AUSTRALIAN OLIVE ASSOCIATION

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Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600
Via email: rrat.sen@aph.gov.au

Dear Committee Secretary,

Re: Agriculture (Biosecurity Protection) Levies Bill 2024 [Provisions], the Agriculture (Biosecurity Protection) Charges Bill 2024 [Provisions] and the Agriculture (Biosecurity Protection) Levies and Charges Collection Bill 2024 [Provisions]

The Australian Olive Industry is seriously concerned about the passing of the Agriculture (Biosecurity Protection) Levies Bill 2024 [Provisions], the Agriculture (Biosecurity Protection) Charges Bill 2024 [Provisions] and the Agriculture (Biosecurity Protection) Levies and Charges Collection Bill 2024 [Provisions] **in the Lower House, and opposes the introduction of a new tax on the Australian olive industry.**

The Australian Olive Industry

The Australian Olive Association is the **prescribed industry body representing all olive growers, service providers and processors in Australia.**

Olives are grown throughout temperate Australia. The Australian Industry estimates that around 10 million trees are grown on 450 commercial groves covering more than 33,000 hectares, with 70% of the olive trees concentrated in 20 groves.

The Australian Olive Industry produces around 20 million L of Extra Virgin Olive Oil (EVOO) and 3000 tonnes of table olives (TO) per year. Olive trees are increasingly important to Australian agriculture because they are carbon sequestering, making the olive industry truly sustainable.

There is one major producer of EVOO in Australia, Cobram Estate, who produce about 70% of Australian produced EVOO. Cobram Estate, in addition to their Australian operations, also grow olive trees and produce EVOO in California, USA. Cobram Estate are the major levy payer for olive R&D and biosecurity in Australia. However, Australian produced EVOO and olive oil would only account for around half of total domestic demand with the remaining product being imported.

Opposition to the Levy

The new biosecurity levy would disadvantage local olive growers and EVOO producers but have no impact on companies imported olive oil into Australia who pose the greatest risk (among other importers) to our Australian olive industry.

The Australian olive industry has been working collaboratively with many other plant and animal industries in opposing this new tax which has not been designed with effective and meaningful consultation with agricultural industries.

Australian olive levy payers already contribute to biosecurity activities directly through levies to PHA. Funding for biosecurity protection at the borders is the responsibility of the Commonwealth, not olive producers and risk-creators, such as plant and olive oil importers, should be contributing more to make the system fairer.

The Olive Levy

Olive levy payers currently pay $3.10/tonne of olives sold or processed. Of this levy, $3.00/tonne is an R&D levy which is administered by Hort Innovation and the remaining $0.10/tonne is for a biosecurity activity levy administered by PHA.

<u>However, not all olive growers are levy payers:</u>

The levy is not imposed on olives that are sold by retail sale in a period of 12 months beginning on 1 October by the grower of the olives, or that are processed by the grower in that period, if the sum of the following is less than $100:
a) the total amount of levy that the grower would otherwise be liable to pay on olives sold by the grower by retail sale in that period;
b) the total amount of levy that the grower would otherwise be liable to pay on olives processed by the grower in that period.

So what would be a fair and equitable collection mechanism of a new biosecurity tax for the olive industry?

Should small producers who are not eligible to pay the current biosecurity levy escape the new tax and be free-riders in the new system?

As an industry we can not support a new biosecurity tax when there has been no consultation with our industry.

Independent Analysis of the Levy:

We note that the Crawford School of Public Policy's Tax and Transfer Policy Institute concluded in their policy brief of the levy:

"The Productivity Commission's 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."

Has government taken on board the conclusion of this report which outlines a simple approach to the BPL? If not, why not and what is government's response?

The Productivity Commission report on Industry Levies in Australia illustrated that if the BPL was run through the sectoral public goods framework, it would fail 8 of the 11 criteria. What is government's response to this report?

Furthermore, the Freight & Trade Alliance and Australian Peak Shippers Association have proposed 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 productivity improvements and to help drive the critical need to improve the performance of the Agriculture Department - a more sustainable, fairer and market-based solution.

The following is an excerpt from their submission, which we believe needs to be urgently prioritised over efforts to implement the BPL.

"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."*

This proposal is supported by the Australian Olive Association and provides an alternative to the current unworkable and unfair tax.

Thank you for your consideration of the above.

If you need further information, please contact me by phone on or email

Yours sincerely,

AUSTRALIAN OLIVE ASSOCIATION LTD.

Michael Southan PhD
CHIEF EXECUTIVE OFFICER