



AUSTRALIAN LIVESTOCK  
EXPORTERS COUNCIL

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## RED MEAT ADVISORY COUNCIL

SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
LEGISLATION COMMITTEE INQUIRY  
AGRICULTURE (BIOSECURITY PROTECTION) LEVIES BILL 2024  
[PROVISIONS] AND RELATED BILLS

APRIL 2024

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## Introduction

The Red Meat Advisory Council (RMAC) and its members welcome the opportunity to provide a submission to the Senate Rural and Regional Affairs and Transport Legislation Committee inquiry into the Agriculture (Biosecurity Protection) Levies Bill 2024 [Provisions] and related bills.

RMAC is Australia's only policy leadership and advisory forum made up of producers, lot feeders, processors, manufacturers, retailers and livestock exporters, representing the entire red meat supply chain from paddock to plate. RMAC members are the following prescribed industry representative bodies under the *Australian Meat and Live-stock Industry Act 1997* (AMLI Act):

- Australian Livestock Exporters' Council,
- Australian Lot Feeders' Association,
- Australian Meat Industry Council,
- Cattle Australia,
- Goat Industry Council of Australia, and
- Sheep Producers Australia

Australia's red meat and livestock industry is comprised of more than 76,000 businesses and collectively services 25 million Australians and over 100 export destinations every day with safe, high quality and nutritious red meat. No other country's red meat production sector is as export exposed as Australia's, which means we must respond to rapid changes in the biosecurity landscape that are increasing pressure on Australia's ability to mitigate risks. It is imperative that Australia increase its focus, resourcing, and promotion of biosecurity as a national priority.

### Key points

- ***RMAC reaffirms its support for an adequately resourced and sustainable biosecurity funding model and acknowledges the additional Commonwealth funding for biosecurity outlined in the 2023-24 Federal Budget, which is appropriate given the beneficiaries of an effective and efficient biosecurity system are the Australian public.***
- ***RMAC remains deeply concerned with the proposed Biosecurity Protection Levy and recommends the existing and projected biosecurity funding shortfall be primarily covered via a long-term bipartisan commitment for increased budget appropriation and/or be covered by the risk creators.***
- ***RMAC believes that strong biosecurity systems require strong Government-industry partnerships, but the Biosecurity Protection Levy, as currently proposed, requires significant work to align it with this overarching principle.***
- ***Key concerns with the Biosecurity Protection Levy, include:***
  - *Unclear scope and levy review processes*
  - *The proposed levy system itself*
  - *Pre-existing and in-kind red meat and livestock industry investments in the biosecurity system unacknowledged*
  - *Inconsistent with existing producer levy imposition and collection principles*
  - *Need for increased contributions from risk creators, including imported containers*
- ***If the implementation of the Biosecurity Protection Levy is to proceed, the Government must ensure:***
  - *It is not just a tax on existing levies and delivers a value proposition*

- ***It is consistent with the National Biosecurity Strategy and its implementation plans***
- ***It has appropriate oversight by the Inspector General for Biosecurity***
- ***It can be offset by eligible biosecurity investments made by industry, hence recognising pre-existing industry initiatives and incentivising self-regulation***
- ***It includes a genuine mechanism for industry oversight for implementation and management***
- ***It is harmonised with existing biosecurity activities and systems (including traceability)***
- ***It is truly equitable and consistently applied across all agricultural industries***

## 1. Unclear scope and levy review processes

When the Biosecurity Protection Levy was first announced, it was proposed that it was to be targeted at ‘producers’ and be implemented from 1 July 2024 with the intended levy rate equivalent to 10% of 2020-21 producer levy rates. In August 2023, the scope of the proposed levy was then expanded beyond producers to include processors and exporters, as shown below.

### 2023-24 Budget Fact Sheet (May 23)<sup>1</sup>

*“To help meet the cost of sustainably funding the biosecurity system, a new biosecurity protection levy on all domestic agricultural, fisheries and forestry **producers** will commence on 1 July 2024.”*

### Biosecurity Protection Levy Consultation Paper (August 23)<sup>2</sup>

*“For the purposes of this consultation paper, a **producer includes** growers, producers, **processors, or exporters** of agriculture, fisheries and forestry goods.”*

The above reinforces industry concerns around the potential for this new ‘levy’ architecture to enable the government to simply shift an ever-increasing burden on to industry by increasing levy rates to fund the biosecurity system. In the red meat supply chain, where an animal may face multiple transaction levies, a processor and live export levy and possibly an auxiliary wool or dairy levy, there is scope for our industry to take on an unfair burden if all current levies are used as the basis for an additional biosecurity levy charge.

The red meat and livestock industry notes the Minister for Agriculture, Fisheries and Forestry, the Hon. Senator Murray Watt’s commitment made in February 2024 to only impose the levy for each product across the supply chain. While this is a positive step forward, industry has yet to see any details on how this would be achieved practically.

Government stated ABARES conducted a comprehensive analysis supporting the decision to base the Biosecurity Protection Levy on 10% of 2020-21 levy rates, an analysis not shared with stakeholders despite repeated requests. Fortunately, Government eventually listened to industry feedback and now intends to set levy rates set on the basis of each industry sector’s proportional share of total gross value of production (GVP). While this would appear to be a more equitable format, further confirmatory analysis is required.

<sup>1</sup> <https://www.agriculture.gov.au/sites/default/files/documents/FINAL%20BUDGET%20FACTSHEET%20Biosecurity.pdf>

<sup>2</sup> <https://haveyoursay.agriculture.gov.au/biosecurity-protection-levy>

Further detail on the mechanisms and processes, including the consultation process, and parties who have authority to set and amend levy rates is still required prior to commencement of the levy. However, the red meat industry notes that Minister Watt has committed to requiring the levy to now be subject to review by the Department of Agriculture, Fisheries and Forestry (DAFF) every three years, in addition to standing up a Sustainable Biosecurity Funding Advisory Panel, which if implemented and given the necessary level of influence will go some way towards satisfying industry's concerns.

## 2. Proposed levy system

It is important that there is equitability in any proposed levy system and basing the levy quantum on levies paid historically by commodity, or 'punishing' industries that opted to implement a marketing levy and/or have a high levy to invest in research, development and innovation will not deliver on this requirement.

Each of the 15 agriculture, forestry and fisheries Research and Development Corporation's (RDCs) has a unique levy collection system. These systems are based on either production, transactions, slaughter, export, volumes, etc. The Government's original plan to apply a 10% levy based on the existing structure failed to appreciate this variance and risks imposing inequitable and inconsistent charges across the industries.

Fortunately, strong, consistent industry stakeholder feedback has led to the Government making changes to its original approach. The proposed levy system is now intended to have rates set instead on the basis of each industry sector's proportional share of total GVP, apply to relevant agriculture, fisheries or forestry products or goods, whether or not they are currently levied under the existing agricultural levy system and be imposed only once for each product across the supply chain.

The levy collection point is another aspect that risks inequitable charging of beneficiaries when applied across the full agriculture, fisheries, and forestry landscape. Existing levy systems utilise different collection points – in the red meat and livestock industry alone there are transaction, processing and export collection points with levies charged inconsistently across the different sectors at different amounts. Livestock also incur multiple transaction levies in the commodity's lifespan compared to others where there may only be a single levy interaction.

Applying a levy on relevant industries whether or not they are currently levied under the existing agricultural levy system and only impose the levy once for each product across the supply chain are welcomed amendments to the Government's approach. However, remains unclear how this will be delivered and the red meat and livestock industry reserves judgement or support until these details are provided.

## 3. Pre-existing red meat and livestock industry investments in the biosecurity system unacknowledged

The red meat and livestock industry already contributes substantially to Australia's biosecurity system and should not be the target of additional cost-recovery programs. Industry shares responsibility for funding the national biosecurity system through financial and operational contributions made to Animal Health Australia (AHA) and the Emergency Animal Disease Response Agreement (EADRA), Research and Development Corporations and Cooperative Research Centres, as well as through related fees and charges.

Through Meat & Livestock Australia (MLA) alone, industry with matching Commonwealth funding where applicable has invested in excess of \$20 million each year since 2021 in areas which support the biosecurity system, with similar expenditure budgeted for the 2024 financial year. Biosecurity is also a significant feature of the on-farm accreditation programs, including the Livestock Production Assurance and National Feedlot Accreditation Scheme, and industry has invested heavily into livestock traceability over the last two decades – a critical aspect of the biosecurity system.

In addition, producers, lot feeders and processors also support the Australian biosecurity system through the payment of state and local government rates, fees, and charges; and implementing good biosecurity practices, both within their own enterprises and across their industries. As custodians of almost half of Australia’s land mass, livestock producers and lot feeders also provide significant and ongoing on-farm biosecurity services to our country, which has spill over benefits for Australia’s native flora and fauna and sees industry bear the cost of managing historical pest and disease incursions.

Despite these substantial contributions, DAFF’s Biosecurity Protection Levy Factsheet<sup>3</sup> (Aug 2023) states that:

*“This (biosecurity protection) levy will see **producers join taxpayers** and risk creators, such as importers, in delivering a fairer system of funding for the biosecurity system”.*

This misinformed statement, omitted from the February 2024 Factsheet<sup>4</sup>, overlooked the fact that producers, in addition to the significant investment in biosecurity via existing levy arrangements, are already taxpayers through the payment of federal taxes. As such, the proposed levy would result in producers being charged twice for the same commonwealth government functions – once as legitimate taxpayers and again through this levy. This double dipping is unfair, and untenable in principle.

Given the substantial financial and in-kind contribution that primary producers already make to the national biosecurity system, coupled with the contribution to Australia’s economy, the imposition of such a levy falls very short of “a fair go”. In the face of ever decreasing terms of trade and inflationary pressures, the expectation that primary producers are expected to absorb this additional cost burden is not acceptable.

In light of the above, as well as the Biosecurity Protection Levy’s consistency in many ways but name with a traditional tax, industry is seeking the opportunity to offset eligible biosecurity investments. Such offsets would recognise those industries that have invested in and taken the initiative to support Australia’s biosecurity system and incentivise industries that have not done so to self-regulate. This approach would also align with the principle that biosecurity is an industry-government partnership. If the design of the Biosecurity Protection Levy does not recognise industry investment into the system, an expectation may emerge whereby industry participants pay their levy and withdraw from biosecurity initiatives in the belief that government will do everything.

#### 4. Inconsistent with existing producer levy imposition and collection principles

It is critical that industry stakeholders have oversight of how the new Biosecurity Protection Levy is administered and that they can have confidence the funds are being used as effectively as possible to

<sup>3</sup> [https://haveyoursay.agriculture.gov.au/biosecurity-funding?tool=survey\\_tool&tool\\_id=register-your-interest](https://haveyoursay.agriculture.gov.au/biosecurity-funding?tool=survey_tool&tool_id=register-your-interest)

<sup>4</sup> <https://www.agriculture.gov.au/sites/default/files/documents/Biosecurity%20Protection%20Levy%20design%20fact%20sheet%20-%20February%202024.pdf>

support the nation's biosecurity systems. Industry oversight will also ensure that industry-led biosecurity initiatives are complimentary to government investments.

Therefore, the Government's announcement to establish a new Sustainable Biosecurity Funding Advisory Panel is a welcomed development. While the terms of reference for the panel will be the ultimate test, RMAC members having seats at the table on the Advisory Panel is an integral first step in holding the Government to account on its Sustainable Biosecurity Funding model and ensuring it delivers for the red meat and livestock supply chain while improving Australia's biosecurity.

Industry, however, remains concerned that the annual revenue resulting from this levy will flow to consolidated revenue, unlike traditional agricultural levies. Given quantifying the overall cost of managing the biosecurity system has until recently been elusive, the red meat industry expects transparency and accountability as to where and how its investment is spent.

However, despite standing up an Advisory Council, Biosecurity Protection Levy payers will have limited influence in the manner the funds are allocated or invested (if indeed the funds are allocated in their totality to DAFF biosecurity functions) under the current proposal. This is incongruent with other federal government policies e.g., a requirement through legislation for the establishment of levy payer registers for the purposes of transparency, accountability and genuine industry consultation on levy investment.

Further, the method in which the revenue collection has been proposed does not align with the DAFF *Levy guidelines: How to establish or amend agricultural levies*<sup>5</sup>. To this point, DAFF has stood up a separate branch, in addition to the existing Levies and Innovation branch, to manage the design and implementation of the Biosecurity Protection Levy – this is a further added cost and complexity.

The 'Towards Levyathan? Industry levies in Australia' research paper by the Federal Government's Productivity Commission<sup>6</sup> used the proposed levy as a case study, raising numerous red flags about the policy's design and highlighting significant design issues, including equitability, accountability, efficiency and a lack of clear links to outcomes valued by industry.

Independent academics from the Australian National University's Tax and Transfer Policy Institute have also questioned the economic justification and design of the proposed Biosecurity Protection Levy<sup>7</sup>, pointing to an alternative model of charging risk creators.

RMAC believes the funds raised by the Biosecurity Protection Levy should be used for additional activities that will improve the system, rather than maintain the status quo and must not subsidise government appropriation funding. The National Action Plan, under the National Biosecurity Strategy, has recently been developed, with the implementation plan in progress. This plan needs to give adequate consideration to the implementation of the proposed new Biosecurity Protection Levy and provide guidance as to how the new levy can be implemented, consistent with the principles set out in the National Biosecurity Strategy.

The development of a mechanism that allows for real-time industry consultation, both for the implementation of the Levy and its ongoing management, consistent with the sustainable funding

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<sup>5</sup> <https://www.agriculture.gov.au/sites/default/files/documents/levy-guidelines.pdf>

<sup>6</sup> <https://www.pc.gov.au/research/completed/industry-levies>

<sup>7</sup> [https://taxpolicy.crawford.anu.edu.au/sites/default/files/uploads/taxstudies\\_crawford\\_anu\\_edu\\_au/2024-02/final\\_pb\\_breunig\\_vanek\\_feb\\_2024.pdf](https://taxpolicy.crawford.anu.edu.au/sites/default/files/uploads/taxstudies_crawford_anu_edu_au/2024-02/final_pb_breunig_vanek_feb_2024.pdf)

actions of the National Biosecurity Strategy is necessary. This mechanism must also allow a direct line of sight to biosecurity related DAFF budget allocations and expenditure, including corporate overheads.

This line of thought inevitably leads to the question of how to manage the over and under collection of Biosecurity Protection Levy funds that will undoubtedly occur due to seasonal impacts. An equitable solution involving genuine industry consultation is needed to ensure adequate biosecurity funding and equity and protect against Government subsidisation of its biosecurity appropriation funding.

RMAC also believes there is a lack of clarity as to the role of the Inspector-General for Biosecurity with respect to the proposed Biosecurity Protection Levy. From industry’s perspective, it appears the Inspector-General has been isolated from current levy discussions to date, which is concerning if accurate. The red meat and livestock industry contends that the Inspector-General should have a significant and legislated role in providing advice on the levy’s implementation and its review.

## 5. Increased contributions still required from risk creators

RMAC notes that the government has expanded its cost recovery arrangements on risk-creating imported goods, which will increase the total contributions to the biosecurity system. While a imported container levy has been touted as another funding source for biosecurity, until a viable solution is implemented, the quantum of funds expected from an imported container levy should be covered by the taxpayer.

Given the substantial financial and in-kind contribution that primary producers already make to the national biosecurity system, RMAC strongly supports the introduction of additional measures that target biosecurity risk creators to fund improvements to strengthen the national biosecurity system for the benefit of all Australians.

## Conclusion

RMAC appreciates the opportunity to make a submission to Senate Rural and Regional Affairs and Transport Legislation Committee inquiry into the Agriculture (Biosecurity Protection) Levies Bill 2024 [Provisions] and related bills. This submission was developed in partnership with RMAC members, who look forward to maintaining a high level of interest, engagement and influence in biosecurity protection levy deliberations and providing further input at future consultative processes.



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On behalf of:



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