

SUBMISSION ON

Amendments to the fees for hazardous substances and new organism applications

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To: Environmental Protection Authority (EPA)

Name of Submitter: Horticulture New Zealand

Contact for Service:

Gabi Hidvegi

Risk Policy Analyst

Horticulture New Zealand

PO Box 10-232 WELLINGTON

Ph: 027 542 7783

Email: Gabi.Hidvegi@hortnz.co.nz

OVERVIEW

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Our submission

Horticulture New Zealand (HortNZ) thanks the Environmental Protection Authority (EPA) for the opportunity to submit on the proposed new fees for hazardous substances and new organism applications and welcomes any opportunity to continue to work with the EPA and to discuss our submission.

The details of HortNZ's submission and decisions we are seeking are set out in our submission below.

HortNZ's submission is supported by the following organisations:

- Katikati Fruitgrowers Association
- New Zealand Apples & Pears Incorporated
- New Zealand Asparagus Council
- Onions New Zealand
- Tomatoes New Zealand

HortNZ also endorses the submission from Animal & Plant Health New Zealand (APHANZ).

HortNZ's Role

Background to HortNZ

HortNZ represents the interests of approximately 5,500 commercial fruit and vegetable growers in New Zealand who grow around 100 different fruit, and vegetables. The horticultural sector provides over 40,000 jobs.

There is approximately, 80,000 hectares of land in New Zealand producing fruit and vegetables for domestic consumers and supplying our global trading partners with high quality food.

It is not just the direct economic benefits associated with horticultural production that are important. Horticulture production provides a platform for long term prosperity for communities, supports the growth of knowledge-intensive agri-tech and suppliers along the supply chain; and plays a key role in helping to achieve New Zealand's climate change objectives.

The horticulture sector plays an important role in food security for New Zealanders. Over 80% of vegetables grown are for the domestic market and many varieties of fruits are grown to serve the domestic market.

HortNZ's purpose is to create an enduring environment where growers prosper. This is done through enabling, promoting and advocating for growers in New Zealand.



Submission

Introduction

To produce high quality, nutritious and safe food for human consumption in New Zealand, our growers and industry are reliant on having access to crop protection substances and new organisms that benefit horticulture.

The importance of access to new and improved crop protection tools is highlighted by the collaborative seven-year A Lighter Touch (ALT) programme. This is a programme to address the challenge of meeting consumer demands for safe food that is produced under sustainable pest management programmes while being gentle on the environment (ALT, 2023). ALT's focus areas include the increased use of biopesticides and biological control agents being embedded into agroecological crop protection programmes (ALT, 2023).

Fee increases have the potential to limit our industry's ability to access the new substances (which have a more favourable environmental impact profile) and biological control tools that our growers rely on to sustain their production and businesses. Fee increases may also negatively impact the outcomes of programmes such as ALT.

We consider the existing user-pays funding model inadequate to facilitate the transition to a low emissions economy and is unaffordable for growers who face escalating costs without the ability to pass these costs onto consumers. For domestic crops that support everyday New Zealanders, either prices will increase or, the variety and quality of produce available to New Zealanders will decline.

The underfunding of tools required to support horticultural production reinforces status quo land use in New Zealand and is a barrier to achieving land use diversification required to achieve environmental outcomes such as reduced emissions and enhanced freshwater.

We acknowledge the inflationary and environmental pressures that government departments are facing in the wake of the COVID-19 pandemic and cyclone Gabrielle. However, unlike the government, horticulture does not have the capacity to meet the continuous increased financial demands while feeding New Zealand and the world, complying with increasingly complex regulation, tackling the ongoing challenges of extensive labour shortages across the sector, and transferring to a low-carbon emissions industry.

We believe that strategic focus needs to be shifted away from increasing costs and suggest the following pragmatic solutions:

- a reallocation of resources for the Hazardous Substances & New Organisms (HSNO) directorate of the Environmental Protection Authority (EPA)

- exploring a collaborative, peripheral workstream between industry and government in relation to the ease of registering crop protection tools and label extensions.

We carefully consider all proposed fee increases to our sector and advocate for keeping costs low where possible to support growers.

While we are generally unsupportive of increases to costs, we understand the need for fee increases where the rationale is clear and justified and the benefits to horticulture are tangible and long-term (e.g. improved service or faster processing times).

The EPA are proposing to increase fees by 10 percent for several applications submitted under the Hazardous Substances and New Organisms (HSNO) Act.

The EPA also proposes to reinstate permission fees, increase lodgement fees, and increase fees for those application pathways that were omitted from the last HSNO fee review.

We provide our views of the EPA's proposed fee changes to the HSNO Act below.

1. Proposed fee changes

The EPA are proposing to increase HSNO fees by 10 percent to reflect the 9.52% increase in EPA salaries between 1 July 2016 and 1 July 2022 (Appendix 1b, EPA, 2023).

In general, we advocate for keeping fees low to enable growers and businesses to thrive. However, in this instance we do not oppose the EPA's proposed 10 percent increase in fees for the consulted applications given the estimated costs of processing the applications far exceed the costs for the applicant.

2. Application pathways and fees

Section 28: Application for approval to import or manufacture, rapid assessment under section 28A(2)(ab)

A new rapid assessment pathway was created under section 28 which permits the EPA to undertake a rapid assessment of a hazardous substance where the same or similar substance has been authorised by a comparable international regulator (EPA, 2023).

While the EPA acknowledges that a review of the information used by the comparable international regulator is required, we consider the new pathway is likely to be less work than a standard rapid pathway as the EPA can leverage off existing information from abroad and therefore does not have to undertake a larger scale assessment of the substance.

We would like to emphasise that some approved hazardous substances are for crops that are grown only over small areas in New Zealand. Therefore any increases to EPA approval costs will be prohibitive for those hazardous substances that will only be used across limited areas or by a limited number of growers.

Out of the available fee options, we recommend the EPA considers a fee of \$4,400 instead of \$5,500.

Section 63D Modified reassessment to align classifications:

Section 63D was recently added to the legislation to create a simplified and modified reassessment pathway. This pathway allows the EPA to reassess a hazardous substance to change a hazard classification or control to align with an equivalent classification or control set by an international regulator or by a previous EPA decision.

Like section 28 above, we consider this reassessment pathway to be less work for the EPA due to the hazard classification or control having already been established from past EPA decisions and/or an equivalent classification set by an international regulator.

Out of the available fee options, we recommend the EPA considers a fee of \$4,400 instead of \$5,500.

Section 95A Permissions:

Some approved hazardous substances have a control that requires users to have a separate permission from the EPA to use those substances (EPA, 2023).

Before 2018, permission fees were \$500 but often “waived because the permission sought was considered to be for public benefit” (EPA, 2023). The 2016 EPA fees review estimated that the cost of processing a permission application was \$7,000 (EPA, 2023).

The EPA proposes to reinstate a permission fee of \$650 per application + \$116 per hour of additional assessment (EPA, 2023).

We do not support reinstating a permission fee as the previous rationale of waiving the fee due to the public benefit is still relevant today as it was in 2018.

We believe permission fees should be waived where the permission sought has a public benefit as this reduces an unnecessary barrier for those registrations.

Lodgement fees

The EPA proposes to change from a lodgement fee to a ‘minimum fee’ that matches the rapid fee (EPA, 2023). The proposal would enable applicants to pay for the full \$4,400 when the application is lodged and therefore remove the need for an unnecessary second invoice from the EPA should an application be determined to meet the criteria of a rapid assessment (EPA, 2023).

We do not support this proposal as it imposes a mandatory upfront fee of \$4,400 instead of the current \$1,000 for applicants. While the EPA’s proposal removes the administrative burden of a second invoice, we feel that applicants will be disadvantaged as they will not have any certainty that their application will meet the criteria of a rapid assessment at the time of lodgement. We therefore consider the increase of the lodgement fee from \$1,000 to \$4,400 as an unnecessary increase to industry costs with no benefit for applicants.

Conclusion

New Zealand growers produce high-quality fruit and vegetables that nourish New Zealand, the Pacific, and the world. Our industry requires a range of available tools to assist in the production of crops. We believe that fees must not be a barrier to accessing new innovative tools for crop protection and developing a more resilient horticultural sector for the future.

3. References

A Lighter Touch (ALT). 2023. Programme Overview.
<https://a-lighter-touch.co.nz/programme-overview/>
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Environmental Protection Authority (EPA). 2023. Hazardous Substances and New Organisms Fee Proposals. Consultation document. 20 February 2023.
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