



19 December 2023

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

Dear Committee Secretary,

Subject: NFF submission to the inquiry into the Primary Industries (Excise) Levies Bill 2023 [Provisions] and related bills

The National Farmers' Federation (NFF) welcomes the opportunity to provide a submission to the Senate Rural and Regional Affairs and Transport Legislation Committee inquiry into the Primary Industries (Excise) Levies Bill 2023 [Provisions] and related bills (Inquiry).

The agricultural levies framework has delivered great benefits to Australia's agriculture, forestry and fisheries industries over a long period of time. The NFF has long supported appropriate reform of the enabling legislative and regulatory instruments to ensure the enduring effectiveness, efficiency and agility of the levies framework.

The 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 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 value of Australia's agricultural levies framework

The NFF is a fervent supporter of the agricultural levies system. The industry-led system has allowed for the appropriate, fair and equitable collection of funds, from primary producers, to various Levy Recipient Bodies for varying purposes; R&D, marketing, biosecurity, emergency response and residue testing. Each of these purposes acts as an essential part of ensuring the progression and longevity of the agricultural industry.

Given that approximately \$500 million of levy money is collected and dispersed annually, in addition to public co-contributions of approximately \$400 million, levy payers and their Industry Representative Bodies have a strong interest in ensuring the agricultural levies system operates effectively, efficiently and with integrity.

Position on the Primary Industry Levies Bills

The NFF supports the process to modernise and streamline the levies legislative and regulatory system of which the consolidated Primary Industries Levies Bills (Bills) represent the major component of the body of work.

The NFF, along with its members, has engaged significantly in this process to date through previous consultations including the *Modernising the Research and Development Corporation System Discussion Paper* (2019) and the *Modernising the agricultural levies legislation consultation* (2023).

The NFF support for this process is predicated on the understanding that:

- The principle intent of the Bills is to simplify and streamline the existing levies legislative and regulatory framework, and not to enact change of the levies framework or its existing operation. To this end, the Bills do not seek to, or enable, functional change of the levies system that is not otherwise supported, or directed by, the relevant impacted industries; and
- The Bills are not intended to allow for the introduction of the Government's proposed Biosecurity Protection Levy.

Biosecurity Protection Levy

As members of the Committee will be aware, the Government announced the Biosecurity Protection Levy as part of the May 2023 Budget. The NFF, along with the overwhelming majority of the agricultural industry, oppose the policy in its current form.

A key criticism that industry has raised with respect to the Biosecurity Protection Levy is its potential impact on the existing levies system. The NFF is extremely concerned that it may have a distortionary impact given it does not accord with underlying principles such as proper establishment processes, industry support, equitability and accountability. These issues, left unaddressed, risk impacting on the integrity of the levies system.

There is a real risk producers will not draw a distinction between the Biosecurity Protection Levy and the existing levies framework for which these Bills are seeking to improve. This is understandable given that the policy explicitly links the quantum of levied funds to the amounts contributed by producers for their industry levies, it will be collected through existing levies collection channels and, at its most basic, utilises the term 'levy' which has a well-understood existing meaning in the context of the Agricultural industry.

For the purposes of the Inquiry, it is important to note that the industry expects that the Biosecurity Protection Levy is enacted through separate legislation and not through the Bills which are the focus of this Inquiry. This expectation is grounded in the repeated assurances that have been provided to industry by the Department, both via in-person consultation and in the formal consultation processes.

As noted in the Introduction of the Biosecurity Protection Levy Consultation Paper:

“The Biosecurity Protection Levy is a new levy with separate policy intent and Legislative arrangements to the existing agricultural levies and chargers (levies) legislation”.

This was further confirmed in the second reading of the Primary Industry Levies Bills in the Senate, with Senator Chisholm stating in his second reading speech:

“The legislation will also operate separately from the new Biosecurity Protection Levy”.

The NFF expects such assurances to be maintained.

Proposed amendments concerning biosecurity activities levies

The NFF notes that amendments were proposed, and voted down, to the *Primary Industries (Excise) Levies Bill 2023*, *Primary Industries (Customs) Charges Bill 2023* and the *Primary Industries (Services) Levies Bill 2023* in the House of Representatives.

The NFF understands that a key intent of these amendments was to provide clarity around the purpose and use of funds collected and expended for ‘biosecurity activities’. More specifically, we understand that their purpose is to codify the existing understanding of such funds as being to support the specific activities of Animal Health Australia (AHA) and Plant Health Australia (PHA) in the Imposition Bills.

The NFF further understands that the genesis of seeking to provide such clarity is, in part, related to the proposed Biosecurity Protection Levy. More specifically, the amendments are seeking to ensure that the Primary Industries Levies Bills cannot be used to enact the Biosecurity Protection Levy. As well as to provide greater distinction between the Biosecurity Protection Levy (should it come into force), the biosecurity activities component of the existing levy framework (commonly understood to be funds directed to AHA or PHA) and the emergency animal and plant biosecurity response levies that some industries have in place.

As noted in the previous section, the NFF is extremely concerned that the rushed and ill-conceived Biosecurity Protection Levy policy is potentially causing the type of confusion which has led to consideration of amendments to these Bills. The modernising agricultural levies process has been in development, with industry, for many years.

The NFF maintains our disappointment that the proposed Biosecurity Protection Levy has the potential to cause impact on the modernising agricultural levies process and stand firm in our call that it is that policy which should be reconsidered to address such issues.

With respect to the Bills, due consideration should be given to ensuring any amendments do not result in unintended consequences. Noting that the Disbursement Bill provides for the provision of funds to AHA and PHA, it is important that the legislative framework does not lose appropriate flexibility and future adaptiveness.

To this end, the NFF strongly encourage the Committee to consider the views of AHA and PHA Industry Forums in order to seek more specific advice on this matter from the directly impacted industries. They are best placed to advice on specific amendments of this nature.

Conclusion

The NFF supports the process to modernise and streamline the levies legislative and regulatory system of which the consolidated Primary Industries Levies Bills represent the major component of the body of work. We are grateful for the commitment by multiple Governments to ensure this has been a thorough process, given the importance of the framework to the success of the agricultural sector.

Yours sincerely,

TONY MAHAR
Chief Executive Officer