



Submission to the Senate Inquiry into the Agriculture (Biosecurity Protection) Levies Bill 2024 [Provisions] and related bills

**National Farmers' Federation Horticulture Council
10 April 2024**

The NFF Horticulture Council (the Council) wishes to convey in the strongest terms our rejection of the BPL as proposed. It is unsound policy. We challenge the broader underpinning assumption that primary producers have not, and are, not making sufficient investments in the biosecurity system.

The Council is the recognised peak body for the national horticulture industry. Established in 2017 it now comprises 21 national commodity and state horticulture bodies, who together represent the full breadth of an incredibly diverse industry.

A core priority for the Council is ensuring we have a strong, efficient and effective biosecurity system to protect our environmental assets and production and amenity horticulture.

We agree that biosecurity is and should be a shared responsibility and are committed to engaging with government and other stakeholders in a partnership approach in building a better biosecurity system. Most eligible Council members are already members of, and pay levies to, Plant Health Australia.

The proposed BPL puts at risk the current culture that values collaboration and mutual respect that brings industry and government partners closer together. The announcement of the "levy" has done much to undermine hard work and leadership over many years from industry bodies, including Council members, to embed the concept of biosecurity as a shared responsibility among primary producers. The perverse outcome of the proposed PBL could be an undermining of the current stable and significant contributions made by industry through PHA, RDCs and other mechanisms.

Pressing ahead with the BPL against the unanimous opposition of the agriculture industry will only erode trust and the partnership to a degree that will take a very long time to recover from.

The implied assumption that primary producers have not contributed adequately to biosecurity funding, to our knowledge, is not based on any comprehensive assessment of total industry contributions across all stages of the biosecurity, from preparedness, R&D, and emergency responses, through to ongoing management of established pests and diseases.

The Intergovernmental Agreement on Biosecurity (IGAB) review, led by eminent Australian scientist Wendy Craik (Craik Review), recommended as part of its consideration of

sustainable funding that Animal Health Australia and Plant Health Australia coordinate an industry stocktake of national biosecurity system investments and make the results public in order to address this fundamental gap in our understanding of the biosecurity system.

This recommendation from 2017 frustratingly remains unimplemented. More concerning, ahead of the next scheduled IGAB review, we are advised the National Biosecurity Committee has closed off this important and yet entirely unaddressed recommendation.

It is the firm view of the Council, consistent with the principle of biosecurity being a shared responsibility, that industry investment in the national biosecurity system must be considered in total, and not just in the context of our relationship as a beneficiary with those biosecurity services the Federal government delivers, primary at the border. We recommend this stocktake be funded as part of your next Federal budget and that no decision on an industry levy be made until its completion.

Even with the recently announced alterations to the collection mechanism, the implementation of the proposed BPL as, a 10 percent tax on all agricultural commodities is total unacceptable.

As a levy, the BPL falls short of every one of the 12 Levy Principles introduced and adhered to by government and industry alike since 1997. As a tax, which inarguably the BPL is more accurately categorised, it also falls well short of best practice, including the design principles for the tax and transfer system applied by the Henry Tax Review of 2009 of equity, efficiency, simplicity, sustainability and policy consistency.

Individual industry submissions will no doubt make clear how a blanket tax on top of all levies will create significant inequities between producers and within the horticulture and agriculture industries. We won't expound on this advice again, but it is important to point out that the BPL, is now proposed to be based on LVP values that the government, buy it's own admission, does not have data for and is not clear on how such data could reliably and regularly be collected. Even if such data can be sourced, it will fluctuate with value and volume of product sold, which will be difficult to manage.

The general principle is that a tax, imposed for a particular purpose, in this case to fund the delivery by DAFF of biosecurity services at the border, should be raised as directly as possible from those entities whose either generate the biosecurity risk or benefit from the services rendered. Adhering to this general principle also promotes transparency and accountability.

The BPL is a brazen and lazy raid by the Federal Government on its partners at the other end of the biosecurity continuum, to raise funds it ought to be finding either from the Treasury or through charges imposed on those who directly generate the biosecurity risk.

As a starting point, the Federal Government should exhaust all options of raising revenue from the risk creators and beneficiaries in proportion to the risk generated and benefit captured. The recommendation of the Craik Review, that the Federal Government raise a levy on containerised cargo, where the evidence shows so much of the risk is generated, must be thoroughly assessed.

We are also calling on the Federal Government to complete its review of international trade obligations by the end of this year.

The Australian Public Service Commission (the Commission) capability review of DAFF found it does not have systems to reliably understand its financial circumstances at any given point in time or reliably forecast how actual expenditure is tracking against estimates. The Commission observed DAFF needs to build the level of commercial acumen required to develop appropriate revenue strategies, consistent and compliant charging policies, and accurate cost attributions, as well as to provide full cost transparency to industry clients and stakeholders.

You will appreciate the reluctance of industry to tip further resources into DAFF at a time when its poor performance has been confirmed by the Commission, and where industry has no ability to oversee the use of its funding and drive improvements.

In acknowledging the critical importance of a sustainably funded biosecurity system, the Council makes the following recommendations:

- Remove the BPL from the Budget 2024-25, with an indefinite increase in funds from Treasury commensurate with that assumed to be raised by the BPL;
- Fund a stocktake of industry investments in the national biosecurity system and make the results public, as recommended by the Craik Review, as part of your next Federal budget;
- Provide immediate funding support if necessary to DAFF so that it can complete its review of the consistency of the containerised cargo levy with our international trade law obligations by the end of this year;
- Exhaust all options of raising revenue from the known risk generators and beneficiaries of DAFF service provision before further consultation about other options with its biosecurity partners;
- Apply conditions to new and permanent funding from Treasury, should they not already be in place, requiring DAFF improves its systems and builds its commercial acumen.

To discuss any of the above, including to arrange a meeting, please be in touch with Richard Shannon, Executive Officer to the Council at _____ or on _____

Yours sincerely,

JOLYON BURNETT
Chair