Creating a more dynamic and resilient economy inquiry

Questionnaire response 97

Name: CropLife Australia

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1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

The participant did not respond to this question.

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

The participant did not respond to this question.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

The participant did not respond to this question.

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

Please note CropLife Australia has also submitted this by email to 5pillars@pc.gov.au in a PDF document form.

Australia has established science-based regulatory frameworks that underpin the commercialisation and use of plant science innovations by the Australian agricultural sector.

• The Australian Pesticides and Veterinary Medicines Authority (APVMA) regulates agricultural and veterinary chemicals under the National Registration Scheme established by the Agricultural and Veterinary Chemicals Code Act 1994 (Agvet Code).
• The Gene Technology Regulator, with the assistance of the Office of the Gene Technology Regulator (OGTR), regulates Genetically Modified Organisms, including GM crops under the Gene Technology Act 2000.

The science-based regulatory schemes Australia has implemented for these technologies has created frameworks that facilitate the benefits they provide to the Australian agricultural sector while preventing harm and promoting community trust. In doing so, the regulatory arrangements have created pathways that support the commercial investment required to bring new technologies and innovation to Australian farmers.

While the use of these products in the Australian farming system have undeniably contributed towards enhancing the dynamic and resilient nature of our agricultural industry, structural impediments impede the full technological opportunity they offer to our farmers. Specifically, because the Australian market for these products is relatively

small, innovator companies face a greater risk of being unable to recoup a return commensurate with their substantial, lengthy investment in R&D and commercialisation. These factors lead to delays in bringing new products to the Australian market compared to other jurisdictions and/or a limited commercialisation of the technology's full potential (eg a partial registration of a crop protection product that does not provide access to minor commodities).

As such, it is imperative that the necessary high standards of scientific risk-based protection these regulatory systems provide is delivered in a cost-effective, efficient, predictable and responsive manner. This is necessary to enable global and domestic businesses to confidently assess the commercial feasibility of investments required for regulatory approval and commercialisation in the Australian market. Reforms to Australia's intellectual property settings that compensate innovators for time lost in market while undergoing mandatory pre-market assessment will further support the commercial feasibility of bringing new technology to Australian farmers.

Crop protection products

Agricultural chemicals (commonly known as pesticides or crop protection products) play an important role in driving on-farm productivity in Australian agriculture. Deloitte Access Economics identified that $31 billion of the value of Australia's agricultural production, or 73 per cent of the total value of crop production in 2020-21, was directly attributable to the use of crop protection products.

Importantly, the technologies embedded within these crop protection products have also enabled farmers to implement practice change innovation; most observable in the broadscale adoption of no-tillage and minimum-tillage farming across the Australian broadacre cropping sector. This farming practice, which is enabled by the use of herbicide weed control over summer fallow periods, has increased the productivity of Australian farmers in the face of climate change by improving water use efficiency and declining yield sensitivity to drought conditions. The Grains Research and Development Corporation's Water Use Efficiency Initiative identified the use of herbicides during summer fallow resulted in an average 60 per cent increase in seasonal water use efficiency and returned farmers on average $5.60 for every dollar they invested in weed control.

Gene Technology

Over the period 1996-2015, PG Economics calculated that the use of genetic modification in cotton and canola production had increased farm income by $1.37 billion. Farmers would have been required to plant an additional 350,000 hectares of conventionally bred cotton and canola over the same period to achieve the extra productivity gained by the use of genetically modified crops. The value of crops bred using gene technology will only grow more important under climate change scenarios, characterised by hotter and drier production environments. A climate change risk assessment undertaken by the Commonwealth Bank in 2019 identified that biotechnologies, such as GM, can increase the climate resilience of crops, including pasture crops, by up to 40 per cent over the next 40 years.

Reducing regulatory duplication through regulator collaboration

Regulatory duplication can significantly delay the commercialisation of cutting-edge technologies and create additional administrative burdens for innovators. When multiple agencies assess the same product or process, overlapping requirements and inconsistent timelines increase costs and uncertainties. This, in turn, can discourage investment in Australian R&D and slow the delivery of potential benefits—whether in agriculture, medicine, or the broader economy. CropLife supports efforts to reduce regulatory duplication through improved coordination between regulators.

An excellent recent example of effective inter-agency collaboration is the simultaneous assessment of a GM banana developed for resistance to Fusarium wilt tropical race 4 by the Queensland University of Technology. The OGTR and FSANZ worked in tandem to review the GM banana, streamlining data requests and coordinating approvals. This alignment not only reduced duplication of effort but also provided greater certainty for the project's proponents. By receiving timely, coordinated feedback, researchers and investors were better able to manage resources and prepare for eventual commercialisation. Such collaboration could also be expanded to other regulatory agencies. For example, between the APVMA and OGTR. This is critical for GM crop varieties with herbicide resistance traits—a space that has seen significant delays.

This kind of inter-agency cooperation should be the norm rather than the exception. When agencies proactively share information, standardise protocols, and synchronise review timelines, Australia's regulatory frameworks become more transparent and efficient. This fosters an environment that attracts global innovators, secures funding for local research projects, and brings novel technologies and products to market sooner—without compromising safety or integrity. By prioritising cohesive, science-based regulatory approaches, Australia can strengthen its leadership in agricultural, environmental, and medical innovation.

2. How has your regulatory burden changed over time?

National Gene Technology Scheme

While historically Australia had been a global leader in the regulation of gene technologies, commercial uncertainty caused by delays in implementing the recommendations of the Third Review of the National Gene Technology Scheme has seen Australia's standing decline.

The Third Review of the National Gene Technology Scheme commenced in 2017 but over seven years later, the recommendations made by the review remain unimplemented. In October 2018, the Legislative and Governance Forum on Gene Technology met to endorse the Third Review and its 27 recommendations. However, the implementation delay has left the Scheme lagging in numerous areas of accumulated scientific evidence, undermining Australia's global reputation as a leader in agricultural innovation and biotechnology investment. This stagnation has had a chilling effect on R&D investment and has delayed the introduction of advanced biotechnologies essential for the agricultural sector's sustainability and growth.

Australia needs to take urgent action to avoid being left behind. The protracted and unresolved regulatory review process has dramatically undermined the confidence required by members of the plant science industry to commercially invest in Australia.

Because the regulatory framework also underpins other biotechnology applications, the delay has also stalled the growth to our broader bioeconomy. At the same time other jurisdictions across the world have updated their gene technology regulatory frameworks to better reflect the settled science of the safety of biotechnology. This has resulted in farmers, and other bioeconomy stakeholders, in these jurisdictions having access to new technologies not available in Australia, impacting our international competitiveness.

Progress towards implementation has been made by the Department of Health and Aged Care (DHAC) in the past 12 months, including the release of the draft Gene Technology Bill. However, the lack of certainty on when the reform process will be complete leaves industry without the certainty necessary to plan for the investment needed to support R&D and commercialisation. By comparison, the New Zealand Government has recently released its Gene Technology Bill to establish an entirely new regulatory scheme for gene technology in a little over 12-months. This Bill will incorporate the recommendations made as part of the Australian Third Review of the National Gene Technology Scheme.

The amendments to the National Gene Technology Scheme provided by the Australian Gene Technology Bill remain modest. While the introduction of risk tiering is an important step forward, the scheme will not adequately provide Australia with a future-proofed regulatory framework. Although the continuation of process-based triggers, as opposed to an outcomes-based system, needlessly burdens innovators, this was agreed upon in the review. However, as it stands the amendments will not adequately implement all the agreed recommendations. Furthermore, the definitions governing the organisms under the framework remain overly restrictive, limiting innovation and the integration of emerging technologies.

Food regulation

Commencing in June 2017 and with the final report being published December 2019, FSANZ undertook a review of food derived using new breeding techniques (NBTs). Subsequently, proposal P1055 was commenced by FSANZ to amend definitions of food produced using gene technology in the Australia New Zealand Food Standards Code (the Code). With the recent completion of the proposal P1055 public consultation, it is critical that these amendments to the Code be finalised as soon as possible.

CropLife supports updates to the Code that result in foods being regulated in a manner proportionate to the risk they pose. The recognition that NBT foods have the same characteristics as conventional foods and therefore should be regulated in the same manner as conventionally produced food is welcomed. This is consistent with current scientific knowledge and understanding, as elaborated in FSANZ's detailed safety assessment of NBTs. Furthermore, this approach is in line with progressive approaches being implemented in other international jurisdictions.

As noted in CropLife's submission to the second P1055 call for comment, the proposed definition amendments are a significant step towards a science-based regulatory system but still fall short in the development of a risk-proportionate outcome-based system. The proposed definitions potentially regulate food as GM even if they are indistinguishable from those developed through conventional breeding. This includes the classifying intragenesis as GM, despite its similarity to naturally occurring processes.

An outcome-based, rather than process-based, risk-proportionate regulatory approach ensures Australian consumers benefit from biotechnology innovations by having rapid access to food that is potentially both cheaper and better for the environment. Furthermore, continued delays in updating the code are having a chilling effect on innovation and investment in the bioeconomy. With the rapid global expansion of NBT-related products, many of our largest trading partners are leaping ahead by introducing modernised regulatory frameworks.

CropLife would like to acknowledge the considerable body of work undertaken as part of P1055 with respect to the analysis and summary of stakeholder concerns and the relevant scientific literature that relates to the proposed changes.

CropLife recommends that sufficient resourcing and support is provided to FSANZ to ensure the timely completion of P1055 in a manner consistent with science-based regulatory practices. This will provide industry with the certainty necessary to introduce additional products to the comparably small Australian market and thus provide access to Australian consumers.

3. What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

Extended Producer Responsibility

CropLife Australia supports high regulatory standards that achieve measurable environmental and economic outcomes. However, the regulatory framework must also enable commercial predictability and support private sector investment if it is to contribute meaningfully to a dynamic and resilient economy.

Extended Producer Responsibility (EPR) schemes, when poorly designed, risk embedding structural inefficiencies and inflationary costs into supply chains. This is particularly evident where regulation mandates a single provider or prescribes centralised delivery models that limit flexibility, stifle innovation, and crowd out more cost-effective, industry-led approaches.
CropLife and its members have a proven record of delivering effective national product stewardship through programs such as drumMUSTER® and bagMUSTER®. These industry-led schemes demonstrate that high regulatory outcomes, such as reduced environmental impact and circularity in packaging stewardship, can be achieved efficiently when regulatory settings are:

• Outcome-focused, not input-prescriptive.
• Competitively neutral, allowing multiple providers to delivery stewardship outcomes.
• Commercially predictable, providing confidence for long-term investment e.g., recycling infrastructure.
• Science-based and risk-proportionate regulation to ensure actual risks are mitigated and also enabling dynamic adaptation.

Embedding overly rigid or monopolistic EPR models into regulation risks undermining this investment confidence. It bakes in fixed compliance costs, increases inflationary pressure, and discourages innovation in packaging design, recovery logistics, and data

systems—each of which are critical to achieving circular economy outcomes.

CASE STUDY – APCO

One such example is the EPR scheme currently being developed by the Australian Packaging Covenant Organisation (APCO). While APCO provides services that are essential to the current co-regulatory scheme for packaging stewardship, it has consistently failed to meet national targets despite decades of data collection.

Its centralised approach, lack of accountability to participating businesses and government, and its historical unwillingness to embrace successful industry stewardship schemes make it ill-suited to lead the next generation of packaging reform. More critically, APCO's model imposes non-transparent, non-contestable cost structures on businesses. Such an approach is inherently inflationary and incompatible with the need for regulatory systems that promote efficiency and resilience and deliver outcomes for Australians and our natural environment.

The Government's national reform of packaging regulation and stewardship must take these structural concerns seriously. Embedding a single, underperforming body into regulatory design risks entrenching inefficiencies, undermining public trust, and deterring commercial investment in packaging innovation and recovery. Instead, the reform process must ensure that the regulatory architecture promotes competition, enables multiple fit-for-purpose stewardship providers, and maintains flexibility for industry-led investment in circular economy outcomes.

To support economic dynamism, regulation must therefore evolve beyond compliance enforcement and become a framework that actively encourages private investment in public outcomes. A well-calibrated regulatory system provides the certainty needed for businesses to invest, while retaining the flexibility for market-led solutions to emerge and succeed.

4. Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?

Cost shifting public good activities onto the private sector

The APVMA is the only pesticide regulator in the OECD entirely funded by industry fees and levies. This full cost recovery model, combined with Australia's relatively small market, discourages global innovators from registering new, productivity-enhancing technologies for Australian farmers. The result is an undermining of the agricultural sector's international competitiveness.

This funding structure limits the National Registration Scheme's ability to deliver on the public policy objectives set out in Section 1A of the Agvet Code, which prioritise farmer access to safe and effective agricultural innovations through an efficient regulatory system.

Moreover, full cost recovery has led to misplaced public concerns that the APVMA lacks independence from industry. While the system provides no actual scope for undue influence, introducing a public funding component—aligned with other regulators—would strengthen public confidence in the APVMA's integrity.

CropLife recommends that the Government fund the APVMA's public benefit functions in line with its own cost recovery guidelines. According to the Department of Agriculture, Fisheries and Forestry, an additional $8.4 million annually would fully support the APVMA's public good functions, including compliance, enforcement, and chemical reconsideration.

Other regulators already receive public funding:

• The Office of the Gene Technology Regulator (OGTR) receives over $8 million annually via appropriation.
• The Therapeutic Goods Administration (TGA) receives $15 million annually to support its public good activities.

Comprehensive public funding would also reduce barriers for smaller registrants, support innovation for minor crops and niche industries, and help meet the broader public objectives of the regulatory framework.

Changes to the assessment of the Agvet Code's Efficacy Criteria

The Efficacy Criteria, established under section 5B of the Agvet Code, is the most subjective of the statutory criteria for registration of crop protection products. Guidance produced by the APVMA focuses on the binary question of whether a chemical product can, to a reasonable degree, achieve one of the effects listed in paragraphs 4(2)(a) to (e) of the Agvet Code. This assessment is not intended to serve as a guarantee of commercial performance but plays a critical role in setting use rates and patterns, underpinning the assessments required under the safety and trade criteria.

The efficacy criteria need not duplicate obligations registrants hold to farmers and other users under the Australian Consumer Law that a product will perform in accordance with the manufacturer's description.

Registrants of crop protection products have identified an increasing tendency by the APVMA to treat efficacy as a matter of internal scientific certainty or statistical purity, disconnected from its role in a broader regulatory decision. This is misguided. Field conditions are inherently variable; product performance will always depend on the user's judgment, agronomic practices, and local conditions. Therefore, the regulator's role is not to guarantee consistent effectiveness under all conditions, but to determine whether the exposures approved (via label instructions) are justified by a scientifically credible likelihood of benefit under reasonable use.

This escalating and unpredictable situation has affected the registration of fungicides, insecticides and herbicides. Among CropLife Australia members alone, at least 50 applications have gone overtime or have had to be withdrawn in the past year as a result of these new and completely unwarranted demands for efficacy data. Delays of three to four months are common (reported for over 20 applications), with a few even exceeding one year and at least one application experiencing a 16-month delay.

The current state of overdue and delayed applications not only poses a serious threat to Australia's farming productivity but also impedes our nation's ability to properly prepare

and respond to a range of potentially catastrophic biosecurity threats. As such, it is our view that this matter be escalated substantially to ensure it is addressed as a matter of urgency.

These changes have occurred despite there has been no change to the regulation or to guidance material to have caused these delays or led to the current level of unnecessary bureaucratic requests and decisions being made by officers of the APVMA.