

12 October 2023

Sustainable Funding for Biosecurity Implementation Branch,
Department of Agriculture, Fisheries and Forestry
<https://haveyoursay.agriculture.gov.au/biosecurity-protection-levy>

Cc: minister.watt@agriculture.gov.au

Dear Biosecurity Sustainable Funding Implementation Branch,

RE: Consultation into Biosecurity Protection Levy

The Australian Forest Products Association (AFPA) welcomes the opportunity to provide this submission into the proposed Biosecurity Protection Levy.

The AFPA recognises the importance of the biosecurity system in protecting Australia from exotic pests and their harmful impacts on agriculture, forestry, fisheries and the environment.

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 through trade and movement of people.

This submission addresses industry concerns regarding the proposed Biosecurity Protection Levy and makes the following recommendations.

- **The Biosecurity Protection Levy should not proceed in its current form**, as it:
 - a. does not guarantee sustainable funding for biosecurity
 - b. is a tax and does not meet fundamental criteria of Agricultural levies
 - c. does not account for industry already funding biosecurity.
 - d. does not reflect “shared responsibility” for biosecurity without contributions from importers
- **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.

The AFPA strongly supports and recognises the significant role biosecurity plays in maintaining Australia's economy and environment. 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.

We therefore 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.

If you have any questions regarding this submission, please contact Sara Bray Sara.Bray@ausfpa.com.au or Paco Tovar at Paco.Tovar@ausfpa.com.au.



Natasa Sikman
Acting Chief Executive Officer
natasa.sikman@ausfpa.com.au



Australian
Forest
Products
Association

Proposed Biosecurity Protection Levy

Submission to the Department of Agriculture,
Fisheries and Forestry's Sustainable Funding for
Biosecurity Implementation Branch.

October 2023



Introduction

At the last federal budget, the Government committed to introduce a new [Biosecurity Protection Levy \(BPL\)](#) by 1 July 2024.

The BPL on producers is part of a suite of measures to deliver a long-term, sustainable funding model for Australia's biosecurity system including:

1. increased taxpayer contributions.
2. increases in the fees and charges to Importers.
3. a cost recovery charge for importers of goods of low value (<\$1000; this captures the online market).
4. the Passenger Movement Charge is being increased from \$60 to \$70 per person for international travellers.

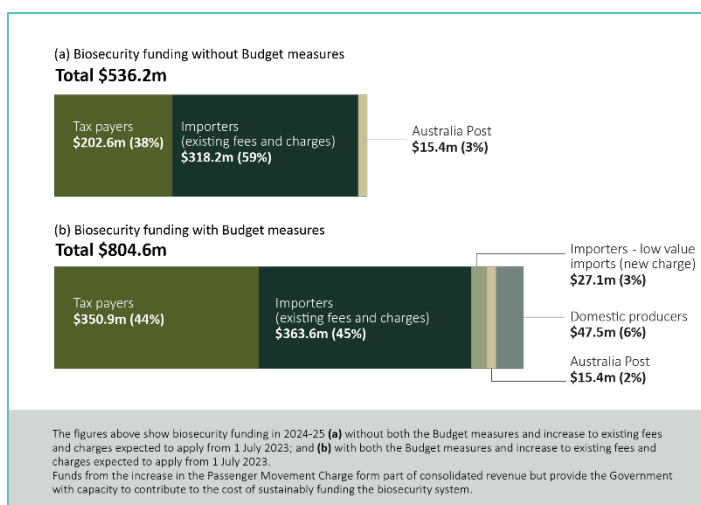


Figure 1: Contributions to biosecurity funding

The BPL is to be set at a rate equivalent to 10% of the 2020–21 industry-led agricultural levies. Based on levy rates as of 1 July 2020:

- A forest grower, for plantation logs – (exotic softwood) will pay an extra \$0.0105 or 1.05 cents per cubic metre of the log.
- A forest grower, for other logs will pay an extra \$0.005 or 0.5 cents per cubic metre of the log.

The BPL may result in additional tax revenues from the forest sector of \$650,000 per year or \$3.3 million over the forward estimates.

About AFPA

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 each year.

Forest growers and biosecurity

The forest sector is actively committed to shared responsibility for biosecurity

The forest sector already demonstrates its commitment and contributions to biosecurity through the following AFPA actions:

- Being a signatory party to the Emergency Plant Pest Response Deed (EPPRD).
- Raising its PHA levy by ten-fold from \$0.005 / m³ to \$0.05 / m³ and collecting \$700,000 annually to fund:
 1. a post-border National Forest Pest Surveillance Program
 2. a National Forest Biosecurity Manager position
 3. membership to Plant Health Australia (PHA)
 4. implementation of a Plantation Forest Biosecurity Plan
 5. maintenance of a Forest Health and Biosecurity (FHaB) subcommittee of technical and operational experts (30 members).
 6. implementation of an industry Biosecurity Incident Standard Operations Procedure (BISOP).

Additionally, this commitment to biosecurity is also reflected, through Forest and Wood Products Australia (FWPA), the forest sectors' research and development corporation. Through FWPA's *Investment plan for research, development and extension to minimise threats from forest damage agents* the sector is investing \$7.8 million into forest health and biosecurity projects over the coming years.

The forest sector already contributes significantly to biosecurity.

Forest sector contributes to biosecurity in six ways:

1. Tax revenues that go into consolidated revenue.
2. Border (import / export) service charges
3. The Plant Health Australia Levy (approx. \$700,000 annually)
4. The Emergency Plant Pest Response Deed Levy (\$2.3 million total)
5. The Research & Marketing Levy that supports investment in biosecurity research (\$7.8 million over 5 years)
6. Significant and ongoing investments in biosecurity management including on-ground monitoring and control measures for invasive species within production areas.

Objections to the Biosecurity Protection Levy

AFPA highlights the following concerns and objections to 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.
- **Increases in industry biosecurity expenditure to government offset by reductions to R&D or post-border biosecurity** – 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.

Thank you for providing AFPA with the opportunity to provide this submission as part of the consultation process into the proposed Biosecurity Protection Levy.

If you have any questions regarding this submission, please contact Sara Bray Sara.Bray@ausfpa.com.au or Paco Tovar at Paco.Tovar@ausfpa.com.au.

Appendix: Consultation Paper Questions on website

1) Are you responding on behalf of an organisation?

Yes

2) What is the name of the organisation?

The [Australian Forest Products Association](#)

3) What industry do you represent?

The Australian forest, wood and paper products industry including the whole supply chain from growers, processors to product manufacturers.

4) State or Territory?

The [Australian Forest Products Association](#) is the national representative body.

5) Are you currently an agricultural levy payer?

Yes

6) What commodity(ies) and levies do you currently pay?

The AFPA members pay the [Forest growers levy](#) and the [Forest industries products levy](#)

7) How would you like to provide your feedback?

Uploading submission

8) How should a producer be defined for the purposes of the Biosecurity Protection Levy?

In the forest industry the definition should encompass growers or producers of logs and/or forest products.

9) Are definitions from existing levies legislation appropriate (see levies related legislation) legislation?

Current definitions of producers only refer to growers of the product in Australia, no consideration is given to importers of raw product (e.g., logs) that then manufacture in Australia.

AFPA highlights that importers of logs and other forest products are subject to the [Forest industries products import charge](#) that is then passed onto the sectoral research and development corporation, Forest Wood Products Australia. Any consideration of shared funding for biosecurity should also include provision for importers to be included in an equitable manner.

10) If your submission relates to a commodity that is not subject to existing agricultural levies, how would you define a producer for that commodity?

As above, AFPA highlights that any consideration of shared funding for biosecurity should also include provision for importers of equivalent products (logs and forest products) to be included in an equitable manner.

11) What should the levy rate look like for the commodities of interest to you?

The current proposed BPL rate has been set by government. This unilateral imposition creates an ongoing and unknown tax risk on producers into the future.

In line with Agriculture Levy principles, a regulatory framework for the BPL should consider:

- The ability for industry to be able to set or review the rate:
 - i. in proportion to its ability to do so due to economic circumstance
 - ii. the biosecurity needs emerging
 - iii. the biosecurity benefits being provided
- A consultative government-industry agreed rate setting mechanism

12) Should any thresholds and/or exemptions be considered?

Current exceptions that apply in the levy system regarding minimum volumes of forest logs or products produced or imported should apply to any new proposal.

13) How should Biosecurity Protection Levy collection arrangements and mechanisms be implemented for your commodity of interest?

To minimise administrative burden on government and producers the BPL collection mechanism should simply be integrated into exiting arrangements.

14) What information would be important to you to have confidence the levy is proportionate to biosecurity system benefits?

The Department should produce an annual report on how BPL funds were used to strengthen or maintain biosecurity, including:

- specific projects or program undertaken
- explicit and clearly stated outcomes highlighting how they benefit producers
- financials

15) Is your response confidential?

Not confidential.

16) Do you agree to your response being published on our website?

As above.



**Australian
Forest
Products
Association**

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

AFPA 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.