SUBMISSION

Consultation Process on Federal Government's Biosecurity Protection Levy

PO Box 370
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Submissions Deadline AEST 4pm, Friday 13 October 2023.

Thank you for providing Grain Producers Australia (GPA) with the opportunity to submit our members' views to the consultation process on the proposed Biosecurity Protection Levy. Our submission addresses the key questions provided in the Federal Government's guidelines and discussion paper, along with our specific comments and position on the levy's implementation.

Introduction to GPA

GPA represents the interests of direct grower members, state farming members and an estimated 21,000 levy-paying grain producers who grow broadacre, grain, pulse and oilseed crops throughout Australia. GPA develops national policy for Australian grain producers, advocating outcomes to help deliver a more profitable, sustainable and globally competitive grains industry. Our growers also contribute to the economic strength of their communities and the national economy with an industry valued at more than $30 billion in 2022-23.

GPA's roles are legitimised under federal legislation, providing responsibilities to represent all levy-paying growers on vital industry matters, with shared economic and community benefits. Grain growers contribute 1.02 per cent of their net crop sales toward levies, comprising the Grains Research and Development Corporation (GRDC) for RD&E, Plant Health Australia (PHA) membership and biosecurity prevention and eradication management responsibilities, and the National Residue Survey (NRS) testing, for grain quality and market access. Of that 1.02pc, the vast majority (0.99pc) goes to the GRDC, with PHA receiving 0.01pc, the NRS 0.015pc and the emergency plant protection response the remaining 0.005pc.

The GPA Biosecurity Committee plays a vital role servicing these responsibilities and duties, providing expert advice and information to inform national policy development, through to the GPA Policy Council. The Biosecurity Committee promotes communication, engagement and advocacy to support these processes and enable outcomes that help strengthen biosecurity protections and management for grain producers. Tougher preventative measures help protect growers, rural communities and the national economy against the social and economic impacts of devastating pests such as Khapra beetle, which could cause an estimated $15.5 billion damage over 20 years and loss of access to important grain export markets.

** Further details on GPA available at the foot of this submission.*

Summary of Recommendations

- Proposed 10pc levy/tax should not be imposed on grain producers who already contribute significant levy-funding and make other financial contributions – including direct costs of on-farm management – towards various biosecurity programs.
- The container levy should be introduced first, to ensure risk-creators are contributing more/equally to shared responsibility and accountability, before grain producers are made to pay another levy, to help fund and strengthen the biosecurity system.
- The 10pc levy's introduction should be delayed for the same period that risk-creators have avoided making an added funding contribution, to improve shared accountability and responsibility – or to the equal amount in lost revenue – given the container levy was recommended by the Craik Report in 2017.
- Before another levy/tax is introduced on all producers, the Federal Department of Agriculture should maximise internal efficiencies and demonstrate it has met and exceeded performance targets identified by the ANAO, and addressed key matters raised by the Australian Public Service Commission's recent Capability Review.
- Options for current levy-spending arrangements and investments in grains-related programs should be explored first (ie GPA review of current grains levy-rates), to strengthen biosecurity preventions, before the 10pc levy is introduced. This includes use of the GRDC levy-payer register, to allow growers a say on current levy-rates.
- If the additional 10pc levy/tax is to be collected off grain producers, the following priorities and principles need to be followed and implemented:
    1. transparency on how levy-funding is spent to deliver stronger protections for grain producers and industry.

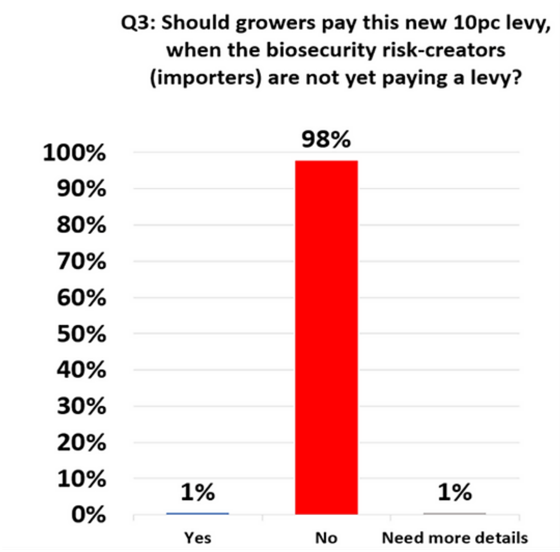
2. increased accountability on government's role, including clear performance measures.
3. develop clear outcomes and actions relevant to grains industry participants.
4. outline pathway to implement container levy, as proposed in the 2017 Craik Review.
5. Any commodity not currently paying a levy should be made to introduce a levy first, before another one is imposed on grain producers.
6. Inclusion of a sunset clause on the policy/levy and Regulatory Impact Statement.
7. New 10pc levy/tax should be itemised as a separate line item on a grain growers' recipient-created tax invoice (RCTI) to clearly show it's not part of the GRDC levy, and different to other levies currently paid by growers.
8. A specific portion of the new 10pc levy/tax (ie 50pc) should be directed to fund the Australian Grains Biosecurity Plan – which has identified funding to address priorities in the National Grain Biosecurity Surveillance Strategy – led by PHA, working to engage and collaborate with growers and all key stakeholders.
9. Specific and additional consultation with grains levy-payer representative groups should be held to determine appropriate thresholds and/or exemptions from this new levy, given the clear weight of evidence presented in this submission about the volume, quality and proactive nature of existing levy-funded programs ie a direct re-allocation to fund the Grains Biosecurity Plan.
10. The Federal Government must demonstrate to grains levy-payer representative groups that all agencies (ie grain traders) have agreed to collect the new 10pc levy and pass these funds onto government – and there are no 'free riders' in the new system (gaps in collection).

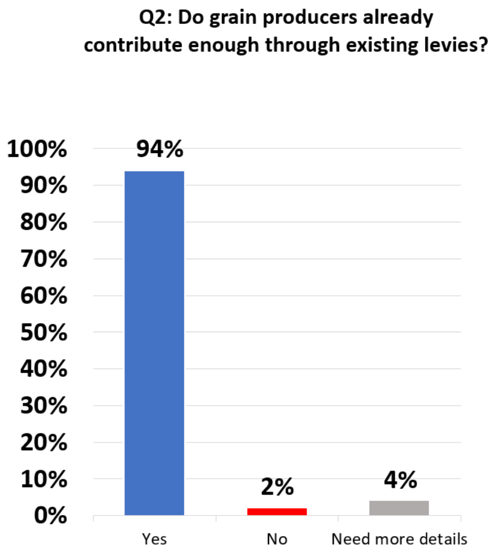
Opposition to Biosecurity Protection Levy/Tax

GPA members have consistently expressed strong and unambiguous opposition to the Federal Government's proposed biosecurity levy, regarding it as a tax to boost government funding rather than deliver any actual biosecurity protections. These firm views have been conveyed in various forums, including directly to Federal Agriculture Minister, Murray Watt, during a meeting with GPA representatives, led by Chair Barry Large and Deputy Chair, Andrew Earle, at the Australian Grains Industry Conference at Crown Promenade, Melbourne, 26 July 2023.This opposition was also expressed to Federal Department of Agriculture's representatives who are leading the levy's implementation process, when they presented at the GPA Policy Council meeting in July. This forum reinforced GPA's serious concerns about paying the proposed 10pc levy when growers aren't creating these biosecurity risks, but are being forced to pay more for management and eradication costs, whilst the risk-creators don't share equal funding or responsibility for the significant costs of managing these incursions.

GPA members also expressed concerns about the additional 10pc levy/tax being collected off growers and re-directed into government consolidated revenue, rather than towards funding existing organisations – the GRDC and PHA – who act according to long-standing governance principles. These agencies collaborate and engage with growers, to work in partnership with government and other stakeholders, to design and deliver targeted investment strategies and programs, with oversight and accountability mechanisms provided for levy-paying growers.

A survey of Australian grain producers – issued by GPA following the announcement of the levy in the May 2023 budget – also demonstrated strong and overwhelming results, with participants expressing unambiguous opposition to the 10pc levy.





About 140 growers responded to GPA's survey, providing the following key results:

- 84pc (116) did not agree with paying the new 10pc levy, while 4pc (5) said they did and the other 13pc (18) wanted more details.
- 94pc (129) said Australian grain producers already contribute enough in their existing levies (1.02pc of net grain sales) to co-fund biosecurity programs and responses, through the GRDC and PHA.
- 98.6pc (137) said growers should not have to pay this new 10pc levy, when the biosecurity risk-creators (importers) aren't yet paying the proposed sea container levy.
- 95pc of respondents (132) agreed that options for current levy-spending and investments in grains-related programs should be explored first (ie GRDC and PHA), to strengthen biosecurity preventions, before the 10pc levy is introduced.

A number of comments provided in the survey, also demonstrated the strong sentiment of growers of the federal government's budget proposal, as per the following.

- *Without a cost benefit analysis and without any consultation or a strategy this is just a money grab. More information and alternatives are required.*
- *This proposed levy is so wrong! For agriculture to be paying to keep a federal government department financially viable when we already contribute through our taxes. And to load up the grains industry with 60% of the expected tax is just a further insult.*
- *Tax the Importers before introducing a new tax on grain growers. Stop flogging the farmers who take all the risks and already pay levies. Fuel, chemical and fertiliser costs have risen sharply since covid. No more expenses can be tolerated.*
- *Very concerning that the levy funds will be put into general revenue. Funds raised by levies for a specific purpose should only ever be used for that purpose!*
- *Farmers are sick and tired of having to pick up the bill for everything. Enough is enough.*
- *Grain growers already contribute approx. $200 million annually to the GRDC as a statutory levy. I would suggest a portion of this money be redirected towards biosecurity.*
- *To be an actual levy we should have oversight as to how it is spent, including the ability to review expenditure retrospectively. Without that it is actually a production tax. I support opposition to it.*
- *Everyone that profits from the grains industry of Australia, should pay the levy, not just the primary producers. It should also be the secondary/processors and related*

industries. It's too easy to always tax the growers. It shouldn't be the grain producers that pay all the levies.

- *I feel as a grain grower I already contribute enough and have serious doubts as to what value the industry would gain from an extra levy.*

Growers Groups' Shared Opposition

GPA's State Members are also members of the National Farmers' Federation (NFF) which has also expressed equally strong opposition to the proposed levy and fundamental flaws and contradictions in the government's proposed policy approach. NFF has cited similar reasons and arguments to those raised by GPA members. This includes concerns about this proposed 10pc levy being collected off growers and re-directed into consolidated revenue for the Federal Government, with no clear line of sight, detailed plan or transparency on how this funding will actually strengthen biosecurity protections. This approach is heightened by concerns about the Federal Agriculture Department's poor financial management and performance, which includes a one-off $127 million injection in the recent Federal Budget, shortly after emergency austerity measures were adopted. According to the budget papers, this new 10pc levy/tax is estimated to increase government receipts by $153 million over three years from 2024–25.

In addition, results of a survey conducted by the Victorian Farmers' Federation (VFF) also align with GPA's position and the NFF's. Other State Farming Organisations also don't support this proposal and have major concerns about the current details and shape of the policy. The VFF Member Survey returned strong results from the VFF's grains members including: 78pc of grain producers do not support the additional biosecurity levy; and 97pc don't support the collected funds from the levy-tax going to consolidated revenue.

VFF's submission to this consultation process also highlights the fact that agriculture is both a beneficiary and a vulnerable party, in relation to effective biosecurity measures. This reflects GPA's concerns that growers, who don't create these biosecurity risks, are being forced to pay more for management and eradication costs, when the risk-creators are not, and the imported container levy has not yet been implemented.

GPA also strongly support's VFF's submission, in warning about the policy proposal's omission of the following key elements;

- a sunset clause on the new levy;
- a detailed plan showing how the funding will be allocated;
- details of the specific intended outcomes and;
- measurable metrics to assess the impact of any revenue increases.

"Additionally, the absence of a sunset clause raises significant concerns. This would provide stakeholders with assurance that the fee is not open-ended and subject to future increases. The lack of a Regulatory Impact Statement (RIS) also warrants immediate attention for the sake of full transparency," the VFF submission says.

"Therefore, given the previously outlined concerns – including the misalignment with existing financial commitments from the agriculture sector, the absence of a detailed plan for fund allocation and industry-specific outcomes, as well as inadequate safeguards concerning the levy collection timeframe and potential for future increases – the VFF is strongly opposed to implementing the proposed Biosecurity Protection Levy."

Plant Industry Forum Committee

In representing 25-leviable crops grown in Australia, GPA is also a member of the Plant Industry Forum Committee (PIF), which provides leadership for PHA's 39 industry members with coordination activities. These activities help to develop stronger partnerships and positive engagement across plant industries, to advance outcomes on biosecurity. The Forum's submission to this consultation process has also expressed serious concerns about the government's proposed 10pc levy and its implementation, as shared by GPA members. This PIF submission welcomes the Government's intent to create a sustainable funding model for biosecurity in Australia – but says the Committee: "strongly rejects the government's decision to implement the Biosecurity Protection Levy" for the following reasons:

1. There was no consultation on the agricultural industry's contribution to the sustainable biosecurity funding via a levy prior to the budget announcement. This is an act of government and is therefore the introduction of a tax not a levy; a tax on food and fibre security.
2. The proposed levy is inequitable and unfairly targets industries that are well organised and invest in their futures. It is set to the statutory levy income for an arbitrary year, which has no bearing on the risk created or benefit derived by the industry. The levy is intended to raise a set amount of $50 million, yet the mechanism being proposed will inevitably raise in excess of that amount and producers have no recourse and no say in how it is invested. Worse, it is not hypothecated and will simply become consolidated revenue.
3. The Government has put at risk the statutory levy system through this process. It has given scant respect to the industries which invest in themselves, to continue to improve efficiency, to be world leaders and invest in biosecurity preparedness and response.
4. The Department's own inefficiencies as well as numerous changes to the Department brought about by Machinery of Government have contributed to the shortfall in its budget, these issues should be addressed before industry is taxed to make up the Department's shortfall.
5. The Biosecurity Protection Levy is not hypothecated for biosecurity funding by the Department in the future, rather it will go to consolidated revenue and is 'promised' to reach the Department in the budget. Industry has no confidence that this Government or future governments can guarantee that any such funding would reach the department for the purpose set out in the consultation papers.
6. The introduction of the Biosecurity Protection Levy as the Government's first order of business flies in the face of numerous reports which identify other risk creators as the focus for Government's to seek out contribution. The Craik review (2017) identified the need for a container levy to offset the risk of the enormous increase in sea and air freight movements. Passenger travel to Australia also stands out as a high risk area which could contribute more to offset the cost of biosecurity preparedness. Risks to Australia's biosecurity caused by the agriculture industry are minor compared to that driven by consumerism and tourism, the Government has missed opportunities to do more in this space.
7. Plant Industries already contribute millions in levies on biosecurity research and development, in cost sharing responses and through hundreds of hours of consultation and collaboration. The investment is significant, both financially but also in goodwill and partnership between state and territory governments, federal governments and between industries

Australian Public Service Commission Capability Review

In addition to supporting Point 4 (above), a recent Capability Review by the Australian Public Service Commission (APSC), made several [pertinent recommendations aimed at addressing the Department of Agriculture's recent poor financial management and performance record. This Review included areas specific to biosecurity performance and trade facilitation. It calls on the Department to continue implementing the ANAO report's recommendations:

"…..*related to DAFF's organisational performance framework and monitoring tools, and expedite the development of consistent and complementary measures to enable an enterprise-wide view of performance".*

As per the below excerpt, the APSC Capability Review clearly validates the concerns held by GPA and grain producers about being forced to pay more in additional levies, via this proposed new 10pc levy, to potentially fund an underperforming Government Department.

"DAFF needs to build the level of commercial acumen required to develop appropriate revenue strategies, consistent and compliant charging policies, and accurate cost attributions, as well as to provide full cost transparency to industry clients and stakeholders. This review found many industry stakeholders are not against increased charges and fees if the reasons are clear and they can see service improvements. DAFF's record in this area is viewed by stakeholders as being highly variable.

DAFF does not currently have the systems in place to reliably understand its financial circumstances at any given point in time. It cannot reliably forecast how actual expenditure is tracking against estimates. While work has been done through the Designing DAFF initiative to strengthen financial reporting, there is an opportunity to better forecast both revenue and expenditure at a whole-of-enterprise level.

Historically, the cost of delivering essential services is not always matched with revenue coming into DAFF. Half of DAFF's budget comes from cost-recovered activities. Demand for these services, and consequent revenue, can be variable and poses potential sustainability risks.

This situation is compounded by the risk of a biosecurity outbreak, which would be either managed from within existing resources or supplementary funding allocated on a case-by-case basis."

Before another levy/tax is introduced on all producers, the Federal Department of Agriculture should maximise internal efficiencies and demonstrate it has met and exceeded performance targets identified by the ANAO, and addressed key matters raised by the Australian Public Service Commission's recent Capability Review.

Grain Producers Already Paying Their Fair Share

Following the budget, GPA calculated the impact of this new 10pc levy in a Fact Sheet, to help keep our members informed on this policy proposal. This showed that – based on the value estimated for last year's grain crop at $28 billion – the total levies potentially collected (at the current rate of 1.02pc of total grain sale value) would be $285.6m. At the new rate of 1.122pc (1.02 + 0.102), the total levies collected would be $314.16m. This is an added $28.56m from the 10pc levy, to be contributed by grain producers.

This increase of $28.56m represents more than 60pc of the funding to be raised by the 10pc levy per year, across all agricultural sectors. With 21,000 levy-paying grain producers, at this 10pc added rate, the grower average will increase from about $13,600 each to $15,000.

The Biosecurity Activity Levy that's paid by Australian grain producers also funds the Grains Farm Biosecurity Program and website ($970,000 average per year over last five years) and PHA membership ($418,000 average per year over last five years).

The Biosecurity Emergency Response Levy is used to fund the costs of emergency responses in relation to plant pests and diseases. This fund has intentionally accumulated funding over a number of years in order to pay for future emergency responses. On 30 June 2023, this will have an estimated balance of about $7m. Emergency response expenditure over the five years to 30 June 2023 will total about $3.1m. Responses contributed to include Khapra beetle, Varroa jacobsoni, Brown Marmorated Stink Bug and Red Witchweed.

** future expenditure will be incurred related to the Varroa destructor emergency response which is currently being undertaken.*

In addition, growers also pay levies to fund State Government based biosecurity, such as the Grains, Seeds and Hay Industry Funding Scheme in WA. Contributions from growers to fund the Scheme are: 25 cents per tonne of grain and seed, and 12.5 cents per tonne of hay.

Recent analysis by ABARES also shows 85pc of land managers spent on average around $21,950 on pest and weed species management, in 2022.

Funding And Policy Duplications

The Australian Government's consultation paper on this proposed levy says the funding that will be raised will help deliver in four strategic areas – but three of these areas (below) are already covered by funds raised from existing levies paid by grain producers, through projects and initiatives delivered by GRDC and PHA.

2) community awareness-raising and education around biosecurity, including in remote frontline communities.

3) strategic policy, research and innovation to support the development of improved biosecurity preparedness and prevention activities.

4) piloting, onboarding and ongoing sustainment of new biosecurity detection technologies and diagnostic tools to enable improved and faster identification of pests and disease.

The consultation paper says the 10pc Biosecurity Protection Levy also has "a separate policy intent and legislative arrangements to the existing agricultural levies and charges (levies) legislation". But the following are clear examples of where these three strategic spending areas duplicate the policy intent and projects and initiatives funded by GRDC and PHA.

The Grains Farm Biosecurity Program (GFBP) is funded by grain producer levies and managed by GPA and PHA. It improves awareness and education on farm management practices relating to grains industry biosecurity risks, for growers, industry and the broader community. The Craik Report cited the GFBP as an example of a "strong industry-led" initiative (Page 129) and proactive leadership, through the use of industry levies.

GRDC's new five-year RD&E Plan 2023-2028 has identified biosecurity as a key threat and risk to growers. This Plan is currently lifting overall RD&E investment funding by about 30pc over the next year, from $180m to $230m. In 2022/23, the GRDC invested $42.3m into biosecurity projects and initiatives, covering those areas cited at (2) and (3) in the government's biosecurity levy consultation paper.

"GRDC will continue to proactively invest to mitigate current and emerging threats in areas such as, biosecurity preparedness, weed, pest and disease control, resistance management, and sustainable use of resources", it says.

Information provided to GPA shows about $220m has been spent over GRDC's last six years of investment in biosecurity-related research, development and extension, as follows.

22/23 $42.3M

21/22 $34.7m

20/21 $30.9m

19/20 $33.5m

18/19 $39.9m

17/18 $36.9m

Total $218.2m

GRDC has also established a National Grains Diagnostic and Surveillance Initiative (NGDSI), with five State jurisdictions, to transform the effectiveness and responsiveness of the Australian grains biosecurity system for exotic and established plant diseases and pests.

This initiative will provide leadership in enhancing diagnostics and associated surveillance for the grains industry, which aligns with the adoption of modern diagnostic platforms for the Australian biosecurity continuum (pre-border, border, and post-border).

GRDC says NGDSI is a strategic partnership that currently has co-investment from GRDC, five State Departments (WA DPIRD, SA SARDI, VIC DEECA, NSW DPI and QLD DAFF), collectively worth $42.7 million from 2022/23 to 2027/28 (co-investment contribution: GRDC 48.8pc: 51.2pc states).

Again, this investment clearly demonstrates the grains industry's proactive approach to biosecurity investments, but overlaps with the themes 2, 3 and 4, as outlined in the Consultation Paper, which are intended to be funded by this new 10pc levy, therefore representing more duplication of funding and policy intent.

Based on the APSC Capability Review's observations about the Department's limitations and performance with policy implementation and stakeholder engagement, GPA also has serious reservations about the levy proposal's ability to deliver genuine outcomes regarding strategic priority area (3) – if in fact funding is actually provided to the Department, from government consolidated revenue.

3) strategic policy, research and innovation to support the development of improved biosecurity preparedness and prevention activities.

The APSC Review said:

"However, DAFF is also viewed as being absent from core discussions, and passive and reactive, rather than proactively engaging in setting critical policy priorities. By actively engaging with key players in areas of strategic importance to government and the community, DAFF will ensure the needs and aspirations of primary producers, importers and exporters, and other key stakeholders, are considered early in policy considerations. The department needs to have the networks, ability, trust and confidence to convene interest groups with highly divergent views on issues such as sustainability, net zero emissions and food security."

Biosecurity is critical to these policy matters – sustainability, net zero emissions and food security – as cited in the APSC Review. However, imposing a new tax on growers, to re-direct funding into government consolidated revenue, rather than directly funding specific programs aimed at delivering these immediate and broader policy imperatives, does nothing but diminish trust and confidence among the key stakeholders, such as GPA and PHA members, who share these responsibilities. Positive engagement with the groups and the growers who pay these levies is critical to the delivery of actual outcomes and benefits.

Container Levy: Failure To Deliver

Whilst GPA members understand the principles of shared responsibilities on biosecurity, we don't agree with the government's approach, by introducing another levy imposed on growers, who already contribute a significant share of funding to help enable the system to operate more effectively. GPA has long supported the introduction of a levy on imported sea containers to make the risk creators more accountable for the actual consequences of biosecurity incursions, as recommended by the 2017 Craik Review, as per Recommendation 34:

Funding for the national biosecurity system should be increased by:

• *implementing a per-container levy on incoming shipping containers of $10 per twenty-foot equivalent unit and a levy of $5 on incoming air containers, effective from 1 July 2019*

Whilst growers already pay significant levies and other costs as listed here, the risk creators do not pay for the eradication or ongoing management of the pests and diseases they introduce and impose on Australian agriculture – especially on-farm. Quite simply, the government's proposal for another 10pc levy on growers lets the risk creators off the hook again, in terms of improving genuine accountability and shared responsibility, as recommended by the Craik Report. GPA members agree the container levy should be introduced first, before growers are made to pay another levy, to fund the system.

GPA's submission to the Senate Inquiry into biosecurity held in 2022, and evidence provided at a public hearing of the Committee, reinforced this point and expressed concerns about the ongoing delay in its implementation, as per the following excerpt:

GPA's biosecurity advocacy acutely recognises tougher preventative measures with appropriate resourcing is needed to protect growers, rural communities and the national economy against the social and economic impacts of devastating pests and incursions such as Khapra beetle, which could cause an estimated $15.5 billion damage over 20 years and loss of access to important grain export markets.

GPA has advocated for the introduction of a levy on all imported containers entering Australia, in response to these escalating demands and complex challenges, as per the below policy extract.

"Currently the largest biosecurity risk vector for Australian plant industries are imported products and the containers used to transport them. Those imposing the risks upon the Australian plant industries need to be making a greater contribution towards the costs of surveillance, eradication and management of biosecurity."

GPA's advocacy and engagement on this policy request has also included direct representations to the former Minister for Agriculture. Whilst GPA has supported and welcomed funding announcements by the former Federal Government on enhanced biosecurity preventions, this has been tempered with our repeated requests for a container levy, to help deliver a more equitable funding model which improves shared responsibility and accountability.

Despite GPA raising these concerns about the need for a better funded and focused response effort to support the prevention of khapra beetle, and other biosecurity risks, the former government's response on the container levy was extremely disappointing. A letter from PHA members on this matter (also attached) expressed shared concerns among plant industry members at the ongoing funding inequity.

"The plant industry sectors are not the 'risk creator' yet pay for the eradication of risks created by importers to the industry, while the 'risk creators' – the importers and/or container owners/operators - are not paying any share of the eradication costs", it said.

Whilst the government seems determined to move rapidly to implement a new 10pc levy on growers, this fails to consider and take into account the lost funding and revenue caused by not introducing the container levy since 2017. GPA members support a delay in the introduction of this new levy on growers, for the same period that the risk-creators have avoided making this critical funding contribution, aimed at improving shared accountability and responsibility on biosecurity – or to the equal amount in lost revenue. The failure of the past government to act and inability to implement this container levy – as clearly warned in the Craik Report – has also contributed to the Federal Agriculture Department's poor recent financial management and performance. Growers should not be forced to pay more and subsidise this clear failure to deliver a fairer policy outcome and shared funding mechanism.

GPA Levy-Review Process

Prior to the Federal Government's announcement in the May budget, GPA was already conducting a confidential review process on current levy-rates paid by growers, as per our core representative duties. This proactive review was framed in the context of asking whether these levy-rates, which funds key industry functions (ie via GRDC, PHA and NRS), are currently 'fit-for-purpose'. This review engaged an independent expert consultant to conduct in-depth analysis and compile a report, as well as ongoing consultations with key stakeholders – including the Federal Agriculture Department. This report proposed consideration on whether current levy rates could be changed, with a temporary re-distribution of levies (0.06pc), to increase funding to PHA for biosecurity activities and reduce the GRDC levy-rate by the same amount, with no overall increase in total levies (1.02pc). This review process was underway, before the new 10pc levy was announced in the 2023 budget: as acknowledged by Minister Watt, during Senate Budget Estimates hearings conducted by the Senate Rural and Regional Affairs and Transport Legislation Committee on Thursday, 25 May 2023.

GPA also informed the consultation process on the 'sustainable' biosecurity funding model that this grains levy-review process was underway, but were not made aware that the government was proposing to introduce this new 10pc levy, until the May budget announcement was made. Given grains was undergoing this proactive review process, and is contributing the most in levies to fund this proposed policy, it would have been prudent to engage with GPA in good faith, to identify and understand any potential risks and concerns. This approach, however, severely contradicts any suggestion of any proper consultation, collaboration and engagement in good faith, where the views and concerns of growers and industry are in fact considered, in these processes.

The Federal Government's new levy proposal, however, has created potential risk in further consultations (including with GrainGrowers who GPA shares GRDC Representative Organisation responsibilities with, under the PIRD Act), that growers will ultimately recommend reducing current levy-rates and investments – rather than pay the additional 10pc biosecurity levy, in response to this proposal that's due to be implemented by 1 July 2024.

Given GPA was reviewing current grain producer levies with a focus on 'fit-for-purpose' and potentially increased biosecurity investment, we recommend this new and added 10pc levy be placed on hold until this review process has properly concluded – especially ensuring levy-paying growers can have the opportunity to express their own views on this proposition, through use of the GRDC levy-payer register.

Case for Change: Strengthening Biosecurity Protections and Partnerships

Biosecurity prevention is front and centre for Australian agriculture and grain producers right now; not just managing the current Varroa mite incursion. The Australian grains industry has suffered a number of near misses including Khapra beetle which is estimated to inflict a $15.5 billion hit to the economy, if the hitchhiker pest became established in Australia. This high priority pest would have devastating impacts for grain market access – and consequently levy-collections. 1.02 per cent of $15.5 billion equates to $158.1 million in lost grain levy collections. Since 2003, khapra has been intercepted 53 times by Australian biosecurity officials (39 times between 2016 and June 2021).

In analysing whether grains levy rates are currently fit-for-purpose, GPA's levy review process also considered findings and recommendations made in the Inspector-General of Biosecurity's report: "Robustness of biosecurity measures to prevent entry of khapra beetle into Australia (2021)". The Inspector-General's report identified weaknesses in Australia's biosecurity preparedness for khapra beetle, which is the nation's number two priority plant pest.

Informed by an analysis of gaps in the national grains biosecurity system, which also reflects critical findings in the Inspector-General's Khapra report, PHA has also proactively developed a proposal to fund priorities in the National Grain Biosecurity Surveillance Strategy. This proposal – the Australian Grains Biosecurity Plan – has been developed with input from key industry stakeholders, including GPA, GrainGrowers and GRDC. *# an overview of this Plan and investment strategy can be provided on request.*

The temporary reallocation of grower levies to PHA would be used to fund this Plan ($7.8m per year, over five years for 36 priorities) and deliver genuine enhancements in biosecurity protections. This process to further develop investment and funding strategies through the

Plan, to reflect priorities for growers, would also include ongoing input from representative groups, governments and expert agencies. In other words, this would not be a 'set and forget' approach. This inclusive approach would give the key agencies continued ownership of the Plan's development and the flexibility needed to respond appropriately to priority pests and risks, as and when needed, to better protect the Australian grains industry and market access. This would also create an inherent capacity to demonstrate continuous improvement in the funding and delivery of stronger biosecurity protections, for all stakeholders.

GPA's report on the grains levy-review process concluded:

Together, the Inspector-General's khapra beetle review and the national grains biosecurity surveillance stocktake and gap analysis presents a compelling case for urgent additional investment and activities by industry and government to strengthen grains industry biosecurity preparedness through enhanced understanding of incursion pathways and enhanced industry surveillance capacity and coordination.

Modernising Ag-Levies

In addition to the government's announcement of the proposed 10pc biosecurity levy in May 2023, an extensive and lengthy consultation process was also underway looking at "Modernising the agricultural levies legislation". GPA was also formulating members' views in response to the specific intent and details of this reform process, which was subsequently conflated with the new levy proposal. This created a more complex and confused scenario for members to try to understand where each proposal intersected, or not. The conflation of the "Modernising the agricultural levies legislation" consultation with the 10pc biosecurity levy proposal also generated mistrust in both processes; including suspicion that the government's proposed changes, to modernise the levies legislation, would in fact introduce this new 10pc levy, by stealth. The spirit and intent of this legislation is to introduce and service levies requested by industry for specific purposes such as biosecurity – including transparency of spending and collaboration with partners – which, as stated previously, the proposed 10pc levy severely contradicts and undermines trust and confidence in the overall system.

GPA's submission to the Senate Biosecurity Inquiry (August 2022) also highlighted data provided by the Australian Export Grain Innovation Centre (AEGIC). This analysis shows there's been a significant increase in the size and value of the Australian crop, which coincides with the start of the GRDC levy-collection system more than 30-years ago. In the late 1980s the gross value of crop production was only around $4 billion, but growth in value means it now reaches $20 billion, AGEIC says. "Additional grain production since the early 2000s has not come from increased plantings of crops. Rather the increase in production is attributable to the persistent increase in crop yields."

This data shows the national grains industry has grown significantly in size and value and the level of investment in critical areas, such as biosecurity management and preventions, needs to keep pace with this growth and adapt to modern challenges, with flexible systems and appropriate funding streams.

Grains levy-rates haven't changed since 2007 – and only once in the past 25-years. However, biosecurity risks are increasing dramatically across the globe with local impacts. Grower levies to fund dedicated grains biosecurity activities are currently set at 0.01 per cent, but RD&E levies are significantly higher at 0.99 per cent. Over the past five years, annual RD&E levy collections have averaged more than $140 million per year. This is compared to an average of around $1.2 million for biosecurity. In addition, GRDC currently has a significant level of unallocated strategic reserves collected for the purpose of RD&E – estimated to be about $480 million (as at 30 September 2023).

These pertinent facts about the altered landscape for grower levy investments and funding priorities underscore why the timing of GPA's levy-review is critical, as well as the need to properly conclude this process, including use of the GRDC levy-payer register, to give growers the opportunity to have their say, on whether their current levy-rates are 'fit-for-purpose'.

If Biosecurity Levy Is Implemented

In a joint media statement, Australia's two peak national grain grower representatives – GPA and GrainGrowers – have called for specific measures to be followed, if the new biosecurity protection levy is implemented. Both peak national representative groups have expressed concerns and reservations about the new mechanism, under which grower levy funding will go to consolidated revenue and not directly appropriated to support biosecurity efforts.

The two organisations committed to continue working constructively with the government through the design process, to help deliver stronger biosecurity protection and improved outcomes for all stakeholders. GPA and GrainGrowers supported:

- transparency on how levy-funding is spent and deliver stronger protections for grain producers and our industry.
- increased accountability on government's role, including clear performance measures.
- development of clear outcomes and actions relevant to grains industry participants.
- outline pathway to implement container levy, as proposed in the 2017 Craik Review.

In further support of this, GPA supports a levy being created first, for any commodity that is not currently subject to existing agricultural levies, before another one is imposed on grain producers. Otherwise, this would penalise those commodities such as grains which are doing the right thing, over those who have not been proactive with implementing levies and subsequent projects and initiatives. As highlighted by the 2017 Craik Review,

GPA supports the view stated by other stakeholders that if the new levy is to be collected by the Federal Government that it is very clearly shown as a separate line item on a grain growers' recipient-created tax invoice (RCTI) to clearly show it's not part of the GRDC levy, and different to other levies currently paid by growers.

Specific consultation with grain producer representative groups should also be held to determine appropriate thresholds and/or exemptions from this new levy, given the weight of evidence presented here in this submission about the volume, quality and proactive nature of existing programs ie a direct allocation to fund the Grains Biosecurity Plan.

Given recent problems expressed by Australian Crop Breeders about difficulties with collecting End Point Royalties, and the subsequent impact on the capacity to drive continued investment into crop breeding and the development of improved varieties for Australian grain growers, the Federal Government must demonstrate to grains levy-payer representative groups that all agencies (ie grain traders) have agreed to collect and pass on the new 10pc levy – and that there are no 'free riders' in the new system ie gaps in levy-collections, or deficient processes.

GPA also supports calls for the policy to include a sunset clause and a Regulatory Impact Statement, to provide full transparency, as requested by the VFF.

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GPA's Representative Roles and Responsibilities

Grain Producers Australia represents the interests of an estimated 21,000 grain producers who grow broadacre, grain, pulse and oilseed crops throughout Australia, contributing to the economic strength of their communities. GPA advocates national policy outcomes with benefits for grain producers and to deliver a more profitable, sustainable and globally competitive Australian grains industry.

As a not-for-profit company limited by guarantee, GPA is governed by a board that's elected by producer members, representing the major grain producing regions. GPA's membership comprises direct producer members and producer members of the Grains Councils of State Farming Organisations. The elected leaders of these groups – backed by professional staff – also represent their members' interests, via the GPA Policy Council.

GPA's State Members include:
- AgForce Grains
- Grain Producers SA
- NSW Farmers Association
- Victorian Farmers' Federation Grains Group
- Tasmanian Farmers and Graziers Association
- WAFarmers Grains Council
- WA Grains Group

This robust representative process also engages and enables producers to advocate their views and deliver policy outcomes via various GPA Sub-Committees and Taskforces, such as the GPA Biosecurity Committee and GPA Pesticides and Technology Sub-Committee.

GPA's objectives are to:
- Provide a strong, independent, national advocate for grain producers based on a rigorous and transparent policy development process.
- Engage all sectors of the Australian grains industry to ensure operation of the most efficient and profitable grain supply chain.
- Facilitate a strategic approach to research, development and extension intended to deliver sound commercial outcomes from industry research.

GPA's responsibilities representing the interests of Australia's 22,500 levy-paying grain producers are legitimised under federal legislation.

This includes; managing biosecurity for the Australian grains industry through Plant Health Australia as a signatory to the Emergency Pest Plant Response Deed (EPPRD); as a joint Representative Organisation responsible for overseeing the Grains Research and Development Corporation's performance and strategic investment, with matching Federal Government funding, in RD&E activities, under the PIRD Act; and managing the risk of chemical residues and environmental contaminants in grain products, to help facilitate access to domestic and export markets and protect product integrity and export reputation, via the National Residue Survey.

Further information: https://www.grainproducers.com.au/