

13 October 2023

Department of Agriculture, Fisheries and Forestry
Biosecurity Sustainable Funding Implementation Branch
Agriculture House

Dear Biosecurity Sustainable Funding Implementation Branch Team,

RE: [REDACTED] Submission - *Introduction of the Biosecurity Protection Levy: Consultation Paper*

[REDACTED] welcomes the opportunity to provide this submission to the Department of Agriculture, Fisheries and Forestry *Introduction of the Biosecurity Protection Levy: Consultation Paper*.

[REDACTED] is a not-for-profit organisation and [REDACTED] sector. [REDACTED] is formally recognized as the [REDACTED] Levy and is a signatory to the Emergency Plant Response Deed. We have considerable experience in delivering biosecurity research and development programs for the benefit of the [REDACTED] sector and we are responsible for coordinating the national response to the [REDACTED] that threaten [REDACTED].

[REDACTED] welcomed the news of increased biosecurity funding by government, announced in the May 2023 Budget and we support the principle that responsibility for biosecurity should be shared between all stakeholders, including government, the public and industry.

[REDACTED] supports a partnership approach in delivering a robust biosecurity continuum along with the need for a sustainably funded system that is equitable, transparent, efficient and efficacious. However, [REDACTED] has grave concerns about the Biosecurity Protection Levy (BPL), which we would characterise as a tax, and that we consider to be flawed in several respects.

In summary, our concerns include:

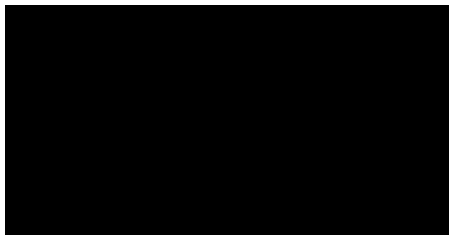
1. A lack of engagement/consultation with stakeholders sharing responsibility for Australian biosecurity prior to the announcement of the proposal on 9 May 2023
2. The undervaluation of existing contributions to the biosecurity system currently provided by the agriculture sector
3. The absence of transparency in how the government intends to invest the funds collected under the BPL
4. A failure to assess the many beneficiaries and risk creators that do not currently contribute to the biosecurity system at an appropriate level
5. The misjudgement to align the BPL to the widely valued RDE and Marketing levy system currently in place, along with a failure to recognise the unintended impact on these systems
6. The overall inequity of the BPL.

Based on the significant public good achieved by the biosecurity services provided by DAFF, it is appropriate that the taxpayer contributes to the delivery of these services. However, whilst the entire community and our environment benefits from a robust national biosecurity system, many of the beneficiaries of this system do not contribute towards its upkeep.

■■■ supports the principle of Australia having a sustainable funding model for national biosecurity and believe all risk creators and system beneficiaries should pay their fair share based on the degree of risk created and benefit achieved. ■■■ contends that the Australian ■■■■, along with the bulk of plant and animal industries, has been paying it's way and contributing to the preparedness, maintenance and operation of our natinal biosecurity system for many years. We are happy to contiune to do so but are affronted by the proposal that we should pay yet more, especially when others continue to contribute nothing.

■■■ takes this opportunity to provide the Department of Agriculture, Fisheries and Forestry with the following submission providing further insights and facts in support of ■■■■ opposition to the BPL. We urge the Department of Agriculture, Fisheries and Forestry to reconsider this proposed funding pathway, and instead to look at more equitable ways of meeting the funding needs, including asking those risk creators and non-agricultural beneficiaries to pay their share.

Yours sincerely

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Submission

The Department of Agriculture, Fisheries and Forestry Introduction of the Biosecurity Protection Levy: Consultation Paper

Industry Statement

██████████ is the ██████████ representing ██████████ ██████████ involved in the ██████████ across all states and territories of Australia, known collectively as the ██████████. In partnership with state and territory peak bodies, ██████████ is responsible for overseeing the national development of the ██████████. ██████████ is a significant sector of the ██████████ and employs over 24,000 people in more than 2000 small to medium sized businesses with a combined supply chain market value in excess of \$15 billion dollars annually. The farm gate value of ██████████ is approximately \$2.8 billion annually in sales to end users, from a ██████████ of \$3.6 billion, growing more than 2.3 billion ██████████.

██████████ in Australia has a diverse and broad supply chain with multiple end users requiring a huge ██████████ base (approx. 30,000 + ██████████ in production) grown across a range of ██████████ systems including ██████████. The industry is a provider of ██████████ for many other ██████████ including ██████████. ██████████ are the cornerstone in the supply of starter ██████████ for the majority of ██████████ and commercial (██████████), having the expertise in ██████████ for a range of ██████████s targeting various domestic and international markets. This expertise includes ██████████, ██████████, ██████████.

██████████ is also the primary sector for the ██████████ of new and improved ██████████ across most ██████████ in the ██████████. These skill sets and the expertise of industry exist nowhere else in ██████████ thereby making ██████████ a critical component in the supply chain of our ██████████ and ██████████ products. The ██████████ is a key component for increasing farm productivity through the introduction of ██████████, increasing disease resistance and improving drought tolerance due to the development of ██████████ plus the ██████████ to appropriate ██████████ stocks.

Consultation and engagement

The announcement of the proposed Biosecurity Protection Levy (BPL) came on the 9th May 2023 as the federal Treasurer tabled the Federal Budget.

The agricultural industries and the national representative bodies were not consulted whatsoever, despite comments made in the '*Biosecurity Sustainable Funding Impact Analysis*' Report, to the effect that industry were provided this 'levy option' in the discussion paper (via '*Have your say*' web page). ██████████ refutes this entirely noting our recent review of the '*Sustainable funding and investment to strengthen biosecurity: discussion paper*' makes no mention of a new BPL.

We also observe that there have not been any submissions to date supporting this proposal.

One of the most disappointing aspects of our national biosecurity system is the rhetoric around 'Shared responsibility and Partnerships' etc., that has failed to translate into wide spread changes, transparent and open engagement and system improvements. We submit that the proposed changes will not result in making the system more efficacious and efficient. Instead, any proposed change should focus on improvements for industry with respect to aligned [REDACTED] biosecurity legislation, a structure around dispute resolution, transparency and reporting, industry engagement, trade and service delivery efficiencies, advanced technology adoption, etc.

[REDACTED] further highlights the amount of funding that has already been invested in Australia's biosecurity system, without resulting in improved efficiencies and cost reduction. We consider the PBL will result in a similar outcome, that is, without delivering more efficiencies and reduced cost. In this context, it is difficult to believe that DAFF securing another funding stream, via the BPL, will change anything.

Over the past 25 years, Australia has had a multitude of reviews, reports, forums, etc., addressing our biosecurity system and, over those 25 years, the same issues are raised, identified, agreed and noted in each report yet very little of the high level recommendations on 'Shared responsibility' and sustainable funding have been truly adopted. The best known reviews include the Nairn review *Australian Quarantine a shared responsibility* report in 1997 then Beale reported in his 2008 review, *One biosecurity: a working partnership*, almost identical issues were identified a decade later. It was no surprise that when Craik's (2017) review of the Intergovernmental Agreement on Biosecurity (IGAB), *Priorities for Australia's biosecurity system* carried the same themes and fail points and, importantly, the advice to make it more robust and sustainably funded (e.g. via a Biosecurity Import Levy).

The inequity of the Biosecurity Protection Levy

The proposed BPL also creates an overwhelming inequity for industries and growers. We also note that fundamentally, the BPL is to be attached to an existing system which was firstly voted to implement the levy (voluntary) and furthermore voted on the levied instrument (kg, dollars, input, etc) and the 'rate' the levy would be set to fund their RDE and Marketing investments.

Industries undertook the above processes, in good faith, based on the existing levy collection principles with no thought that future governments would seek to apply another levy to what is essentially a voluntary collection of funds for RDE and Marketing. To apply a charge to these existing levy rates (20/21) will produce an unfair additional financial burden upon individual businesses, which are currently already facing financial pressures.

We also submit that existing RDE and Marketing levies have not been accurately evaluated, noting that currently many industries already have a proportion of their RDE and Marketing Levy being directed to funding the biosecurity system. Accordingly, the [REDACTED] will ultimately introduce a levy to fund a system that is already being funded via other levies. The [REDACTED] levy is diverting 0.25%, of our 5% RDE and Marketing Levy, to Plant Health Australia to invest in national [REDACTED] [REDACTED] including preparedness, resource development and cost share contribution to [REDACTED]. It should also be noted that other [REDACTED] have increased

their RDE and Marketing Levy to a higher rate to allow the recovery of funds to pay for existing [REDACTED]. It should also be noted that these extra funds collected by industry are generally to reimburse the Commonwealth Government for covering the initial industry share in an [REDACTED].

[REDACTED] further argues that the BPL, unlike most other levies, cannot be passed on through supply chains as primary producers are generally price takers and do not set their commodity prices which fluctuate significantly based on supply and demand. Therefore, it is anticipated that it is highly likely there will be many instances where the BPL will erode any profit for the [REDACTED] and in fact will deepen any market induced losses at any given time for [REDACTED]. The BPL will be a further financial burden on industry.

[REDACTED] rejects the assertion made in the '*Biosecurity Sustainable Funding Impact Analysis*,' developed by The Office of Impact Analysis (Department of Prime Minister and Cabinet), claiming that producers would pass on the 'levy cost' through domestic supply chains. The advice provided by DAFF to inform this analysis, specifically the 'Regulatory Cost Burden', is significantly flawed and further demonstrates the lack of departmental knowledge that has underpinned the design and informed this is driving this new levy on industry.

Industry contribution to the biosecurity system

[REDACTED] would like to see a regulatory and sustainable investment framework that underpins the principle of shared responsibility to avoid any perception that government is endeavouring to cost shift. [REDACTED] further supports a concerted effort be made towards reducing unnecessary regulatory and cost burden on industry as well as looking at alternative, flexible, advanced and practical solutions to a range of issues confronting the effective operation of the biosecurity system in Australia.

The [REDACTED] has had a growing investment in biosecurity preparedness, operations and resource development over recent years through RDE levy investment. [REDACTED] across Australia are also being charged for every biosecurity service provided by all levels of government adding to the industry investment along the biosecurity continuum.

The industry has committed to a number of biosecurity programs over a ten year period [REDACTED] totaling in excess of \$11 million and has been engaging with other sectors of [REDACTED] in cooperative projects. [REDACTED] is a committed signatory to the Emergency Plant Pest Response Deed, being one of the initial 10 signatory partners. [REDACTED] is a strong supporter of nationally coordinated biosecurity engagement as demonstrated by its commitment to various support committees including the [REDACTED], various PHA and DAFF convened working groups, forums, and as an industry mentor and advisor to [REDACTED] including [REDACTED].

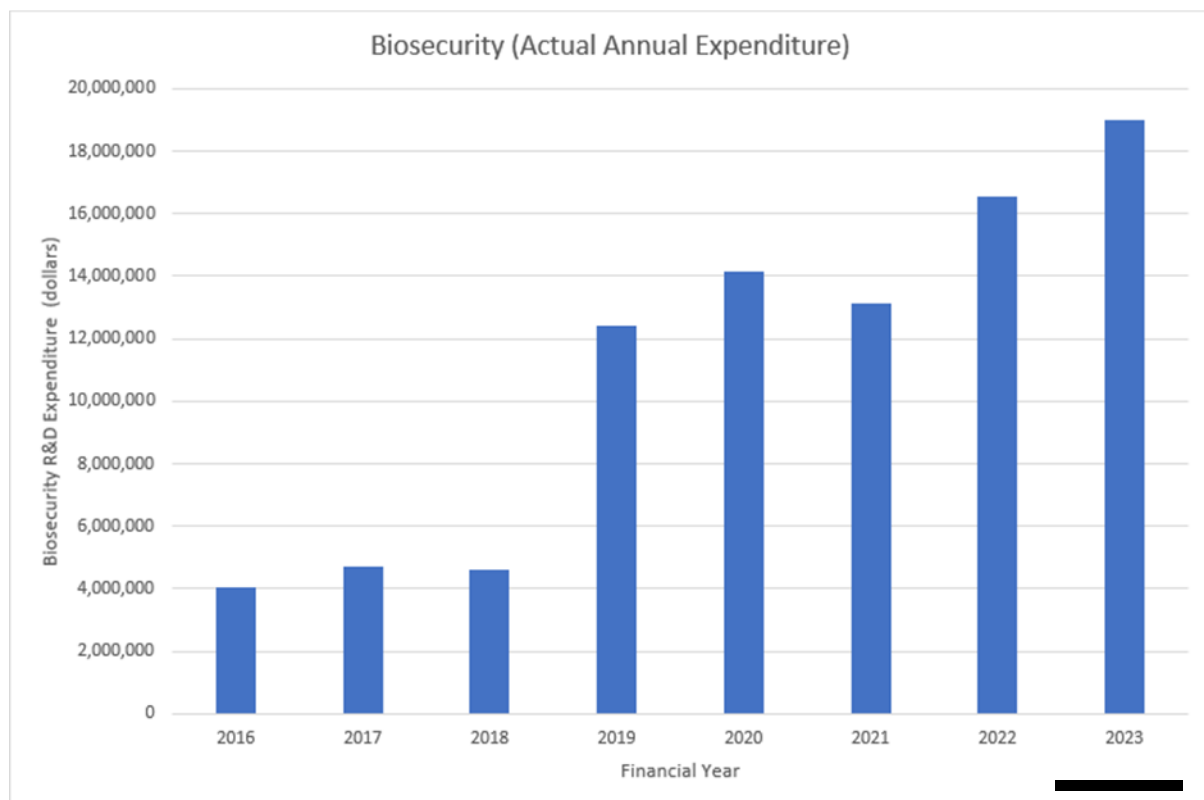
[REDACTED]

[REDACTED]

National Cost Shared [REDACTED]

[REDACTED]

As shown below the investment by [REDACTED] has systematically grown over the past 8 years with \$57 million worth of projects completed between 2020 and 2023 and a further \$79 million in active biosecurity projects. The figure below shows the consistent growing investment in [REDACTED]:



Transparency of investment and efficiencies

Successive Commonwealth Governments have for many years failed to ensure that the funding for biosecurity has maintained parity with inflation, increasing costs of services and the increasing biosecurity risks e.g., trade and travel.

The CSIRO report '*Australia's Biosecurity Future Unlocking the next decade of resilience (2020-2023)*' states that continuing along with 'business as usual' and scaling the system with additional funding will not be enough to face the challenges of the future. CSIRO suggests that we "require transformational change in approaches and responsibilities to generate greater efficiencies and effectiveness". This is the discussion industry wants with government and as a stakeholder industry deserves transparency and inclusion in the design of the sustainable funding model.

There has been a lack of detail from DAFF on many issues around the income derived from the BPL including what does the government intend to invest the funds in, what would be the priority setting of these investments, who makes the decisions on what to invest in and how will this be reported to the tax payer? The discussion paper acknowledges the collected funds will go to consolidated

revenue thereby increasing the risk these funds will not be used to support biosecurity activities as the disbursement will be in the hands of treasury and may be diverted to alternative government areas. This lack of certainty of investment in biosecurity further erodes industry support for the BPL with no manner of assurances from government likely to change this view.

The Department has further advised industry () that whilst the Budget papers asserted the BPL will collect \$50 million annually it was noted that once the collected quantum reaches the targeted \$50 million the accrual of funds through this mechanism will continue. This means the BPL will likely collect much more than the \$50 million annually, with no stated intention to return excess funds to industry.

Risk creators and beneficiaries

The assumption that the only beneficiary of a biosecurity system is agriculture is significantly flawed. Risk creators in many of the non-agricultural areas are not contributing which we regard as a significant gap. It would be reasonable to ask risk creators and other sectors of the economy benefiting from biosecurity protections and we urge the government to reconsider the 'Biosecurity Imports Levy'. Government has the power to capture all incoming goods, and people, in an appropriately structured legislative instrument(s) as well as other sectors of the economy through registration, taxes, etc.

Spreading the burden over the wider economy could result a sustainable and appropriately funded biosecurity system that reduces the risk of major plant and animal pests establishing and spreading across Australia, in some cases the very viability and sustainability of a sector hinges on this prevention and/or early detection and eradication.

Consideration by government should also be given to the other economic beneficiaries of a functional and well-resourced biosecurity system such as tourism, environment, sport/gambling (e.g., sporting fields, local government, horse racing, etc). We need to broaden our view on the impacts of pests past the agricultural sector and consider those pests likely to impact on other sectors of the economy, identify the beneficiary and the risk creator, as agriculture is carrying a disproportional burden for defending the community from biosecurity threats.

Government would also be wise to recognise and incentive () that adopt () production thereby reducing risks and increasing preparedness. These businesses must be encouraged and rewarded. Currently, our system treats a () the same as a () that fails to meet their most basic biosecurity obligations.

RDE and Marketing Levy

Industry RDE and Marketing levies exist due to industries voting to establish a levy (voluntary) and then set the rate and the instrument to be levied as mentioned above. The levies legislation overseen by DAFF is in place to support the agricultural industry decision when setting and operating an industry RDE and Marketing levy. The existing levy principles also enshrine industry's role, as the levy payer, in determining the priority setting and levy investment made through various

mechanisms. All these principles are important underpinning strengths that give growers confidence that the funds they contribute go towards the areas that affect them or benefit their businesses. Having said that, it is a constant effort by RDC's, industry leaders and peak industry bodies to keep these fundamentals within sight of growers and to demonstrate the value and outputs these levies have provided due to the constant pressures growers, as small/medium businesses, are under across some many pressure points in their day to day operations.

The attachment of the BPL to this mechanism will confuse [REDACTED] and will further complicate their understanding and appreciation of RDE and Marketing levy issues. The potential also exists where these negative views of the RDE and Marketing Levy will lead to a fractured industry and support for these levies ultimately putting at risk our entire agricultural RDE and Market levy system. There are significant unintended consequences to consider if support for the current levy systems ceases.

[REDACTED]