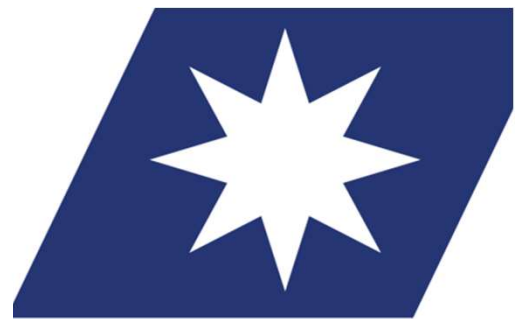


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Response to Introduction of the Biosecurity Protection Levy – Consultation Paper



Executive Summary

This is a formal submission to the Introduction of the Biodiversity Protection Levy: Consultation paper. It is understood that submissions received will help Government determine how the Biosecurity Protection Levy will be designed and implemented, including any practical adjustments required to ensure the administrative burden is kept to a minimum.

This submission disputes the underlining premise of the proposed Levy “*that primary producers benefit from Australia’s biosecurity status.*” This assumes that primary producers are the beneficiaries of biosecurity protection.

The reality is that Australian primary producers are already bearing significant economic and environmental costs of biosecurity protection due to successive governments that have allowed imported produce and associated pests and diseases into our country. These decisions to import have been made by governments without any justification of consumer need, or the economic consequences of such imports and only tokenistic consideration of the biosecurity risks imposed on fruit and vegetable industries.

It is highly objectional that primary producers should have to pay for biosecurity measures that are required to be implemented due to risk of pests and disease that are a direct result of the import of overseas produce.

On this basis and for the additional reasons provided in the following submission, the levy is opposed in the strongest of terms.

Parameters

It is proposed that the Biodiversity Protection Levy is separate and in addition to all other existing agricultural levies (including existing biosecurity related levies) and the regulation, administration and audit procedures that are currently imposed on primary producers.

Existing regulations already cost primary producers millions, often with duplicate regulations imposed by government, quasi-government, major supermarket chains and even the agricultural sector itself.

Any assessment of the implications of a new levy must consider that many small to medium (and even large) primary producers are already struggling under costs of production and cost of living increases. Numerous farms are being overtaken by large multinational corporations with deeper pockets and substantial administrative teams at their disposal to allow for compliance.

Government needs to be mindful that regulatory compliance rarely provides a better outcome for the consumer or for the environment or the worker. Often it removes Australia's ability to secure our food supply, nurture new and emerging farmers and, by the corporates knocking out the competition, results in the consumer paying more money at the checkout.

Government has a moral, political and legislative responsibility to manage biosecurity risks which should not be delegated. It is contended that there are several alternative measures that Government should implement to reduce the likelihood of biosecurity outbreaks in the country without penalising primary producers.

Such alternatives include:

- **A more robust application of the precautionary principle when assessing the risk of pests and diseases from imported produce – *the presumption should be that all imported produce will import pest and disease*;**
- **Restricting imports to circumstances only when it can be demonstrated that the pest and disease risk is so low that no further biosecurity measures need to be implemented to maintain Australia's existing pest and disease-free status;**
- **Inclusion of a needs analysis on the importation of produce – *the presumption should be that Australia has sufficient land and water to feed its existing and growing population*;**
- **Mechanism for government to compensate all affected primary producers if a pest and disease outbreak occurs. This should include compensation for ongoing losses if the pest and disease cannot be controlled and producers can no longer farm the intended produce;**
- **Additional heads of consideration when government is considering importation applications to include:**
 - **detailed analysis of all direct and indirect social, economic and environment consequences on Australian industries and primary producers. The imposition of an economic levy on biosecurity protection warrants government also allowing for an assessment of the economic impact of imports on primary producers; and**
 - **demonstrated capability of source countries to also meet Australia's Agricultural Standards including, but not restricted to:**
 - **wages and employment;**
 - **environmental regulations and outcomes;**
 - **fertiliser and pesticide usage;**
 - **market-based annual audit requirements including but not restricted to Freshcare, Freshcare Environmental, Fair Farms, HARPS, CEDEX.**

Levy Rate

It is noted that the levy rate will be equivalent to 10% of 2020-21 agricultural levy rates, or another comparable metric, where such levies were not in place.

The above does not provide the level of detail or clarification for the agriculture sector to understand the economic impacts of such a levy placed on industries. Although some examples were provided in the Consultation Paper, it is not clear what the levy will actually cost.

However from our consultations with primary producers, it is clear that many in the agricultural sector simply cannot afford an additional levy given recent substantial increases in the cost of production (wages, fertiliser, transportation and fuel) and living

The cumulative impacts of such a levy need to be considered in conjunction with the significantly raising costs of fuel, transport, fertiliser, wages and conditions, and other regulations, taxes, penalties, levies, fees and permits and their associated administrative costs.

Levy Collection

As described throughout this submission, primary producers are already heavily burdened with administration. The administrative cost of compliance with Australia's agricultural regulation is spiralling out of control. Primary producers already must administer duplicitous quasi government / supermarket-imposed regulation (including Freshcare, Freshcare Environmental, HARPS, Fair Farm, CEDEX), government-imposed regulation (including reef regulation, workplace and PALM scheme regulation, OH&S regulation, environmental regulation) and other government random audits and surveys.

The cost and time burden of further regulation associated with the imposition of a proposed biosecurity protection levy must be considered together with all the existing administrative time and costs that are already imposed. It is not adequate to merely provide an open commitment to 'ensuring arrangements are practical and implementation and administration costs are as low as possible for all parties'.

Making primary producers pay for an additional biosecurity protection levy and bare the administrative burden of such a levy, is NOT acceptable and should be rejected.

Transparency and accountability

Given the limited information provided in terms of real costs of the levy and its' administration, one could be equally cryptic about statements that the Government is committed to transparency and accountability.

By directly placing money earned from the levy into consolidated revenue government appears to be placing an additional tax on primary production. The fairness and equity of targeting the agricultural sector in this way is questioned. Further, it is questioned how primary producers will be guaranteed that money they have paid for biosecurity protection will be spent on actual on-ground pest and disease prevention NOT merely bureaucrats, reporting and auditing.

The cost burden for biosecurity protection should be a core and fundamental obligation for the Australian Government. This responsibility should not be delegated to primary producers that have long borne the costs of successive government decisions in increase biosecurity risks by allowing unnecessary and unjustified fresh produce imports into Australia.

Key questions for consultation

Answers in bold are offered to the following questions raised in the Consultation paper.

- 1) How should a producer be defined for the purposes of the Biosecurity Protection Levy?

ANSWER: A producer should be defined as an entity that generates fresh produce in Australia that is burdened by pests and diseases either directly or indirectly brought to Australia via imported fresh produce, and / or international movement of persons or cargo.

This correctly places the status of the primary producer as the entity burdened by imported pests and diseases - NOT as the entity benefited. It follows that such entities should not be further burdened by a levy and associated administration costs.

- 2) What should the levy rate look like for the commodities of interest to you, noting that:

ANSWER: As stated in response to question 1, no additional levies should be placed on primary producers.

If Government wishes to reduce the cost of biosecurity in Australia it should provide for:

- **A more robust application of the precautionary principle when assessing the risk of pests and diseases from imported produce – *the presumption should be that all imported produce will import pest and disease*;**
- **This would require restricting imports to circumstances only when it can be demonstrated that the pest and disease risk is so low that no further biosecurity measures need to be implemented to maintain Australia's existing pest and disease-free status;**
- **Inclusion of a needs analyses on the importation of overseas produce. This would require the consideration of the ability of Australian primary producers to supply current and future Australian consumer needs – *the presumption should be that Australia has sufficient land and water to feed its existing and growing population*;**
- **Compensation will be provided by government to all affected primary producers if a pests and disease outbreak occurs. This should include compensation for ongoing losses if the pest and disease cannot be controlled and producers can no longer farm the intended produce;**
- **Heads of consideration to allow the importation of imported produce include:**
 - detailed analysis of all direct and indirect social, economic and environment consequences on Australian industries and primary producers. The imposition of an economic levy on biosecurity protection warrants government also allowing for an assessment of the economic impact of imports on primary producers; and
 - demonstrated capability of produce from source countries to also meet Australia's Agricultural Standards including, but not restricted to:
 - wages and employment;
 - environmental regulations and outcomes;
 - fertiliser and pesticide usage;
 - market-based annual audit requirements including but not restricted to Freshcare, Freshcare Environmental, Fair Farms, HARPS, CEDEX.

- 3) Should any thresholds and/or exemptions be considered?

ANSWER: All Australian primary producers providing fresh produce to the Australian market should be exempted as they are already burdened by the importation of competing fresh produce that also heightens the risk of pests and disease.

Under the justification for the levy proposed in the Consultation Paper, the only Australian primary producers that benefit from Australia's pest and disease-free status are those producers that export produce to overseas markets. If a biosecurity protection levy must be imposed it should be restricted to only the produce that is sold to international markets, and only when it is further demonstrated that Australian producers can only access such markets because of our pest and disease-free status.

- 4) How should Biosecurity Protection Levy collection arrangements and mechanisms be implemented for your commodity of interest?

ANSWER: As discussed in response to question 3, if the levy is to be introduced it should only apply to the produce exported to international markets that Australia can only access due to our pest and disease-free status. The collection arrangements and mechanisms could be included on the export permits, or similar.

- 5) What information would be important to you to have confidence the levy is proportionate to biosecurity system benefits?

ANSWER: The response to this question again relates to the response provide to question 3, based on the Consultation Paper's own justification for the levy it should only apply to Australian primary producers that export produce (and therefore benefit from Australia's pest and disease-free status).

Australian primary producers that do not export receive no benefit from Australian pest and disease-free status and alternate mechanisms (as described in response to question 2) are available to government to maintain Australia's pest and disease-free status without the imposition of a levy.