



Xavier Martin
President
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Biosecurity Sustainable Funding Taskforce
Department of Agriculture, Fisheries and Forestry
Via email: secretariatbsf@agriculture.gov.au

Re: Submission to *Sustainable Funding and Investment to Strengthen Biosecurity - Discussion Paper*

NSW Farmers welcomes the opportunity to provide input through this submission on how to make the national biosecurity funding arrangements sustainable. NSW Farmers supports the National Farmers Federation submission to this consultation, and the need for reform and strengthening of Australia's biosecurity system to ensure it remains agile and supported by long-term sustainable funding and resourcing. NSW Farmers makes several recommendations for sustainable biosecurity funding, which are outlined below.

NSW Farmers is Australia's largest state farming organisation, representing the interests of its farmer members in the state. We are Australia's only state-based farming organisation that represents farmers across all agricultural commodities. We also speak up on issues that matter to farmers, whether it's the environment, biosecurity, water, animal welfare, economics, trade, or rural and regional affairs.

Agriculture is an economic 'engine' industry in New South Wales. Farmers across the state produce more than \$21 billion worth of food and fibre every year, or around 25 per cent of total national production, and contribute significantly to the state's total exports. Agriculture is the heartbeat of regional communities, directly employing almost two per cent of the state's workers and supporting roles in processing, manufacturing, retail, and hospitality across regional and metropolitan areas. The sector hopes to grow this contribution even further by working toward the target of \$30 billion in economic output by 2030. The value of the sector is at significant risk in the event of an incursion. The impact of a major Foot-and-Mouth Disease (FMD) incursion on our livestock industries is estimated to be \$80 billion¹, \$16 billion for Khapra beetle on our grains industry² and \$5 billion for Varroa mite on our horticultural industries³.

Comprehensive and appropriate resourcing across the whole biosecurity system is fundamental for maintaining high levels of biosecurity and food safety in both NSW and Australia. NSW Farmers supports holistic reform of funding arrangements; greater investment in R&D (notably technology, surveillance, and diagnosis); improved mechanisms for outreach, communications and engagement; and clearly delineated roles and responsibilities. NSW Farmers advocates for the implementation of biosecurity funding models that allocate risk equitably between key risk creators and system beneficiaries, effectively account for imbalances in existing cost recovery arrangements for certain border pathways, and represent the need for funding to be responsive, transparent, and accountable.

¹ ABARES 2022 estimate based on Buetre et al. (2013) updating for current industry conditions and adopting the discounting approach outlined in Hone et al. (2022).

² Department of Agriculture, Fisheries and Forestry, National Biosecurity Strategy, Page 18.

³ Department of Agriculture, Fisheries and Forestry, National Biosecurity Strategy, Page 25.

NSWF seeks a sustainable funding model for border biosecurity be pursued by the state and federal government to protect NSW and Australia's agricultural industries. Currently the funding structure of our biosecurity system creates challenges with under-resourcing and continuation of critical preparedness and response activities.

NSW Farmers along with other industry stakeholders advocate for a sustainable funding model that allocates costs equitably between key risk creators and system beneficiaries, and effectively accounts for imbalances in existing cost recovery arrangements for certain border pathways. To ensure long-term security in the face of dynamic biosecurity risks, any funding must be invested back into this system and integrated with the necessary drivers to capture and allocate responsibility and cost based on matrices of risk, benefit, involvement, and capacity, amongst many others.

Furthermore, it is important that systems are in place to ensure that there are not perverse outcomes for stakeholders through any reform to funding arrangements, governance or responsibilities within the biosecurity system. Assurances must be made to facilitate positive and effective improvements to the system for all stakeholders including agriculture. Government intervention should occur both to ensure there is the optimal level of investment in biosecurity and that incentives across all players aligns.

We have provided more detailed responses to the seven survey questions at Attachment 1, and again reiterate our support for a reformed biosecurity system that has long-term sustainable funding and resourcing in light of increasing pressures and challenges associated with allocating limited funding across threats. It is critical that these reforms allocate cost equitably between key risk creators and system beneficiaries.

NSW Farmers welcomes ongoing engagement throughout this consultative process. Should you wish to discuss this submission, please contact Annabel Johnson – Head of Policy, via email (johnsona@nswfarmers.org.au) or mobile (0423 364 269).

Yours sincerely



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Attachment 1 – Survey question responses for sustainable biosecurity funding and investment reform

The sustainability of the biosecurity system depends on its ability to meet its objectives over the long term. Recent experiences, and indeed future projections, indicate that pressures on the biosecurity system are increasing; a sustainable funding system is required to meet these pressures. The challenge is to understand and prioritise threats and efficiently allocate limited funding across threats.

1. **Considering the potential funding options and opportunities above, as well as from your experience, what elements do you think a sustainable biosecurity funding model should include? Are there elements that should not be included; if so, why?**

NSW Farmers strongly supports the resourcing and funding recommendations outlined in previous reviews of the biosecurity system, notably the 2017 Craik Review⁴. A sustainable biosecurity funding model should include:

- Those responsible for biosecurity risks to Australia should contribute to system costs rather than just the agriculture industry and taxpayers⁵. Importantly, this includes other industries and importers as key risk creators.
- Continuity and certainty of funding to ensure crucial long term planning and continuous strategies to manage biosecurity risks to Australia.
- Incentives for actors to reduce the biosecurity risk they present to Australia.
- A level of funding which matches the biosecurity task at hand and is in proportion to the amount of risk Australia is exposed to.
- Incentives for different actors to report biosecurity incursions.
- Funding for strategic R&D, which can leverage the private ag-tech sector and ultimately position Australia as a leading biosecurity solutions provider.
- A data and information sharing platform and process for industry, State and Federal Governments to actively participate in.

Other considerations should include:

- **Increased transparency:** The Intergovernmental Agreement on Biosecurity states that “Activity is undertaken and investment is allocated according to a cost-effective, science-based and risk-management approach, prioritising the allocation of resources to the areas of greatest return.” More transparency is needed to provide the proper oversight that this is occurring. The Commonwealth Biosecurity 2030 Action Plan and Cost Recovery Implementation Statement: Biosecurity 2021-22 are examples of positive steps toward transparency of government operations. Funding should be transparent, as should justification of, and spending, across the biosecurity continuum.
- **Reporting and funding of analysis:** Appropriate reporting of the science, economic and risk analysis which underpins actions could be improved to underpin analysis, and sufficient funding should be available to undertake analysis that guides the department’s activities.
- **Reporting of investment:** The reporting of biosecurity investments and contributions by all the relevant parties, including in-kind funding from landholders and community groups, needs to be improved. It would enable a holistic review of funding, including the shares of funding from each party and whether funding has kept pace with changes in risk levels.
- **Monitoring and evaluation:** Monitoring and evaluation of biosecurity activities should be carried out by government, and therefore included as a line item in funding. Evaluating the health of Australia’s biosecurity system by the Centre of Excellence for Biosecurity Risk Analysis (CEBRA) is a positive step towards effective performance evaluation of biosecurity activities. Evaluation of any changes that occur in the biosecurity system from a new funding model, in particular to evaluate whether the new level of funding is appropriate, and the result of behaviour change in participants from any new monetary incentives, will be vital.

⁴ Craik, Palmer & Sheldrake, 2017, Priorities for Australia’s biosecurity system – An independent review of the capacity of the national biosecurity system and its underpinning intergovernmental agreement.

⁵ See Recommendation 34 of the Craik Review – Implementation of a container levy on incoming shipping containers.

Proposed evaluation criteria by CEBRA for sustainable funding are⁶:

- Information is publicly available on investment in the biosecurity system by source.
- The level of funding allocated is sufficient to meet normal and emergency biosecurity commitments.
- Costs are shared appropriately across government and industry.
- Funding arrangements encompass all appropriate mechanisms.
- Funding arrangements are reviewed regularly.
- Investment is allocated across activities in manner that maximises efficiency.

It is NSW Farmers' view that the current funding system would be rated inadequate across all of these criteria.

2. How would your proposed model operate at a practical level and who would it apply to?

The acknowledgement of producers being one of the beneficiaries of biosecurity activity by government has led to a 'shared responsibility' approach where government and industry both devote resources to biosecurity. This ignores another actor in the biosecurity system, the importer. While industry and government are aligned in their incentives to reduce the risk of an incursion and bear the costs of an incursion, importers have no incentives to reduce their risk levels and bear few of the costs. The National Farmers Federation and its members (including NSW Farmers) remain committed to the implementation of a charge on incoming shipping containers to address funding deficits in the system, ensuring improved shared responsibility. As outlined extensively in previous reviews including the Craik Review (2017), this mechanism targets primary biosecurity risk creators and exacerbators to fund improvements to the system. We strongly support further work to address the outstanding items identified in the 2019 Biosecurity Imports Levy report and best mode of implementation.

The National Environmental Biosecurity Response Agreement (NEBRA) sets out the approach for responding to biosecurity incidents that are in the national interest and includes an economic framework to determining cost sharing arrangements for emergency outbreaks. This approach recognises the public good component where there is impact on the environment and society, while also stipulating increased funding from industry where production losses are the major impact. There should be a similar level of scrutiny applied to prevention activities, with importers sharing this cost with government. A portfolio approach should be applied, rather than analysis of individual specific threats as in the NEBRA, which considers measures that address multiple threats.

3. How would your proposed model impact you and others? What would be the benefits or disadvantages to you and/or other stakeholders?

The beneficiaries of shifting part of the cost of biosecurity to importers would be the public and the agriculture industry. Less taxpayer funding would be required, leading to benefits for the public. Industry would benefit by having their risk exposure to imported pests and diseases reduced. This would also have implications for broader society by preventing spikes in food costs associated with a pest or disease outbreak.

There is acknowledgement that as beneficiaries of a properly functioning biosecurity system, producers should have to contribute in some way. Industry already does this through contributing levies which are used for research and development, conducting biosecurity preparedness activities, the promotion of on-farm biosecurity, and active communication between industry and governments.

4. Is the proportionality between those who contribute to the funding system and those who benefit the most, right?

As mentioned in point 1, industry already bears significant costs, especially at the post-incursion stage, while importers bear none of these costs. Therefore, importers should have to contribute more to the costs of prevention in a way that incentivises them to reduce risks. This would make the system a truly shared responsibility by all relevant actors.

⁶ Centre of Excellence for Biosecurity Risk Analysis (2020), Evaluating the health of Australia's biosecurity system.

5. Are there other technologies, current or emerging, that could be employed to increase the efficiency of the biosecurity system, and perhaps reduce operational cost?

As outlined in the Craik Review (2017), innovation driven by research, development and extension is vital to Australia's scientific, risk-based approach to biosecurity for both traditional and new technologies. Further targeted investment and improved coordination of biosecurity research and innovation is needed to drive technological developments required to unpin Australia's biosecurity system and reduce the cost of required activities. Technology should be harmonised among jurisdictions to ensure improved accessibility and efficiency of use.

6. How could the Commonwealth Government improve efficiency in the biosecurity system (consistent with meeting our Appropriate Level of Protection)?

Clarity of roles, responsibilities and delegations between jurisdictions and the federal governments is essential to improving efficiency in the biosecurity system. It is important we take learnings from the Ruby Princess event, and the COVID-19 pandemic, to remove ability for different state and territory responses should there be a biosecurity incursion in the future. There is also opportunity to harmonise terminology used by jurisdictions to improve comprehension and consistency in people's understanding of biosecurity and related means.

The biosecurity research and development system, mainly driven by the levy based Research and Development Corporations, could be improved. This system is appropriate at responding to the shorter-term needs of individual industries who each have their own priorities, especially in the management of existing pests and diseases. It is, however, not equipped to address longer-term, prevention-focused and explorative research projects that are in the interests of the whole agriculture industry.

These longer-term needs appear to be covered by the CSIRO, with the Biosecurity 2030 Action Plan 2022 noting DAFF will 'Work closely with CSIRO and other partners to enable targeted, co-developed research outcomes to improve biosecurity.' There is significant underutilisation of the private sector in biosecurity research and technology. Australia has the opportunity to leverage its ag-tech sector by setting a broad research agenda, committing strategic funding, and exporting new biosecurity technologies to the world. A biosecurity technology strategy which leverages expertise across government, biosecurity bodies such as Plant Health Australia and Animal Health Australia, and industry could set the foundations for this to be achieved.

7. What other investments or actions could the Commonwealth Government make or take to sustainably support the delivery of biosecurity activities?

Public-private partnerships are vital for the effective functioning of the biosecurity system, perhaps more so than any other agricultural policy area. This requires two-way communication between industry and government. The recent response by the Commonwealth Government to the threat of an FMD outbreak in partnership with industry indicates that there is relative success in this partnership. There was no defined system or process, however, that was followed, which was also the case with the outbreak of Panama TR4 disease in bananas, Varroa mite, and Fall Army Worm.

It is clear that incursions and subsequent outbreaks are no longer the exception where government resources are required in a reactionary manner but are to be anticipated and prepared for. This requires a more long-term strategic outlook, with tools and systems in place to better allow for information gathering and sharing between industry and government. Investment will be required to set up these tools and systems to deliver successful biosecurity outcomes.

More focus should be directed at northern Australia, which has been the source of most of Australia's biosecurity outbreaks over the past 15 years. The expansive coastline, sparse population and proximity to international neighbours increases vulnerability in this region, with state and territory government capability less able to deal with this increased risk. The Australian Government should increase biosecurity investment in this region in line with risk and support the Northern Territory, Western Australia, and Queensland governments for the benefit of the whole of Australia.