

# Submission to the design and implementation of the Biosecurity Protection Levy

█ notes the Federal Government's intention to consult on the introduction of its proposed Biosecurity Protection Levy.

█ is the recognised national Peak Industry Representative Body █ producing States of Australia. █

█ submission provides a direct response to the *Introduction of the Biosecurity Protection Levy Consultation Paper*.

## EXECUTIVE SUMMARY – RECOMMENDATIONS:

█ opposes the 'levy' in its current form. █ position on the proposed levy, if it is to be implemented, is as follows:

1. In proposing a new agricultural "levy", Government should adhere to its own procedural guidelines: *Levy guidelines – How to establish or amend agricultural levies (Levy Guidelines)*.
2. A portion of the funds be hypothecated for industry use, via Animal Health Australia, on much needed on-farm and supply-chain biosecurity preparedness measures.
3. That, consistent with the *Levy Guidelines*, "the body managing expenditure of levy monies **must be accountable to levy payers** and to the Commonwealth" [emphasis added].
4. A regulatory impact assessment has not been conducted, or even considered. █ insists this be corrected to ensure ample opportunity for full and frank consultation and for all consequences from the new charge to be identified and addressed.
5. It appears the proposed charge is to be implemented in perpetuity. █ requests there be a sunset clause of three years included in the legislation/regulation; any extension of the charge beyond the sunset date would be by agreement of all parties.
6. The department has provided verbal assurance an 'anti-ratchet' clause will be included in the new legislation/regulations. █ requests this assurance be incorporated in the legislation to prevent the charge from being increased unilaterally by future Governments.
7. Transparency is promised via an end-of-year report on expenditure of the moneys raised. █ considers this inadequate and an inappropriate lack of transparency for an industry levy. █ requests the opportunity for industry to be consulted using a report prepared *before* any expenditure is made, and again within two months after year's end.





## **BACKGROUND: GOVERNMENT PROPOSAL**

The proposed new ‘charge’ was announced by the Australian Government as part of its May 2023 Budget provisions. It is intended to be placed on Australian producers of agricultural, forestry and fishery products from 1 July 2024 at a rate equivalent to 10 per cent of the 2020–21 industry-led agricultural levies. This cost recovery measure, which is estimated to increase receipts by \$153.0 million over 3 years from 2024–25, is intended to pay for some of the government’s \$1.0 billion investment in biosecurity over 4 years from 2023–24 (and \$268.1 million per year ongoing).

The Government has proposed that the \$1.0 billion will be spent on the following programs:

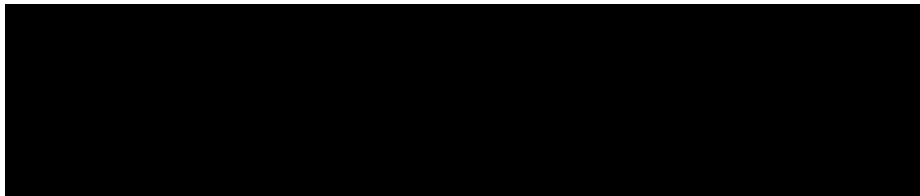
- \$845.0 million over 4 years from 2023–24 (and \$255.3 million per year ongoing) to maintain biosecurity policy, operational and technical functions on a sustainable basis, including regulation, surveillance, domestic preparedness and response, and international engagement and capability development.
- \$145.2 million over 3 years from 2023–24 to deliver modern digital systems in cargo pathways that are integrated with business systems, cut red tape, and streamline regulation and service delivery for importers.
- \$40.6 million over 4 years from 2023–24 (and \$12.0 million per year ongoing) to continue the Indigenous Ranger Biosecurity Program to reduce biosecurity risks in Northern Australia and provide social and economic benefits to First Nations, rural and remote communities.

## **INCREASED BIOSECURITY INVESTMENT –**

 has been advocating for increased investment and sustainable funding for biosecurity for a considerable time. In its December 2021 federal election policy statement,  requested an incoming government to ‘maintain strong border controls and program funding for biosecurity.’ The core deliverable to achieve this objective is for biosecurity funding to be set at or above 2016-17 levels in real terms, as recommended by the 2017 Craik review of the Intergovernmental Agreement on Biosecurity\*.

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\* Craik, Palmer & Sheldrake (2017), *Priorities for Australia’s biosecurity system*



In August 2022 [REDACTED] provided more detail on how these funds should be spent to the Senate Standing Committees on Rural and Regional Affairs and Transport as part of its *Inquiry into the adequacy of Australia's biosecurity measures and response preparedness, in particular with respect to foot-and-mouth disease*. [REDACTED] said, 'the Committee should endorse the Australian Government's *National Biosecurity Strategy* as a framework for transformational change to our biosecurity system. Significant reforms to governance, funding, disease categorisation, surveillance and detection, diagnostics and vaccine development, compliance and continuous improvement are required to ensure we have a world class biosecurity system.'

Since Government's May 2023 announcement, detail has been provided regarding the Government's proposed Biosecurity Protection Levy; this detail has given [REDACTED] cause for concern and, eventually, opposition.

## **REASONS FOR [REDACTED] OPPOSITION**

### **1. Failure to adhere to Commonwealth Guidelines**

Government has failed to adhere to its own procedural guidelines: *Levy guidelines – How to establish or amend agricultural levies* ('*Levy Guidelines*'). These *Levy Guidelines* set-out the principles to establish a new levy on (agricultural) goods under the now Department of Agriculture, Fisheries and Forestry (DAFF).

Contrary to the principles outlined in the *Levy Guidelines*, Government has yet to:

- attract widespread industry support;
- if arguably raised in the 'public interest', demonstrate reasons why a levy should be imposed despite industry objections;
- demonstrate it is equitable;
- provide a clear plan for how the moneys raised will be utilised;
- indicate clearly how it will be accountable to levy payers; and
- demonstrate the benefits of this expenditure for levy payers.

## 2. 'Double dipping' - Failure to recognise industry's existing contributions to biosecurity

Government has failed to acknowledge the [REDACTED] and other agriculture sectors', existing funding of ongoing biosecurity-related activities, which are summarised below.

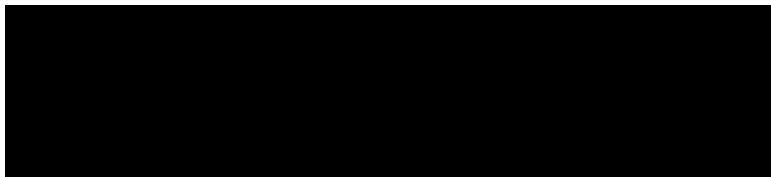
- a) [REDACTED], through [REDACTED] is one of the inaugural signatories to the [REDACTED] [REDACTED] and is thus committed to funding a substantial proportion of costs associated with responses to emergency disease incursions affecting the [REDACTED]
- b) [REDACTED] pays levies of more than \$30m per annum to [REDACTED] for research and development, some of which comprises industry-related biosecurity initiatives.
- c) [REDACTED] equating to approximately \$6-700,000 per annum are directed to Animal Health Australia, the programs of which predominantly have a biosecurity focus.
- d) [REDACTED] are maintaining constant on-farm surveillance for, and responses to, incursions of pests, weeds and diseases affecting their operations.
- e) Overlaying these contributions, [REDACTED] are taxpayers and consumers, and so already contribute to the Federal Government's biosecurity-related expenses. To add yet another charge is double-dipping at best.

## 3. Absence of Regulatory Impact Assessment

Regulatory Impact Assessments (RIAs) have for some decades been seen by governments around Australia as an essential part of the consultation and assessment process towards implementation of new legislation/regulation expected to impact segments of society and business.

[REDACTED] has on file examples of where State governments have conducted RIAs as important steps in assessing changes in regulations that would affect only the [REDACTED] sectors. By comparing these examples with the proposed new charge that will affect the entire agricultural sector, it is evident an RIA is warranted, yet it seems not even to have been considered.

[REDACTED] requests an IRA (complete with full industry consultation) be conducted *before* further progress is made to have a mechanism, which will undoubtedly prove complicated, in place by 1 July 2024.



#### **4. Lack of transparency & consultation**

Departmental officers have assured industry that, by way of a ‘first’ for Government, transparency will be afforded industry through annual reporting post the event as to how moneys collected from the new charge were spent. ■■■ considers this totally inadequate.

If this new charge is implemented, ■■■ requests, at the very least, industry is consulted as to proposed expenditure *in advance of* the event.

Such involvement of industry is more consistent with the *Levy Guidelines* and the often-cited concept of ‘shared responsibility’.

#### **5. Consolidated revenue versus hypothecation**

The Government will be taking moneys from food-producing businesses on the grounds that it will be spent on biosecurity initiatives of benefit to the funders, yet ■■■ has been told the moneys will not be hypothecated, will be funnelled into consolidated revenue and will be used to offset the deficit funding of DAFF.

There is no certainty that 100% of the revenue collected via this charge will be either expended on biosecurity or will result in an equivalent increase in biosecurity funding, especially if utilised to help cover existing departmental deficit budgets.

■■■ requests Government to hypothecate a portion of the funds for industry use – via Animal Health Australia – on much needed on-farm and supply-chain biosecurity preparedness measures.

#### **6. Undermining post-border, on-farm & supply-chain biosecurity initiatives**

Despite the objectives of the proposed Biosecurity Protection Levy, one of the greatest areas of need for increased agricultural biosecurity and food security is the funding required to improve on-farm and food supply-chain biosecurity preparedness. The proposed legislation fails to provide for this.

Prior to the May 2023 Budget announcement, ■■■ was undertaking groundwork, including discussion with DAFF, to enable it to propose ■■■ the striking of a ‘biosecurity levy’, the moneys from which would be held by AHA and spent, under ADF guidance, on post-border, on-farm and supply-chain biosecurity improvements that are sorely needed.

Notwithstanding the requirement for ■■■ to satisfy the Government’s *Levy Guidelines* (a task seemingly sidestepped by the Government itself in raising its new charge), this appeared entirely

[REDACTED]

achievable and would have reflected [REDACTED] obligations as a signatory to the [REDACTED]. The amount being considered would have equated to between five and 10 per cent of the existing [REDACTED].

The Government's announced biosecurity protection charge – coincidentally for a similar amount – completely quashes any notion of [REDACTED] initiative, effectively further undermining on-farm and supply-chain biosecurity improvements.

[REDACTED] is particularly aggrieved by this. Not only has [REDACTED] lost any chance of introducing such an initiative, but the dairy sector is being told it will have no say in how the moneys from the new charge will be spent.

To reiterate the comment under 5 above, if the Government's proposed charge is implemented, [REDACTED] requests that a portion of the funds be hypothecated for industry use on much needed on-farm and supply-chain biosecurity preparedness measures.

## **7. It is not a levy**

The Government's use of the term 'levy' is confusing. It is not a levy as industry understands a levy to be: it is a 'charge' or 'excise'. While Government may argue the terms are synonymous, [REDACTED] requests it be called other than a levy. If Government adheres to the term 'levy', it should likewise apply its own *Levy Guidelines*.