

13 October 2023

Department of Agriculture, Fisheries and Forestry
Biosecurity Sustainable Funding Implementation Branch
SecretariatBSF@aff.gov.au

Submission Response: Introduction of the Biosecurity Protection Levy Consultation Paper

Queensland Cane Growers Organisation (CANEGROWERS) is a not-for-profit public company with the sole purpose of promoting and protecting the interests of sugarcane growers since inception in 1925. Representing over 70 per cent of Australia's sugarcane growers, CANEGROWERS is the peak body for the sugarcane industry.

The Australian Sugar Milling Council (ASMC) is the peak body representing the interests of raw sugar manufacturers. It represents sugar manufacturing companies which collectively produce more than 85% percent of Australia's raw sugar at their members' sugar mills in Queensland.

Our concerns

Following careful consideration, we are strongly opposed to the proposed budget measure of an additional biosecurity protection levy on Australian canegrowers and Australian raw sugar producers.

Please find our reasons outlined below.

The system is not being improved

We share the desire for a robust, fit-for-purpose system of national biosecurity, but we are concerned at the lack of real reform of the system since the 2017 Craik Review which provided 42 critical recommendations. Instead, agriculture is now forced to respond to a proposal to shift costs onto farmers and processors to help prop up an underfunded system. Any discussion with industry on additional contributions to Australia's biosecurity system must commence by a meaningful dialogue of how these reforms can be achieved.

Shared responsibility for national biosecurity does not justify cost-shifting by government

Under the Biosecurity Act (the Act), the Australian Government has responsibility for border protections (e.g., import declaration, inspection, import treatment requirements, surveillance) that reduce the risk of harmful pests and diseases entering and establishing themselves in Australia.

The consultation paper and briefings by representatives from the Biosecurity Sustainable Funding Branch imply agricultural producers and processors receive special benefit from the system that justifies the imposition of a new excise on them to raise funds for this system.

However, border protection and associated surveillance activities benefit **all** Australians and should therefore be funded from the current tax base. This principle also holds when considering mitigation of risk of incursions that impact agriculture. For example:

- Reductions in agricultural production arising from biosecurity incursions impact not only primary producers, but also the supply chain companies and regional communities that support and are supported by our agricultural industries. The sugar industry in Queensland alone is responsible for roughly \$4 billion in economic activity and supports over 22,000 jobs and 10,000 businesses;
- Similarly, roughly 90% of produce in stores is grown or raised in Australia meaning all Australians benefit from the increased food security provided by our biosecurity system; and

- Australia's biosecurity system is not designed solely for the benefit of our agricultural industries, but also the protection of our unique and fragile environment from incursions of pests, weeds, and diseases. All Australians benefit from these activities and all Australians suffer when these activities fail, as demonstrated by the ongoing, costly efforts to fight the permanent establishment of Red Imported Fire Ants (*Solenopsis invicta*).

The proposed “levy” is not a levy, it is an unfair tax on the agricultural sector

The proposed biosecurity activities and costs cannot be reasonably attributed to any agricultural group or organisations. It is therefore not a levy but a broad tax on an exposed, export orientated industry.

The consultation paper makes it clear that unlike true agricultural levies, there will be no consultation with producers and processors as to whether the Biosecurity Protection Levy is required, what the rate will be, when it is reviewed, or how the funds raised will be spent. Further, the Department has made it clear that they are not interested in true consultation, stating explicitly in the consultation paper that they are not seeking feedback on any of the above issues, but only on how the funds should be collected.

The consultation paper is also explicit in saying that unlike true levies, funds raised from the Biosecurity Protection Levy will not be used on proactive improvements or changes to the existing biosecurity system, but to cover existing operations and processes that are currently not cost-recovered (such as policy).

Unlike true levies, funds raised will not go directly to Departments and organisations that manage the biosecurity system but will instead go to consolidated revenue with only a reassurance that they will be returned to the Department of Agriculture to fund biosecurity activities. In its currently proposed form, there will be very little transparency for producers in the Biosecurity Protection Levy, and there is little to stop government from simply progressively raising this “levy” over time, as there is no requirement for mutual agreement from the producers it is imposed on.

Put simply, the use of the word “levy” intentionally obscures the inherent unfairness of this proposal for producers – meaning producers and processors will have no oversight of, involvement in, or protection from, this revenue raising tax.

Sugar growers already make a significant contribution to the biosecurity system

The consultation paper justifies the levy proposal by discussing the benefit producers derive from Australia's biosecurity system while ignoring the significant contribution they already make to it.

Producers and processors contribute through:

- Payment of taxes; and
- Industry-specific biosecurity activities, from R&D and other industry levies, including preparation for managing incursions by priority pest and disease threats.

Arguably one of the most important aspects of the biosecurity system already funded by producers is the Emergency Plant Pest Response Deed (EPPRD). Through the Deed, producers already contribute to the costs of the eradication and response activities required when the system fails due to the activities of risk creators. Not only is this mechanism and potential industry cost not significantly acknowledged by the consultation paper, but the paper overlooks perhaps the largest cost borne by producers with little to no support from government - the management of established pests, weeds, and diseases from past incursions. Although these costs are due to the past failures of government and importers, management of established pests, weeds, and diseases is consistently under-funded by government¹, who leave the bulk of these efforts to producers. It is therefore misleading to imply

¹ [Managing invasive species \(Report 1: 2023–24\) \(parliament.qld.gov.au\)](https://www.parliament.qld.gov.au/reports/Managing%20invasive%20species%20Report%201%202023-24)

that producers are not paying their share by sufficiently funding the biosecurity system, when producers contribute millions to both the biosecurity system and the efforts to manage its failures.

The proposal is of fundamentally low value for the growers and processors

The proposal in its current form would be a very poor investment for the sugar industry specifically. The consultation paper indicates the new funds raised will go to non-cost-recovered biosecurity activities such as policy and the development of new technology. However, in the sugar industry at least, many of the proposed activities are already performed by Sugar Research Australia (SRA) and funded by existing levies. Specifically:

Proposed activity in consultation paper	Existing-levy funded activities undertaken by Sugar Research Australia
Plant and animal health surveillance along Australia's coastline and in near neighbour countries such as Timor Leste, Papua New Guinea and the Solomon Islands	Surveillance activities by growers and officers from each District Productivity Service and local SRA office.
Strategic policy, research and innovation to support the development of improved biosecurity preparedness and prevention activities.	<p>Review and implementation of the Sugarcane Industry Biosecurity Plan</p> <p>Risk assessments for potential incursions, including new assessments for exotic weeds and a newly identified parasitic nematode.</p> <p>Preparedness for incursions of high-risk pests such as moth borers from PNG, including offshore evaluation of the pest's biology and control methods.</p> <p>Screening breeding germplasm to support release of varieties resistant to endemic diseases.</p> <p>Development of alternative crop protection products.</p>
Community awareness-raising and education around biosecurity, including in remote frontline communities	Regular communication and education activities on biosecurity through SRA communications materials, workshops, and field days.
Piloting, onboarding and ongoing sustainment of new biosecurity detection technologies and diagnostic tools to enable improved and faster identification of pests and disease	<p>Development of new diagnostic technologies for <i>Pachymetria</i>, nematodes, and Ratoon Stunting Disease.</p> <p>Environmental DNA technologies and predictive modelling for rapid detection and identification of sugarcane priority pests and diseases</p> <p>Diagnostic testing services to support importation of sugarcane for plant breeding and movement of sugarcane between Australian biosecurity zones.</p>
	Eradication programs for Fiji leaf gall and Red Witchweed.

	Membership of Plant Health Australia (PHA) with CANEGROWERS as the industry signatory to the Emergency Plant Pest Response Deed.

Because so many of the current spending proposals are for activities already undertaken by SRA with an expert, tailored focus on sugarcane, this makes the proposed Biosecurity Protection Levy a fundamentally low value proposition for sugar growers. The sugar industry will not benefit from generic activities.

Even worse, consultation so far indicates that the activities to be funded by the proposal are *existing* government activities that will continue to be managed under Business as Usual. That is, the additional funds from the sugar industry will not only go to generic activities, but these activities will not even constitute innovation or improvement of the system. The funds will simply be a new way of plugging a hole in the budget.

The proposal risks undermining the existing levy system

Assuming current levy recovery mechanisms are applied, the proposed tax will be most likely be paid by mills and then recovered from growers via a reduction in cane payments. If cane producers fail to see merit (value) in this additional tax or cannot afford the levy, they will seek to reduce their levy contributions with the following unintended consequences likely:

- An increase in biosecurity risks if industry opts to reduce its SRA and PHA contributions by a commensurate amount and reduce further proactive, collaborative biosecurity projects and activities;
- A decrease in viability if the industry opts to reduce levy contributions to Productivity service boards whose objective is to increase yields and maintain viable throughput through mills; and
- A decrease in sustainability if levy contributions to current sustainability initiatives are reduced.

Further, the impacts will not be felt equally by all industries, reducing confidence and funding in the existing levy system. The proposal will impact most on those industries that are proactive and organised enough to already have existing levies in place. At the same time, industries that have not already joined PHA or the EPPRD will be disincentivised from joining and from raising an EPPR levy.

The basis for setting the levy is also flawed. The current biosecurity risk profile and protection measures required by the sugar industry is not strongly relevant to the Australian Government's proposed biosecurity system. For example, sugarcane biosecurity incursions are less likely to come through DAFF's border operations (e.g. airports, mail or shipping) but more from airborne sources. As such, the proposed levy risks undermining producer and processor confidence in their existing SRA R&D levies that are of far greater benefit to them.

Conclusion

The Australian sugar industry maintains its strong opposition to the proposed Biosecurity Protection 'levy' and we seek government's urgent consideration of the approach being pursued.

Our objective is to work with government to improve the national biosecurity system, and to foster additional investment from agricultural industries into R&D and other measures that address their specific biosecurity risks. However, we cannot support the Biosecurity Protection 'levy' as a means of achieving this goal.



Yours sincerely

A handwritten signature in blue ink, appearing to read "D. Galligan", written over a light blue grid background.

Dan Galligan
Chief Executive Officer
CANEGROWERS

A handwritten signature in blue ink, appearing to read "D. Rynne", written over a light blue grid background.

David Rynne
Director – Policy, Economics and Trade
Australian Sugar Milling Council