

Att: Biosecurity Sustainable Funding Implementation Branch
Department of Agriculture, Fisheries and Forestry
Via email: secretariatBSF@aff.gov.au

13/10/2023,

Dear Secretariat

Animal Health Australia (AHA) welcomes the opportunity to have our say on the implementation and design of the Biosecurity Protection Levy (BPL) announced as part of the 2023-24 Federal Budget.

AHA is the trusted and independent national animal health body in Australia, which brings together government and industry to deliver animal biosecurity. Our members are the Commonwealth, the state and territory governments, and livestock industry organisations representing the majority of Australia's livestock production (refer to Appendix A for a full list of our members).

With our members, we advocate for, drive solutions, and take a whole of sector approach to ensure the long-term success of Australia's animal health and biosecurity system.

Because of its unique position in the biosecurity and animal health system, for some time AHA has been calling for a national, sustainable funding model for biosecurity.

To quote our submission from November 2022, *"A long-term sustainable funding model requires co-ownership, co-funding and co-design (especially of new initiatives) across the biosecurity continuum; information-sharing that raises awareness that biosecurity is everyone's responsibility from large volume importers to the farm gate; and establishes a platform that connects and supports individual groups to take action and thereby embed practice change."*

Therefore, we welcome the initiative and general intent by the Minister to put such a mechanism in place that leverages existing levy mechanisms (minimises unnecessary costs and administration) and requires participation by a spectrum of risk beneficiaries.

A successful long-term funding model requires not only co-funding, but also co-ownership and co-design, which appear to be deficient of the proposed BPL.

AHA and our members are deeply concerned that the Department of Agriculture, Fisheries and Forestry has not recognised the potential for unintended consequences of the proposed BPL as announced.

We strongly recommend further consultation and consideration is required before the BPL is implemented.

Key issues include:

- **Introducing a new levy on producers may create unintended perverse outcomes in our biosecurity system which already utilises a great deal of 'in-kind' contribution from participants (levied and unlevied).** An example of this, that is specific to AHA members, is the requirement for signatories to the Emergency Animal Disease Response Agreement (EADRA) to undertake 'normal commitments' for biosecurity preparedness at their own expense. Normal commitments are the business-as-usual activities and resource commitments of all signatories to the EADRA to prevent, prepare for and manage EAD incursions. A [guidance document](#) explains normal commitments in detail but some examples are:
 - a commitment to have an adequate number of personnel trained and ready to participate in EAD control centres, and fund their salaries on deployment
 - participate in national AUSVETPLAN working groups and exercises
 - participate in annual and 5-year reviews of the EADRA
 - work to uplift biosecurity at the farm level
 - promote early reporting of diseases to authorities by their members.
- **The imposition of additional costs to producers through the new BPL risks industry resources being diverted away from these proactive and 'invisible' but vital post-border activities, to the detriment of the national biosecurity system.**
 - a. AHA and its members have long been aware that existing mechanisms and funding of EADRA normal commitments are not adequate to support the increasing demands for baseline EAD response preparation and the fulfilment of normal commitments. Prior to the announcement of the BPL, two AHA industry members had been exploring the option of increasing or activating their current EAD levies (paid to AHA) with the Commonwealth's levies branch, with the aim of raising funds to undertake proactive work to increase their industry's EAD level of preparedness. With the announcement of the BPL these plans have been put on hold indefinitely, and the challenge of how to fund essential post border preparedness work remains a critical issue. This will entrench the chronic underfunding that AHA experiences and remove one of the few viable options that AHA had to sustainably address this funding shortage, in light of increasing demands relating to AHA biosecurity activities. The likely impact for some industries will be the potential inability to adequately fund EAD preparedness and response activities, or repay Commonwealth funds in the event of a disease response.
 - b. The outlook for more general in-kind and voluntary contribution to the biosecurity system is considerably reduced or prevented given the extreme disappointment expressed by industry groups that their significant existing voluntary industry funded biosecurity contributions have not been recognised by the Commonwealth in their communications about the BPL. Some industries are contributing higher than minimum levies and using these funds to drive biosecurity projects prioritised by those industries' members. Sometimes these projects are done in partnership with individual jurisdictions or AHA and deliver targeted programs to industries. One example of this is the enhanced abattoir monitoring program for sheep in South Australia. If funding to these valuable projects is withdrawn by industries due to the impact of the BPL, there will be serious negative impacts on national biosecurity programs.

- c. In addition, industries which are currently collecting higher than statutory levy contributions voluntarily from their producers are concerned that their industry's BPL contribution will be based on total levies collected rather than the minimum they are required to pay – effectively penalising them for being proactive about biosecurity, and resulting in a higher ongoing BPL commitment than if they had contributed only the minimum.
 - d. AHA also collects EAD response levies on behalf of the Commonwealth, in order for relevant AHA industry members to repay their share of past nationally cost-shared response costs to the Commonwealth, and these payments may extend for up to ten years post-response. In the nominated BPL measurement year of 2020-21, the chicken meat and egg industries both had active EAD response levies in place, and these funds should be removed entirely from setting the BPL 'baseline', because they represent payment for past EAD response costs which are extraordinary on an industry basis. Potential inclusion of these repayments will artificially inflate figures, and BPL settings, for industries in the process of paying for a past response.
 - e. It could be argued that the BPL may result in a 'crowding out' of intrinsic motivation to be proactive about biosecurity, meaning that producers may seek to value their current in-kind or goodwill activity and effort toward the biosecurity system and seek explicit value or Commonwealth funding for that contribution to continue, where it was previously unpaid by the system funders.
 - f. It is also possible that proactive or discretionary post-border biosecurity activity that is not funded by government will not be undertaken as readily by biosecurity system participants (levied and unlevied) as these participants may now believe that the BPL funds should be applied to those ends.
 - g. The calculation of levy payments is not representative of biosecurity expenditure and needs to be refined. Other circumstances of potentially overestimating an industry BPL contribution has the potential for other instances of double counting, e.g., increased input costs for imported feed materials that stock feed manufacturers and producers will pay in addition to increased levies based on sales of their goods.
- **There is a major concern that industries currently paying levies will now pay more under the BPL, whilst industries that are currently not contributing to biosecurity or the disease preparedness system, but pose significant risks to it, will not contribute to the BPL.** There are a number of industries, some with significant GVP (Gross Value of Production), that are currently not contributing for a range of reasons: an inability to raise funds, utilisation of alternative approaches to preparedness and response (commercial salmon fisheries preferring to purchase commercial insurance vs engaging in national aquatic EAD response agreements), the structure of the industry (highly dispersed or involving large numbers of small or lifestyle producers) does not easily lend itself to viable collection points where cost of collection exceeds income generated. AHA seeks assurance from the government that all biosecurity system participants will contribute to the BPL.
 - a. Despite the intent that the funding package follows a new model of shared responsibility, AHA and our members are dismayed that funding arrangements for some of the main creators of risk are yet to be determined, as per the 2023-24 Budget 'Sustainable funding for a strong biosecurity system' factsheet:

- i. In addition, work is being undertaken to ensure the current fees and charges applied to importers and other key system participants at the border meet the actual costs associated with managing biosecurity risk.*
 - ii. Funding arrangements recovering the cost of biosecurity clearance of international mail, and military equipment and personnel coming into Australia, will also be reviewed to ensure appropriate contributions.*
- b. Whilst the government has committed to transparent reporting on funds received, as well as expenditure and outcomes, the stated intent to put funds from the BPL directly into Consolidated Revenue is a cause of concern to the contributors, who were expecting to have some influence on how the funds would be used.**

To ensure the long-term success of Australia's animal health and biosecurity system, AHA is calling for the government to reconsider the approach to the BPL, including the following parameters:

- *The Biosecurity Protection Levy will not be subject to producer voting arrangements in relation to its establishment or change, nor will agriculture, fisheries and forestry producers or their representative bodies have a direct role in determining its use.*
- *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.*
- *... 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.*

We call for the following:

- **That an agreed portion of the additional funding raised be allocated to AHA in recognition of**
 - a. AHA's critical role as the trusted advisor uniting governments and industry to deliver on key national biosecurity and emergency preparedness projects for the past 20 years efficiently and effectively.
 - b. The impact of the introduction of the BPL on reducing AHA's biosecurity funding outlook and options available during a time of dramatically increasing demands on AHA services.
 - c. Considering the potential for increased risks of an incursion and the increased need for proactive post-border activities, AHA's key role in bringing together governments and industries to ensure we have the capability and capacity to address an incursion.
- **Reassessment of contribution to the levy based on risk creation and system benefit, including:**
 - a. Quantification and recognition of the significant contributions producers are already making to the biosecurity system: both levied and unlevied, legislated, or voluntary and any in-kind funding of normal commitments under the EADRA and other national response agreements
- **An approach to ensure the levy payment for importers and other parties that require biosecurity clearances at the border is urgently undertaken.**
- **Formal structures are put in place to consult producers on usage of funds collected through the BPL.**
- **Legislated assurance that the BPL is capped, or annual increases do not exceed CPI.**

Thank you for providing the opportunity for our organisation to provide input on this matter.

Should you have any questions, or would like to discuss further, please contact Dr Samantha Allan,
Acting CEO Animal Health Australia at sallan@animalhealthaustralia.com.au.

Yours sincerely,



Dr Samantha Allan
Acting CEO
Animal Health Australia

Appendix A: Animal Health Australia membership**Australian government****State and territory governments**

Livestock industries



Associate members

