



Submission on

The Implications of the restriction of use of
Fenthion on Australia's horticultural industry.

January 2014

About Growcom

Growcom is the peak representative body for the fruit and vegetable growing industry in Queensland, providing a range of advocacy, research and industry development services. We are the only organisation in Australia to deliver services across the entire horticulture industry to businesses and organisations of all commodities, sizes and regions, as well as to associated industries in the supply chain. We are constantly in contact with growers and other horticultural business operators. As a result, we are well aware of the outlook, expectations and practical needs of our industry.

Growcom is also the prescribed industry body (PIB) for pineapples and as such is an "A" class member of Horticulture Australia. Growcom sits on the pineapple Industry Advisory Committee in an ex-officio capacity.

The organisation was established in 1923 as a statutory body to represent and provide services to the fruit and vegetable growing industry. As a voluntary organisation since 2003, Growcom now has grower members throughout the state and works alongside other industry organisations, local producer associations and corporate members. To provide services and networks to growers, Growcom has about 30 staff located in Brisbane, Bundaberg, Townsville, Toowoomba and Tully. We are a member of a number of state and national industry organisations and use these networks to promote our members' interests and to work on issues of common interest.

Introduction

It is absolutely undeniable that the restriction of the use of Fenthion has a significant and difficult to manage impact on the Australian horticulture industry. We are deeply sympathetic to those growers and industries adversely affected. The current situation whereby growers are left stranded without cost effective alternatives, export markets are at risk and general confusion reigns is the consequence of a number of factors coming together over many years. It is hoped that this enquiry can initiate more streamlined processes around chemical use in general to ensure that the impact on industry is minimised whilst still protecting human health and environmental assets.

TOR (a) - the roles and responsibilities of relevant departments and agencies of Commonwealth, state and territory governments in relation to the regulation of pesticides and veterinary chemicals;

Growcom, in our dual role as a representative membership body for Queensland horticulture and the statutory prescribed industry body (PIB) for pineapples has always been a strong advocate for the responsible use of chemicals. Growcom strongly supports the current regulatory objective of ensuring that risks to human health, welfare of animals and trade from agvet chemical use are kept within acceptable limits while facilitating user access to appropriate products. We see the current risk based methodology for assessing agvet chemicals as appropriate and would not support any move toward a more restrictive hazard based approach. That said, the risk based approach can only work if the scientific integrity of the regulator (APVMA) is beyond reproach and ensuring the integrity of the APVMA is clearly a role for both Commonwealth and State and Territory governments.

As we are not experts in the areas of human health and environmental protection and do not have data on use patterns and MRLs we cannot comment on the scientific validity of the decision relating to the use of Fenthion. Whilst Growcom cannot argue with any justification about the actual decision to restrict the use of Fenthion, it is abundantly clear that the whole process leading up to the decision and the regulatory framework surrounding the registration of new chemicals has resulted in a very poor outcome for certain components of the horticulture sector. This situation will be repeated unless there is clear action in addressing some of the systemic failures that prevent growers from accessing the full range of crop protection technologies in a timely way.

As we see this as a systemic failure it is important that we identify the components of the system that need to be improved. Our submission is not about apportioning blame as all players could have taken steps to address the issue but rather about identifying possible areas for reform to ensure these kind of outcomes don't occur in the future.

A broken system

Underpinning this whole issue is the fact that if there were viable alternatives in place to manage fruit fly that were economically feasible and accepted by our trading partners then many of the concerns around the restriction of Fenthion would disappear. It should be noted that there is no "silver bullet" replacement for Fenthion and fellow cover spray Dimethoate, but as community concerns around chemical use intensify, more work needs to be done to increase the number of tools in our crop protection toolbox.

Our regulatory system is too complicated and expensive and chemical companies have no incentive to invest in new chemistry for Australian conditions. It costs as much to register a product in Australia as it does in the US and our market is one tenth of the size. There is clear market failure that is not being addressed by the current regulation process and the minor use system. For example, there has not been a single new chemical registered for use in pineapples in 20 years despite significant numbers of chemicals being reviewed and removed from use. Increased investment in a broken system will not fix the problem and is not delivering the best return on investment. Indeed, it is concerning that the current first principles review of the APVMA fee structure contains a proposal for a 100% cost recovery for permits which would further entrench market failure. By comparison, the financial return on public investment in minor use schemes is indisputable following the economic analysis of the US IR-4 scheme, which demonstrated a 780 fold return on investment¹.

Recommendation:

It is recommended that the Commonwealth government implements a 'whole-of-systems' approach, which recognises the needs of consumers and agricultural producers, facilitates the private sector's engagement in that process, and has desired outcomes underpinned by policies and legislation in the regulatory approval process. In so doing, it is recommended that two fundamental and interrelated approaches should be adopted.

- *the establishment of a Commonwealth Government funded National Sustainable Minor Use Crop Protection Program, and*
- *for that program to be complemented with appropriately tailored Regulatory Processes and Incentives.*²

There needs to be more effective mechanisms in place to ensure adequate investment in multi-industry issues which requires leadership at a national level. Had the full range of industries affected by this issue at a national scale pooled some of their resources into investing in new technologies along with state and Commonwealth governments then perhaps a greater range of options would now be available.

Investment decisions within horticulture are made at the commodity level and are generally not regionally specific. There was an unfortunate perception at an industry and state government level that this was predominantly a "Queensland and WA

¹ Miller, SR. 2007. National economic analysis of the IR-4 Project. Center for Economic Analysis, Michigan State University, May 25 2007, 25pp. <http://ir4.rutgers.edu/Other/IR4EconomicImpact.pdf>.

² This is consistent with the approach recommended by Dr Stephen Goodwin in his *Submission On Reforms to Deliver Sustainable Minor Use Crop Protection Solutions for Australia's Agricultural Industries (2011)*

issue”.³ The pool of available funds for many industries is also very small, making prioritisation difficult.

While it would be easy to lay the blame entirely at the feet of the individual industry advisory committees making the investment decisions this overlooks the lack of leadership at the RDC (Horticulture Australia Ltd) level⁴ on this issue. Individual committees make decisions based on the information they have available and cannot be expected to necessarily “see the bigger picture” nor do they know what other industries are investing in. The situation is further complicated by the fact that the outcomes of a regulatory review cannot be pre-empted so information was hard to come by. The review itself was initiated in 1994, which meant that there was significant personnel change within industry organisations during the review period and a sense of urgency was lost.

We are aware that growers within certain commodities tried to get action on this issue but had no traction at the Industry Advisory Committee level as the issue was considered too regional and there were other crop protection issues perceived as more urgent. We appreciate that engaging with the horticulture sector can be challenging but HAL does have direct access to all 43 prescribed industry bodies. We also acknowledge that there have been significant efforts to address some of these concerns by the current management of HAL.

Growcom took a lead role in alerting the wider industry to the potential consequences of these reviews when it became increasingly obvious that no-one else was going to do it. Growcom organised a workshop in 2006 and invited representatives of all Queensland commodities potentially affected by the decision. The workshop was sponsored by Bayer with some support provided by the then Queensland Department of Primary Industries and Fisheries (now QDAFF). For the record, Growcom has no input into the levy spend of any horticulture commodity except pineapples where we contribute as an ex-officio member of the IAC. The 2006 workshop involved speakers from the then Queensland Department of Primary Industries and Fisheries, APVMA, Federal DAFF and HAL. Notes from that workshop indicate that the short-term focus was data generation to support the ongoing use of dimethoate and fenthion based on credible estimates of the likely MRL and MDI. Unfortunately the review results were much more restrictive than had been predicted and access to these chemicals in an efficacious capacity is non-existent for some commodities.

To our knowledge, there was no such workshop held at a national scale although Plant Health Australia did invite speakers on this topic to their annual general meeting in 2009 and it is our understanding that this was at the instigation of the then Commonwealth DAFF. The Commonwealth Government did pull together a working group also in 2009 but again, it was too little too late.

We appreciate that there has been significant *recent* investment by the Queensland government in helping industry address some of the potential issues surrounding the restriction of Fenthion. With assistance from QDAFF, growers in the Bundaberg and

³ Growers in NSW and QLD have experienced similar frustrations with getting funding for flying fox control measures. State governments think that industry should be funding research while IACs do not see the issue as national and therefore fund other priorities.

⁴ It should be noted that HAL has changed their approach to cross industry and multi-industry approaches and the new transformative research program is funding sterile male fruit fly technology.

Bowen regions undertook levy funded projects to develop alternative approaches for managing these pests and a number of area wide management programs are now in place. These programs are not nearly as effective as a chemical solution and are not appropriate for all regions.

The Queensland government has also invested considerable resources in facilitating market access, although one could argue that recognition of the national significance of this issue and a concerted effort by all state players at an earlier stage would have rendered many of these negotiations unnecessary. As a major recipient of Horticulture Industry funds there should be some onus on all state agencies to invest in cross commodity issues or at least facilitate better understanding of the regulatory system and the possible impacts of the process in a timely fashion. The scale of this issue and the quantum of funds needed to adequately invest in alternatives is potentially beyond the capacity of industry even if all affected industries did make a major contribution.

The fact that the National Fruit Fly Implementation plan was completed in 2010 but has yet to be funded despite the looming spectre of chemical restrictions and potential biosecurity incursions, is indicative of the lack of leadership and ownership of this issue at all levels.

Recommendation:

The Commonwealth Department of Agriculture and the State agriculture agencies should work with the APVMA to identify possible cross commodity issues with respect to the chemical review process. We recommend the preparation of a briefing paper for each chemical under review which identifies affected commodities, impacts and potential alternatives. This would seem to be basic risk management. The Commonwealth Department of Agriculture should take a leadership role in terms of working with HAL to identify affected stakeholders and alerting them to the issue in a timely and effective fashion. Appropriate structures should then be put in place to ensure adequate investment across commodities in identifying alternative crop protection measures. Where there is clear market failure then it would be appropriate for investment through the National Horticulture Research Network.

TOR (b) - the short- and long-term impact of the decision on stakeholders;

Growcom considers it more appropriate for affected commodity organisations to make detailed comments on this section in terms of the impact on their sector. Obviously, the restriction on the use of Dimethoate has left the sector without any truly effective cover spray to manage fruit fly

The loss of access to Fenthion and Dimethoate has significant biosecurity implications both for those areas in Australia who are currently fruit fly free and for those areas at risk of an exotic fruit fly incursion.

Papaya fruit fly is a significant risk to the Queensland horticulture industry. It is found on many islands in the Torres Strait and is capable of "island hopping" to the Australian mainland. Papaya fruit fly has been recorded from 193 host plant species in 114 genera and 50 families. It spread from 35 host species during an outbreak in Queensland in the late 1990s, causing considerable damage to fruit and coffee berries. This outbreak was controlled by the use of Fenthion.

Should Fenthion or dimethoate be no longer available in Australia then we will have limited cost effective options to eradicate this pest. The impact of such a pest becoming endemic is considerable and costly.

Recommendations:

We propose that an emergency permit be prepared for the use of Fenthion and Dimethoate in a biosecurity context.

In terms of managing the situation we see the funding of the National Fruit Fly Strategy Implementation plan as a priority and that this funding should come from all levels of government as well as from industry. We see a clear role for the Commonwealth Department of Agriculture in leading that outcome.

TOR (c) the effectiveness and sustainability of chemicals other than Fenthion to manage fruit fly;

The pesticide management database InfoPest lists (<http://www.infopest.com.au/>) 54 fruit fly related off-label permits which cover a variety of crops and situations. The permits cover uses in the following active ingredients:

- bifenthrin
- Chlorpyrifos – under review
- clothianidin
- dichlorvos
- Dimethoate – under review
- Fenthion – under review
- lambda-cyhalothrin
- Maldison – under review
- Methomyl – nominated for review (priority1)
- methyl bromide
- spinetoram
- Spinosad – company moving to spinetoram as a replacement
- Trichlorfon – questionable efficacy

As indicated above a number of the currently approved alternatives fruit fly insecticides are earmarked for APVMA review. Many of these compounds are relatively old chemistry and as such there will be insufficient data to ensure their ongoing registration. Given the likelihood that these compounds will also be heavily restricted it does not seem a good investment for industry to fund further data collection on these compounds.

There are a number of newer insecticides and technologies that *may* have the potential to aid in fruit fly management. The difficulty for many horticultural industries is that efficacy is uncertain and considerable time and resources will be needed to assemble the necessary data with which to first satisfy the APVMA to gain regulatory approval for use, then secondly to gain acceptance of their use as quarantine treatments for market access. As a result it is likely that if effective these options will, at best, only be available in the medium to long-term. It is our contention that research into these options should have commenced many years ago but was hindered by the system failure described above.

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Options such as irradiation do have significant potential to assist in the control of fruit fly however there are significant obstacles in terms of public acceptance and access to irradiating facilities, so it is not just a research issue.

TOR (d) transition arrangements following the restriction on the use of Fenthion, including Area Wide Management; and

Growcom considers this section to be more appropriately addressed by affected commodities or regions.