



The Australian Chicken Meat Federation  
SUBMISSION:

## Biosecurity Protection Levy

Date: 11 October 2023

**Attention:**

Department of Agriculture, Fisheries and Forestry  
GPO Box 858  
Canberra ACT 2601

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## ABOUT THE ACMF AND THE AUSTRALIAN POULTRY INDUSTRY

The Australian Chicken Meat Federation (ACMF) is the peak coordinating body for participants in the chicken meat industry in Australia, representing all elements of the industry, including chicken growers and processors, at the national level.

The domestic chicken meat industry contributes significantly to the Australian economy, with an estimated gross value of production (2021-22) of \$2.97 billion and an estimated retail value of \$6.6 billion.

The domestic chicken meat industry provides creates/supports jobs for more than 58,000 people (full-time equivalents), many in rural and regional communities. There is a strong industry connection with retail activity and food service outlets for chicken meat.

The industry provides the most popular source of animal protein to domestic consumers, with annual per capita consumption of chicken meat surpassing 50kg (and increasing year on year), far outstripping other meats (e.g. pork is Australia's second most-consumed meat, with a per capita consumption of 28kg per annum). 68 per cent of Australians eat chicken meat as part of a meal at least twice a week because of its affordability, popularity with the entire household, versatility and taste.

The industry provides the most popular and growing source of animal protein to domestic consumers. Chicken meat represents more than 46 per cent of all meat consumed in Australia. 68 per cent of Australians eat chicken meat as part of a meal at least twice a week because of its taste, versatility, and affordability.

## EXECUTIVE SUMMARY

The meat chickens levy was first introduced 1 July 1969 and is applied to meat chickens that are hatched in Australian hatcheries. Animal Health Australia (AHA), the National Residue Survey (NRS) and the Rural Industries Research and Development Corporation (AgriFutures Australia) are responsible for the expenditure of the meat chicken levy. A significant proportion of these funds across AHA, NRS and AgriFutures are applied to the promotion of strong biosecurity practices. For example, financial year 2023-24 will see a stocktake conducted of on-farm biosecurity practices, ongoing monitoring of agvet chemical residues in meat chickens, and updating the Avian Influenza (AI) AUSVETPLAN, amongst other projects.

The ACMF recognises the importance of maintaining and enhancing biosecurity measures to protect our environment and agricultural industry and the financial investment required to do so. However, we believe that imposing an additional levy on agricultural industries is not the most effective or equitable approach given the existing levy and industry investments in biosecurity.

It is important to note that producers are already taxpayers and through the payment of federal taxes, will already be contributing to the 6% increase attributed to biosecurity from appropriation funding. This is a fact that appears to have been overlooked in the development of this proposal. DAFF's Biosecurity Protection Levy also proposes increased import charges on feed and feed ingredients, which the chicken meat industry believes will simply result in these charges being passed onto producers. As a consequence of the proposed increase to appropriation funding, the import charges and the biosecurity protection levy, the industry is poised to bear a financial burden nearly three times that of other entities for the same Commonwealth Government functions.

The following submission highlights our concerns and makes the following specific recommendations should the government be steadfast in its decision to mandate a new biosecurity tax:

**Recommendation 1:** That a Regulatory Impact Statement is conducted, prior to the closure of industry consultation.

**Recommendation 2:** That a three-year sunset clause be implemented into the Biosecurity Protection Levy legislation.

**Recommendation 3:** That a Biosecurity Levy Consultative Committee be established to support priority setting for initiatives funded under the biosecurity protection levy.

**Recommendation 4:** That DAFF does not implement the Biosecurity Protection Levy until such time that a levy system is created that captures all agricultural industries.

**Recommendation 5:** That Emergency Response levies be excluded from the base 2020-21 levy rate.

## TRANSPARENCY AND ACCOUNTABILITY

### REGULATORY IMPACT STATEMENT

The Department has failed to conduct a Regulatory Impact Statement (RIS) on the Biosecurity Protection Levy which by all accounts is a requirement for all Cabinet submissions. Even where a decision is not going to Cabinet, a RIS is still required where the policy proposal is likely to have a measurable impact on businesses, community organisations or individuals<sup>1</sup>. This includes new regulations and amendments to existing regulations.

Conducting a RIS is critical to ensure that decision-makers have the necessary information to conduct a comprehensive assessment on the appropriateness of the legislative changes and provides stakeholders with the confidence that Government has explored the implications and benefits of the policy.

DAFF has seemingly overlooked the requirement to conduct a RIS, and as such, the ACMF believes that it would be irresponsible of the Government to progress any further with consultation on the Biosecurity Protection Levy.

***Recommendation 1: That a Regulatory Impact Statement is conducted, prior to the closure of industry consultation.***

### SUNSET CLAUSE

The ACMF considers it important to introduce a built-in mechanism for periodic review and evaluation of the levy's relevance and effectiveness and as such, is advocating for the introduction of a sunset clause into the biosecurity protection levy legislation.

A sunset clause will ensure that the financial burden placed on levy payers remains justified and transparent and will promote accountability and responsible financial management of the levy. Further to this, a sunset clause will help prevent the accumulation of unnecessary or redundant levies over time, contributing to a more streamlined and efficient financial structure.

The inclusion of a sunset clause in the levy is a prudent practice that fosters fiscal responsibility and adaptability in the face of changing circumstances.

Importantly, there is precedent to include a sunset clause in the Biosecurity Protection Levy legislation, with all existing agricultural levies being subjected to sunseting which led to the 'Streamlining and modernising agricultural levies legislation' review which commenced in 2019.

The ACMF is recommending that a three-year sunset clause be implemented, with a review of the levy in 2027. This review would include a complete evaluation of how effectively the funds contributed to biosecurity protection.

***Recommendation 2: That a three-year sunset clause be implemented into the Biosecurity Protection Levy legislation.***

### BIOSECURITY LEVY CONSULTATIVE COMMITTEE

The current proposal for the biosecurity levy lacks transparency with regards to how the funds will be utilised and the specific projects or initiatives it will support.

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<sup>1</sup> Policy Hub, 'RIS (Regulatory Impact Assessment) Guide and Questions', Australian Government, <https://www.policyhub.gov.au/resources/ris-regulatory-impact-assessment-guide-and-questions>.

It is crucial that levy payers have access to information that allows them to evaluate the effectiveness and efficiency of the biosecurity efforts being funded, if only to determine any perceived gaps, so that industry can direct our own investments into these areas.

The ACMF believes that a transparent plan should include mechanisms for industry to advise, track and report on how the levy funds are being used. With this in mind, we recommend that a Biosecurity Levy Consultative Committee be implemented as a governance measure to inform decisions surrounding the levy. It is our view that this Committee would be made up of both industry and government representatives, ensuring the primary beneficiaries and responsible parties are well informed on the performance of the levy.

Whilst DAFF has suggested that there is no precedent for this type of consultation with industry, a similar function currently exists within the export division of DAFF. The Export Meat Industry Advisory Committee (EMIAC) was established under the directive of the Minister at time and was a consultative body made up of the export meat industry and the Australian Government. EMIAC considers technical issues affecting the export meat sector and provides policy advice on many major issues<sup>2</sup>.

The ACMF considers a Biosecurity Levy Consultative Committee necessary to ensure transparency in government actions and expenditure which will help to maintain public trust and ensure accountability.

***Recommendation 3: That a Biosecurity Levy Consultative Committee be established to support priority setting for initiatives funded under the biosecurity protection levy.***

## LEVY COLLECTION

### UNLEVIED INDUSTRIES

It is currently unclear how DAFF intends to capture levies from industries which are currently not levied. It is undeniable that biosecurity is a shared responsibility that affects every facet of our economy and agricultural industries. It is therefore critical that an equitable funding model is implemented that captures all agricultural industries prior to the commencement of the levy coming into force.

Historically, levy design and the associated collection systems have been incredibly complex and require significant resources, and coordination among government departments and industries to ensure their effective implementation and compliance. This notwithstanding, there is still inherent issues in existing levy systems, which are continually being reviewed.

ACMF considers, the current approach to implement a Biosecurity Levy rushed and likely to result in smaller industries being excluded from the system which we regard as unacceptable.

***Recommendation 4: That DAFF does not implement the Biosecurity Protection Levy until such time that a levy system is created that captures all agricultural industries.***

## LEVY RATES

### EXCLUSION OF EMERGENCY RESPONSE LEVIES

The proposal intends that the levy rate will be equivalent to 10% of 2020-21 agricultural levy rates. Unfortunately for those industries who had a temporary Emergency Response levy (ERL) in place in 2020-2021, this is included in the total levy rate. ACMF's, ERL is set at 0.03 per chicken meat hatched, which makes up 11%

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<sup>2</sup> Department of Agriculture, Fisheries and Forestry (2019, November 4). *Export Meat Industry Advisory Committee*. <https://www.agriculture.gov.au/biosecurity-trade/policy/partnerships/consultative-committees/emiac>

of the total levy contribution. Including the ERL in the base rate, sets a precedent that it is acceptable to tax what are essentially debt to the Government which is being paid back at a mutually agreed rate.

The ACMF believes that this disproportionately affects specific industries and is yet another example of the how the Biosecurity Protection Levy is being implemented in an inequitable manner.

Emergency response levies were established to enable industries to meet financial liabilities for eradication of pests and diseases, and therefore is set at zero until such a time that it is activated by industry and government.

We do not believe that industries should be penalised for being fiscally responsible and proactive in managing emergency animal diseases. The ACMF is advocating that exceptions apply to Emergency Response levies to ensure that the levy is implemented in an equitable manner across all industries.

***Recommendation 5: That Emergency Response levies be excluded from the base 2020-21 levy rate.***

## SUMMARY

The ACMF emphasises the long-standing contribution of the industry levies to promote robust biosecurity practices. However, we question the imposition of an additional levy on agricultural industries, given existing financial contributions and the potential repercussions, especially when combined with increased import charges and increased appropriation funding.

Our submission calls for transparency and accountability through a Regulatory Impact Statement (RIS) and advocates for the introduction of a sunset clause for periodic review, promoting responsible financial management. It also suggests the formation of a Biosecurity Levy Consultative Committee to ensure industry input and transparency in levy utilisation.

Regarding levy rates, we emphasise the need for equitable levy collection across all agricultural industries before implementation, which includes excluding Emergency Response levies from the 2020-21 agricultural levy base rate.

In essence, the Australian Chicken Meat Federation (ACMF) seeks a balanced and informed approach to the Biosecurity Protection Levy - one that prioritises the enhancement of biosecurity practices while considering the financial impact across all industries.

Thank you for taking the time to consider our submission. We look forward to engaging with you further on this important matter and hope that you will take our views into account as you make decisions regarding the Biosecurity Protection Levy.