



AgForce Queensland Farmers Limited

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Australian Competition and Consumer Commission
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By Post and by Email: elizabeth.elias@accc.gov.au

Dear Elizabeth

Re: ACCC Call For Comment – Elanco-Bayer Merger and Impact on Animal Health Products

AgForce Queensland Farmers (AgForce) is the peak rural group representing beef, sheep & wool and grain producers in Queensland. The broadacre beef, sheep and grains industries in Queensland generated around \$6.2 billion in gross farm-gate value of production in 2017-18. AgForce's purpose is to Advance Sustainable Agribusiness and facilitate the long-term growth, viability, competitiveness and profitability of these industries. The producers who support AgForce provide high-quality food and fibre to Australian and overseas consumers, manage around 40% of the Queensland agricultural landscape and contribute significantly to the social fabric of rural and remote communities.

As end-users of a vast range of agricultural and veterinary chemicals to uphold biosecurity and animal welfare standards, our producers have a major interest in access to and affordability of safe products. This includes ongoing development of new products to overcome new pests, address pesticide and pest resistance and deliver new efficient modes of action and application.

In response to your emailed list of questions on the 4 February 2020, AgForce provides the following comments.

1. For each of the following products you require, please identify the brands that you use:

a. Sheep lice treatment

Both Bayer and Elanco have older chemistry in sheep lice treatments. Bayer's products are out or near out of patent. Generic products will be available very soon. Other options include abamectin injections (eg, Genesis Injection Abamectin) and Coopers Stampede pour-on.

b. Cattle tick treatment

All registered products have the emerging issue of tick resistance and many generic brands of all active constituents are available. In Queensland, there are 11 active constituents registered across 168 products (Table 1). Resellers and producers are familiar with sourcing generic products, rather than specific trade names. If the product is registered for use by APVMA, it is acceptable to use as per label. For example, another fluazuron option to Elanco's Acatak Pour On is Landmark's Tic Boss Pour On.

Currently, Bayer Australia Ltd is the sole registrant for flumethrin products (Bayticol Pour On Live Export Clearing Tickicide and Bayticol cattle dip and spray). After the Elanco- Bayer merger, will this tick control product be continued? The benefit of flumethrin is the nil withholding period, which is an important attribute for slaughter cattle and live export.

In choosing a product for tick control, Queensland producers need to consider the method of use (cattle dip, pour on or injection), withholding period if cattle are being on-sold and impact of product on dung beetles. Dung beetles bury manure which assists in managing buffalo fly populations (another major pest in cattle across northern Australia) and parasites.

Managing cattle tick resistance is essential. There are tick strains resistant to different products. For example, ticks resistant to Bayer's Bayticol may need to be treated in a cattle dip containing amitraz (eg, Taktik or TikOff dip). Ticks resistant to amitraz can only be treated with pour-on or injected ivermectin (approximately 40 products available). Strategies to manage tick resistance are in the Northern Territory Agnote 'Acaricide (chemical) resistance in ticks.

https://dpiir.nt.gov.au/_data/assets/pdf_file/0007/233269/845.pdf

Table 1: Insecticides used for tick control on cattle and registered for use in Queensland.

Active Constituent	Example tradenames	Method of use	Impact on dung beetles	Withholding period
Abamectin	Trooper Viking Pour on Avomec Pour on	Pour on		35 days before slaughter
Abamectin /Levamisole	Sequel Combination, Alpha2 Combination,	Pour On	Not stated on label	56 days before slaughter
Amitraz	Tickoff WP	Dips, spray	Not stated on label	Nil
Clorsulon /Ivermectin	Ivaclor Broadspectrum Vetmac Broadspectrum Genesis Ultra Broadspectrum Virbac Virbamecinjection	Injection	Not stated on label	28 days before slaughter. 42 days before export.
Cypermethrin /chlorfenvinphos	Blockade S Barricade S Cattle Dip & Spray	Dip & Spray	Not stated on label	8 days before slaughter. 21 days before export. Not on cattle for milk production.
Doramectin	Targot Pour On	Pour On	Increased mortality & impaired development of dung beetle larvae may be expected, but for a limited period after treatment	
Eprinomectin	Epicare Pour On	Pour on	Not stated on label	0 days
Ethion \Deltamethrin	Arrest Tick Dip & Spray	Dip, spray	Not stated on label	0 days

Active Constituent	Example tradenames	Method of use	Impact on dung beetles	Withholding period
Fluazuron (can take 2-3 weeks to be visibly free of ticks)	Oztik Pour on Tixfix Pour on Acatak Pour on	Pour on		42 days before slaughter or export. 4 months for calves suckling on treated mother cows. Not on cattle for milk production.
Fluazuron /Ivermectin	Acatak Duostar	Pour On	Not stated on label	28 days before slaughter. 42 days before export. 4 months for calves sucking on treated mother cows. Not on cattle for milk production.
Flumethrin	Bayticol Cattle Dip & Spray	Dip, spray	Not stated on label	Nil
Ivermectin	Starmec Pour On Toromax Pour On Virbamec Pour On CattlePro Pour On Bovimectin injection	Pour On Injection	Increased mortality & impaired development of dung beetle larvae may be expected, but for a limited period after treatment	42 days before slaughter or export.
Moxidectin	Topdec Pour-On Moximax Pour On Maximus Pour-On Cydection Pour-On Cydectin Injection	Pour On Injection	Not likely to have any significant adverse effect on dung beetles	0 days (pour-on). Engorged female ticks can drop viable eggs 3 days after treatment. Injection = 14 days before slaughter. Not on cattle for milk production.

c. Cattle Fluke Treatment

Little use here in Queensland as most liver fluke is in the colder-winter southern states. This is a small and specific animal vet product market. Not an issue for Queensland producers.

d. Poultry Anti-Coccidials

Outside the scope of AgForce. Most large poultry enterprise such as Inghams, Steggles and Barters all use and develop vaccines. A small market and specific.

2. Which Brands and Modes of Application are most Effective at Treating these Parasites?

Cattle dips are the most effective application to ensure the insecticide covers the whole beast. Pour ons are easy to use when handling cattle through stock yards. Tick resistance is managed by rotating between effective modes of action. Effectiveness depends on the active constituent, not the brand name.

3. If the price of your regular brand increased, which brands would you buy instead?

See following.

4. Would you buy a generic or lookalike product? Why/why not?

Producers normally buy on price. If one product has a more distinctive advantage (eg, additional parasite), then the producer may buy it. Producers generally shop around and see what is available, prices etc. Online reseller companies are appealing to the younger farmers. Today the market-place has many generic products competing with the original propriety brand. Such deals include free applicators, buy 10 litres and get a handy 2 litre pack free.

The disincentive in buying generics is that registrant companies are less likely to invest in developing new active constituents, new products or new modes of delivery. Data protection can start to see variation in labels for similar products.

5. Do you have any concerns about the proposed acquisition of Bayer's animal health business by Elanco?

The international merger of Elanco and Bayer has already been endorsed by the USA and EU. Bayer with Elanco (70% Elanco and 30 % Bayer) with the option of Bayer in 5 years to sell their 30% to Elanco Animal. Elanco will be the controlling entity and will want access to the Bayer products coming from the overall Bayer Research laboratories, e.g. pharmaceuticals /crop protection. Internationally, Bayer Laboratories have 3,000 research chemists turning out stage one, 12,000 new compounds annually. After 12 years or more, one compound may make it as a new fully developed marketable product.

In summary, AgForce is in in favour of this merger. Australia needs specific Animal Health Companies engaging in R&D. Over the last 15 years, several international R&D Animal Health companies have sold or closed down their animal health enterprises. There is a need for a stronger Elanco/Bayer Animal Health.

Bayer is exiting the animal health market to concentrate on agchem products with higher volume, greater demand plus increased margins. In the EU, Bayer is faced with increasing difficulty to obtain permits for residue and toxicology experiments on animals, eg, laboratory breed beagle hounds, rodents, etc. Experimental permits can take up to 2.5 years to obtain in the EU, whereas USA permits can be obtained within a year (retired Bayer scientist, *pers. comm.*). The product registration process in the USA is more practical than in the precautionary EU.

Australia has only 1.5% of the world animal health market for vet products. Our reliance on research and development of new compounds for cattle tick and buffalo fly products is critical. We have issues here that are very critical to livestock production and animal welfare, where other major livestock producing countries do not have such parasite issues.

Thank you for the opportunity to provide comment about the potential impact of the proposed merger of these two animal health companies. Ideally, a longer response period than seven days would be appreciated. Especially if your request includes canvassing producer members for comment.

Please contact AgForce again, if you have any further queries.

Yours sincerely



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Chief Executive Officer

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