



QUEENSLAND
FARMERS'
FEDERATION

Have Your Say Biosecurity Protection Levy

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The united voice of
Queensland agriculture

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This submission is provided to:

Department of Agriculture, Fisheries and Forestry

Submitted online at <https://haveyoursay.agriculture.gov.au/biosecurity-protection-levy>

Our members

- Canegrowers
- Cotton Australia
- Queensland Fruit & Vegetable Growers
- Nursery & Garden Industry Queensland
- eastAUSmilk
- Australian Cane Farmers Association
- Queensland United Egg Producers
- Turf Queensland
- Queensland Chicken Meat Council
- Pork Queensland
- Bundaberg Regional Irrigators Group
- Burdekin River Irrigation Area
- Central Downs Irrigators Ltd
- Fairburn Irrigation Network
- Mallowa Irrigation
- Pioneer Valley Water Co-operative Ltd
- Theodore Water Pty Ltd
- Eton Irrigation
- Queensland Oyster Growers Association
- Lockyer Water Users Forum

About the Queensland Farmers' Federation



The Queensland Farmers' Federation (QFF) is the united voice of agriculture in Queensland.

We are a member-based organisation representing the interests of peak agriculture industry organisations, both state and national. Through our members QFF represents more than 13,000 primary producers across the cotton, sugarcane, horticulture, dairy, nursery and garden, poultry, eggs, pork, and intensive animal industries.

We unite the sector to engage in a broad range of economic, social, environmental, and regional issues through advocacy, policy development, and project activity. We work with the government of the day on behalf of industry, farmers, and the community to provide powerful representation and contribution to the policy direction, sustainability, and future growth of Queensland's agriculture sector.

Our Council of member representatives and policy committees set the strategic priorities for policy development and advocacy, while our Executive Board ensures our corporate governance.

QFF draws on the expertise and industry knowledge of our members and through our commitment to collaboration and considered policy development, we lead Queensland's agriculture sector towards a strong future, ensuring our members are ahead of the game and have a voice at the table on the issues that matter to their members.

Submission

QFF welcomes the opportunity to provide comment on the Biosecurity Protection Levy: consultation paper (the Paper).

We provide this submission without prejudice to any additional submission from our members or individual farmers.

Summary position

Biosecurity is a costly business but so too are breakdowns in that biosecurity that can catastrophically affect the whole of Australia from primary producers through to supply chain businesses, the natural environment, natural resource management, the community and the Australian economy. There has been modelling showing the impact of a single disease such as Foot and Mouth Disease which would cost billions and have impacts on the economy for up to a decade. Some markets might never recover.

With the stakes this high, it is critical that everyone plays a part.

The major problem with the proposed Biosecurity Protection Levy is that it examines the costs and contributions of only one part of the biosecurity spectrum, the Australian government component, and uses this to say agricultural producers should pay more without considering what they already pay for biosecurity in other parts of the spectrum. It does not quantify or acknowledge the costs

done by producers, state and local governments and other stakeholders. For producers, there is no avenue to turn on a revenue source to assist in their biosecurity investment costs and for the Paper to say that levy will mean that producers will now contribute 6% to the Australian government, while true, is a misrepresentation of industry's true contribution to biosecurity.

The Queensland Farmers Federation is opposed to this levy. This submission will outline the inequity of this proposed levy and comment on the questions asked in the survey. It will also examine other methods of paying for biosecurity which would be fairer for all.

Summary of QFF recommendations

1. That this levy process is halted, and a fairer system be looked at across the whole biosecurity spectrum recognising that the agriculture system produces essential services and products for all and already invests significant resources to protect against the risk creator's activities.
2. That, in designing this fairer system, the process ensures that it is consistent with the government's own cost recovery principles and levy guidelines on transparency, accountability and stakeholder engagement (from input to policy development to implementation and review), and that the agricultural sector have the opportunity to participate in this review.
3. That if any co designed levy raises any funds, it is returned 100% back to industry to determine the best and most impactful use of this money. The current proposal, by going into consolidated revenue, affords no guarantee it will contribute anything or in the most effective way possible to biosecurity.

Biosecurity is a spectrum and continuum - roles and responsibilities

There are numerous components that create and defend our biosecurity risks. There is the biosecurity continuum which includes prevention, surveillance, response and recovery. Within each of these areas, there can be pre border, border, post border activities managed and responded to by numerous stakeholder and government agencies. The roles and primary responsibilities are outlined in the National Biosecurity Statement ¹ and details the complexity and breadth of responsibilities for biosecurity. To introduce a biosecurity levy for only agricultural producers ignores this complex spectrum and unfairly apportions costs to a single sector which cannot apportion their costs back to other sectors - prices are determined by external factors including retail demands and cannot just be passed on along the supply chain.

Biosecurity is a shared responsibility but are costs properly shared?

The Paper refers to the proposed Biosecurity Protection Levy as contributing to the cost of Australian Government biosecurity activities in delivering a fairer system of payment for the biosecurity system. It outlines a new model for funding biosecurity based on shared responsibility between those who create risk and those who receive significant benefit.

¹ <https://www.agriculture.gov.au/sites/default/files/sitecollectiondocuments/biosecurity/national-biosecurity-statement.pdf>

In reality though, agricultural producers are the casualty of the risk creators rather than the beneficiary.

The Paper says from 2024 importers will be paying around 48% or \$390.7 million annually, towards the cost of the Commonwealth biosecurity system with an increase of \$72.5 million. While this supports the Commonwealth biosecurity system, the importers are not subject to any of the producer or state costs of biosecurity disease outbreaks. The government does not ask flood and fire victims to pay towards activities that prevent or mitigate natural disasters, nor should they ask agricultural producers to pay for risk which has been directly introduced by the activities from importers and other risk creators.

Agriculture producers already pay:

- levies for research and marketing
- private business insurance
- on farm biosecurity measures already in place and associated costs incurred are significant. This represents a combination of physical infrastructure including perimeter fencing for barrier biosecurity systems, wash bays, farm comms monitoring for at risk 'visitors' and design of processes and procedures (signage, zoning, footbaths, quarantine for new animals, planning, water sanitation etc). There are additional operational costs for labour shower in/out, staff and visitor training etc.
- electronic apps for biosecurity systems and visitors
- audits for their systems
- EADRA agreements in the event of an outbreak via their signatory member organisation.

The Royal Commission into National Natural Disaster Arrangements (2020)² described the essential goods and services across the country as critical to the economy. Working supply chains and food are part of this along with electricity, communications, water and transport. Biosecurity incursions heavily impact supply chains and food production and may last for months or even years. Thus everyone, as are agricultural producers, is deeply invested in ensuring no biosecurity incursions.

QFF recommendations

QFF recommends this levy process is halted and a fairer system be looked at across the whole biosecurity spectrum recognising that the agriculture system produces essential services and products for all and already invest significant resource to protect against the risk creator's activities.

Biosecurity Protection Levy does not comply with Levy Guidelines or Cost Recovery Policy

The Australian Government has policies and guidelines on cost recovery fees and levies and levy guidelines. While called a levy, it presents in the Paper as a cost recovery. The consultation webpage of this proposed levy states that "*we are still not covering the full cost*" of our services. However, whether it is cost recovery or a levy, it does not comply with the government's own guidelines on levies and cost recovery.

² Royal Commission into National Natural Disaster Arrangements – Chapter 9 Essential services

Australian Government Cost Recovery Policy³

The cost recovery policy (CRP) is to promote consistent, transparent and accountable charging for government activities. The cost recovery framework is underpinned by three principles that must be applied across all stages of the cost recovery process:

- Efficiency and effectiveness
- Transparency and accountability
- Stakeholder engagement

Stakeholder engagement is a key part of the policy across all 4 stages.

The 4 stages are:

- Stage 1 Australian Government policy approval to cost recover
- Stage 2 Cost recovery model and CRIS
- Stage 3 Implementation
- Stage 4 Portfolio charging review

For stage 1, stakeholders, particularly those directly affected by charges, should be consulted in developing the rationale for cost recovery of an activity where possible, before the Australian Government considers the proposal. Early engagement provides an opportunity to refine policy proposals and signals the potential for cost recovery to stakeholders. This engagement did not happen.

For stage 2, the objective is to develop and document the cost recovery model, prepare legislation, consult with stakeholders and prepare and publish the CRIS on the entity's website. This did not happen nor has the model justified how cost recovery charges have been calculated and how they relate to the costs of the activity. If this consultation is part of stage 2, then the relevant questions relating to this are not part of the survey questions.

Other statements in the CRP policy outlining stakeholder engagement include:

- Stakeholder involvement will generally result in better design, planning and implementation of government activities. Successful stakeholder engagement is most likely to occur when it is well planned and when Commonwealth entities enter into a meaningful dialogue with stakeholders, consider their views and, where appropriate, take action.
- Entities should engage actively with stakeholders throughout all stages of the cost recovery process, from policy development through to implementation and review. They should develop and implement an ongoing engagement strategy in consultation with stakeholders. They should also consider including performance indicators to measure the effectiveness of stakeholder engagement and revise their processes based on feedback.
- Stakeholder engagement is particularly important for cost recovered activities, as cost recovery charges have a direct impact on those who pay them.

Levy principles

³ <https://www.finance.gov.au/government/managing-commonwealth-resources/implementing-charging-framework-rmg-302/australian-government-cost-recovery-policy>

The Australian Government has established processes for levies. (Levy guidelines, how to establish, or amend agricultural levies⁴). When introducing a new levy, the guidelines include amongst other requirements the following:

1. The proposed levy must relate to a function for which there is a market failure.
2. 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. The initiator shall demonstrate that all reasonable attempts have been made to inform all relevant parties of the proposal and that they have had the opportunity to comment on the proposed levy. A levy may be initiated by the government, in the public interest, in consultation with the industries involved.
3. The initiator of a levy proposal shall provide an assessment of the extent, the nature and source of any opposition to the levy and shall provide an analysis of the opposing argument reasons why the levy should be imposed despite the argument raised against the levy.
4. The initiator must be able to demonstrate that there is agreement by a majority on the levy imposition/collection mechanism or that, despite objections, the proposed mechanism is equitable under the circumstances.

Section 8.1.4 says with regard to industry priorities – are industry priorities accurately captured in the types and amounts of levies collected; are there alternatives to a levy that could be explored?

QFF recommendations

QFF recommends that, in designing this fairer system, the process ensures that it is consistent with the government's own cost recovery principles and levy guidelines on transparency, accountability and stakeholder engagement (from input to policy development to implementation and review) and that agricultural industry have the opportunity to participate in this review.

Industry levies should not go into consolidated revenue

As a general rule, levies are funded back into the area for the purpose they are collected for. This happens for other agricultural levies and industry which then has a say in how that money is spent. In this case the proposal is for the monies to be collected to be put back into consolidated revenue. Not only does this distort the true cost of government expenditure on biosecurity (is it just an offset of the government's own declared budgets for biosecurity or is it true extra spending?), but it is also not transparent, and the fact that other levies are specifically targeted at biosecurity and will not be abolished (e.g. Australian Animal Health Council Levy) adds further to the inconsistency and lack of accountability of this levy.

QFF recommendations

QFF recommends that if any co-designed levy raises any funds, that it is returned 100% back to industry to determine the best and most impactful use of this money. The current proposal, by going into consolidated revenue, affords no guarantee it will contribute anything to biosecurity.

Key questions for consultation

1. How should a producer be defined for the purposes of the Biosecurity Protection Levy?

⁴ <https://www.agriculture.gov.au/agriculture-land/farm-food-drought/levies/levy-guidelines>

- a) Are definitions from existing levies legislation appropriate (see levies related legislation)?
- b) If your submission relates to a commodity that is not subject to existing agricultural levies, how would you define a producer for that commodity?

QFF comment

Primary Producers are the casualties of risk creators and natural disasters, and already spend significant amounts of money to minimise these risks. They are not beneficiaries of the system. The whole spectrum of biosecurity should be examined and funding models for other major public emergencies looked at as a guide.

2. What should the levy rate look like for the commodities of interest to you, noting that:

- a) the Biosecurity Protection Levy is intended to be 10 per cent of the 2020-21 statutory agricultural levy and charge rates collected.
- b) some commodities are not subject to agricultural levies.

QFF comment

Primary Producers do not have control over pricing and have limited availability to spread the cost along the supply chain. Margins are tight and this could mean some operators might decide to leave the industry. There is no avenue to adjust these levies when times are tough e.g., drought, oversupply of markets, etc.

Biosecurity risks are increased not only directly by the risk creator importer group but by government policies into the development of new infrastructure developments such as wind, solar, REZ. Just by disturbing and relocating soil, developers inadvertently risk introducing or spreading biosecurity threats, in the form of invasive species, pests or diseases. As development activities increase in scale and frequency, the associated biosecurity risks rise proportionately.

3. Should any thresholds and/or exemptions be considered?

QFF comment

This would become complicated as no one size fits all.

4. How should Biosecurity Protection Levy collection arrangements and mechanisms be implemented for your commodity of interest?

- a) How should the levy be collected?
- b) How regularly should the Biosecurity Protection Levy be paid?
- c) If paid annually, should it be paid at the end of each financial year or calendar year?
- d) Are there other options to reduce administrative burden and/or harmonise with existing levy and charge arrangements?

QFF comment

No comment

5. What information would be important to you to have confidence the levy is proportionate to biosecurity system benefits?

QFF comment

This submission (above) outlines the concerns of equity, transparency and accountability for this levy. A full costing of the biosecurity system should encompass the whole of the system, not just one part and should fairly apportion costs. Apart from some windblown diseases from Indonesia, the method of entry into Australia is via the movement of people, goods, and vehicles (planes and ships). These are the areas that need to be targeted and regulation considered for damages if they are proven to be the cause of a major outbreak.

Other considerations

Australia is an island continent free of major pests and diseases, but increased mobility of people, goods and carriers has meant that the risks of a catastrophic event have also increased. Australia's reputation as a clean and green supplier is becoming increasingly vulnerable and requires robust biosecurity systems at all levels to prevent, detect, respond to, and recover from incursions.

Funding this system is expensive and prevention is the preferred focus to spend money on. This prevention primarily occurs at the border, and on the farm. State governments are important in early detection and response. Each sector is interlinked and to examine one without the other will allow the Achilles heel of the systems to potentially undo all the good that the other groups have invested in.

QFF supports the investment into biosecurity for all Australians and supports a system that is fair and equitable. A holistic view and approach are warranted.

Options for alternative cost recovery need examination and top of the list is the container tax. Other options could include penalties put on importers who bring disease and pests into the country causing economic harm and major developers who increase risks at a regional and local level. QFF would welcome consultation on these alternatives.

Thank you for the opportunity to provide comment on this proposed levy.

Yours sincerely

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