

16 April 2024

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

Dear Committee members,

**Subject: Agriculture (Biosecurity Protection) Levies Bill 2024 and related bills.**

The Australian Forest Products Association (AFPA) welcomes the opportunity to provide the following submission to the Rural and Regional Affairs and Transport Committee's inquiry into the *Agriculture (Biosecurity Protection) Levies Bill 2024 [Provisions] and related bills*.

The AFPA and our members remain unequivocally opposed to the introduction of the government's Biosecurity Protection Levy (BPL) and its enabling legislation. Key reasons for AFPA's objections to the BPL are listed below, with further reasons and supporting details provided in our submission. Namely the proposed BPL

- will not result in sustainable funding for biosecurity, as funds collected are not hypothecated to biosecurity (going to consolidated revenue) and may be re-directed to other priorities at any time.
- does not account for the forest sector already funding biosecurity both as a taxpayer and through existing Agricultural levies. The BPL effectively taxes primary producers again.
- is a tax as that does not meet fundamental criteria of Agricultural levies.
- does not reflect "shared responsibility" for biosecurity without levy contributions from importers
- the public, and thereby governments, are the greatest beneficiaries of a strong biosecurity system as well as significant contributors to biosecurity risks through travel and trade.

We highlight to the Committee that the AFPA is not the only representative body that holds this position with the vast majority of agriculture peak bodies and associations opposing the BPL. Public submissions available through Department of Agriculture, Fisheries and Forestry's "Have your say" consultation platform, voiced serious concerns with the BPL and rejected it as the right funding mechanism to sustain biosecurity. Separate published assessments by the Australian National University, the Productivity Commission, the Office of Impact Analysis and Frontier Economics all similarly have highlighted the BPL's overall poor design, inefficiency and unfairness.

Changes suggested by the government following their initial post-budget consultation process in 2023, such as the BPL being calculated on Gross Value of Production or the government's commitment to provide greater transparency in spending, have not fundamentally changed the concerns with the BPL raised by the AFPA and other industry representative bodies.

The AFPA is conscious of the pressures on resourcing our biosecurity system, we simply do not believe that the BPL represents the right funding model. As a "shared responsibility" the funding of biosecurity should aim to reflect both the benefits derived by all Australians from a strong biosecurity system (*not just primary producers*) as well as the biosecurity risks created through increasing levels of trade and movement of people into the country. In light of the overwhelming benefits derived by all Australians from free, biosecure travel and trade across our border, adequately resourcing the Department of Agriculture, Fisheries and Forestry's biosecurity responsibilities is clearly a government responsibility.

The AFPA reiterate to the Committee our opposition to the introduction of the BPL, but as a responsible partner in biosecurity, we emphasize our willingness to work with government(s) and other stakeholders to resolve how we could further support Australia's biosecurity system.

We urge the government to listen to primary producers, importers, independent commentators and their own policy advisory bodies and withdraw the introduction of the Agriculture (Biosecurity Protection) Levies Bill 2024 [Provisions] and related bills.

The AFPA thanks the Committee for the opportunity to provide input into this inquiry. If you have any further questions regarding details in the submission please contact Paco Tovar, AFPA's Biosecurity Manager, at [paco.tovar@ausfpa.com.au](mailto:paco.tovar@ausfpa.com.au) | 0407 778 636.



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Australian  
Forest  
Products  
Association

## Biosecurity Protection Levy Bill

Submission to the Senate Standing Committee on  
Rural and Regional Affairs and Transport

**April 2024**



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## About AFPA

The Australian Forest Products Association (AFPA) is the peak national industry body representing the Australian forest, wood and paper products industry's interests to governments, the community and other stakeholders.

Australia's forest industries directly employ approximately 80,000 people and another 100,000 indirect employees and is a major employer in regional towns. Australian forest industries contribute \$24 billion to the Australian economy annually.

## Forest growers and biosecurity

*The forest sector already funds its shared responsibility for biosecurity.*

The forest sector demonstrates its commitment to 'shared responsibility' to biosecurity by contributing significantly through:

1. Company Tax obligations that go into consolidated revenue.
2. Border (import / export) service charges.
3. The Plant Health Australia Levy (\$700,000 annually)
4. The Emergency Plant Pest Response Deed Levy (\$3.9 million total)
5. The Research & Marketing Levy (\$7.8 million specific to biosecurity over 5 years)
6. Multi-million dollar recurring costs for management of invasive species.

## **Sustainable biosecurity funding**

*Australia's biosecurity system mitigates biotic risks from overseas to human health, environment and/or primary production*

In the last 50 years Australia has pursued policies on free trade and movement of people that have resulted in substantial economic, social and cultural benefits. Nonetheless, these policies have also come with risks. Amongst these risks, is the danger of intentional or accidental introductions of exotic, invasive organisms that significantly harm Australia's human health, environment and/or primary production systems. To mitigate this risk Australia has a strong biosecurity system with regulatory and management activities occurring pre-border, at the border and post-border.

*Australia's biosecurity system is multi layered and producers already contribute significantly to it.*

The federal government has primary responsibility for Australia's border controls and biosecurity system. Federal and State governments have a role in responding to biosecurity incidents and attempting eradications of exotic pests and diseases post-border. Similarly, primary producers through their Agricultural levies' co-fund biosecurity responses, research, surveillance programs and extension and preparedness activities (*see above*). Producers also have to support the cumulative and ongoing burden of failures in the biosecurity system through funding of research and management of invasive species that circumvent the biosecurity system and impact production. This layered biosecurity system, involving the support and participation of governments in partnership with primary producers has kept Australia largely free of many of the pest and diseases that occur elsewhere.

*The public, thereby the government, are the greatest beneficiaries of strong biosecurity*

Australia's liberal free trade policies and strong biosecurity have benefited all participants in the economy including primary production, health, mining and tourism. Some examples of specific benefits include improved access to overseas markets due to Australia's clean and green image; absence of dangerous human health diseases present overseas (e.g. Yellow Fever) and maintenance of Australia's unique environmental and tourist assets (e.g. unique Eucalypt forests and fauna, Barrier reef).

The biosecurity system undoubtedly mitigates risks to Australia's primary production worth around \$51 billion dollars, but more significantly it also reduces risks to

Australia's natural capital and environmental assets valued at an estimated \$5.7 trillion dollars. That is, the biosecurity system benefits Australian society broadly and, in the same manner as health, defence or education should justifiably be funded by government. This was highlighted in the independent review of the BPL undertaken by the Australian National University's Policy Institute which *"...questions why primary producers are singled-out as beneficiaries of biosecurity. In reality, the benefits of biosecurity extend to the broad community. Where public benefits exist, funding is normally drawn from general revenue streams."*<sup>1</sup>

### *Producers, including the forest sector, bear the costs of failures in biosecurity*

Despite our strong biosecurity system, it has become evident over the last two decades, that resourcing of the biosecurity system, has failed to keep up with the challenges posed by growing levels of trade and movement of people. Resultant failures in our biosecurity system are borne by producers, including the forest sector. For example, the unfortunate establishment of Giant Pine Scale in Melbourne, resulted in \$3.9 million in industry costs to attempt to eradicate the pest this was 50% of the cost, with the remaining 50% borne by Federal and State governments. Following the unsuccessful eradication attempt, the industry continues to fund \$150 thousand annually in research and management activities to limit the spread of the pest. Similar examples can be demonstrated across many primary producers.

### *The Biosecurity Protection Levy proposal will not lead to sustainable funding of biosecurity.*

As proposed, the BPL can be unilaterally increased by government, is not hypothecated to cover biosecurity costs and covers only the Department of Agriculture, Fisheries and Forestry's biosecurity costs. These three aspects of its design, mean the BPL is unlikely to achieve its goal of sustainably funding Australia's biosecurity system.

Firstly, with the BPL being unilaterally set by government *"...there is potential for individual sectors to face levy costs which exceed the benefits they receive"*<sup>2</sup>. Furthermore, unlike existing agricultural levies which can be set by industries and reflect the economic capacity of the industry to bear the costs, the BPL creates a long-term tax risk where levy costs could be higher than the sector's capacity to pay. Secondly, with costs not hypothecated to biosecurity there is a risk that as political

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<sup>1</sup> 2024, The biosecurity protection levy: Principles for Design, Tax and Transfer, Australian National University Policy Institute, pg. 3

<sup>2</sup> 2024, The biosecurity protection levy: Principles for Design, Tax and Transfer, Australian National University Policy Institute, pg. 4

priorities change, BPL revenues are re-directed to other areas of government responsibility, with no recourse available to sectors that are left exposed by diminished biosecurity resourcing. Thirdly, the biosecurity system is not implemented solely by the Department (*see above*) and relies on a partnership approach with stakeholders across the pre-border, border and post-border. Any sustainable funding framework needs to consider the funding needed across these areas not just the Department's costs. As such, the BPL is fundamentally flawed.

## Key concerns

AFPA highlights the following concerns with the Biosecurity Protection Levy (BPL):

- **The Biosecurity Protection Levy is not a levy but rather a tax.** [Australia's agricultural levy system](#) is a partnership between government and industry. At the request of primary industries, the government imposes levies on agricultural products to facilitate industry investment in strategic activities such as RDE, marketing and biosecurity. The system enables collective investment amongst producers with, in some instances, agreed co-investment by government (e.g., RDE Levy). The BPL as proposed is a one-sided imposition by government that does not meet any of the criteria of Agricultural levies and is therefore better characterised as a tax or charge.
- **Places an ongoing tax risk burden on producers** – As demonstrated by its budget announcement, the Biosecurity Protection (Levy) Tax can be increased unilaterally by the government should more funding be needed. Unlike agricultural levies which can be set by industries and reflect the economic capacity and/or needs of the industry, the BPL creates a long-term tax risk for producers.
- **The BPL would effectively tax the sector a sixth time for biosecurity.**
  1. Contributions by Industry as a taxpayer
  2. Border (import / export) service charges
  3. The Plant Health Australia Levy
  4. The Emergency Plant Pest Response Levy
  5. The Research and Development Levy
- **Creates extra costs in the forest sector supply chain and long-term contract arrangements make it difficult to pass on the costs.** – The levies are collected by processors so this will add extra cost burden on the processing sector. Also, the forest sector operates with long term fixed price contracts along its supply chain and so the ability to pass on extra costs to customers will be limited. If and when costs are passed on this will add a further materials cost to the construction sector who have seen massive price rises during COVID which has seen housing starts plummet despite the critical housing shortage.



- **No net gain to biosecurity, with increased collection from BPL offset by reductions to R&D or biosecurity agricultural levies-** Producers are not a high margin business and have limited funds to spend on research and development and biosecurity and there is significant risk that producers will want to reduce their existing expenditure on biosecurity R&D and post border surveillance to offset these costs, resulting in a no funding gain to biosecurity overall.
- **No accountability or guarantee that funds received will be sustainably allocated to biosecurity** – As proposed, the Biosecurity Protection tax will go to consolidated revenue. This government or future ones, have no obligation to use the revenue received for the purposes for which it was collected. Further, in the proposed funding framework there is no provision for the Department to provide accurate, timely reporting on how industry funds are used to support biosecurity and the benefits to producers.
- **No guarantee of sustainable government co-investment or proportionality** – the budget announcement of the Biosecurity Protection tax included additional Government (taxpayer) co-investment into biosecurity. However, there is no mechanism that guarantees this into the future. Similarly, there is no mechanism that ensures that imposed increases of the Biosecurity Protection tax on producers will be met with proportional increases in funding by government.
- **Lack of industry input on the use of funds** – The Agricultural levy system enables industries to set levy rates and allocate collected funds to agreed research, marketing, or biosecurity priorities. Agricultural levies are based on a partnership approach, with clear regulations and in some instances government co-investment (e.g., RDE levy) for agreed strategic priorities. The proposed BPL funding framework has no provisions for industry contributions on how the money is spent.
- **Risk of producers funding public/environmental biosecurity** – The biggest beneficiary of strong biosecurity regime is the Australian public. The lack of government transparency on how biosecurity funds are spent introduces the risk that producers will be subsidising public environmental biosecurity.
- **Does not meet the 'shared responsibility' paradigm** – Working together to resolve biosecurity issues, including funding, should be a shared responsibility involving consultation amongst parties to arrive at a funding mechanism that is fair, and enables guaranteed co-investment for a shared purpose – a strong biosecurity system. The unilateral imposition of the Biosecurity Protection tax by government contravenes this idea.
- **Risk of producers subsidising import costs while risk creators not adequately contributing to the biosecurity system** – Proposed increases in import/export charges cover transactional cost of biosecurity imports operations at the border. These are not the only biosecurity costs associated with the importation of goods.

There are significant costs associated with pre-border intelligence, surveillance activities and import risk assessments that occur as part of trade. These costs are not covered by import/export charges and, combined with a lack of transparency on how biosecurity funds are spent, creates the risk of producers subsidising these import costs which should be borne by importers.

- **Risk creators not captured so not a shared responsibility** - Without contributions from importers creating the risks it does not meet the “shared responsibility” biosecurity paradigm proclaimed in the Emergency Plant Pest Response Deed. We also highlight that Timber importers, specifically pay a levy through the [Forest industries products import charge](#) but they are not currently captured by the proposed Biosecurity Protection Tax.

## Recommendations

In light of the above concerns, we recommend:

- **The proposed Biosecurity Protection Levy does not proceed in its current form,** as it:
  - a. does not guarantee sustainable funding for biosecurity as revenue will go to consolidated funding
  - b. is a tax and does not meet fundamental criteria of Agricultural levies such as industry self-imposition, government co-funding and agreed regulatory arrangements.
  - c. does not account for existing producer biosecurity funding.
  - d. does not meet the “shared responsibility” biosecurity paradigm proclaimed in the Emergency Plant Pest Response Deed, the Intergovernmental Agreement on Biosecurity or the Commonwealth and State Government Biosecurity Acts without contributions from the risk-creating importers,

Maintaining Australia free of the world’s worst invasive species will only be possible if an agreed sustainable funding framework is negotiated amongst all stakeholder parties. As a “shared responsibility” the funding of biosecurity should aim to reflect both the benefits derived by some stakeholders from a strong biosecurity system as well as the biosecurity risks created by other stakeholders. We therefore recommend:

- **That a new consultation process on an equitable and sustainable biosecurity funding framework be initiated** that includes all stakeholders in Australia’s biosecurity system including both beneficiaries and risk creators.

AFPA strongly supports and recognises the significant role biosecurity plays in maintaining Australia's economy and environment. We look forward to collaborating with you towards transparent and sustainable biosecurity funding framework that equitably reflects the benefits derived from biosecurity and risks created through trade and movement of people.

The AFPA thanks the Committee for the opportunity to provide input into this inquiry.

If you have any further questions regarding details in this submission please contact Paco Tovar, AFPA's Biosecurity Manager, at [paco.tovar@ausfpa.com.au](mailto:paco.tovar@ausfpa.com.au) | 0407 778 636 or Sara Bray [Sara.Bray@ausfpa.com.au](mailto:Sara.Bray@ausfpa.com.au).



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Forest  
Products  
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AFFPA is the peak national industry body representing the resources, processing, and pulp and paper industries covering the forest products value chain.

AFFPA represents all elements of the value chain from the sustainable harvesting of plantations and multiple use natural forest resource including forest establishment and management, harvesting and haulage, processing of timber resources and manufacture of pulp and paper.