



SUBMISSION

13 October 2023

Jessica Mitchell
Assistant Secretary, Biosecurity Sustainable Funding Branch
Department of Agriculture, Fisheries and Forestry
Agriculture House
70 Northbourne Avenue
CANBERRA ACT 2601

Via email: SecretariatBSF@aff.gov.au

Dear Ms Mitchell

Re: Submission to Biosecurity Protection Levy

Livestock SA is the peak industry organisation for South Australia's red meat and wool industries. There are over 5,200 sheep producers and more than 2,700 beef cattle producers in the state. With a membership of over 3,500 sheep, beef cattle and goat production businesses, we work to secure a strong and sustainable livestock sector in South Australia.

South Australia's \$4.3 billion livestock industry is a key economic contributor to the state which supports 21,000 South Australian jobs across the red meat and wool industries.

Livestock SA is a member of Primary Producers SA, and the South Australian industry representative body of four national peak industry councils: Sheep Producers Australia, Wool Producers Australia, Cattle Australia and Goat Industry Council of Australia.

Livestock SA welcomes the opportunity to provide feedback on the Biosecurity Protection Levy (BPL), which is important to our members, not least because it would impose an unjustified and permanent financial burden on them.

BPL not supported

Livestock SA understands that the biosecurity system is becoming increasingly complex, and decisive actions are needed to ensure the system remains fit for purpose. Global and domestic trends in trade and animal production, and exotic disease movement demand that we continue to develop more effective and stronger legislative frameworks, operating systems and sustainable funding models to effectively manage animal disease risks.

Livestock SA, like most if not all agricultural industry bodies, have long called for a sustainable funding model for Australia's biosecurity system. We welcome the government's commitment to

bolster future biosecurity funding levels and the introduction of any measures that provide greater transparency on biosecurity revenue and expenditure.

We acknowledge that biosecurity is a shared responsibility among government, industry, and communities. Livestock producers in South Australia are highly conscientious and committed to their biosecurity obligations, which play a significant role in supporting state and national biosecurity efforts. They currently invest in biosecurity on four levels:

1. On farm private business investment¹
2. Contributions to the state-based Sheep and Cattle Industry Funds²
3. Statutory federal levies, which include funding Animal Health Australia
4. General taxation.

However, as articulated in this submission, the BPL is poorly conceived and needs an urgent rethink by the Australian Government.

Recommendation

1. The Australian Government ceases pursuing the establishment of the Biosecurity Protection Levy and assesses alternative funding sources to raise the budgeted \$47.5 million.

Misclassification as a Levy

There are several aspects of the BPL proposal that do not align with levy principles, including principles 2, 3, 4 and 5 of the department's own Levy Guidelines³, and information on its website⁴.

The proposal ignores the partnership between government and industry that has existed for 30 years, whereby the initiation of such a collection mechanism is instigated at the request of the relevant agricultural industry. Livestock SA is unaware that the industries we represent have initiated and requested this levy be put in place.

Unlike other taxes, the current industry levy funds are disbursed by the department to levy recipient bodies, such as Meat & Livestock Australia, Australian Wool Innovation, Animal Health Australia, National Residue Survey, to invest in the activities they were imposed to fund. The BPL proposal diverges from these arrangements in several critical ways.

1. BPL funds will be collected through the same existing collection processes and will go to the consolidated revenue fund (CRF), but will not be disbursed to RDCs, AHA or NRS.
2. Funds or 'government receipts' that enter the CRF are technically 'tax' (as the government uses its taxation powers to collect the money), and BPL funds will not go through special appropriations, which is what allows 'tax' to be dispersed to RDCs etc. as industry levies to be used for specific purposes.

¹ The recently released ABARES third national survey of pests and weeds showed that in 2022, 85% of land managers spent on average \$21,950 on pest and weed species management.

² Through the Sheep and Cattle industry Funds, South Australian sheep and cattle producers currently contribute 49% and 37% respectively of the available funds towards biosecurity activities annually.

³ DAFF (2020), *Levy Guidelines – How to establish or amend agricultural levies*, <https://www.agriculture.gov.au/sites/default/files/documents/levy-guidelines.pdf>

⁴ DAFF (2023), *About levies and the levy system*, <https://www.agriculture.gov.au/agriculture-land/farm-food-drought/levies/about-levies>

3. BPL funds will not be directly appropriated to the department, the additional contributions into the CRF will be provided to the department by way of an increased and ongoing appropriation.
4. The BPL will not be subject to producer voting arrangements in its establishment, level, or future changes, nor will representative bodies have a direct role in determining its use. This is a key tenet to securing and maintaining support for industry levies.

Where the red meat and wool industries are concerned, Livestock SA considers the government has demonstrated a poor understanding of the foundations of the levy system for our industries, how they work and why producers and industry support them to fund identified priorities. If pursued, the BPL proposal will undermine confidence in the existing industry levy system, which is likely to result in other perverse and unintended outcomes.

Recommendations

2. If the BPL proposal is to proceed in its current form, the Australian Government renames it a 'tax' to distinguish it from the current industry levy system.

3. The Australian Government undertake a full Regulatory Impact Statement (RIS) analysis⁵ to better understand the complexities of the introduction of the proposed BPL.

Shared Responsibility

Livestock SA endorses the principle that 'biosecurity is everyone's responsibility' and understands that it is a system built on prevention, detection, response and recovery mechanisms to prevent and reduce the impact of pests, weeds and diseases.

This is articulated through the National Biosecurity Strategy⁶, which states that *"Our national system is greater than the sum of its parts. It's a multilayered network of people, critical infrastructure and technology, partnerships, processes and regulatory activities that function cohesively overseas, at our border and within Australia to protect our national interests."*

However, the rationale outlined for the proposed BPL in the consultation paper that *"this levy will see agriculture, fisheries and forestry producers join taxpayers, importers, international travellers, and Australia Post in delivering a fairer system of payment for the biosecurity system"* is confusing and insulting.

Firstly, this view is at odds with the National Biosecurity Strategy outlined above. Secondly, it dismisses the significant contribution that producers make to the biosecurity system on at least four levels as outlined in the above section 'BPL not supported'. Thirdly, it makes the erroneous categorisation that producers aren't taxpayers, importers of goods and travellers, which of course they are. And finally, it will see industry starting to fund the Federal regulatory function, which is a contradiction of the National Biosecurity Statement⁷ and the current levy system.

⁵ Australian Government (2020), *Australian Government Guide to Regulatory Impact Analysis*, <https://oia.pmc.gov.au/sites/default/files/2021-06/australian-government-guide-to-regulatory-impact-analysis.pdf>

⁶ DAFF (2022), *National Biosecurity Strategy 2022 – 2032*, <https://www.biosecurity.gov.au/about/national-biosecurity-committee/nbs>

⁷ DAFF (2018), *National Biosecurity Statement*, <https://www.agriculture.gov.au/biosecurity-trade/policy/partnerships/national-biosecurity-statement>

Recommendation

4. The Australian Government observe the principles of the National Biosecurity Statement and the National Biosecurity Strategy in developing biosecurity system funding proposals.

Beneficiaries and Risk Creators

Livestock SA supports beneficiaries and risk creators paying their fair share of a robust biosecurity system, noting that according to the NBS, 'biosecurity protects Australian livelihoods and is vital to strengthening and supporting our environment and economy, including tourism, trade and agriculture'.

Beneficiaries

Livestock SA is becoming increasingly concerned with government, particularly the Federal Government, running a narrative that the beneficiaries of the biosecurity system should pay more when agricultural industries are singled out as the only real beneficiaries. This is not correct. For example, the environment is the largest beneficiary of a strong biosecurity system by a considerable margin. The nation's environmental assets are worth more than \$5.7 trillion⁸, yet no formal mechanisms exist to capture this 'beneficiary'. As such, the burden continues to fall disproportionately on primary producers rather than being distributed across all beneficiaries⁹.

Risk Creators

Livestock SA, and most other agricultural bodies, have long called for risk creators to be properly identified and pay their fair share (i.e. an amount proportional with the threats that they impose on the biosecurity system).

The proposed BPL consultation paper states that:

- *"Cost recovery arrangements have been updated so that importers and risk creators are now paying their fair share."*
- *"... from 2024 importers will be paying around 48% or \$390.7 million annually, towards the cost of the Commonwealth biosecurity system."*
- *"Other risk creators are paying more too. From 1 July 2024 the Passenger Movement Charge is being increased from \$60 to \$70 per person for international travellers."*

While there are various risk creators, including international travellers, community and agricultural practices and climate change, the biggest risk pathway for Australia's biosecurity system is the importation of goods into the country.

Livestock SA, and many other industry bodies, seek the implementation of a charge on import shipping containers to address funding deficits in the biosecurity system, to ensure that biosecurity risk creators are genuinely paying their 'fair share'.

We note that the consultation paper advises this process *"is not considering the merits of an import or container levy."* Livestock SA is concerned and perplexed that the Australian Government is willing to impose an ill-conceived and unjustifiable new tax (BPL) on producers, ahead of fast tracking a considered and appropriate measure such as this to realise a sustainable biosecurity funding model.

⁸ DAFF (2021), *Commonwealth Biosecurity 2030 – A strategic roadmap for protecting Australia's environment, economy and way of life*, <https://www.agriculture.gov.au/sites/default/files/documents/commonwealth-biosecurity-2030.pdf>

⁹ According to ABARES, the agricultural sector is forecast to be valued at \$80 billion in 2023-24. The value of the nation's environmental assets is over 71 times this amount.

Recommendation

5. The Australian Government engage a suitably qualified independent consultant to undertake a comprehensive consultation process with industry to develop a multi-criteria analysis tool that can effectively compare all risk creators and beneficiaries of the biosecurity system, their current contribution to the system, and a gap analysis on the appropriate level of funding from each market segment.

Other factors to consider

Livestock SA supports the implementation of sustainable funding models for biosecurity, in line with the South Australian Livestock Biosecurity Blueprint¹⁰ priorities. However, these models must be sustainable and equitable. They must ensure fairness for all stakeholders and avoid undue burden on any segment within a supply chain.

Livestock producers are currently dealing with one of the fastest and deepest declines in livestock prices we have seen for some time and declining seasonal conditions as El Nino takes effect. On top of this, from January 2025 sheep and goat producers will need to implement the government mandated transition to electronic identification (eID) for all sheep and farmed goats – a decision that was based on biosecurity grounds.

The cost of implementing this system across the supply chain is estimated to cost an additional \$830.8 million over 10 years¹¹. Tag costs (i.e. those borne solely by producers) are the greatest proportion of these costs, accounting for about 82% (\$683 million) of the total costs. It is also important to note that this is an ongoing annual cost that producers will bear following the transition, which it is estimated will cost \$53 million in 2027 and \$63.3 million in 2032.

To date, the Australian Government has provided very limited support for this decision. Its total contribution towards this mandated decision is just 5.6% (\$46.7 million) of the total estimated costs.

With limited funding from both federal and state governments, producers again will be covering the bulk of the costs of this system, which will strengthen Australia's biosecurity system.

Livestock SA appreciates the opportunity to provide feedback on the Biosecurity Protection Levy and we look forward to ongoing consultation on this process. Please contact the office on (08) 8297 2299 or via admin@livestocksa.org.au if you would like to discuss this submission further.

Yours sincerely

Travis Tobin
Chief Executive Officer

¹⁰ <https://livestocksa.org.au/industry-development/industry-blueprints/sa-biosecurity-blueprint>

¹¹ DAFF (2023), Sheep and Goat Traceability Taskforce, Livestock Traceability National Cost Model Tool, <<https://www.agriculture.gov.au/biosecurity-trade/policy/partnerships/nbc/sheep-and-goat-traceability-task-force>>