



CANNED FRUITS INDUSTRY COUNCIL OF AUSTRALIA

Agriculture (Biosecurity Protection) Levies Bill 2024 [Provisions] and related bills. Submission 9 April 2024

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

Dear Committee Secretary,

We are pleased to have the opportunity to submit a response to the Biosecurity Protection Levies Bill. This submission is made on behalf of the Canned Fruit Industry Council of Australia (CFICA).

CFICA is the peak industry body for canned fruit and is comprised in equal part by grower association and processor representatives. Canned Fruit is a mature and resilient industry that has been operating successfully in the Goulburn Valley for more than 100 years. During this time both growers and processors have shared a willingness to work co-operatively for the benefit of the industry. Since CFICA's inception in 1989 all canning fruit growers have contributed to a voluntary levy that is based upon their deliveries of fruit to the processor which is collected at no cost to the grower. The levy rate is reviewed and set annually at the AGM of the Canned Fruit board and is currently paid at \$1.05 per fresh tonne of fruit delivered to the processing facility.

During this time Canned Fruit have been actively involved in biosecurity activities through Plant Health Australia (PHA) where our levies have been used for our annual subscription to PHA as well as our cost sharable contribution to emergency plant pest incursions.

For this reason, CFICA is not supportive of the Agricultural (Biosecurity Protection) Levies Bill 2024.

There are numerous reasons why we cannot support this Bill with the biggest reasoning being the unfairness of how the levy is being calculated. After consultation with David Nicholls on the 1st of March 2024, I was advised that the framework that the BPL is being calculated does not recognise CFICA as an agricultural production industry and so will not be allocated a BPL based on the GVP of its members. Instead, they will be expected to contribute based on the GVP of Apple and Pear Australia or Summer Fruit Australia, depending on fruit type being sold. Mr Nicholls explained that the CFICA growers levy would be based on what percentage of our production contributes to the appropriate organisation, as this is based on farm gate prices CFICA growers will be paying up to 200% more for their levy as this is the

variation between farm gate price for canned fruit compared to market fruit. When attempting to describe this difference to Mr Nicholls and how this was clearly not an option, he was unable to give reasoning for how this decision was made. To further demonstrate the inequity of this levy Mr Nicholls was able to explain that there were differences with the avocado industry and that the producers growing avocados for processing will have their BPL based on the lower GVP than the fresh market producers. My question of how this can be differentiated within a single industry body but cannot be done for different industry bodies again shows the flaws and unfairness of the proposed Levy. None of which can be produced in a written form to be able to properly analyse and present to the members of CFICA to gain the support of the introduction of yet another levy.

The canned fruit industry is under increasing market pressure from imported products, the implementation of the levy with the expectation that our producers will be “picking up” the tab to help reduce the biosecurity risk that is created by the importers of these products is ludicrous at best. Why is the consumer not being asked to contribute to the protection of our environment and agricultural sectors. The Commonwealth is responsible for the biosecurity at our borders therefore the risk creators, not the producers, should be the major contributors to the biosecurity protection of our country, our members already contribute to biosecurity through their own on farm protections systems and the levies paid to Plant Health Australia for emergency responses and management.

CFICA also supports the views taken by the independent expert analysis and criticisms which support the concerns raised by producers about the policy's fundamental flaws, inequities and design failures, including:

The Office of Impact Analysis excerpt:

“To be considered ‘good practice’ within the Australian Government Impact Analysis framework, the IA 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.”*

Productivity Commission: Towards Levyathan? Industry levies in Australia (PC 2023) excerpt:

“The analysis raises concerns that policymakers may be using levies as a politically expedient way of raising additional revenue that can be managed by an individual portfolio minister or department, with little regard for the impact they may have on the tax system as a whole.

“The cost of levies is almost invisible to the average taxpayer – people notice when income taxes rise, but no-one appears to notice when a levy is passed on by their insurance provider. It is little wonder then that policymakers might see a new levy as a good way to raise revenue even when better policy options might be available,” said Dr Robson.”

Crawford School of Public Policy's Tax and Transfer Policy Institute (TTPI) excerpt:

“Recent report on levies clearly identifies the potential weaknesses of the proposed BPL. First principles analysis of externalities by TTPI accepts and builds on these critiques. Based on these critiques, there is reason to consider two alternatives for what optimal biosecurity funding policy might look like, both of which already exist in conjunction in the Australian policy setting. The first is to increase charges for those who create the biosecurity threats, such as importers and travellers, and the second is to further fund biosecurity protection through general revenue, given that the benefits flow to all Australians.”

CFICA also supports the submission to this inquiry by the Freight & Trade Alliance and Australian Peak Shippers Association, in proposing an alternative three-point

plan whereby they accept that they – as the biosecurity risk creators – are prepared to pay the equivalent of funds raised via the new levy/tax to be imposed on producers, through increased importer charges. Their commitment to pay this \$47.5 million would be in exchange for improvements in productivity for the nation and to help drive the critical need to improve the performance of the Agriculture Department. In other words; a more sustainable, fairer and market-based solution.

We also understand the FTA and APSA have briefed a number of other producer representative groups on this proposal. The following is an excerpt from their submission, which we believe needs to be urgently prioritised over efforts to implement the BPL, which is fundamentally flawed.

“The scourge of these Terminal Access Charges (TACs), combined with the biosecurity processing delays, is resulting in rapidly escalating supply chain costs directly adding to inflationary pressures and fuelling the cost-of-living crisis.

“Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) acknowledge that DAFF is co-designing solutions with industry and notes the significant financial commitment from the federal government to modernise systems.

“These longer-term strategies have the potential to set a benchmark of global best practice in safeguarding against biosecurity risk whilst enabling legitimate trade. Whilst applauding and supporting these initiatives, the federal government must introduce immediate relief measures.

“FTA and APSA fully support the need to protect against biosecurity risks and would be prepared to pay an additional levy or cost recovery fee on the proviso that an appropriate proportion directly translates to commensurate improved and immediate trade facilitation measures.

“FTA and APSA have engaged with members and key industry stakeholders in developing the following 3-point plan, recommending the federal government:

1. does not proceed with the complex proposed levy against producers (\$47.5m being 6% of the budgeted Biosecurity Protection Levy);
2. increase the Full Import Declarations (FID) cost recovery to recoup the above \$47.5m shortfall, and additional funds to address interim remedial action to support import processing until additional permanent resources and benefits of modernised systems are realised; and
3. offset the increased FID cost recovery impost on importers, by regulating against the current incontestable Terminal Access Charge (TAC) regime, currently costing importers and exporters an estimated \$850m per annum.

Canned Fruit Industry Council of Australia cannot overstate the need and support for a sound, robust, inclusive and adequately funded biosecurity system that supports agricultural industries and communities that it supports and relies on, however we cannot support the Agriculture (Biosecurity Protection) Levies Bill 2024 in its current form.

CFICA welcomes the opportunity to discuss the future possibilities for a sustainable biosecurity levy.

Sincerely,

Rebecca Sloan
Biosecurity Representative
Canned Fruit Industry Council of Australia