall risk minimisation. One suggestion to improve the assessment process would be to use stakeholder consultation (seeking the views of veterinarians, agronomists, agricultural organisations, farmers and other interested parties) to determine if there is a demand for the chemical to be registered for legitimate minor uses. If necessary, public funding could be provided for assessment and registration of chemicals for minor uses where it would be unprofitable for the registrant to apply and pay for the assessment themselves.

APL believes that allowing veterinarians to prescribe veterinary medicines off label is the most practical and efficient means of dealing with minor uses of veterinary chemicals. This provides for timely access to chemicals to treat illnesses, which is important for animal welfare and biosecurity reasons.

6.2 A nationally consistent approach to chemical regulation

APL can see that a nationally consistent control of use regime would have some advantages. Importantly, a national approach to AGVET chemical regulation would allow Australia to present a consistent message to trade partners and consumers about the safety of Australian product. Harmonisation of the control of use regime would also reduce confusion about regulatory requirements across state borders.

While the simplest means of harmonising control of use may be to hand authority to control use to the APVMA, APL does not believe that the APVMA has the resources, skills or focus to fulfil this role adequately. We note that the efficiency of the APVMA in its current role is questionable according to recent reviews and feedback from a range of stakeholders (p. 53 of discussion paper). APL has also received some feedback of this nature.

APL does not believe in handing control of use to a central national authority because communication between the authority and the users of AGVET chemicals may be inhibited due to the central authority being remote from producers and the reduced local presence of regulators. A thorough understanding of local/state issues may also be lost in the transition from a state control of use scheme to a centralised one (Q 18).

We believe that a national authority would need to have its own regional branches to deal with local issues and communications as they arise. This would be costly to establish and inefficient considering that the states are already experienced and are able to deliver control of use services. It would take time for a national body and its regional branches (if used) to establish an authoritative presence in the eyes of industry and other government authorities. Also and it would take time to build up the experience and local knowledge necessary to adequately carry out control of use responsibilities.

Our preference is therefore for control of use to be retained by the states, with harmonisation being achieved via the development and adoption of an agreed template or model legislation. This would enable the states to continue utilising their local knowledge, presence and established authority to control use. It would also enable a timely response to local control of use issues whilst harmonising requirements such as user training, rules for off label use, record keeping requirements and compliance activities across the states. APL believes this is the most practical option allowing for an appropriate mix of flexibility, consistency and efficiency.

APL believes that the development of a nationally harmonised control of use regime should be based on the following principles:

- Refinement of the current system for greater harmonisation of state legislation
- Development of a cost effective 'control of use' system for all parties (industry and government)
- Improvement in understanding of the system by clarification of the framework system under which all relevant parties (regulators and users of chemical products) operate, including clarification of the roles and responsibilities of the respective parties;
- Implementation of an extension program to enhance all party's understanding of the 'control of use' system and of their responsibilities under this system;
- Appointment of an Ombudsman to deal with complaints, conflicts and other issues as they arise and to provide feedback to control of use regulators on the issues raised by all parties.

6.3 Product labels

Considering that the APVMAs registration and risk assessments are currently based on the assumption that all use is according to label, it is essential that AGVET chemical labels are comprehensive, comprehensible, up to date and designed to minimise risk. The APVMA should have the power to require changes to labels at short notice and require the inclusion of new information on labels as it becomes available. A national template or set of principles for product labels may have advantages, allowing users to become familiar with the format of labels and how to read and navigate through the information in them. Feedback from users and control of use regulators on the effectiveness of labels should be considered by the registration and assessment authority when developing and refine product labels.

6.4 Training and accreditation of users

APL considers staff competency and training an important part of improving the professionalism and integrity of the pork industry and an important part of ensuring the safe administration of chemicals to livestock for animal welfare and food safety purposes.

APL supports that it would be practical to require a standard level of training across all states. We believe that it is important that people using chemicals understand their responsibilities and understand how to use chemicals to minimise risk (to themselves, the environment, the community, markets, biosecurity and animal welfare). The training regime should be robust, relevant, flexible and easy to access. Ensuring that producers know how to read and interpret the label should obviously be an important component of the training.

APL recommends that there should be a reasonable time frame for producers to comply with any new training requirements. We also recommend that producers who have completed chemical user training under the current system should not have to retrain until their certification has expired (i.e. in NSW where certification expires every 5 years) or until a reasonable amount of time has expired (e.g. 5 years in states where certification does not expire).

6.5 Monitoring, surveillance and enforcement activities

APL believes that the role of QA and other industry initiatives in monitoring and facilitating responsible chemical use should be recognised by regulators and the overlap between industry activities and regulatory activities should be minimised. Ensuring that the regulatory regime complements, rather than overlaps with industry programs is an important consideration for developing an efficient framework for AGVET chemical regulation (Q20).

With regards to the Legislative instruments described on page 46 of the discussion paper, APL agrees that the most clear cut issue is that there should be penalties in place for possessing and using unregistered chemicals and the regulators should have power to seize them if discovered. APL endorses requiring producers to keep simple on farm records of chemical use, as this would encourage producers to keep track of WHP and ESIs. Most farmers already keep record of chemical use in some form and this is also a requirement of on-farm QA. APL recommends that producers who already have their records audited by on-farm QA should not be subject to further monitoring by regulators.

APL reiterates that the focus of chemical regulation should be not on enforcement activities but on supporting producers to use chemical correctly and safely. APL also believes in the role that the whole supply chain can play in promoting and enforcing responsible use of AGVET chemicals. Processors already play a role in this by demanding assurance of quality and product integrity from customers and rejecting produce that does not meet their stringent requirements.

6.6 Cost recovery

APL does not support further cost recovery for control of use from industry via increases to existing APVMA fees and charges or via other mechanisms. The pork industry already funds a number of activities to control chemical use after sale, most of which is funded by producer levies or cost recovered from individuals on a fee for service basis. APL does not agree with any of the arguments made for cost recovery posed in Q28 of the discussion paper¹⁷ and believes that there should be some onus on the taxpayer to fund additional regulatory activities that are not already covered by industry funded activities.

The users of AGVET chemicals do not create the need for AGVET chemical regulation alone. Fundamentally it is the need for consumers worldwide to be provided with affordable, safe, quality, food that creates the need for AGVET chemicals and their regulation, making AGVET chemical regulation a public concern. On the same note, it could also be argued that it is the chemical companies who create the need for AGVET chemical regulation and also that they are a main beneficiary of it. The community also benefits significantly from AGVET chemical regulation without bearing many of its burdens.

The impact of cost recovery on the chemical industry is likely to be considerably less than its impact on the agricultural industry if it results in higher prices for AGVET chemicals (Q29). As price takers, it is difficult for farmers to pass increased costs on to customers, especially in a global marketplace where farm produce is traded at world prices. In contrast, it is easy for chemical companies to pass increased costs onto producers by increasing the price of AGVET chemicals. Most of the cost of

¹⁷ That cost recovery would not be inconsistent with the Government's policy objectives; that the regulated industry is a beneficiary of the regulatory activities; and that the users of AGVET chemicals create the need for the regulatory activity.

regulation would therefore be imposed on primary industry (farmers), making for an inequitable system.

Further, increasing levies charged on chemicals across the board is an inequitable system because this would mean charging compliant users for non-compliance and hitting farmers using QA programs (who already pay to have their chemical use audited), twice. At the very least, industry QA programs should be recognised and integrated into any proposed future system so as to reduce any additional cost burdens from those participating producers.

The interpretation of the overarching principles in the Commonwealth Cost Recovery Guidelines set out on page 58 of the discussion paper would suggest that cost recovery for AGVET chemical regulation is not appropriate. According to this, cost recovery should not be applied where: (1) It would not be cost effective, (2) It would be inconsistent with government policy objectives, and (3) It would unduly stifle competition and industry innovation. Based on this criteria cost recovery should not be applied to AGVET chemical control of use for the following reasons:

1. It would not be cost effective – The overlap between industry funded initiatives (outlined in section 5) and regulation is not cost effective and may result in double charging of users for some services.
2. It would be inconsistent with government policy objectives – the broad objectives of AGVET chemical regulation are to minimise risk to food safety, trade and market access, public health, and the environment (p. 59 of discussion paper). Restricting access to chemicals by imposing costs on industry does not necessarily minimise risk in these areas. For example, increased AGVET chemical costs will increase production costs reducing access to trade as farmers compete with countries that subsidise inputs rather than tax them. Further, increasing costs of chemicals does not necessarily encourage responsible use and may encourage use at lower rates or less frequent use of chemicals resulting in poor animal health or chemical resistance and potential stock piling of chemicals before new charges are imposed, threatening public and environmental health.
3. It would unduly stifle competition and industry innovation – Imposing the cost of regulation on industry may discourage the adoption of QA by farmers considering that they would have to pay the extra cost of regulation on top of the cost of QA. Increased registration costs may also cause chemical companies to reconsider development or registration of more effective chemicals.

APL suggests that the regulatory regime should encourage and support industry funded initiatives and fund additional regulatory activities that are difficult to allocate fairly, through the taxpayer.

7. CONCLUSION

APL would like to thank the Product Safety and Integrity Committee for the opportunity to express our views for consideration in the review of the framework for AGVET chemical regulation. APL believes that agricultural producers have significant incentives to use AGVET chemicals responsibly and the results of NRS testing continue to show that pork producers have been using AGVET chemicals conscientiously. The Australian pork industry takes responsible use of AGVET chemicals seriously and administers and funds a variety of schemes including on-farm Quality Assurance to encourage and monitor safe chemical use. APL believes that an efficient reform of chemical regulation would complement and encourage industry initiatives and reduce overlap between industry and regulatory activities. APL does not believe that further costs should be recovered from agricultural industries for control of use. This would be an inequitable system further increasing production costs and disadvantaging Australian producers in trade and domestic markets. APL agrees that a nationally consistent control of use regime for AGVET chemicals would have some advantages, allowing Australia to present a clearer message about chemical regulation, and thus food safety to trade partners and domestic customers. APL believes that a consistent, flexible and efficient

control of use regime would be best achieved if control of use was retained by the states and harmonised via a template or model legislation.

