



SUBMISSION TO: BIOSECURITY PROTECTION LEVY CONSULTATION

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To:

Have Your Say, Department of Agriculture, Fisheries and Forestry

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Biosecurity Protection Levy – submission from Citrus Australia

Introduction

Citrus Australia rejects the Australian Government's Biosecurity Protection Levy for the following reasons:

1. There has been insufficient consultation with industry, the Department of Agriculture, Fisheries and Forestry has not abided to its own 12 principles for creating a statutory levy, the Government cannot show evidence the levy is supported by a majority of industry.
2. The Department of Agriculture, Fisheries and Forestry has not shown sufficient progress to address any of the numerous recommendations by various authorities on the Department's financial management and inefficiencies. The agriculture sector should not be asked to carry the can for the budget deficit created by Machinery of Government changes and inefficiencies.
3. Without hypothecating the income from the BPL and other revenue derived from the sustainable funding model, the model immediately becomes redundant. If the BPL goes to consolidated revenue it is then at the whim of the government of the day to budget it accordingly. This does not sound sustainable to industry.
4. The biosecurity system is under enormous strain, business as usual level of activity will not keep industry protected, the BPL does not increase activity or reduce the risk of incursions.
5. The introduction of a BPL displays a fundamental disregard for the financial pressures the citrus industry (and other agriculture industries) has been under in recent years, driven by associated disruptions from the pandemic and exacerbated by difficult growing seasons. Adding a further 10 per cent cost to the growers bottom line is a material impact.
6. The proposed levy mechanism is inequitable, unwieldy and is likely to increase costs of compliance.
7. The agriculture sector industry is wrongly identified as the primary beneficiary of biosecurity and contributions to funding biosecurity activity made by industries such as the citrus industry have not been recognised.
8. Growth sectors such as tourism and container freight pose additional risk to Australia's biosecurity system and offer opportunity to contribute to its sustainable future.
9. Introduction of the BPL is likely to destabilise the statutory levy system.

In short, the BPL is highly inequitable. Many pest incursions are not caused by industry, however industries contribute to the response and are often burdened with the ongoing management of the pest or disease if it is deemed not technically or financially feasible to eradicate. When an incursion like this occurs it is most likely the government fee for service system that has failed or the importation of goods that has caused the incursion yet there is no requirement of the import industry to contribute to the response or recovery from the incursion – introduction of the BPL without addressing this issue will likely destabilise the efforts of industry to prepare and protect themselves and to contribute to future responses, further weakening Australia's biosecurity system.

Citrus Australia and the Australian citrus industry

Citrus Australia is the recognised industry representative body representing the nation's commercial citrus growers. Our membership also includes other members of the citrus value chain including

citrus packers, exporters and transporters. There are currently over 30 000 hectares of citrus plantings spread across Australia with the main growing regions focused around South Australia's Riverland, the Murray Valley region of New South Wales and Victoria, the Riverina, region of New South Wales and the Central Burnett region of Queensland. There are plantings throughout Western Australia, coastal New South Wales, northern and central Queensland and the Northern Territory. The wide geographical spread of the industry reflects the importance of citrus production on the economic sustainability of rural Australia as a whole. Citrus Australia is supported by six regional committees as well as issues committees — including a Citrus Pest and Disease Prevention Committee (CPDPC), which focuses on addressing issues relating to exotic pest prevention, preparedness and control.

Citrus Australia is a leading horticultural industry in the area of biosecurity preparedness and response, through activities of the CPDPC, the industry biosecurity program – CitrusWatch, partnerships in numerous other projects related to exotic pest preparedness and traceability, and representation on multiple national biosecurity committees and forums.

As captured in the Citrus Australia biosecurity statement, the citrus industry recognises several aspects of the biosecurity system that are high priority and require urgent attention in order to mitigate the threats from exotic species. At the level of the Australian citrus industry, incursion and establishment of exotic citrus psyllid- Huanglongbing/citrus greening complexes would have the potential to decimate citrus growing businesses. Since 2005, the spread of Huanglongbing throughout Florida citrus businesses has resulted in a 74% reduction in production across the industry. Between 2012-2017, border interceptions of national priority plant pests that could significantly affect the citrus industry included citrus canker (39 interceptions), citrus longhorn beetle (9 interceptions), and Asian citrus psyllid (16 interceptions).

As an industry, we are increasing our investment into surveillance and capability enhancing operations. However, our activities are enacted within a system that is increasingly inflexible, under resourced, and burdened by existing response activities. Thus, the citrus industry's ability to adequately prepare for identified exotic threats is bound by the current weaknesses of the national system.

Insufficient consultation and no adherence to levy principles

As published by DAFF in 'Levy Guidelines: How to Establish or Amend Agricultural Levies' (2020) the Department lists five purposes for which agricultural levies are established. These are for the purposes of (1) R&D, (2) Marketing, (3) Biosecurity activity (collected to fund member contributions to Plant Health Australia or Animal Health Australia), (4) Biosecurity emergency response (collected when needed to repay the Australian government for the proportional cost of a response), and (5) National Residue Survey. It is notable that there is no reference in this document to an agricultural levy that fits the current description of the proposed Biosecurity Protection Levy.

This set of guidelines also lists the 12 levy principles introduced by the Australian Government in January 1997. One principle states *"A request for a levy must be supported by industry bodies representing, wherever possible, all existing and/or potential levy payers, the relevant levy beneficiaries and other interested parties."* (principle 2).

As per principle 4, the levy initiator is responsible to provide a clear plan of how the levy will be utilised, including an assessment of how the plan will benefit the levy payers in an equitable manner, and demonstrated acceptance of the plan by levy payers in a manner consistent with levy principle 2. Based on principle 6, the levy must be equitable between levy payers. Citrus Australia argues in this

submission that the Biosecurity Protection Levy will be severely inequitable under the proposed mechanism for collection.

A key point that is also raised by the Department in the guidelines relates to consultation coverage, whereby the Minister of the day must feel confident that as potentially affected parties, all possible payers of a proposed levy have an opportunity to “*know about, examine, discuss, question and give their opinion*” on the proposed levy. According to DAFF (2020) levy consultation must have demonstrable high coverage of the industry on which the levy will be imposed, with the method chosen “*to measure industry support must maximise participation*” and the consultation must “*involve as many levy payers and potential levy payers as possible, including those who are not members of an industry representative body.... Levy proposals must demonstrate that the majority of participating levy payers support the proposal.*” With the above in mind, we do not believe that the Department has taken all sensible and ethical steps to ensure that potential levy payers have been consulted. Further, we ask what steps the Department has taken to consult with potential levy payer that are not represented, such as for example the kaffir lime leaf industry, and those small, disconnected businesses that sell direct through farmers markets.

Based on the current length of consultation for this proposed levy – only a seven week period during which the Department will accept submissions – we doubt that even a fraction of proposed levy payers are aware of the proposed change. The Department must be aware that a consultation period during the first 6 weeks of Spring coincides with intense harvesting periods for a number of major plant commodities, including citrus. The Department must also be aware that the average farmer age is 58 (ABS Website accessed 2023) and a consultation held solely via online platforms discriminates against a large majority of potential levy payers.

The Department would be well served by taking its own recommendations on possible methods of consultation, as included in the aforementioned guidelines. These recommendations include: a postal ballot; votes at industry meetings; a secure online survey; letters of support from levy payers; collecting individual responses over the phone; a notification and objection period.

The announcement of the BPL caught many stakeholder groups by surprise and prior consultation on the topic of the BPL lacked transparency to such a degree that plant industries were unaware that a domestic producer levy was even on the table for consideration. We note that a ‘*Sustainable funding and investment to strengthen biosecurity*’ discussion paper was released in late 2022 and submissions were collected with the intention of gathering views on what an appropriate model of sustainable biosecurity funding should look like. The consultation resulted in only 31 submissions being made during December 2022, which reflects the general level of awareness about the discussion paper. According to a subsequent impact analysis submitted to the Office of Impact Analysis, the report made the following fallacious statement about the consultation undertaken in late 2022:

*“The department undertook an open public consultation process on options to deliver a sustainably funded biosecurity system. This involved a Have Your Say consultation platform and release of an accompanying discussion paper. Responses were sought from industry parties. The discussion paper included the **option of a domestic levy as one of the funding options.**”*

Citrus Australia has reviewed the discussion paper in question, as well as responses to the discussion paper. Firstly, we state categorically, there is no mention of a domestic producer levy in the discussion paper. Secondly, the submissions from primary producer groups share one important theme for achieving sustainable funding – spread the burden of financing the system more fairly across both beneficiaries and risk creators.

Ultimately, the Biosecurity Sustainable Funding Impact Analysis is an underwhelming report that was submitted to the Office of Impact Analysis. The following response was made to the Department:

“To be considered ‘good practice’ within the Australian Government Impact Analysis framework, the IA would have benefitted from:

- *Further analysis of impacts, including quantification of costs, justification of costings, and description of qualitative impacts; and*
- *Further description of consultation, including the range of stakeholders consulted and areas of agreement and disagreement on the options.”*

We agree with the view of the Office of Impact Analysis on these matters. The Australian Government has fallen short of meeting the 12 levy principles of creating a levy and in proceeding with the proposed Biosecurity Protection Levy, which faces strong opposition from Industry Bodies representing levy payers, it creates a double standard, whereby it holds itself apart from good governance and does not follow the principles that it itself has set.

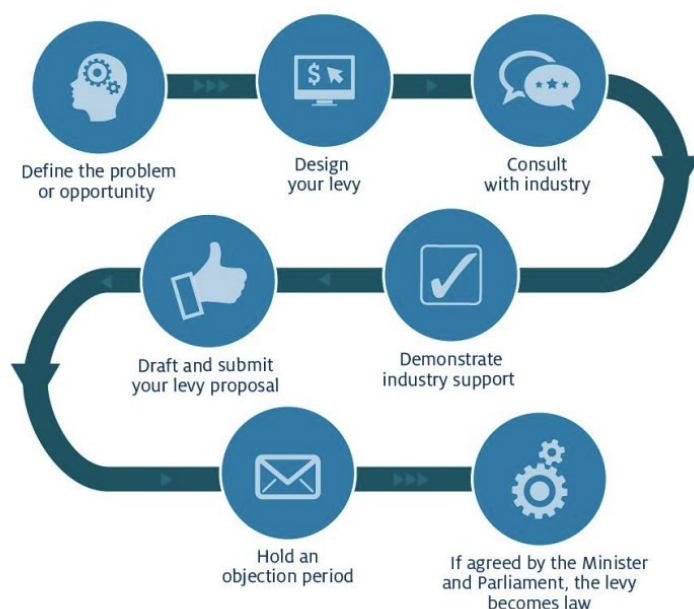


Figure 1. Steps in the process of establishing or amending a levy, as published by DAFF (2020)

References:

Australian Bureau of Statistics (2018-19), [Agricultural Commodities, Australia](#), ABS Website, accessed 10 October 2023.

DAFF 2020, *Levy guidelines: How to establish or amend agricultural levies*, Department of Agriculture, Fisheries and Forestry, Canberra, CC BY 4.0.

DAFF 2022, *Sustainable funding and investment for biosecurity: discussion paper*, Department of Agriculture, Fisheries and Forestry, Canberra, CC BY 4.0.

The BPL – a band aid for Departmental inefficiencies

It is highly inappropriate that the Department should seek to further tax grower businesses, before taking steps to resolve current internal inefficiencies. There have been numerous reviews of the Department by the Office of the Auditor General and the Office of the Inspector General-Biosecurity over recent years that highlight specific areas where Department operations require improvement.

As stated in a 2021 audit by the Office of the Auditor general *“Past external reviews and ANAO performance audits of the department have found weaknesses in the department’s governance and culture, including demonstrating value for money in the department’s procurement activities.”* Examples of areas where Departmental efficiencies and improvements should be made, and where poor project management has wasted taxpayer funds, are included below.

Example 1 - Enforcing biosecurity compliance

According to a report released by the Office of the Auditor General in 2021, despite legislative tools being made available to respond to non-compliance, effective use of these tools by the Department is severely lacking. In addition, this audit found that lack of biosecurity officer training has been a factor in a large proportion (14%) of air passenger infringement notices being identified as invalid by the Department. This was due to a variety of mistakes made by the issuing officers, including notices being filled out without the correct delegation and insufficient supporting evidence being provided on the file. According to the audit, refunds for these infringement notices valued a total of \$322,000.

There are more foundational issues that require the attention of the Department, with the report stating that *“The department’s arrangements to respond to non-compliance with biosecurity requirements are largely inappropriate. In the absence of frameworks, plans or targets to determine the desired outcomes of its regulation, the department is unable to demonstrate that its response to non-compliance is effective at managing biosecurity risks.”*

Example 2 - Agriculture White Paper funding for systems

In 2016 the Department was allocated a large amount of funding (\$3.3 million) for the improvement of internal systems, which would have improved operational efficiency and risk analysis capability. The intention was to *“improve the department’s biosecurity intelligence capability by investing in systems that gather, store, transfer, share, analyse, and report on biosecurity data’ and ‘create and populate a data system”*. On completion of the project, not all deliverables were met, with the end result only relating to surveillance datasets for the Northern Australia Quarantine Scheme (AG, 2021).

Example 3 - Biosecurity Integrated Information System

In 2016, \$30.9 million was allocated to the Department for development of an integrated biosecurity import system that would improve the ability to share, analyse, aggregate, and manipulate data. As of 2020-2021 only aspects of the project had been delivered, and at that point, funding for the project had reached \$56.9 million. According to the Auditor General (2021) the scope of activities had changed throughout the course of the project, and after several years and \$26 million over budget, the project was no longer intended to produce an integrated biosecurity import information system.

Example 4 – Estimating cost recovery

Concerningly, the ability of the Department to accurately assess how much should be cost-recovered from Australia Post appears to be unreliable, with past mail estimates made by the Department varying significantly from estimates made by Australia Post (Australian National Audit Office, 2021). This is another example where the Department should be directing resources at improving its operational and risk assessment capability to improve cost-recovery, rather than taking the route of raising an additional industry levy.

The recent Capability Review Department of Agriculture, Fisheries and Forestry by the Australian Public Service Commission makes several recommendations about the Department's oversight, resource management and financial planning, summarising its recommendations as:

- *Establish a new system of governance with the senior leadership team collectively responsible for setting and clearly communicating enterprise-wide priorities, managing resource allocation and supporting effective decision-making.*
- *Consolidate corporate, performance and assurance data and other management information to underpin effective decision-making and resource management.*
- *Build a strong and proactive strategic policy capability with a focus on influencing and engaging on priority policy areas that meet the economic, environmental, social and governance needs of Australian communities.*
- *Commence the development of a strategic workforce plan, to build a fit-for-future workforce and support the sustainment of critical skills.*

The examples presented here highlight the need for the Department to take an internal view and scrutinise Departmental operations and capability to deliver biosecurity activities more effectively, before sourcing further funding to plug these holes.

There is also an important aspect of the BPL consultation paper that requires clarification. The Government has stated that the biosecurity budget will be \$536.2 million without the additional funding measures, and \$804.6 with the additional measures. According to the Auditor-General (2021) the Department was allocated \$776.8 million for 2020/21 biosecurity operations (this included funding for cost-recovered activities). The report states that *"this funding and staffing includes aspects of the department's work beyond managing biosecurity noncompliance, including responding to biosecurity outbreaks, export assistance, and research into biosecurity and plant and animal health."* Industry is owed an explanation as to why the budget has been reduced by \$240 million when compared with the 2020/21 funding allocation.

References:

The Auditor-General, Auditor-General Report No.17 2022–23, Department of Agriculture, Fisheries and Forestry's cultural reform

<https://www.anao.gov.au/work/performance-audit/department-agriculture-fisheries-and-forestrys-cultural-reform>

The Auditor-General, Auditor-General Report No.42 2020–21, Responding to Non-Compliance with Biosecurity Requirements <https://www.anao.gov.au/work/performance-audit/responding-to-non-compliance-biosecurity-requirements>

Australian Public Service Commission, Capability Review Department of Agriculture, Fisheries and Forestry 2023 <https://www.agriculture.gov.au/about/reporting/capability-review>

Use and management of funds for a system under pressure

The biosecurity system is under a great deal of pressure. The system requires a greater level of staffing, capable and experienced personnel, and effective systems to collate data, determine risk, and allocate resources. Plant biosecurity is under serious threat from this lack of capacity, with plant industries being at risk from a higher number of incursions and often bearing the cost of multiple responses at a time. In addition, the proposed sustainable biosecurity funding model does not address the decline of the system and the steady reduction of capacity within state governments. From information provided by the Department so far, funds accrued through the BPL will be diverted to consolidated revenue and will be used to fund business-as-usual activities – it seems unlikely that any appreciable increase in biosecurity activities or improvement in operations will result from this levy. Rather, the proposed levy seems likely to fill gaps in the system that have emerged over the past decade. In 2020, the CSIRO warned *“continuing along the ‘business as usual’ (BAU) trajectory of slow and incremental change could expose Australia to significant triple bottom line risks over the next 10 years...Modelling shows that even almost tripling investment in interventions out to 2025 will still result in increased residual biosecurity risk compared to 2014–2015 levels.”*

Citrus Australia is adamant that the Department ought to:

1. Investigate alternative funding mechanisms, particularly from growth sectors that are placing increasing pressure on the system, and
2. Analyse our risk context in greater detail and develop a plan for allocation of additional funding towards transformative activities that will evolve Australian biosecurity operations into a genuinely sustainable system. (As it stands, the National Biosecurity Strategy gives insufficient detail for guiding the step change required).

Without hypothecating the income from the BPL and other revenue derived from the sustainable funding model, the model immediately becomes redundant. If the BPL goes to consolidated revenue it is then at the whim of the government of the day to budget it accordingly. This does not sound sustainable to industry.

According to advice from the Department, funds accrued through the proposed increase in the Passenger Movement Charge, will be managed by the Department of Home Affairs and may potentially be used for general airport maintenance. On this important point, we query the level of collaboration that currently exists between the Department of Agriculture, Fisheries and Forestry and the Department of Home Affairs for the purpose of biosecurity. Evidence of lack of collaboration is concerning. For example, according to the Auditor-General (2021) *“The department’s inability to use data from customs declarations held by Home Affairs further limits the accuracy of the assessment. A 2017 document noted that the inability to use customs data to enable informed and precise risk assessment places the department ‘...behind most developed nations’. While the impacts of not using this data have been identified, the department has not yet been able to use it for risk assessment.”* Therefore, what assurance can the Department and the broader Federal Government give to primary industries that these additional funds will not be cannibalised by other government departments? Does the Department have a formal agreement in place with the Department of Home Affairs pertaining to the use of the funds? Why have the new funds announced in the budget not been hypothecated for the use of biosecurity?

References:

Craik, W, Palmer, D & Sheldrake, R 2017, Priorities for Australia’s biosecurity system, An independent review of the capacity of the national biosecurity system and its underpinning Intergovernmental Agreement, Canberra.

BPL at odds with food security, cost of living crisis

The consultation paper focusses on primary producers as major beneficiaries of the biosecurity system. The fact that the Department is proposing to further tax primary producers is itself concerning as it highlights for Citrus Australia that the Department has lost sight of a key reason for existence of the biosecurity system, which is safeguarding of Australia's food security. The BPL is in contention with this intent as it would place pressure on producers, who already contend with significant and growing costs of doing business, which are outlined below.

- Direct inputs (such as energy, water, labour, fertilizer, diesel), as well as costs of transport have increased by 50-70% through the pandemic
- Businesses need to meet progressively rigid standards, schemes and red tape for food safety, labour sourcing and management, export (interstate and international), and environmental sustainability
- Indirect costs (for example, it is expected that there will be significant increases to plant husbandry and shoot tip grafting costs for citrus imported through Post Entry Quarantine as a part of the Departments cost recovery changes in 2024 – these costs are likely to flow on to citrus growers)

We emphasise that, in proposing this levy the Department has clearly demonstrated that it does not appreciate the considerable rising pressures on producers and is out of touch with the primary industries for which it owes its existence. Drought, extreme weather events and climate change threaten Australia's food security as does the introduction of invasive species. Simply put, the Biosecurity Protection Levy will add further pressure on producers within an already challenging growing context, placing food security at risk. With cost-of-living pressures already at an extreme, the Australian government should be investing more consolidated revenue into biosecurity measures rather than adding additional costs to the production of food and fibre industries.

There are numerous examples of growers who have recently exited the industry due to rising cost of production and increasing red tape. Citrus Australia is increasingly mindful of the mental health burden being born by growers who face endless auditing and scrutiny by third parties including government.

Finally, we ask if the budget analysis has taken into account the recent biosecurity cost recovery review and whether the final budget includes expected revenue increases arising from changes to Post Entry Quarantine cost recovery activities as of July 2024. This is an important question for the citrus industry as recently proposed changes will impose further costs on plant industries. During recent consultation on the Biosecurity Cost Recovery Implementation Statement Plant importers raised concerns about the potential for reduced competitiveness of plant industries resulting from a reduction in the importation of new plant species or varieties due to the expected increased cost of Post Entry Quarantine. Based on the consultation paper, plant industry PEQ users are faced with an over 100% increase on the PEQ plant importation charge, PEQ monthly plant husbandry fee, and PEQ plant monthly charge (DAFF, 2023). Of additional concern to the citrus industry is further increases to the cost of shoot tip grafting.

References:

Beneficiaries extend far beyond producers – explore alternate funding sources

To validate inclusion of the levy amongst the mechanisms for sustained funding of biosecurity activities the consultation paper notes *“that primary producers, whether growing for the domestic market or exporting into premium overseas markets, benefit considerably from Australia’s favourable biosecurity status”*. Singling out the agriculture industry as the primary beneficiary of biosecurity does not recognise that the greatest beneficiary of biosecurity and food security is the Australian government and the people of Australia. It disregards the many other beneficiaries of the system both within the primary industry sector (for example, advisors, agrichemical resellers, logistics businesses, packers, market agents, exporters, other local businesses) and outside of the primary industry sector. Regional communities are beneficiaries of strong biosecurity, because introduction of certain pests and diseases would wipe out the primary industry supporting towns and regions. As it stands, the high focus that the consultation paper places on primary industries as key beneficiaries of the biosecurity system downplays both the vital and irreplaceable service that primary producers provide in feeding the nation and providing lifeblood for many rural townships and industries.

We all benefit from affordable Australian grown produce and the proposed measures do not go far enough in taxing sectors outside of primary industries. We provide Australia Post as one example.

In the 2015-16 Budget, the Department moved to full cost recovery of services provided to Australia Post for assessing and managing the biosecurity risk associated with international mail items. This fee only impacts on Australia Post – it is not passed on to the public. This Australia Post contribution is set at \$15.3 million in 2018-2019. Despite growing risks from incoming mail and an increase in inspections as a response to risks from African swine flu and Foot and Mouth disease in particular, this figure has not increased during the last four years. We believe that, considering the growing risk from mail items, there is more scope for contributions from Australia Post.

Further, Citrus Australia believes that the proposed budget structure does not place enough emphasis on those sectors that create risk, namely tourism, air and sea freight, importers (who spend over \$1000), and incoming air travellers. There is also an argument to acknowledge the considerable risk to our natural environments, the valuable ecosystem services that these areas supply, and the many people who directly or indirectly benefit from these places. Yet these environments are also at risk from incoming trade, and passenger arrivals.

Tourism

In 2022, the Federal Government released the *Thrive 2030* tourism strategy, which sets out a long-term plan for growing Australia’s visitor economy. The report notes that between 2009 and 2019, international visitor arrivals increased by 70% and reached a record 9.5 million. In 2019, total annual international visitor spend was a staggering \$59 billion, with international students accounting for 39 per cent of total international spend. At this point in time, the Australian tourism economy supports 670,000 jobs across some 330,000 businesses (equating to 1 in 7 of Australia’s 2.4 million businesses). The strategy sets a target of \$81 billion for international visitor spend by 2030, with regional Australia to capture about 40% of this spend. The potential to collect significant annual contributions to biosecurity activities from the tourism industry is high, and necessary when one

considers the intended growth in tourism as set out in *Thrive 2030*. Disappointingly, the *Thrive 2030* strategy makes no mention of biosecurity, despite the Tourism Industry being a direct beneficiary of good biosecurity.

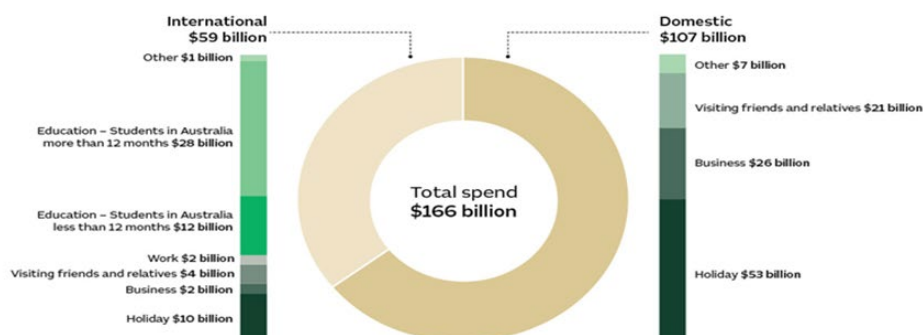


Figure 2: Visitor types and value, year ended December 2019

Incoming air travellers

While an increase in tourism is beneficial for large segments of the Australian economy, the strategy targets represent significant risk for our food security, lifestyles and natural environments from a biosecurity standpoint. It will also substantially stress already stretched government biosecurity resources and will no doubt result in a larger proportion of the Passenger Movement Charge to be allocated towards airport infrastructure maintenance rather than border biosecurity activities. (Notably, the Craik review (2017) suggested that an increase to the Passenger Movement Charge should be made, with revenue generated by the increase be “*hypothecated to the Australian Government agriculture department for use nationally to enhance activities across Australia’s biosecurity system*” rather than be directed to the Department of Home Affairs as is the case in the consultation papers.)

Citrus Australia proposes that a new charge instead be placed on incoming air travellers. In 2019, the Inspector General of Biosecurity reported that between 2012 and 2017 air traveller arrivals increased from about 15.5 million to more than 20 million. According to the Australian Bureau of Statistics, accessed September 2023, incoming passenger numbers are steadily increasing back to pre-covid levels. Based on approximately 20 million travellers having entered Australia in 2017, and an expectation of continued growth in visitor numbers, charging only \$2.35 per passenger would equate to the level of funding expected to be collected by the proposed biosecurity protection levy. As a growth sector and one that carries significant risk, it affords a sustainable and fair funding model.

Shipping

According to a report by Bureau of Infrastructure and Transport Research Economics (2023) Australia imported 97.1 million tonnes of goods worth \$246.6 billion by sea in 2020–21. In 2020, 88,955,196 international cargo import declarations were made to Australia in 2020. We believe that the previously proposed levy on containerised and non-containerised cargo imported into Australia by sea should be revisited, and the sheer volume and value of cargo imported into Australia each year requires such a charge to offset the biosecurity risk and to ensure that biosecurity resources are provided in line with growing trade importation volumes. It is notable that Recommendation 34 of the Craik Review (2017) was to implement a “...*per-container levy on incoming shipping containers of \$10 per twenty-foot equivalent unit and a levy of \$5 on incoming air containers, effective from 1 July 2019.*”

In summary, we firmly believe that the Department has not made appropriate efforts to look outside of primary industries in order to meet the targeted funding increase, and we urge it to think more deeply about alternate, more appropriate and equitable sources of funding.

References:

Australian National Audit Office (2014) Performance Audit Screening of International Mail
Department of Agriculture Australian Customs and Border Protection Service, Auditor-General Audit Report No.42 2013–14

Australia Post (2022) Delivering like never before. Annual report.

<https://www.agriculture.gov.au/sites/default/files/documents/fmd-advice-australia-post-enhanced-measures-international-mail-gateways.pdf>

<https://www.transparency.gov.au/annual-reports/departments-agriculture-water-and-environment/reporting-year/2021-22-6>

Bureau of Infrastructure and Transport Research Economics (BITRE) 2023, Australian sea freight 2020– 21, Canberra, ACT.

THRIVE 2030: The Re-Imagined Visitor Economy. A national strategy for Australia’s visitor economy recovery and return to sustainable growth, 2022 to 2030.

Inspector-General of Biosecurity 2019, Pest and disease interceptions and incursions in Australia, Department of Agriculture and Water Resources, Canberra, April. CC BY 4.0.

<https://www.abs.gov.au/statistics/industry/tourism-and-transport/overseas-arrivals-and-departures-australia/latest-release>

BPL does not account for existing sizable contributions

From consultation thus far, it appears that the Department has disregarded the high level of existing contribution – both monetary and in-kind – that is already made by plant production industries. Direct monetary contributions from the Australian citrus industry include Emergency Plant Pest Response levies (the Citrus EPPR levy is currently set at a positive level), Plant Health Australia levies, and R&D levies committed to biosecurity projects.

Indirect monetary contributions include on-farm biosecurity infrastructure, staff training, and farm protocols. Industry members also contribute significant amounts of time in support of government biosecurity activities as in-kind contributions. One example is the large number of committees and working groups of which Citrus Australia has been a part over recent years. This includes, the Plant Industry Forum, the Plant Industry Forum committee, the Plant Industry Biosecurity Committee, the Victoria Biosecurity Reference Group, the Murray Valley Fruit Fly Advisory Group, the National Fruit Fly Council, the Citrus Pest and Disease Prevention Committee, National Biosecurity Implementation Committee and numerous working groups and industry reference groups.

Through active participation, Citrus Australia personnel are also supporters of initiatives such as the Biosecurity Extension Network, the General Surveillance Community of Practice, the Urban Plant Biosecurity Network, the Northern Australian Plant Capacity and Response Network [ADD TO LIST].

As advised by Hort Innovation, R&D levy contributions across horticultural commodities has been steadily increasing since 2016 (Figure 3). As of 2020, there had been 47 projects worth \$57 million completed via this levy mechanism. Importantly, this amount does not include in-kind contributions, therefore, the actual value is much greater (approximately \$10-15 million). Of projects that are currently underway, there are 42 biosecurity projects funded via horticultural R&D levies that are collectively worth \$79 million, plus an additional \$19 million of in-kind contributions. Not included in these values are projects related to Integrated Pest Management and trade, which work hand in hand with biosecurity activities.

Plant Health Australia levies are paid by a large number of plant industries, including the citrus industry. These levies cover the cost of membership to Plant Health Australia, thus providing a mechanism for plant industry representatives to stay up to date with biosecurity initiatives, to connect with other industries on the topic of biosecurity, and to have a say when it comes to Plant Health Australia activities. Attendance at Plant Health Australia member meetings by industry representatives are provided as an in-kind contribution and are not covered by the Plant Health Australia levy, yet active participation by industry members is a crucial element of facilitating industry-government partnerships – the core mission of Plant Health Australia. Funds from this levy mechanism are also commonly used for biosecurity specific projects. For example, funds accrued by the citrus Plant Health Australia levy have been used to fund the Urban Biosecurity Coordinator role, which is an important component of CitrusWatch, the industry biosecurity program. Further, Craik et al. (2017) reported that the grains and horticulture industries have “...136 industry surveillance programs in place. Most of these programs are run by industry groups, but some also invest with their state government in delivering the program.”

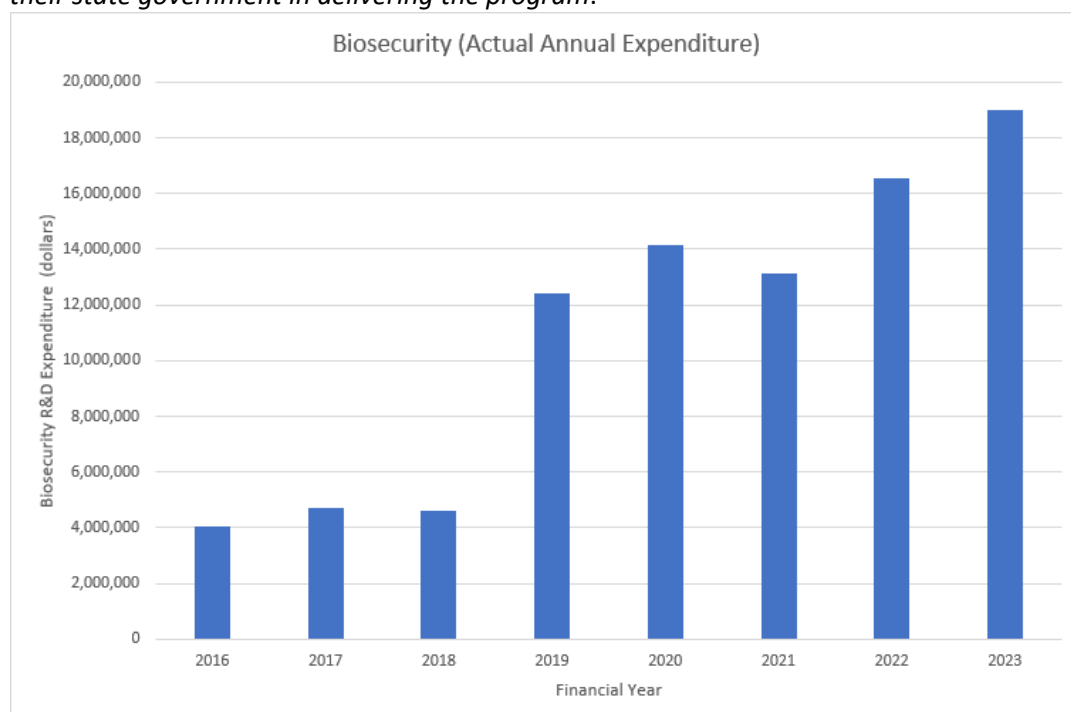


Figure 3. R&D levy contributions across horticultural commodities has been steadily increasing since 2016

In 2022/23, the Plant Health Australia levy supported dedicated industry biosecurity projects to the value of \$7.37 million. In addition, approximately \$900K in memberships were paid to Plant Health Australia from the levy. Without industry participation and monetary contributions, Plant Health Australia – an important statutory pillar of our biosecurity system – would cease to operate.

Importantly, Plant Health Australia membership also gives member industries an opportunity to become a signatory of the Emergency Plant Pest Response Deed and to take steps to put in place an Emergency Plant Pest Response levy, which allows industries to participate in the decision-making process during an emergency plant pest response and to contribute funding to the response. Industry contributions to Emergency Plant Pest Responses are significant. From an in-kind standpoint, representatives of industries that are signatories of the Emergency Plant Pest Response Deed voluntarily take time away from business-as-usual activities to participate in the Consultative Committee on Emergency Plant Pests, the National Management Group, Categorisation Groups, and Scientific Advisory Panels. Industry representatives also contribute time towards developing industry resources such as Biosecurity Industry Standard Operating Procedures, Industry Biosecurity Plans, categorisation applications and other preparedness resources. Recent industry representation at Exercise Aggregate, organised by Agriculture Victoria and Plant Health Australia, is an example of how willing industry parties are to contribute additional time and money towards response preparedness activities. These in-kind activities are in addition to funding contributions made via Emergency Plant Pest Response levies, the sizable contributions of which were valued at just over \$4 million in 2022/23. Between 2007 and December 2022 the total plant industry contribution towards pest responses reached \$33 million (pers. comms. Plant Health Australia).

In the case of plant pest responses, there are private enterprises that could be economically impacted (e.g. agricultural contractors, freight and packing, shipping, ports, labour hire and labourers, local tourism etc.). The tourism and transport sector in particular could conceivably be affected by red tape and movement restrictions in the case of a large-scale response. However, only plant industries pay monetary contributions into these responses, thus taking a further economic hit on behalf of industries that extend beyond their own immediate business. It is important that the Department take this into consideration. Plant industries are contributing more than their fair share towards the biosecurity system. It is time that other sectors also made a meaningful contribution.

Implementation & inequity of taxation

Citrus Australia argues that the basis for setting the levy (current levies paid) is flawed, as current levy contributions by an industry towards R&D, marketing etc. is in no way related to the benefits received, risk posed, and current contribution made to biosecurity. Perversely, the proposed structure of the BPL will impact most on those industries that are proactive, organised and have taken steps to become biosecurity responsible and active supporters of the system. These are industries that have R&D, EPPR and PHA levies in place.

Using just the 2020/21 statutory levy income year as the basis for calculating the Biosecurity Protection Levy is perverse. The agriculture sectors success varies with each season and levy income will vary from year to year, however the long term forecast is increased production, meaning the levy income will also trend upwards and could conceivably be \$60 million in just a few years time. The Government's stated target is \$50 million, how will over collection of the levy be managed? Government is asking industry to 'simply' pay an extra 10 percent but has provided no transparency of the use or opportunity for enabled industry to manage expenditure of this funding.

Should the BPL be implemented, the cost of compliance (or conversely the amount of slippage) caused by this unwieldy levy will be immeasurable. The myriad of collection points and calculations on numerous commodities has not been thought through and will likely result in increased costs of compliance and auditing.

Unintended consequences

In proceeding with the BPL, the Department places current industry contributions to the biosecurity system and R&D more broadly, at risk. Those industries that already pay into PHA levy may be disincentivised from proceeding with further proactive, collaborative biosecurity efforts. Other industries may also be disincentivized from joining Plant Health Australia and from becoming a signatory to the Emergency Plant Pest Response Deed, placing at risk future industry-government partnerships. It is also possible that there may be a reduction in R&D funding directed at biosecurity projects, thereby impacting on industry led research, education, best practice schemes, and surveillance. Further, due to pressure already on plant industries which currently are contributing to or will soon contribute to emergency plant pest responses the introduction of the BPL is a threat to the long term survival of the EPPRD arrangements.

Citrus Australia welcomes an opportunity to discuss sustainable funding further with the Department and is open to an ongoing dialogue as the consultation continues during 2023.

Sincerely,

A handwritten signature in blue ink, appearing to be 'Nathan Hancock', with a stylized, cursive script.

Nathan Hancock
CEO Citrus Australia