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Prime Minister of Australia  
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CC: Senator the Hon Murray Watt, Minister for Agriculture  
CC: The Hon Dr Jim Chalmers MP, Treasurer

21 DECEMBER 2023

**Re: Proposed Biosecurity Tax**

Dear Prime Minister

Recently a meeting was held between approximately 40 agricultural industry representative groups to discuss our shared views and serious concerns about the proposed biosecurity tax that's being imposed on agricultural producers. These groups represent the interests of levy-paying producers across the broad spectrum of agricultural commodities including grains, livestock, horticulture, forestry, seafood, etc.

Producers support a robust biosecurity system and already pay significant amounts in levies to underpin biosecurity programs, including the work in partnership delivered by Plant Health Australia and Animal Health Australia. Funding of these agencies is not matched by governments. Other producer levies co-fund RD&E investments, with matching taxpayer funding, through rural Research and Development Corporations (RDCs). Many industries also provide levies for non-matched marketing investments. RDCs also contribute significant funding to deliver investments that strengthen biosecurity outcomes for the nation. For example, the Grains Research and Development Corporation's overall biosecurity investment over the past six years totals about \$220 million, which includes \$42.3 million in 2022/23. For Meat and Livestock Australia this total was more than \$26 million for 2023.

The Agriculture Department states the following facts about the levy-system: "Each year the department disburses around \$800 million to 18 levy recipient bodies, made up of around \$500 million in levies and charges and \$300 million in Commonwealth matching payments for eligible research and development activities". It also describes the agricultural levy system as a partnership between government and industry that's been in place for more than 30 years – and this co-investment is an important driver of productivity growth, competitiveness and the sustainability of our agricultural sector.

However, the 2023 federal budget announced a new "Biosecurity Protection Levy" which fundamentally undermines the levy principles. Put simply, it is a tax, not a levy, and it undermines trust and confidence in this important system. The principles of this policy proposal do not accord with the recent Productivity Commission report into levies, which assesses the policy against well-understood criteria. The independent Productivity Commission analysis also supports industry's view that this is a tax. It is proposed to be non-hypothecated and carries multiple risks and consequences. In particular, the producer groups represented here share grave concerns about the flawed approach and inequity of this new tax proposal. Primarily, it unfairly punishes those already doing the right thing (ie levy-paying producers are being forced to pay more taxes), whilst others continue to avoid making any contribution to biosecurity costs and shared responsibilities. A more detailed summary of these concerns is listed below.

Subsequently, producer representatives are calling for an immediate reversal of the government's flawed, 'one-size-fits-all' tax proposal. This decision would help start the process of repairing the damage that's already been inflicted on trust and confidence in the existing levy system, and key partnerships with producers. It will also allow a more considered approach to accommodate levy payers' concerns.

Given the Department of Agriculture Fisheries and Forestry's (DAFF) recent history in managing its finances, we do not have confidence that any new money from industry will be managed appropriately. The prevailing view of the groups listed below (which represent the vast majority of agricultural commodities) is one of cynicism, given this funding is being taxed directly off farmers and re-directed into consolidated revenue for the federal government, which may or may not ultimately be used to fund biosecurity. Clearly, this does not meet the accepted definition of levies that are established in good faith and partnerships with producers for specific purposes.

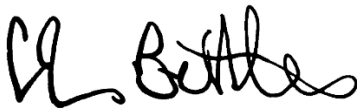
The lack of any genuine consultation on this matter has only reinforced this cynicism. Confusion has been further amplified due to the new tax being conflated with the long-running process for 'modernising ag-levies'. The longer this proposal is allowed to continue, the further it will exacerbate these tensions and undermine the vital trust and the bipartisan approach producers need on biosecurity matters.

Producers, processors and exporters all along the agriculture, food and fibre supply chains are strongly opposed to this proposed tax being introduced. Given the current design is fundamentally flawed, the implementation must be paused immediately. This would allow key principles to be worked through pragmatically and addressed in good faith with affected industry groups, including the following:

1. Treasury to conduct proper detailed economic analysis/modelling of policy proposal including:
  - a. Criteria used in labelling agricultural producers the only 'beneficiaries' of the biosecurity system and not others; given every Australian is a beneficiary of a robust biosecurity system and it is a key element in Australia's food security.
  - b. Contributions made by risk-creators, compared to full range of producer contributions including acknowledgement as taxpayers.
2. Genuine transparency of spending and accountability to producers. Industry members have requested genuine and ongoing engagement through the establishment of an industry consultative committee to have visibility over DAFF finances in this area and to advise on biosecurity spending.
3. Provide concessions on levy-rates charged to individual commodities and explore other workable options, to address inequities and 'free riders'.

Given the urgency of this matter, representatives of these groups would also welcome a direct conversation with you and your office. This would allow the opportunity for your government to pursue other options and circumvent what will be a disorderly debate and chaotic legislative process while attempting to pass the legislation in the Upper House during next year's legislative agenda.

Yours sincerely



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**The following provides an overview of the shared views and common concerns held by the producer representatives who are supporting this process: (as listed below)**

- This is a new tax, not a levy, given it's not hypothecated and the funding will be re-directed into consolidated government revenue, and therefore not delivered in partnerships with industry.
- Inequity – producers are being forced to pay more whilst free riders continue getting a free ride.
- It creates unintended consequences for future RD&E projects and investments – including biosecurity – given producers may now lower their existing levy-rates in response.
- No transparency or accountability on how funds will in fact be spent, to strengthen biosecurity.
- Non-disclosure of budget proposal by government during 'consultation' processes on 'sustainable' biosecurity funding model, creating the view industry has been deceived by the govt's processes.
- Government failed to consult with producers and representative groups on basic proposition of how existing levies can be re-directed, to strengthen biosecurity protections/shared outcomes.
- This tax/levy proposal was not a recommendation of the Senate Biosecurity inquiry, where industry also participated in good faith with views on current policy priorities ie need for container levy.
- Risk-creators are not contributing directly to ongoing costs of biosecurity incursions, unlike agricultural producers who pay emergency response levies and pay direct on-farm business costs.
- Policy proposal singles out agricultural producers by not properly accounting for the full spectrum of actual 'beneficiaries' of biosecurity.
- No economic modelling provided to industry members in order to scrutinise proposal's details.