

Senate Standing Committee on Rural and Regional Affairs and Transport

**Agriculture (Biosecurity Protection) Levies Bill 2024
[Provisions] and related bills – NFF Submission**

April 2024



National Farmers Federation



NFF Members



About the NFF

The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

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Cover Letter

10 April 2024

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee members,

Subject: NFF submission to the Agriculture (Biosecurity Protection) Levies Bill 2024 [Provisions] and related bills inquiry

The National Farmers' Federation (NFF) welcomes the opportunity to provide a submission to the Rural and Regional Affairs and Transport Legislation Committee's (RRAT's) inquiry into the *Agriculture (Biosecurity Protection) Levies Bill 2024 [Provisions] and related bills*.

The NFF and our members unequivocally oppose the introduction of the government's Biosecurity Protection Levy (BPL, Levy). While the NFF has long called for Australia's biosecurity system to be adequately and sustainably resourced, we cannot support the BPL due to serious, principle-based concerns with the construct of the policy.

Australia's biosecurity system is fundamental to the success of our agriculture industries, to the health of our natural environment and to our society and economy at large. Australia's favourable pest and disease status is intrinsically linked to our market access and international competitiveness. Biosecurity is also central to on-farm productivity, profitability and sustainability, minimising the damaging impacts of invasive species and the associated costs of management. Ensuring Australia's biosecurity system is sustainable, innovative, operating efficiently and adequately resourced is critical.

With this context, it is important to understand that the agriculture sector does not object to the BPL simply on the basis of 'not wanting to pay more' for biosecurity. Primary producers already contribute significantly to Australia's biosecurity system and efforts, through on-farm management of pests and diseases and existing levies and fees that support emergency response arrangements, biosecurity research, development and extension. Despite this already sizeable contribution, farmers remain open to sensible opportunities to invest in actions that deliver tangible and additional biosecurity outcomes. Unfortunately, this policy lacks the sensible component.

The NFF's objections to the BPL stem from the policy's construction and issues that may result from its implementation. As further explored in our attached submission, the NFF's basis for opposing the levy includes:

- Its inconsistency with the agreed principles of the National Biosecurity Strategy;

- The likelihood of a range of negative unintended consequences for agricultural and biosecurity systems;
- The transparent use of the collected funds to deliver dedicated, additional and tangible biosecurity outcomes;
- The lack of recognition of existing producer contributions to the biosecurity system; and
- The need for increased contributions from risk creators, including containerised imports.

These concerns form the basis of NFF's position on this matter, one formed with our members representing all major agricultural commodities and jurisdictions. Further, reports into the Levy have been published by several organisations including the Australian National University (ANU), the Productivity Commission, the Office of Impact Analysis (OIA), and Frontier Economics. All reports similarly highlighted the Levy's poor policy design. More information regarding these reports is provided in the attached submission.

Of the issues summarised above, I'd like to draw specific attention to the potential for the policy to have negative impacts on the existing levy systems. The NFF is extremely concerned that the levy may have a distortionary impact on the rural research and development system given it does not appear to accord with underlying principles such as proper establishment processes, industry support, equitability and accountability.

The NFF was pleased to see widespread recognition of the need for increased contributions from risk creators, including containerised imports, through the Levy legislation debate in the lower house. We welcomed comments such as that from Ms Elizabeth Watson-Brown MP, who stated "the Greens will be pushing the government to commit to progressing a levy on risk creators in the form of a container levy, or similar, as a matter of priority." In alignment with support from the coalition, independents and the Greens, the NFF reiterates that the government must, in advance of passing the BPL, provide information on the purported trade impediments that have stalled the progression of the Container Levy or equivalent.

We acknowledge that since the initial (and only) industry consultation on the BPL, the government has changed the basis of the Levy to a model based on the Gross Value of Production (GVP model). The NFF understands that for 1% of gross agricultural, fisheries and forestry production, an industry will contribute a total of \$500,000 towards the Levy. For some industries, the GVP model will result in more significant payments from smaller farm businesses (e.g. in some horticultural industries). There has been no industry consultation on the GVP model. While this change claims to create a more equitable and fairer model, it ultimately fails to address the NFF's wide-ranging concerns.

In addition to the change of levy basis, the government invited industry stakeholders to participate on a Sustainable Biosecurity Funding Advisory Panel (the Panel), announced as the BPL legislation was introduced to Parliament. Increased transparency and industry involvement in Australia's broader biosecurity system has been a long-standing ask of the agricultural sector. However, the government's opportunistic timing has made it incredibly difficult for the NFF to publicly and politically separate our positions on the two measures, noting our strong and unequivocal opposition to the Levy. Industry support for the Panel

should not be misconstrued as support for the BPL. The lack of detail or formal terms of reference for the Panel, several weeks after its announcement, does little to alleviate our concerns that this measure is nothing more than an eleventh-hour token to dilute and confuse industry's opposition to the Levy.

The NFF is concerned that that government's naive implementation timeframes are impacting the ability to run a process warranted for a policy of this significance. The Levy will impact the majority of Australia's 85,000 producers across all commodities, in addition to many thousands of supply chain participants involved in levy collection, and be underpinned by stand-alone legislative and regulative frameworks. Adequate time for both policy development and implementation simply has not been given.

The lack of certain and clear information available to industry this close to the proposed implementation date, 1 July 2024, is both a consequence and perfect example of the impact of a rushed and poor process. Industry remains unclear on the total revenue to be raised through the Levy, with the government and media citing either vague or differing figures. The government has asserted that the BPL will generate revenue to contribute six per cent of the costs of sustainably funded biosecurity system, however it is not clear what the sustainability funded biosecurity system budget represents or how this may fluctuate or change over time. Further, we remain in the dark on specific details of the calculation of individual industries' levy rates or collection methodology, in regulation or otherwise.

I refer the Committee to strongly consider the submission of the Australian Livestock & Property Agents Association (ALPA), which practically demonstrates the issues and complexities arising from the government's implementation timeframe. ALPA cite strong concerns with the additional administrative and economic burden the Levy will place on collection agents, highlight the underestimated complexity of determining appropriate imposition points in well-established and diverse supply chains, and note the appalling lack of available information or guidance to agents, who purportedly will have an obligation to collect the Levy, as a pro bono service to government, come 1 July 2024.

Finally, I draw the Committee's attention to the recent proposal from the Freight and Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA), whereby 'importers [are] prepared to pay the levy' on producers. The FTA and APSA have publicly proposed a three-point plan in which importers will pay the Levy sum in exchange for improved biosecurity import services and legislative reform of the Terminal Access Charge regime. Irrespective of the feasibility of this specific proposal, it entirely demonstrates the government's inadequate policy development process inclusive of rushed and superficial engagement with biosecurity stakeholders. Had the government afforded appropriate time and opportunity for stakeholder co-design in the development of this significant policy, more effective and fair solutions could have been genuinely considered.

I urge the Australian Government to listen to the overwhelming majority of producers about the genuine concerns related to the Levy. We must pause and address the issues raised with the current policy and not let an arbitrary implementation deadline dictate what is a significant policy change for the entire sector, with potentially serious impacts.

We remain committed in our desire to improve the resourcing of the biosecurity system and stand ready to work with government to identify means by which this can be done appropriately.

The NFF thanks the Committee for the opportunity to provide input to this incredibly important issue for Australian farmers. The policy contact for this matter is Miss Charlotte Wundersitz, General Manager of Rural Affairs, via e-mail: cwundersitz@nff.org.au or phone: (02) 6269 5666.

Yours sincerely,

A handwritten signature in blue ink, reading "Tony Mahar".

TONY MAHAR
Chief Executive Officer

Sustainable biosecurity funding

Australia's biosecurity system is fundamental to the success of Australian agriculture, the health of our natural environment and to our society and economy at large. It is imperative that the system is innovative, adequately resourced and operates effectively.

Our target of a \$100 billion agricultural industry by 2030 is heavily reliant upon Australia maintaining a favourable biosecurity status, underpinning our domestic production and advantageous market access.

Much of the NFF's advocacy in recent years has been focused on ensuring the system is adequately resourced to respond to an increasingly complex biosecurity environment. Appropriate resourcing is central to protecting Australia's agriculture industries, natural environment, community and economy from the damaging impacts of pests and diseases.

In more recent years, the NFF was an active participant in the National Biosecurity Strategy process, sitting on the Reference Group, and welcomed the Strategy's identification of sustainable investment as a priority area. The sector also highlighted this in its submission to the October 2022 Senate Rural and Regional Affairs and Transport References Committee inquiry into *The Adequacy of Australia's biosecurity measures and response preparedness*.

The 2023 BPL Consultation Paper (Consultation Paper) outlined the Government's *Sustainable funding for a strong biosecurity system* package, announced as part of the May 2023 Budget. At the time of the announcement, the NFF welcomed increased contributions from taxpayers, travellers, and importers to biosecurity at the Commonwealth level.

The NFF did however raise concerns that increased charges from importers appeared to mostly bridge existing cost recovery gaps between the cost of administering regulated biosecurity activities and the charges received from importers for doing so. While this is important, the NFF has sought for importers to increasingly help fund the broader system to deliver additional and proactive biosecurity activities. Further details on this are provided later in the submission.

With respect to the BPL, it is important to note that the sector does not object to the BPL on the basis of simply not wanting to contribute more to the biosecurity systems. The sector already contributes significant amounts to biosecurity efforts (outlined later in this submission) and remains committed to exploring sensible opportunities to invest in actions that deliver tangible and additional biosecurity outcomes.

Key points:

- *Australia's biosecurity system must be adequately resourced to respond to an increasingly complex risk environment.*
- *The NFF has welcomed increased contributions from taxpayers, travellers and importers, but raised concerns that contributions would not support tangible and additional biosecurity activities.*

- *Producers do not object to the BPL on the basis of simply not wanting to contribute more to biosecurity systems and remain committed to exploring sensible opportunities to invest in actions that deliver tangible and additional biosecurity outcomes.*

System beneficiaries & risk creators

The sector has noted the government's emphasis on characterising biosecurity funding as pivoting towards more of a 'beneficiaries pays' system. Australian agriculture is undoubtedly a beneficiary of a strong biosecurity system. As noted earlier, it has underpinned our sector's competitive position both domestically and abroad, and will be critical to achieving our future sector aspirations.

It is for these exact reasons that we invest hundreds of millions of dollars annually in proactive biosecurity activities that deliver tangible outcomes. As outlined later in this submission, this occurs via contributions to biosecurity research and development, investments in traceability programs and contributions to regional and state landholder agencies among other means.

However, the sector is also a significant biosecurity 'risk bearer'. While recognising we do not operate in a zero-risk environment, primary producers often more directly bear the cost of biosecurity failures than other stakeholders such as importers. The acute costs of pest and disease response and eradication can pose an extraordinary cost on industry. For example, the most contemporaneous studies have found a major outbreak of foot and mouth disease in Australia could cost up to \$80 billion, \$16 billion for Khapra beetle and \$5 billion for Varroa mite.

Beyond this, once pest and diseases establish or become endemic, producers internalise significant costs into their business operations. It is estimated that the annual costs of weeds, pests and diseases to Australian agriculture is in excess of \$12 billion.

In response to this, industry undertakes additional actions beyond that of many other system stakeholders. For example, industry proactively enters into numerous emergency animal pest and disease response agreements with commonwealth and state and territory governments to determine cost and responsibility arrangements.

The ANU and the Productivity Commission separately assessed the Levy funding model and found:

"The first critique questions why primary producers are singled-out as beneficiaries of biosecurity. In reality, the benefits of biosecurity extend to the broad community. Where public benefits exist, funding is normally drawn from general revenue streams. Second, the report highlights that the policy rationale for additional intervention is unclear. Third, there is potential for individual sectors to face levy costs which exceed the benefits they receive. The report also highlights that if we consider biosecurity to be a sectoral public good, it is unlikely to be funded at a lower cost by an industry levy than it is through general revenue. Further, there is widespread industry

opposition to the Levy, which suggests that biosecurity is not a sectoral public good, as the policy suggests.”¹

These reports suggest that the proposed Levy is an inefficient funding model that unfairly targets primary producers. The ANU expands upon this view by suggesting there are two existing versions of optimal policy which could be utilised to fund biosecurity:

“From a first principles perspective, there are two versions of optimal policy in this case, both of which are already in place. The first approach is to charge those who create the externality. Biosecurity threats can cause harm to the environment, animal or plant health, and human health on a nationally significant scale, and usually arise as a result of the activities of parties such as importers and travellers (DAFF 2015). Because the market does not capture the cost of biosecurity hazards, a tax on those who create the most biosecurity risk could be introduced to align the marginal private cost with the marginal social cost, creating an efficient market outcome.

Alternatively, biosecurity can be viewed as a public good, with biosecurity protection representing a benefit to all Australians through environmental protection, food-security, and disease risk mitigation. If viewed as such, biosecurity protection activities can be justifiably funded through general revenue, i.e. through all of the members of Australian society. If set at the appropriate level, the tax will correct for the social benefits provided by biosecurity, thus eliminating the deadweight loss associated with the externality, creating an efficient market outcome.”²

The reports by the ANU and the Productivity Commission support the premise that as primary producers are not responsible for creating biosecurity risks, they should not be forced to subsidise risk-creating industries.

Adding weight to this argument is that agriculture already contributes significantly to Australia’s biosecurity. As noted by Frontier Economics in their assessment of biosecurity funding options:

‘Another example of a revenue source from the beneficiaries of the biosecurity system are the Emergency Response Deeds established between Animal Health Australia and Plant Health Australia, the Australian Government, State and Territory Governments and all significant animal and plant industry sectors. These are our nation’s largest formal government–industry biosecurity partnerships. The deeds include cost and responsibility sharing deeds for major exotic pests and diseases.....There is no similar partnership approach with the import sector’.³

While such actions from the agricultural sector do not preclude it from conversations around sensible future investments it may make in the biosecurity

¹ 2024, The biosecurity protection levy: Principles for Design, Tax and Transfer Policy Institute, The Australian National University, pg. 3.

² 2024, The biosecurity protection levy: Principles for Design, Tax and Transfer Policy Institute, The Australian National University, pg. 4.

³ 2023, Sustainable funding for biosecurity – an evaluation of funding options, Frontier Economics, pg. 26.

system, the government should clearly acknowledge these efforts and risks when ascribing the label of system beneficiary to the sector.

Further, it is the fact that the sector clearly demonstrates a history of meeting its obligations as a system beneficiary, that the NFF has maintained a focus on advocating for contributions from risk creators.

Decades of reviews have identified that risk creators, such as importers, have a clear responsibility to contribute commensurate with their risk profile. As noted in the Craik review:

*‘Much of the material of concern to the national biosecurity system, including of environmental concern, arrives via vessels and containers—either in the contents of the container or on the external surfaces of the container itself’.*⁴

As noted by Frontier Economics:

*“From an economic perspective, the funding hierarchy for biosecurity requires that funding be first sought from risk creators/impactors, then beneficiaries, and finally, government.”*⁵

These issues, including the related need for a resolution to issues concerning the Container Levy policy, are discussed further in this submission.

Key points:

- *Australian agriculture is a beneficiary of a strong and effective biosecurity system, and in response makes significant investments in biosecurity activities.*
- *Primary producers however often more directly bear the cost of biosecurity failures than other stakeholders, such as importers.*
- *A focus must be maintained on ensuring risk creators appropriately contribute to the biosecurity system commensurate with their growing risk profile.*

Policy development and implementation timeline

The NFF holds significant concerns with respect to both the policy development process undertaken to date, and that which may occur between now and the proposed Levy implementation date.

⁴ 2017, Priorities for Australia’s biosecurity system: An independent review of the capacity of the national biosecurity system and its underpinning intergovernmental agreement, Department of Agriculture and Water Resources, pg. 120.

⁵ 2023, Sustainable funding for biosecurity – an evaluation of funding options, Frontier Economics, pg. 30.

With respect to the process to date, the first time many in industry were made aware of the policy was when it was publicly announced in the May 2023 budget, with it being codified in the forward estimates.

It was reported that consultation on the Levy 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 government reaffirmed this in its pre-budget submission of its biosecurity budget measures to the Office of Impact Assessment (OIA). In providing evidence of consultation that occurred with respect to the Levy, the submission notes:

*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 options.*⁶

NFF's review of the 2022 Discussion Paper indicates that it did not even mention a 'domestic levy' as a funding option, let alone facilitate consultation on the matter.

Despite this misrepresentation, the OIA advised that the analysis underpinning the policy still failed to meet the requirements to be considered 'good practice'. The OIA advised the Department - before the policy was committed into the budget - that to be considered 'good practice' within the government's Impact Analysis framework, the impact assessment 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.*⁷

Alarming, the ANU noted:

*"The decision to levy primary producers, a narrow section of the community, could be explained by wanting to limit opposition to raising biosecurity funds (PC 2023), rather than a "shared responsibility" model (DAFF 2023)."*⁸

Against this backdrop, the NFF holds significant concerns regarding the policy design and the timeline outlined by the Department to appropriately design, develop and implement the BPL. As outlined in the Consultation Paper, it expects the Levy to be in place and functional by the 1st of July 2024.

Given the BPL is a policy that will impact the majority of Australia's 85,000 producers across all commodities, in addition to many thousands of supply chain

⁶ 2022, Biosecurity Sustainable Funding Impact Analysis, Department of Agriculture, Fisheries and Forestry, pg. 7.

⁷ 2022, Impact Analysis – Second Pass Assessment – Biosecurity Sustainable Funding, Department of Prime Minister and Cabinet, Office of Impact Analysis, pg.1.

⁸ 2024, The biosecurity protection levy: Principles for Design, Tax and Transfer Policy Institute, The Australian National University, pg. 4.

participants involved in agriculture, and be underpinned by stand-alone legislative and regulative frameworks, adequate time for both policy development and implementation has not been given.

The biosecurity protection levy is a complex proposal, and it will have different impacts for different industries. It is critical that an appropriate consultation process is put in place to demonstrate responsiveness to issues raised by the industry, allow for appropriate analysis and information sharing on the impacts of the policy and to respond to issues raised by the OIA. This must be clearly articulated to stakeholders and occur over a timeframe appropriate for a measure of this scale and complexity.

The points outlined above with respect to policy develop and implementation processes are critical to gaining producer confidence in the process as well as delivering sound policy. The NFF urges the Senate Committee to consider if the current implementation timelines are appropriate and recommend necessary changes.

Key points:

- *The NFF holds concerns relating to the consultation process undertaken to date, and the current timeline will not allow for adequate policy development, impact analysis and implementation requirements.*
- *The Department must reconsider the advised implementation timeline to ensure it is appropriate for aa measure of this significance.*

Key concerns with the Biosecurity Protection Levy

Its inconsistency with the agreed principles of the National Biosecurity Strategy

The NFF welcomed the release of the National Biosecurity Strategy (NBS, Strategy) in August 2022. The development of such a strategy was a long-held priority ask of the NFF, as well as environmental groups and the wider community.

The NBS is critical in demonstrating the central role biosecurity plays in the success of the agricultural sector and community-at-large, providing the guiding framework for preparedness, response efforts and outlining the roles and responsibilities of those within the biosecurity system. Importantly, the Strategy received ‘buy-in’ from all governments, as well as industry and the broader community.

The NFF participated extensively in the development of the Strategy, both as part of the References Group and during the public consultation processes. The NFF remains involved with the Implementation Committee.

Importantly the Strategy identified sustainable investment as being a priority area requiring action. Within this priority area, the NBS states that it will ensure

investment approaches are, ‘efficient, equitable, adaptable, transparent and are responsive to the changing risk environment’.⁹

The NFF is concerned that the BPL is inconsistent with the agreed principles of ‘sustainable investment’ priority area in the NBS. As noted throughout this submission, our objections to the policy stem in no small part from concerns relating to equitability, transparency and accountability. These concerns are only heightened given such requirements are also contained in the NBS.

Progressing a policy that both lacks these essential requirements, and in turn is inconsistent with the NBS, both materially weakens the policy footing of the BPL, but also hinders the capacity of the Strategy to perform its important guiding role in national biosecurity policy.

Key points:

- *The NFF strongly supports the National Biosecurity Strategy as providing the agreed guiding framework for the biosecurity system, including for the policies that support its delivery.*
- *The NFF is concerned that the policy is inconsistent with the principles of the National Biosecurity Strategy, in particular those related to the sustainable investment priority area.*

The likelihood of a range of negative unintended consequences for agricultural and biosecurity systems

The NFF holds significant concerns that the imposition of the Levy may result in negative and distortionary consequences, in particular on the rural research and development system.

The NFF has been a long and prominent supporter of the rural research and development system and the Rural Research and Development Corporations (RDCs). Agricultural innovation has underpinned the sector’s productivity growth for decades, and will be a critical requirement if the sector is to meet its 2030 \$100 billion aspirations. Producers recognise this through the approximately \$600 million in contributions they make annually to the RDC network.

The NFF therefore views it as critical that producers’ support for, and confidence in, the R&D system is not negatively impacted by the Levy.

⁹ 2022, National Biosecurity Strategy, Department of Agriculture, Fisheries and Forestry, pg. 33.

As outlined earlier in the submission, the NFF holds concerns that producers will view this Levy as a part of their overall levies regime and as such see this as increasing their total levy contributions.

Given this, the NFF is deeply concerned that this will influence considerations about producer contribution levels going forward. It is not unreasonable to expect that when faced with additional mandated costs, producers may respond by reconsidering their existing levy contributions. In addition to impacts on R&D systems, this may result in negative impacts on organisations that deliver biosecurity functions such as Animal Health Australia and Plant Health Australia.

There has been no discussion as to the extent of these impacts or the types of behaviours that might occur as a result of the Levy. The NFF has heard anecdotally that discussions in some industries about levy rates and biosecurity-related response charges are already being impacted by considerations of this policy.

Given their seriousness, it is imperative that the Department undertakes appropriate work to understand these issues and potential impacts.

Key points:

- The NFF holds significant concerns that the imposition of the Levy may result in negative and distortionary consequences, in particular on the rural research and development system.
- It is imperative that the Department undertakes appropriate work to understand these issues and potential impacts.

The transparent use of the collected funds to deliver dedicated, additional and tangible biosecurity outcomes

The NFF has long called for increased transparency with respect to biosecurity funding, expenditure and outcomes. The implementation of the proposed Levy demands a shift towards greater transparency in relation to biosecurity investments, activities and performance.

The NFF notes the brief reference in the Consultation Paper to such efforts:

‘The Government has committed to greater transparency and accountability around the strengthened and sustainably funded biosecurity system. This will include publishing information annually on biosecurity funding, expenditure and outcomes, including revenue from the Biosecurity Protection Levy.’¹⁰

¹⁰ 2023, Introduction of the Biosecurity Protection Levy: Consultation Paper, Department of Agriculture, Fisheries and Forestry, pg. 6.

Such transparency is vital to delivering a genuine partnership approach. Nonetheless, industry holds concerns about the Department's capacity and willingness to deliver such reporting. The National Biosecurity Strategy identified increasing the transparency of biosecurity funding as a key action. Yet over 18 months on from the release of the document, outside of high-level inbound collection information contained in the budget documents, such transparency has not been delivered.

Further, industry remains concerned that the revenue raised by the Levy will not be solely used to fund dedicated, additional and tangible biosecurity activities. The Consultation Paper does outline some areas of potential in this regard, including a range of non-cost recovered activities, awareness raising and technological innovation. The NFF believes such activities have the potential to deliver positive outcomes for the sector.

However, further information provided in the Consultation Paper raises potential issues with respect to the regulatory certainty in which this will occur, as well as the division of costs between funding existing frontline activities and additional, proactive biosecurity measures.

As noted in the Consultation Paper:

"The funds collected through the Biosecurity Protection Levy will go to the consolidated revenue fund... Biosecurity Protection Levy funds will not be directly appropriated to the Department of Agriculture, Fisheries and Forestry."¹¹

More specifically, the Consultation Paper notes the funding will supposedly be used to support frontline biosecurity services, as well as those aforementioned proactive actions.¹² The NFF is concerned that funds raised by the Levy will be used to bridge existing cost recovery shortfalls between the cost of administering regulated biosecurity activities and the charges received from importers for doing so.

The government must provide, as a priority, information pertaining to the regulatory certainty in which the funds will be delivered to their intended purposes. Additionally, it is critical that assurances are provided that the raised funds will support additional tangible biosecurity activities and not simply to fund shortfalls.

¹¹ 2023, Introduction of the Biosecurity Protection Levy: Consultation Paper, Department of Agriculture, Fisheries and Forestry, pg. 4.

¹² 2023, Introduction of the Biosecurity Protection Levy: Consultation Paper, Department of Agriculture, Fisheries and Forestry, pg. 4.

Key points:

- *The implementation of the proposed Levy demands a shift towards greater transparency in relation to biosecurity investments, activities and performance.*
- *The NFF holds concerns that such efforts as outlined in the National Biosecurity Strategy have yet to materialise.*
- *Greater assurances and regulatory certainty are required to ensure any funds raised by the Levy support the delivery of additional and tangible biosecurity activities.*

The lack of recognition of existing producer contributions to the biosecurity system

The NFF notes the statements by government representatives, and reiterated in the Consultation Paper, that the BPL represents but a ‘modest contribution’¹³ to the biosecurity system by primary producers.

The Consultation Paper rightly notes existing contributions producers make to fund organisations including Animal Health Australia and Plant Health Australia, as well as formalised cost-sharing arrangements in place to fund incursion event response and recovery.

However, producer contributions extend much further beyond this, including:

- funding the work of the Rural Research and Development corporation network in biosecurity research and extension;
- investments in traceability systems;
- contributions to state and regional landholder agencies; and
- incurring billions of dollars of costs annually to manage the impacts of previous pest and disease incursions not only for the benefit of their businesses, but the community and environment at large.

It is for these reasons that NFF members have concerns about the characterisation of the Biosecurity Levy as simply being a modest ask of producers, as being a description not acknowledging the sector’s broader contributions to the biosecurity system.

Finally, while the NFF does not propose that point-in-time market conditions should dictate policy development. However, with respect to the language used around this being a ‘modest’ contribution, the NFF continues to encourage the government to further consider this characterisation of the policy with respect to the operating context currently facing producers.

¹³ 2023, Introduction of the Biosecurity Protection Levy: Consultation Paper, Department of Agriculture, Fisheries and Forestry, pg. 1.

Key point:

- *Producers already make a significant investment in the biosecurity system, and as such hold concerns around the BPL being characterised as a modest contribution.*

The need for increased contributions from risk creators, including containerised imports.

As noted earlier in this submission, the NFF publicly welcomed the measures contained in the *Sustainable funding for a strong biosecurity system* package announced in May 2023 which contained increased contributions from taxpayers, travellers, and importers.

However, the NFF has expressed concern that the majority of these increased charges relate to the cost of administering existing cost-recovered activities, rather than funding proactive and additional activities.

The sector was disappointed to see the government outline that under the proposed package of biosecurity measures that the proportion contributed at the Commonwealth level by importers will substantially reduce. As outlined on page 3 of the Consultation Paper, the contribution from importers will reduce from 59% of Commonwealth biosecurity funding to 48% following the budget measures.

With respect to the ‘Container Levy’ or equivalent measure, Australian agriculture has advocated for many years the need for a broad-based levy on inbound containers to help fund the biosecurity system. This call has been supported by environmental and invasive species organisations.¹⁴ Producers were extremely disappointed that this was not included in the May budget.

The container levy policy proposal was the product of multiple reviews of Australia’s biosecurity system. As noted in the 2017 ‘Craig’ review:

*‘Much of the material of concern to the national biosecurity system, including of environmental concern, arrives via vessels and containers—either in the contents of the container or on the external surfaces of the container itself. The panel is of the view that a broad-based levy on containers should be implemented to contribute towards a greater effort on environmental biosecurity and improved national monitoring and surveillance generally’.*¹⁵

¹⁴ 2020, Sustainable funding for biosecurity – an evaluation of funding options, Invasive Species Council, pg.1.

¹⁵ 2017, Priorities for Australia’s biosecurity system: An independent review of the capacity of the national biosecurity system and its underpinning intergovernmental agreement, Department of Agriculture and Water Resources, pg. 120.

The merits of the policy were confirmed once again this year within the *Sustainable funding for biosecurity – an evaluation of funding options* report undertaken by Frontier Economics. When assessing a range of biosecurity funding options against the criteria of efficiency, equity, adequacy & dependability, and simplicity, it found that it scored the highest possible result for all categories.¹⁶

The NFF makes notes of the following reference on page 1 of the Consultation Paper.

*“Additional cost recovery or charging models for imports will be considered as part of a review looking at options to reform border fees and charges. Consultation on this will commence later in 2023”.*¹⁷

While the NFF supports continued review of broader fees and charges related to risk creators such as importers, with respect to the Container Levy, industry believes such a review is not warranted. The policy has been thoroughly assessed in multiple reviews and working group processes over many years.

Since the 2023 budget, it has been advised that potential international trade implications represent a potential barrier to adopting the Container Levy or an equivalent measure. The NFF has been clear that such issues may be a genuine concern that should be properly considered. As a trade-exposed sector, it is not in our interests to run afoul of trading requirements or obligations. The sector has simply asked that these considerations be made public, however this has not occurred.

The timely resolution of this outstanding issue must be seen as being an antecedent to the implementation of the BPL.

More broadly, the NFF urges the government to recognise the juxtaposition between the policy processes relating to the Container Levy or equivalent, a similar broad-based charge to be used to fund biosecurity activities, to that proposed for farming families.

The Container Levy was recommended by independent reviews, subject to specific consultation, detailed review was undertaken into its implications (such as trade impacts noted above) and reviewed via a detailed working group process to develop a sound model and an implementation pathway. Producers are concerned that such a process seems not to have been followed for the BPL.

¹⁶ 2023, *Sustainable funding for biosecurity – an evaluation of funding options*, Frontier Economics, pg. 17.

¹⁷ 2023, *Introduction of the Biosecurity Protection Levy: Consultation Paper*, Department of Agriculture, Fisheries and Forestry, pg. 1.

Key points:

- *Producers welcomed increased contributions from importers in the May 2023 budget but hold concerns about the extent to which the funds will support proactive and additional biosecurity activities.*
- *The NFF remains committed to advocating for the implementation of a Container Levy on imports.*
- *The Government must, in advance of progressing the BPL, provide information on the purported trade impediments that have stalled the progression of the Container Levy.*
- *The NFF notes the distinction between the policy development and implementation processes for the Container Levy and the BPL.*

Conclusion

The NFF urges the Committee to recognise the genuine concerns of the overwhelming majority of producers outlined in this submission which underpins opposition to this policy.

We must pause and address the issues raised with the current policy and not let an arbitrary implementation deadline dictate what is a significant policy change for the entire sector. Doing so is imperative to avoid this policy leading to negative impacts on agricultural and biosecurity systems.

We remain committed in our desire to improve the resourcing of the biosecurity system and stand ready to work with government to identify means by which this can be done appropriately.



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