

13 October 2023

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

Email SecretariatBSF@aff.gov.au

Re: Consultation on the design and implementation of the Biosecurity Protection Levy

Thank you for the opportunity to participate in the consultation on the design and implementation of the Biosecurity Protection Levy.

Introduction

Biosecurity is of critical importance to the grains industry and Australian agriculture more broadly. GrainGrowers supports the concept of shared responsibility for biosecurity, and that industry, community and government all have their role to play in supporting better biosecurity outcomes for Australia. Australian grain growers make significant financial contributions to biosecurity, through investment in research and development, support for Plant Health Australia, contributions to emergency plant pest responses, as taxpayers and in the everyday operations of their farm enterprises. This commitment and contribution to biosecurity by growers cannot be understated and needs to be clearly recognised by Government and reflected in its communications and deliberations.

GrainGrowers notes that the biosecurity funding measures outlined in the May 2023 Budget, including the proposed biosecurity protection levy, represents a shift towards sustainable funding for Commonwealth biosecurity activities. GrainGrowers recognises that as beneficiaries of the biosecurity system there is a rationale for the grains industry to share responsibility for supporting the biosecurity system. Initial estimates following the Budget announcement indicated that this contribution would be modest, and GrainGrowers has continued to seek further information and clarification on the levy and its implementation to understand the impacts and ensure the proposal had a strong basis in policy.

Since the announcement of the biosecurity funding measures GrainGrowers has been seeking a resolution to the outstanding issue of a risk creator or container levy and clarity over the value of the charge to be applied to grain crops under the biosecurity protection levy. GrainGrowers has indicated in principle support for the proposed biosecurity protection levy on the basis these matters are resolved and that there are clear mechanisms associated with the biosecurity protection levy to ensure that:

- a) there is transparency and accountability in the way funds are collected and spent in relation to the biosecurity protection levy, and
- b) there must be demonstrated improvement in biosecurity outcomes for growers as a result of the changes to the funding model and the collection of a biosecurity protection levy.

The current have-your-say consultation has focused on implementation of the levy and does not clearly address these broader concerns raised by GrainGrowers. The consultation has

highlighted that the biosecurity protection levy mechanism has limited regard to principles commonly used when developing a revenue raising measure, such as efficacy, equitability, or effectiveness, and appears to have focused on ease of implementation rather than considering the outcome of the policy. Clear principles will be required to guide the establishment and operation of the levy. The current consultation has highlighted the weaknesses of modelling implementation of the proposed biosecurity protection levy based on the current definitions and arrangements for voluntary levy contributions.

GrainGrowers submission demonstrates areas that need to be resolved in the development of the proposed biosecurity protection levy. In developing and implementing the sustainable biosecurity funding measures it is critical that the Government engages in genuine consultation and engagement with stakeholders to ensure that concerns are understood and that outstanding issues are addressed.

Issues explored in detail below include:

The need to secure and maintain sustainable funding. The 2023-24 budget commitment to long term sustainable funding for Australia's biosecurity system must be upheld.

Confirmation of a risk creator or 'container' levy. Priority must be given to a clear resolution on the proposal to implement a container levy.

A shared culture of biosecurity. As a beneficiary of biosecurity, it is important that agricultural industries participate in setting and monitoring performance.

Accountability on biosecurity activities. Greater transparency around biosecurity spending is required, along with better performance monitoring.

Concerns relating to the proposed biosecurity protection levy. The principles behind the establishment of the Biosecurity Protection Levy are unclear raising significant concerns around how the levy would be applied and operate.

Equitability of proposed levy charges. It is important that there is equitability in the way industries are charged as beneficiaries of biosecurity, and the way individual industry members may access thresholds and exceptions.

Uncertainty regarding the proposed levy rate for the grains industries. GrainGrowers is seeking confirmation on the value of the levy charge to be applied to grain crops.

Compliance costs and considerations. Transparency is required around the effectiveness of current levy collection arrangements and the cost of implementing the measure.

Distortionary impacts. In its current form the proposed levy undermines confidence in the voluntary industry levy system, and it has the potential to cause unintended consequences.

The need for open consultation. An increased focus on engaging with industry in a meaningful and timely manner is required as the proposal is further developed and moves towards implementation.

The need to secure and maintain sustainable funding

The grains industry, amongst many other agricultural industries, has been calling for sustainable funding for biosecurity for some time and it is recognised as one of the key priority areas under the National Biosecurity Strategy. The 2023-24 budget committed to long term sustainable funding for Australia's biosecurity system, and this commitment must be upheld. To ensure that the benefits from sustainable funding are realised there needs to be an accompanying reset of the operation and funding of biosecurity in Australia to ensure it can respond to the changing and increasing biosecurity threats. The sustainable funding that was announced in the 2023-24 budget is a critical component of ensuring our biosecurity system can respond to these challenges. It is important that the opportunity to improve biosecurity outcomes that can be achieved through the improved funding arrangements should not be squandered.

Confirmation of a risk creator or 'container' levy

The implementation of a risk creator or 'container' levy was proposed by the 2017 Craik Review, and industry has sought a clear decision and pathway for its implementation in the years since its inception. The recent Frontier Economics report "Sustainable funding for biosecurity – an evaluation of funding options"¹ reiterates that *"'impactor pays' is the approach that most closely links the costs of providing the service with the user of the service, from an economic perspective funding ideally should be sought from impactors first"*. Resolution to this issue was sought by a number of industry stakeholders, including GrainGrowers, during the November 2022 consultation by DAFF on making National Biosecurity Funding Sustainable² but it remains outstanding. The 2023-24 Budget announcement in May noted the Government would be "looking at other options to address the biosecurity risk created by imports, including an import levy"³. It is important that advice clarifying if the measure is appropriate is made available and a potential pathway to implementation is resolved as a matter of priority.

A shared culture of biosecurity

The implementation of the National Biosecurity Strategy must signal a shift in Australia's approach to biosecurity. The activities and priority areas for biosecurity must be responsive to the changing profile of biosecurity risks, and there must be confidence in the performance and accountability of the system. Without an appropriate implementation plan and adequate safeguards around accountability for funding and performance of the system, we are concerned that increased investment in biosecurity will not deliver the outcomes demanded by our farmers and the broader Australian community. A clear outcome from the current process should be an ongoing commitment from the government to meaningfully engage with agricultural industries to both report progress and performance but also to set clear objectives for biosecurity linked to agriculture. An ongoing forum for engaging with industry to provide updates on insights into trends in biosecurity interceptions and intelligence, as well as priority setting is critical to developing a shared culture and promoting partnership between government and industry on biosecurity.

Accountability on biosecurity activities

GrainGrowers is concerned that without an appropriate implementation plan and adequate safeguards, the increased investment through these sustainable funding measures will not deliver the outcomes demanded by our members and the broader Australian community. GrainGrowers is looking for a demonstrated improvement (and a clear value proposition) in biosecurity outcomes for farmers as a result of the implementation of the National Biosecurity Strategy and the changes to the funding model.

The implementation of the proposed "beneficiaries pays" budget measure, the biosecurity protection levy, demands a shift towards greater accountability and transparency in relation to biosecurity activities and performance and clear mechanisms for accountability to beneficiaries. As beneficiaries directly contributing to biosecurity funding under the measure there is a clear rationale for industry to be engaged and given shared ownership over priority setting and performance reporting of activities where industries are the beneficiaries to ensure there is awareness and engagement in its delivery. It is important that this engagement is explicit in the design and implementation of the measure.

¹ [Sustainable funding for biosecurity – an evaluation of funding options \(invasives.org.au\)](https://invasives.org.au)

² [Sustainable Funding to Strengthen Biosecurity | Have Your Say - Agriculture, Fisheries and Forestry](#)

³ [Budget fact sheets - DAFF \(agriculture.gov.au\)](#)

Concerns relating to the proposed biosecurity protection levy

GrainGrowers supports the current system and arrangements in place for the collection of voluntary industry levies, and recognises the value derived from the work done by the agencies funded by these levies (in the grains industry this includes the Grain Research and Development Corporation and Plant Health Australia). However, the biosecurity protection levy has a different purpose in recovering costs from beneficiaries of the biosecurity system. It is important that there is consistency and equitability in the way primary producers are defined and charged across all industries, and as such the current definitions and arrangements for voluntary levy contributions may not be fit for purpose.

A lack of clear principles to guide the rationale and implementation of the biosecurity protection levy make it difficult to determine the appropriateness of the levy for its purpose and for stakeholders, including GrainGrowers, to provide clear comment and feedback. In the absence of clear principles to guide its implementation questions exist as to whether the proposed biosecurity protection levy is fit for purpose as an efficient, equitable or effective mechanism to recover costs from agricultural 'beneficiaries', and regard needs to be given as to if the levy would deliver a net benefit to Australia's biosecurity effort.

Equitability of proposed levy charges

The current industry levies are set by the members of each industry with ministerial approval, and reflect the appetite for and perception of risk in the various industries and the extent to which an industry values innovation. The levy rate does not reflect the economic circumstance of an industry, such as an industry's profitability or value of production. Using the existing industry levy rates as a guide to set the biosecurity protection levy is inequitable and arbitrary. It does not reflect an 'ability to pay', relative exposure to biosecurity risks, or the consumption or benefit derived from biosecurity services. A clear and transparent set of principles for establishing the levy rate for different industries is required.

Without establishing clear principles around equitability of the proposed levy any decisions on thresholds and exemptions to include or exclude industries and businesses are arbitrary, open to interpretation and influence. This will leave some industries disadvantaged and required to pay the levy whilst other industries 'free ride' on the system. During periods of drought or other economic hardships it may be difficult for businesses to pay the proposed levy, and there may be a case for thresholds and exemptions. However, the guidelines for accessing thresholds and exemptions must be clear and equitable.

Uncertainty regarding the proposed levy rate for the grains industries

GrainGrowers has spoken to Departmental officials on a number of occasions requesting clarification on the proposed levy rate for the grains industry and wrote to the Minister for Agriculture on 1 August 2023 requesting clear information about the value of the proposed biosecurity levy charges. In the absence of clear information about the charge it is not possible to assess its impact on businesses. Continued uncertainty around the biosecurity protection levy, including the likely charge, is eroding industry confidence in the measure and its implementation.

Clear principles need to be established around the transparency of charging the proposed biosecurity protection levy. It is important that any new levy, fee, or charge applied is clearly identified in receipts or statements and distinguished from other State or Commonwealth charges. This requirement ensures transparency for accounting purposes, but also that there is accountability from those that may be collecting the charges on behalf of growers.

The value of the levy must also be periodically reviewed to ensure that the rate is appropriate, but also that that levy is achieving its defined purpose. GrainGrowers notes that the Office of Impact Assessment indicated that a formal levy review should be established in the enabling legislation to ensure that there is an opportunity to revisit regulatory costs if implemented⁴.

It is important to note that in the absence of clear and transparent principles for establishing the levy a meaningful review of levy rates would be meaningless, as under the arrangements currently being proposed industries that choose to reduce voluntary levy rates would be advantaged. Any future review of the proposed biosecurity protection levy rates or arrangements must be linked to expenditure on biosecurity and the benefits derived by agricultural industries.

Compliance costs and considerations

It is important that there is transparency in the cost of implementing the proposed levy. In its assessment of the biosecurity funding measure the Office of Impact Analysis noted that the proposal lacked detail on quantification and justification of costs.⁵ There needs to be transparency around the cost of compliance, current levels of compliance and the resourcing required to implement the biosecurity protection levy. If it is not possible to collect the levy across all industries in a cost-effective manner then industries, such as the grains industry, where there is a clear mechanism to pay will be disadvantaged. Poor compliance also has the potential to advantage businesses that engage in informal trade, which may lead to poor biosecurity and public health outcomes.

Distortionary impacts

Any cost to a business, including taxation and government charges, reduces disposable income and business profits, and will have an impact on decisions about work, consumption and investments. There has been no discussion as to the extent of these impacts or the types of behaviours that might occur as a result of the levy. Some businesses may engage in behaviour to avoid levy collection, which would impact on the collection of voluntary levies as well as the proposed biosecurity protection levy.

Concerns have been raised that the implementation of the government mandated biosecurity protection levy erodes confidence and trust in the established industry levy model. This will have the impact of reducing industry willingness to raise industry levy rates for Research and Development and Plant Health Australia. Within the grains industry there has been early work on proposals to increase levy rates, however there is now a concern that the new levy will make industry driven initiatives to change levies more difficult. This is a significant frustration and has the potential to stall industry investment in biosecurity.

The need for open consultation

Further detail is required about the implementation of the biosecurity protection levy proposal for our industry to properly assess its impact and to allow industry members to engage in the process. A step in the consultation process that allows industry to work through the implications of the charge, including how exceptions or thresholds might apply, is required. GrainGrowers believes that there should be ongoing consultation as the biosecurity protection levy proposal is developed to ensure that the impacts are properly understood and that there is industry awareness of the proposal in the lead up to its implementation.

⁴ [OIA Assessment 2.pdf \(pmc.gov.au\)](#)

⁵ [OIA Assessment 2.pdf \(pmc.gov.au\)](#)


In parallel to the consultation on implementation of the levy arrangements GrainGrowers expects engagement and consultation with industry on the development of objectives and performance measures that can demonstrate the biosecurity system is delivering value for the Australian grains industry. There must be an ongoing forum for the Department to engage with industry to provide updates and insights into biosecurity threats, as well as priority setting by the Department. Sustainable funding provides an opportunity to reset Government's efforts on biosecurity to ensure that the biosecurity system can address current and future threats.

Concluding remarks

GrainGrowers supports the concept of a shared responsibility for biosecurity, and that industry, community and government all have their role to play in supporting better biosecurity outcomes for Australia. Australian grain growers already make significant financial contributions to biosecurity, and any additional industry funded measures to support biosecurity must be well designed and focus on achieving clear outcomes. The current consultation has raised concerns with the design of the proposed biosecurity levy, and the extent to which it is fit for purpose. It is important that these issues are resolved so that industry can have confidence in the measures and the Government's delivery of biosecurity services.

GrainGrowers remains open to discussing these issues further and participating in future consultation related to the proposed biosecurity protection levy. If you have any specific questions regarding the points raised, please contact our Technical Policy Manager Sam Nelson via sam.nelson@graingrowers.com.au.

Yours sincerely,



Shona Gawel
CEO, GrainGrowers