

[REDACTED]

12 Octob

Via: https://haveyoursay.agriculture.gov.au/biosecurity-protection-levy/survey_tools/biosecurity-protection-levy

To whom it may concern

On behalf of [REDACTED], I would like to thank you for the opportunity to present this submission into the 'Biosecurity Protection Levy'.

[REDACTED] strongly opposes the introduction of proposed Biosecurity Protection Levy.

Throughout this submission, [REDACTED] has taken the opportunity to raise many relative matters as to why this new "levy" on producers, particularly [REDACTED], is grossly flawed and inconsistent with existing frameworks, agreements and statements that support the Australian biosecurity system.

The unbalanced nature of this levy undermines the agreed roles and responsibilities of government and non-government stakeholders.

The proposed levy seemingly dismisses the existing significant financial and in-kind contributions that Australian producers already make towards the national biosecurity system in pursuit of what can only be deemed as an easy revenue stream to subsidise Commonwealth biosecurity activities.

We urge the government to rethink the introduction of this levy.

Again, thank you for considering this submission.

Yours Sincerely,

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Executive Summary

██████████ oppose the proposed Biosecurity Protection Levy (BPL).

This ill-conceived proposal needs an urgent rethink by the Government, as there are many issues with the BPL as it is currently proposed.

██████████ supports and is an active advocate for the notion of a 'shared responsibility' framework for Australia's biosecurity system. As per the endorsed National Biosecurity Statement (NBS), stakeholders in this system include the Australian government, state and territory governments, representative bodies (industry), research organisations and individuals.

██████████ supports a sustainable funding mechanism for Australia's entire biosecurity system, however this support is predicated on genuinely shared responsibilities, which includes funding across the spectrum of stakeholders, both the beneficiaries and risk creators with respective contributions being proportionate and equitable.

Under this BPL proposal, producers will be directly subsidising Federal Government regulatory functions, which is simply not the responsibility of industry and producers.

Industry already contributes considerably to this system through existing national subscriptions, national and state levies and private investment. Industry also contributes towards biosecurity system policy development and determination, particularly through Peak Industry Councils, such as ██████████.

Risk creators need to start proportionately contributing to the biosecurity system in a more holistic manner, acknowledging that there has been a recent increase in fees paid by importers in real terms. The proposed "increases" to fees and charges associated with import clearance activities are merely to recover costs associated directly with those activities. . ██████████ again call for the imposition (at the very minimum) of an importation or container levy, as has been introduced by New Zealand with no negative impacts to trade relations.

The lack of consultation by Government both before and after the announcement of this levy, has caused much confusion amongst producers and industry.

In the first instance, in the context of the target audience (i.e., Australian primary producers), calling this new charge a 'levy' is misleading, given a number of aspects of this proposal do not align with levy principles and guidelines, set out by the Department. If the government is to pursue the establishment of this "charge" it will need to be renamed as either a tax or a charge, which better articulates what the function of this proposal is and would be more readily understood by Australian primary producers.

The BPL poses a number of issues specific to the ██████████, including the fact that ██████████ currently pay one of the highest agricultural levies, meaning that they will be contributing at a disproportionately higher rate than other commodity levy payers, in fact at a rate that is 2.4 times higher than the average.

Further, the ██████████ is relatively unique in that levy payers vote every three years on the rate of levy that they pay towards research, development and marketing (RD&M), with the next vote taking place in the second half of 2024. There is a real risk that ██████████ may elect to reduce their RD&M levy as they will not make the distinction between the two levies and will only notice that they are

expected to pay more from the proceeds of the sale of their product. The BPL risks industry investment in innovation, marketing and development, a key asset of Australian agricultural industries.

██████████ are also concerned that the current consultation, despite claims made by the government, does not include an adequate Regulatory Impact Statement (RIS), and urges the Government to undertake one, to not only assist industry's understanding, but we also firmly believe that it will help Government understand the complexities and risks of this proposal knowledge of which is currently clearly lacking.

About

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Since that time there have been many iterations of who is responsible for managing this levy. [REDACTED] currently invests this levy with matching government co-contributions for research and development on behalf of [REDACTED].

The [REDACTED] setting mechanism is relatively unique amongst agricultural levies, in that it determined through a triennial vote, known as [REDACTED].

[REDACTED] set out requirements for the conduct of [REDACTED] required under the [REDACTED] in relation to the rate of [REDACTED]. The regulations require that [REDACTED] take place every 3 years and set out how [REDACTED] is to be conducted. [REDACTED] as the recipient body of the levies is responsible for most aspects of [REDACTED].

[REDACTED] prepares models of the anticipated revenue and corresponding investment programs associated with each of a range of possible levy rates. In the lead up to [REDACTED] [REDACTED] engages communications specialists to design a program of activities to engage [REDACTED]. [REDACTED] convenes a [REDACTED] Panel of industry representatives, who hold a specific role under the regulations in verifying ballot processes and documents, but who are also involved with supporting communications, maximising voter participation, and providing input on possible levy rate options to be presented.

[REDACTED] prepares a ballot paper that proposes between 3 and 5 different levy rates, including a zero rate, and supporting documents that outline voting instructions and guidance on the proposed options. Once examined and assessed by the [REDACTED], and approved by the responsible minister, [REDACTED] distributes these documents to all eligible [REDACTED]. [REDACTED] draws on its levy payer register to calculate [REDACTED] voting entitlements, according to the amount of levy they have paid over the preceding 3 years.

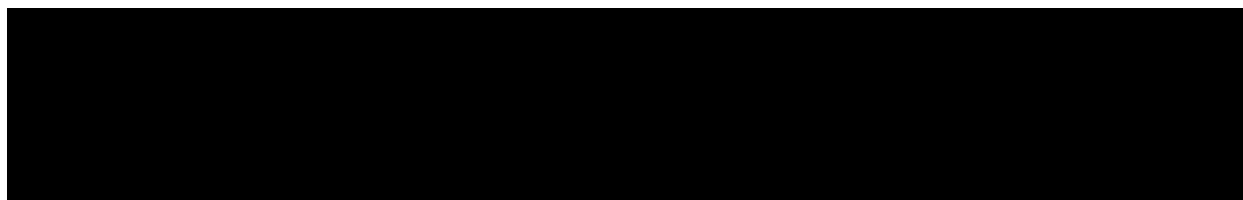
[REDACTED] is a legislated poll that [REDACTED] is required to conduct every three years asking eligible levy payers to vote to determine what percentage of their [REDACTED] income they would like to invest in research, development (R&D) and marketing undertaken by [REDACTED].

Eligible levy payers are those that have paid \$100 or more in wool levies over the past three financial years. [REDACTED] and charge rate is calculated as a percentage of the sale value of the [REDACTED] – that is, the price or amount paid for the wool net GST, handling, storage and transport costs. [REDACTED] charge is calculated as a percentage of the free-on-board value of the [REDACTED] immediately before export and does not have to be paid if the levy has already been applied.³

There were 82,436 [REDACTED] at 31 August 2023. 39,543 of those [REDACTED] had paid more than \$100 in levies in the past three years.⁴

The current levy rate is 1.5%, proportionally one of the highest levy rates in Australian agriculture.

[REDACTED] **strong opposition to the Biosecurity Protection Levy**
[REDACTED] strongly opposes the introduction of the proposed Biosecurity Protection Levy.



██████████ supports a sustainable funding mechanism for the essential Australian biosecurity system and acknowledges the investment in this area by the current and previous Federal Governments.

██████████, like most industry groups, were blindsided by the announcement of the Biosecurity Protection Levy (BPL) made in this year's Federal Budget. While there had been talk of budget measures to address the funding shortfall of the Department of Agriculture, Fisheries and Forestry, the introduction of a proposed levy had not been raised with industry at any stage by the Federal Government.

While it was stated that consultation on the BPL had occurred as part of the Government's Sustainable funding and investment to strengthen biosecurity: discussion paper which was released in the latter months of 2022:

"The department undertook an open public consultation process on options to deliver a sustainably funded biosecurity system.... The discussion paper included the option of a domestic levy as one of the funding options⁵."

To make such a claim is disingenuous. A quick review of the 2022 discussion paper clearly demonstrates that there is no mention of a 'domestic levy' as a funding option.

Even the government's own Office of Impact Analysis determined that the policy proposal for the BPL did not meet the requirement of what is considered 'good practice'. The process undertaken by the department and was deemed only found to be 'adequate⁶', a generous assessment at best given the disingenuous statements referenced above. The approach taken by government on the BPL is of significant concern to ██████████

According to DAFF's own 'Levy Principles and Guidelines'⁷, in order for a levy to be established a number of principles must be met before a levy can be established, including extensive industry consultation, of which the proposed introduction of the BPL does not meet. The lack of pre-announcement consultation indicates that this is not a 'levy' and supports ██████████ position that the BPL is a charge or a tax on producers.

As per the consultation paper on the 'Introduction of the Biosecurity Protection Levy'⁸,

"The funds collected through the Biosecurity Protection Levy will go to the consolidated revenue fund and will not be disbursed to research and development corporations, Animal Health Australia, Plant Health Australia or the National Residue Survey."

While Biosecurity Protection Levy funds will not be directly appropriated to the Department of Agriculture, Fisheries and Forestry, the additional contributions into consolidated revenue will support the Government's capacity to provide the increased and ongoing appropriation funding for biosecurity committed to in the Budget."

More specifically, this funding will support the Department of Agriculture, Fisheries and Forestry to continue to undertake biosecurity activities, managing on a risk-based approach to keeping pests and diseases out. “

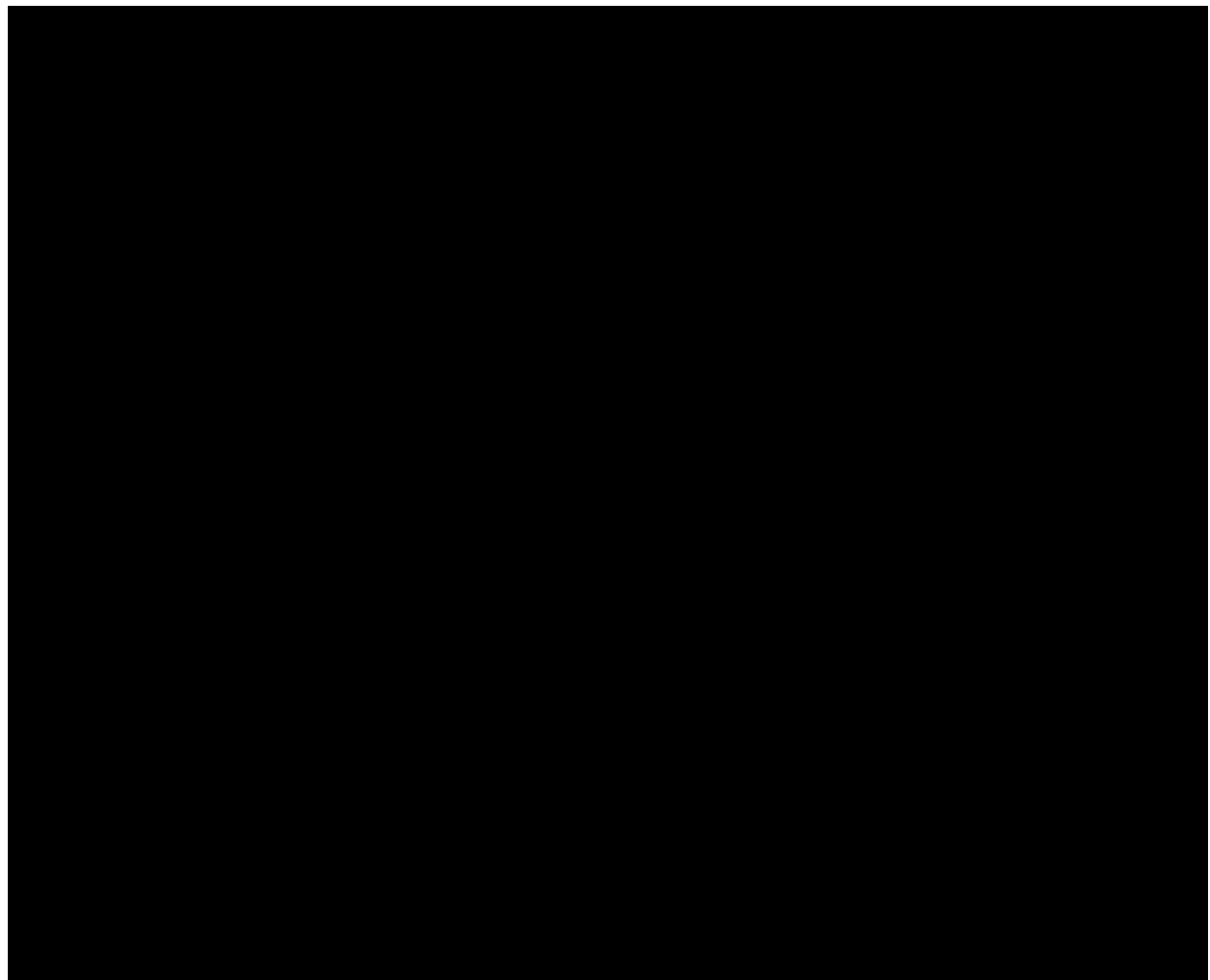
Growers will now be funding government functions and coupled with the fact that they have no say in where and how funds from this levy are disbursed, further underscores that this is a tax.

The assurances from Minister Watt that “*funding for biosecurity will be delivered with more transparency and public accountability⁹*”, along with “*we will report annually to show where biosecurity funding is coming from and how it is being spent¹⁰*”, is of little comfort to [REDACTED] and again indicates how out of touch the government is with industry on this issue.

If the proposed BPL is to be introduced, it is a minimum expectation that industry has a say in how and where the funds raised through this levy are expended, consistent with other agricultural levies.

There is enormous confusion about the proposed BPL amongst Australian [REDACTED] as a direct result of the choice of terminology within the policy proposal. Acknowledging this confusion and immediately renaming this new charge as the ‘Biosecurity Levy Tax’ in all future consultation processes and documentation would alleviate much of this confusion.

This is particularly pertinent to the [REDACTED], for the following reasons:



⁹ Minister Watt, Croplife Post Budget Speech, 10 May, 2023

¹⁰ Minister Watt, Croplife Post Budget Speech, 10 May, 2023

being deducted from the sale price of their [REDACTED] as another cost to their business regardless of where that money is disbursed to.

While it is uncommon for industries to have as frequent votes to determine their levy rate for RD&M as the [REDACTED], this is how the [REDACTED] is currently structured.

The BPL risks disincentivising industry investment into RD&M. It is not a fair proposition for [REDACTED] to be put in the position of considering reducing their RD&M contribution because they are now being forced to pay another tax. It does not appear that the policy makers had considered this as an unintended consequence when this announcement was made.

At 1.5%, [REDACTED] is also one of the highest levies paid by Australian growers, this levy rate is high because [REDACTED] choose to invest in their Research and Development Corporation, [REDACTED]. The intended rate of the BPL is 10% of 2020-21 agricultural levy rates, meaning that [REDACTED] will be slugged at a disproportionately higher rate than other commodity producers. If the proposed [REDACTED] contribution towards the BPL was extrapolated across the forecast Value of Agricultural Production¹¹ (ABARES) it would generate \$120 million in annual revenue. As proposed, [REDACTED] would be paying 2.4 times the average of all other commodities, based on the targeted \$50 million in annual revenue. This is not a fair or equitable approach to covering a shortfall in government funding in the biosecurity space, particularly for Australian wool growers.

If this charge is to progress, then it is a far more reasonable proposition for [REDACTED] is that a flat rate be applied.

[REDACTED] insist that there is proportionate contribution to Australia's biosecurity system by all stakeholders, and while the BPL goes against that agreement, if it is to proceed then this charge must be equitable between all contributors, meaning that the BPL is only collected once along the domestic supply chain for greasy [REDACTED]

Through many of the briefing sessions provided by DAFF that [REDACTED] has attended on the introduction of the BPL, the issue of risk creators, namely importers not paying equitable funding commensurate with the risk that they create has been raised continually. The standard response from government representatives is that such a charge would be complex to introduce and has the potential to create trade issues with our trading partners. Is it fair that Australian growers are charged because they are seemingly the easiest target for bureaucrats to subsidise their core functions?

What is clearly very poorly understood by the government is that the introduction of the BPL, as currently proposed is far more complex than what was initially included in the New Policy Proposal that resulted in the inclusion of the BLP in the 2023 Federal Budget.

Despite claims made by the government, the lack of a Regulatory Impact Statement (RIS) and proper consultation processes to date, is a significant concern of [REDACTED]. Had these processes been undertaken sufficiently they would have assisted the government in understanding the complexities of the introduction of the BPL. It is important that a fair and just consultation process is undertaken by the government in accordance with its own 'Australian Government Guide to Regulatory Impact Analysis¹²'. The current position conveyed by departmental representatives that "the BPL is going to be implemented regardless", conveys a position of dismissive arrogance towards the unintended

consequences that this "easy" source of revenue to subsidise Commonwealth functions will have on Australian agriculture.

By conducting a thorough analysis of the potential impacts of the BPL, policymakers would better understand the effects it may have on stakeholders, leading to informed decisions to be made, while addressing any concerns or uncertainties that have arisen.

Producer contribution to the biosecurity system

The approach taken by the government on this proposed levy does not seem to consider the significant compulsory levies and private investment already paid by Australian producers into the biosecurity system.

On a national level [REDACTED], along with other major livestock commodity producers, contribute to Animal Health Australia through compulsory levies.

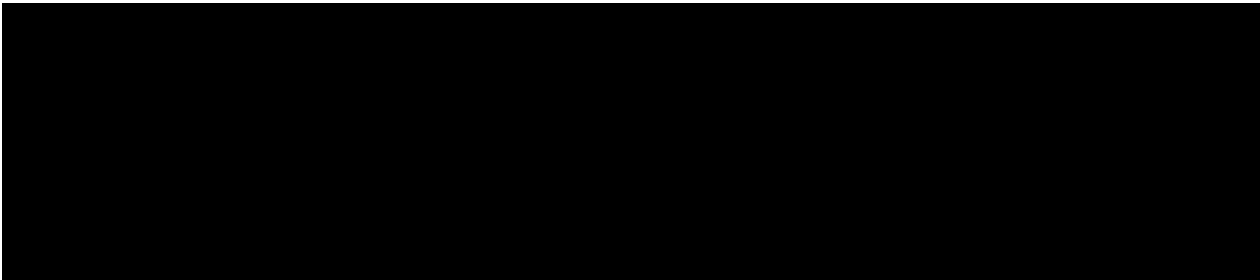
Animal Health Australia’s (AHA) remit is to act as the conduit between the Federal Government, state and territory jurisdictions and industry to ensure the longevity of Australia’s animal health, welfare and biosecurity system.

According to AHA’s 2023-24 Annual Operating Plan¹³, the funding sources for the company’s three strategic policies are outlined in Table 1.

	Federal Government	State Governments	Industry	TOTAL SPEND
Strategic Priority 1 (Prepared and ready to respond)	\$ 960,922	\$ 651,649	\$ 1,608,578	\$3,221,149
Strategic Priority 2 (Better health and biosecurity practices)	\$ 6,514	\$ 4,000	\$ 1,873,709	\$1,884,223
Strategic Priority 3 (Connecting systems for stronger biosecurity)	\$ 236,301	\$ 51,407	\$ 173,153	\$460,861
TOTAL SPEND	\$1,203,737	\$707,056	\$3,655,440	

Table 1. AHA 2023-24 AOP funding sources by strategic priorities

These levies are in addition to the biosecurity spend allocated by industries Rural Research and Development Corporations. In relation to the [REDACTED] [REDACTED] [REDACTED].



Many state and territory jurisdictions also have compulsory levies in place for producers to contribute to biosecurity programs. For example, in NSW the Local Land Services (LLS) received \$46,737,000 in rates in 2022¹⁵.

LLS rates are calculated based on several variables and will look different for each property. These variables include:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

While other states such as [REDACTED], have arrangements in place such as Industry Funding Schemes under the *Biosecurity and Agriculture Management Act 2007*. These Industry Funding Schemes are established for [REDACTED], whereby producers pay contributions to biosecurity programs administered by the state government. For example, under the [REDACTED] producers pay an additional 17 cents on the sale of each [REDACTED] produced within the State, to fund programs to control virulent [REDACTED].

While producers are willing to equitably contribute to these types of programs, another new tax on top of the extensive federal and state levies paid by producers for biosecurity is again unbalanced and does not align with the agreed shared-responsibility model.

Further to these levies, the Federal and State and Territory Governments have also recently compelled [REDACTED] to implement the mandatory individual electronic identification [REDACTED]. This decision was made in July, 2022 in the name of biosecurity. The cost of

[REDACTED]

implementing this system across the supply chain is estimated to cost an additional \$830.8 million over 10-years¹⁹.

With limited funding from both state and territory and the Federal Government being made available to producers to implement this roll out [REDACTED], producers again will be covering the bulk of the costs of this system, again with the intent of strengthening Australia's biosecurity system.

Another example of private investment made to biosecurity from producers, was the recently released ABARES third national survey of pests and weeds. This survey showed that in 2022, 85% of land managers spent on average \$21,950 on pest and weed species management.²⁰

Biosecurity is everybody's responsibility

Australia's biosecurity system is built on prevention, detection, response and recovery mechanisms to prevent and reduce the impact of pests, weeds and diseases.

[REDACTED], like many industry bodies, have long called for a sustainable funding model for Australia's biosecurity system, this includes proportionate and equitable contribution from beneficiaries and risk creators alike.

The National Biosecurity Statement (NBS) was released in 2018, and was developed by industry, government and environmental groups. The NBS clearly defines:

- a national vision and goals
- clear roles and responsibilities
- priorities and principles for managing biosecurity risk²¹.

BIOSECURITY ROLES & RESPONSIBILITIES

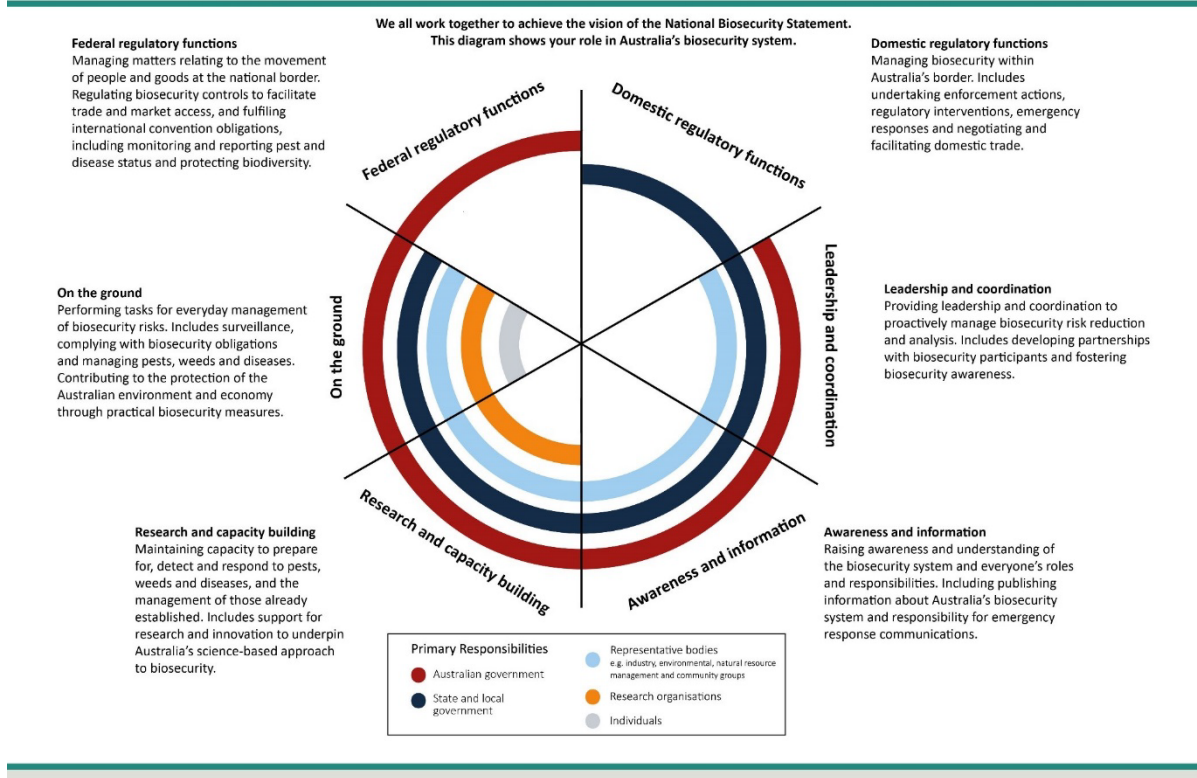


Figure 2. NBS Biosecurity Roles and Responsibilities

The roles and responsibilities for biosecurity are clearly articulated in Figure 1, however with the introduction with BPL, this will now see industry funding the Federal regulatory functions. This is a contradiction of the NBS and the current levy system and is show of bad faith from the Federal Government.

Beneficiaries

One of the justifications of the introduction of this new charge, is 'those who receive significant benefits from the system will also make modest contributions'²².

According to the NBS, 'biosecurity protects Australian livelihoods and is vital to strengthening and supporting our environment and economy, including tourism, trade and agriculture'.

While the environmental biosecurity system protects Australia's environmental assets valued at over \$6.5 trillion.²³

Therefore, it is correct to imply that it is not only Australia's primary producers who are benefiting from Australia's biosecurity system, but also our entire population and national economy.

²² Senator the Hon Murray Watt, Budget delivers first ever sustainable biosecurity funding, 16 May, 2023, viewed 7 October, 2023 <<https://minister.agriculture.gov.au/watt/media-releases/budget-delivers-first-ever-sustainable-biosecurity-funding#:~:text=%E2%80%9CTo%20help%20meet%20the%20costs,is%20a%20very%20modest%20levy>>

²³ Australian Bureau of Statistics (2019) 4655.0 – Australian Environmental-Economic Accounts, viewed 7 October, 2023, <<https://www.abs.gov.au/ausstats/abs@.nsf/mf/4655.0>>

This proposed new charge also ignores the significant investment already made to Australia's biosecurity system by producers, through both existing levies at a state and national level and private investment, as previously outlined.

[REDACTED], therefore, find the suggested impost of the BPL as grossly unfair and inconsistent with government's stance on biosecurity being 'everybody's responsibility'.

Risk creators

As part of a sustainable funding model for biosecurity, [REDACTED] believe that it is time that the risk creators are commensurately charged in proportion to the threat that they pose to Australia's biosecurity system.

While there are a number of risk creators in the biosecurity environ, including international travellers and visitors, general public, community and agricultural practices and climate change, the biggest risk pathway for Australia's biosecurity system is the importation of goods and movement of conveyances into the country.

[REDACTED] along with many other industry bodies seek the implementation of a charge on import shipping containers to address funding deficits in the biosecurity system, to ensure that biosecurity risk creators have shared cost responsibility.

New Zealand's *Biosecurity (System Entry Levy)*²⁴ has set precedence for how Australia could implement such a charge.

Despite the Australian Government's claims that the introduction of an import charge, or container levy tax, is complex and has a range of difficulties, New Zealand were able to introduce this levy without attracting international trade concern.

The support expressed by the Biosecurity Levy Committee in 2019 for a Biosecurity Imports levy on containers and break-bulk items is an important acknowledgement of the need to address biosecurity risks. The committee recognised that these items can either create or worsen biosecurity risks, highlighting the importance of implementing appropriate measures²⁵.

In determining the quantum of each levy component, the committee emphasised the significance of considering factors such as risk, fairness, and competitive impact. This approach ensures that the levy is proportionate to the level of risk posed by different imports, promotes fairness among industry participants, and minimises any adverse effects on competitiveness.

Introducing a container levy in Australia is a practical measure that can be implemented that would greatly assist in protecting Australia's biosecurity status. The Craik Review in 2017 also supported this position, highlighting that more than one-third of pests and diseases that pose a risk to Australia can enter through containers²⁶.

The implementation of risk-based inspection schemes and charges for Full Import Declarations has not effectively mitigated the risk of non-biosecure products entering Australia. Operation Avoca's

findings emphasised that these charges are insufficient to adequately respond to the biosecurity risks Australia faces²⁷.

By taking these factors into account, the government must establish a Biosecurity Imports/container levy that effectively supports Australia's biosecurity efforts. This levy will provide the necessary resources to mitigate risks associated with container and break-bulk imports, safeguarding Australia's unique environment and agricultural industries.

Recommendations

In relation to the proposed Biosecurity Protection Levy, [REDACTED] make the following recommendations:

1. The Australian Government ceases pursuing the establishment of the Biosecurity Protection Levy.
2. The Australian Government introduces an importation/container levy to ensure that the most significant risk creators are proportionately contributing to Australia's biosecurity system.
3. The Australian Government must facilitate a proper consultation process, including conducting a specific Regulatory Impact Statement on the proposed Biosecurity Protection Levy before this proposal proceeds further.
4. Future references to this charge by the Australian Government, must be changed to 'Biosecurity Protection Tax' or Biosecurity Protection Charge', to reflect the nature of this charge more accurately and to assist in combating the confusion that is occurring with the current inaccurate terminology.
5. If the Biosecurity Protection Levy is to proceed, it must be hypothecated, and industry must have some input into how the collected funds are disbursed.
6. If the Biosecurity Protection Levy is to proceed, that the charge is only applied to the product once regardless of how many times the product is transacted.

²⁷ Australian Border Force (2023) Import Processing Charges, viewed 7 October, 2023 <<https://www.abf.gov.au/importing-exporting-and-manufacturing/importing/cost-of-importing-goods/charges/import-processing-charge>>

