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Australian Department of Agriculture, Fisheries and Forestry
GPO Box 858
Canberra ACT 2601

RE: Consultation on the introduction of the biosecurity protection levy

To whom it may concern,

The Australian Livestock Export Corporation (LiveCorp) welcomes the opportunity to provide a submission to the Department of Agriculture, Fisheries and Forestry (department) consultation on the introduction of the biosecurity protection levy.

LiveCorp is the rural Research and Development Corporation (RDC) and service provider for the Australian livestock export industry. LiveCorp's mandate is to provide research, development, extension and marketing services that maximise the productivity, sustainability and competitiveness of Australia's livestock export industry. A significant proportion of its investment targets animal welfare initiatives.

LiveCorp is funded by a statutory levy that is charged based on the number or weight of livestock exported (i.e. derived from government export statistics). Our members are licensed livestock exporters.

LiveCorp partners with Meat & Livestock Australia (MLA) through a joint program, known as the Livestock Export Program (LEP) to deliver certain research, development and marketing activities on behalf of both livestock producers and exporters. The LEP RD&E Program is managed through LiveCorp, while the LEP In-market Program is managed by MLA. Both programs invest in priority projects related to animal welfare, supply chain efficiency and market access.

As the industry service provider, LiveCorp does not engage in agri-political activities. The responsibility for policy and advocacy lies with the Australian Livestock Exporters' Council (ALEC).

Proposed changes to biosecurity funding: primary producers to make a contribution

In changes in the last Federal budget, the Government announced that primary producers would, in future, be required to make a contribution to biosecurity funding.

The changes, as proposed by the Government, involve a 6% contribution to biosecurity funding by farmers / other producers, not by downstream users of agricultural / livestock products.

- In introducing the changes, no reference was made by the Government to downstream users of agricultural products also making a contribution (presumably because, under the proposal, farmers / producers would have already made a biosecurity contribution that would be reflected in the prices paid by downstream industries)¹.
- All the examples provided in the explanatory paper by the department entitled “Sustainable funding for a strong biosecurity system”² relate to a contribution to biosecurity being achieved from an increase in levies imposed on primary producers (cattle producers, cotton producers, egg producers, honey producers, apple producers, forest growers, prawn farmers), not those involved in downstream industries.
- Similarly, the assessment of the Government’s proposal, made by the Office of Impact Analysis, involves a contribution to biosecurity paid by primary producers, not by downstream industries using agricultural / animal products³.

Livestock exporters are not primary producers, but downstream users of primary production

In recent discussions with the department it was revealed that livestock exporters may be captured through the changed biosecurity funding provisions described above, effectively being considered as primary producers. Given the public information on the Government’s policy, as outlined above, this came as a surprise to livestock exporters.

Livestock exporters are not primary producers but a separate downstream industry that uses cattle and sheep. To levy downstream users of agricultural products to fund biosecurity measures would widen the net considerably and seem to run contrary to the Government’s policy. If livestock exporters are to be levied for biosecurity, the question would presumably need to be asked why should not also bread manufacturers, beer producers, horticultural exporters, etc? All are downstream industries, as are livestock exporters. The only reason that as a downstream user, livestock exporters appear to be included, is because we have a levy.

Rather than payments for biosecurity being based on the current status of levies collected by DAFF, in order to comply with publicly stated Government policy, a clear distinction needs to be made between primary producers and downstream industries, with the latter exempt (as LiveCorp understood the Government’s proposal to be).

Conversely, if downstream industries, such as livestock exporters, are to contribute to biosecurity, the question would be why all should not equitably contribute toward the 6%. The fact that many of these downstream industries are not currently levied should be not be relevant. As noted in the paper by the Office of Impact Analysis, where primary *“commodities do not already have statutory agricultural levies in place, comparable outcomes will be determined”*. Presumably similar considerations could apply to non-levied downstream industries if it is considered appropriate that downstream industries contribute to biosecurity.

¹ See, for example, Commonwealth, Parliamentary Debates, Senate, Monday 4th September 2023, pp15-17, Murray Watt, Minister for Agriculture, Drought and Emergency Management Australia and Financial Review, “Farmers hit with new biosecurity tax”, 10th May 2023.

² Department of Agriculture, Fisheries and Forestry, 2023, Sustainable funding for a strong biosecurity system, Budget 2023/24, [Budget 2023-24 - Sustainable funding for a strong biosecurity system \(agriculture.gov.au\)](https://www.agriculture.gov.au/budget-2023-24/sustainable-funding-for-a-strong-biosecurity-system)

³ Department of the Prime Minister and Cabinet, 2023, Biosecurity sustainable funding submission, The Office of Impact Analysis, <https://oia.pmc.gov.au/published-impact-analyses-and-reports/biosecurity-sustainable-funding-submission>.

Noting the above and having considered the information provided, we question whether LiveCorp's exporter members or the nature of our export-based levy structure reasonably and equitably fit within the proposed scope, approach or target cohort of the biosecurity levy.

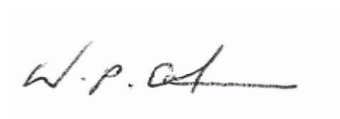
Sheep trade phase out and other matters

LiveCorp also notes that the government has a policy to phase out the live sheep trade. This will alter LiveCorp's levy income which, as for many sectors, has also been affected by inflation over recent years. We are looking carefully at how we would adjust to that scenario, including giving consideration to the potential for a levy review. However, we are also cognisant that, from a member perspective, levies or government charges are not differentiated, particularly given the highly competitive global market within which our exporters are currently operating. As a result, we are concerned that an increase in the current levy for biosecurity may challenge our ability to initiate the necessary conversations with our members about how to maintain our key services in training, animal welfare, trade and market access if the phase out of the sheep trade proceeds as per government policy.

Finally, it is important that the department consider how the levy if applied to livestock exports could be perceived. In the absence of charges against other agricultural commodity exports, the inclusion of a livestock exports specific charge (i.e. on top of the production charge) may be perceived as a targeted or discriminatory imposition. Trading partners have in the past been sensitive to changes that increase regulatory costs, particularly in the context of consistency with achieving the benefits of bilateral trade agreements.

Thank you again for the opportunity to contribute and I trust that this supports your development of the sustainable biosecurity funding model.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'W.P. Collier', is written over a light blue rectangular background.

Wayne Collier

Chief Executive Officer

Australian Livestock Export Corporation Limited (LiveCorp)