

16 October 2023

Biosecurity Sustainable Funding Implementation Branch

Department of Agriculture, Fisheries and Forestry

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To whom it may concern,

Thank you for the opportunity to participate in the consultation process for the Biosecurity Protection Levy. Attached to this letter is a copy of the submission from the Australian Banana Growers' Council. (ABGC).

For more than sixty years, the ABGC has led and represented banana growers, with the aim of ensuring a profitable and resilient industry future. As the national industry development body, the ABGC runs several grower focused projects and advocates on behalf of banana farmers across the country. Many of the projects run by the ABGC have a biosecurity focus because growers understand that it is impossible to separate longevity and profitability from biosecurity.

The ABGC supports the government's objective of a sustainably funded strong biosecurity system. However, it does not support a new tax levied on agricultural producers. The agricultural industry is already a reliable and consistent contributor to biosecurity and should not be asked to increase its contribution.

The ABGC is keen to work closely and constructively with government over the coming months to find an appropriate funding balance between all biosecurity stakeholders – those who benefit from a strong system and those that contribute risk of the system. The ABGC notes that, through the sustainable funding push from government, there has been increases to the amount of funding contributed by other stakeholders. This is a positive start and is long overdue. However, the Council believes that the government must find further courage and seek funding contributions from other sources including the containerised imports sector. The activities of this sector present a massive risk to the profitability of plant and animal industries who, in response to exotic incursions, will be forced to co-fund expensive eradication or containment programs to protect their regional economies and local communities. Government must stop targeting small businesses who are already contributing to the nation's biosecurity system. Our pockets are empty, our businesses are struggling and our patience is thin. Now is the time to recognize and reward the efforts and contributions of small agricultural businesses and not hit them with another tax.

If you would like to know more about the banana industry and the way levies are used, please contact Michelle McKinlay, Industry Strategy Manager on 0427 987499 or michelle@abgc.org.au.



Leon Collins

Chair

Australian Banana Growers' Council

Summary

The banana industry agrees with the government's premise, articulated in the National Biosecurity Strategy (NBS), that 'biosecurity risks are increasingly complex and getting harder to manage'. The industry supports the objective that a well-resourced and effective biosecurity system is essential to underpin the future of Australian agriculture and national profitability.

The Australian Banana Growers' Council (ABGC) believes that it is important that **all** risk creators and biosecurity beneficiaries must contribute towards a sustainable funding model. This position aligns with the sentiments of the consultation paper and the National Biosecurity Strategy. It is a positive start when there is agreement on "what" needs to be achieved as this can often be a stumbling block in making progress. Next it is important for collaborative effort to work out "how" the goal can be achieved. The ABGC does not agree that the Biosecurity Protection Levy (BPL) is the way forward and is keen to engage in constructive discussions to ensure sustainable funding for the biosecurity system.

The information below provides further context around the efforts and investment the banana industry is already making to improving biosecurity for its own growers and for the national biosecurity system. It is for this reason that the ABGC does not support a biosecurity protection 'levy' on agricultural commodities.

Background – the banana industry

Bananas are purchased by 92 per cent of Australian households with about 374 033 tonnes of fresh bananas sold in 2022, producing a farm gate value of approximately \$500 million. There are approximately 600 banana growers in Australia. The major banana production region is North Queensland, in and around the areas of Tully, Innisfail, the Atherton Tablelands and Lakeland Downs. About 94 per cent of the national banana production comes from across these areas. Bananas are also grown on the mid-north to far-north coast of NSW, in Western Australia at Carnarvon and Kununurra as well as a few small commercial farms in the Northern Territory. The banana industry is a major employer in regional Queensland and contributes significantly to the north Queensland economy. This economic contribution to regional communities is a responsibility that the ABGC takes very seriously. Ninety-five percent of banana production is consumed domestically and bananas are not imported into Australia due to the pest and disease risk associated with fruit grown in other banana growing nations.

The ABGC is the peak body that represents the interests of banana growers across Australia. The Board is made up of eight banana growers who represent growers from every banana growing state in Australia. The Directors from all banana growing states do not support the proposed biosecurity protection levy – this is a national rejection of the funding proposal.

The ABGC delivers several biosecurity related projects funded by Hort Innovation using grower R&D levy contributions and it also delivers a long-term containment project for Panama TR4 – the first of its kind in Australia. This \$1.6m program is funded by growers through the Plant Health Australia (PHA) levy and is elaborated on in the sections below.

Biosecurity is important to the banana industry.

Biosecurity is an essential element of banana farming. Keeping pests and diseases off the farm is the best line of defense to ensuring business continuity and profitability. The banana industry's location in three states and territories across northern Australia means that it has an elevated risk of disease

exposure spread from our northern neighbours. Biosecurity and disease management are (comparatively) low priorities for these nations. The vast northern Australian coastline and multiple islands that dot the ocean between these countries and Australia contribute to potential disease spread to mainland Australia through unregulated pathways. Preparedness through regional surveillance is the answer to early detection and eradication before major growing regions are impacted.

The ABGC believes there are economic, environmental and community benefits to having an effective biosecurity system in place which is why we, as an organization, relentlessly encourage growers to adopt on-farm biosecurity systems and have staff participate in and lead strategic biosecurity initiatives.

The banana industry invests significantly in biosecurity in a number of ways through on-farm infrastructure and surveillance practice; statutory R&D levies and (PHA) levies and recently through an Emergency Plant Pest Response Deed (EPPRD) levy. Banana growers take this investment very seriously. The investment has a focus on preparedness but the industry has also spent significant grower funds on two emergency plant pest responses to eradicate Banana Freckle - an exotic disease that severely impacts fruit production and renders fruit unmarketable. Current biosecurity investment is listed in the table and paragraphs below.

Banana industry biosecurity contribution.

For many years, the banana industry has taken a very responsible and proactive approach to biosecurity. The industry is involved in many biosecurity related projects and is leading and exclusively funding a long-term containment program to reduce the spread of PanamaTR4 which is a National Priority Pest. The table below demonstrates the four levies to which banana growers contribute - three of which have a direct relationship to biosecurity. In addition to levies, growers have invested heavily in on-farm biosecurity to protect their properties and income. This investment is also made on behalf of every Australian who enjoys eating bananas as it is the industry’s contribution to food security and nutrition.

Levy	Rate	Comments
PHA	0.5c/kg	<p>This levy funds:</p> <p>the ABGC membership to Plant Health Australia and supports our participation in the Emergency Plant Pest Response Deed. This is an example of the industry’s proactive commitment to a national biosecurity system.</p> <p>the operation of the TR4 containment program that recently transitioned from government to industry leadership. The industry has committed \$1.6m per annum to fund this program and reduce the movement of the disease.</p> <p>the banana industry’s contribution to the Torres Strait Fruit Fly response.</p> <p>the most recent eradication response for the second outbreak of banana freckle in the Northern Territory – detected in 2022.</p>

EPPRD	currently set at 0.0c/kg as it is not funding a response	This levy was activated in 2014 to allow the banana industry to fund its share of the banana freckle emergency response . The banana industry funded half of the response costs with the remaining split across all government jurisdictions. The banana industry contributed \$13m to eradicate banana freckle from Australia and protect the industry. The levy rate was 0.75c/kg but has subsequently been returned to \$0 post response. The levy remains an available funding mechanism should the industry need to again pay for an emergency response.
R&D	0.54c/kg	This statutory levy funds a number of projects that deliver biosecurity outcomes. These projects span strategic policy and preparedness to surveillance and extension as well as research undertaken by government and universities.
Marketing	1.15c/kg	This levy does not have any biosecurity relevance. It is designed to target consumers and generate demand for bananas.
Total	2.19c/kg or \$21.90 per tonne.	The volume of production changes each year. An average of the 2021 and 2022 production year reveals 388 507 tonnes of bananas produced in Australia. This equates to approximately \$8.5m in levies raised to fund banana industry priorities. Approximately 50% of levies raised are used to largely fund banana biosecurity activities.

The dollars raised through levies to fund biosecurity demonstrates that the banana industry is clearly paying its way despite the inference in the consultation material that the agricultural sector is not.

The rate set for each of these levies is unique to the banana industry. The rates were arrived at after extensive consultation with banana growers as required by the Australian Government.

No new ‘tax’ on agriculture

- **The BLP is not a levy.** It is a ‘tax’ on producers. The BLP has not been subjected to the same rigorous consultation process as described in the Levy Guidelines published by DAFF. There has been no consultation on rate, no demonstrated industry support, no objection process. The government has arbitrarily decided to increase the amount that the agriculture sector contributes towards government spending. It is unacceptable that additional money, derived specifically from farmers, should go into consolidated revenue and then ‘promised’ to be allocated to biosecurity outcomes.
- As evidence of the ABGC’s proactive commitment to biosecurity, the Council agreed to be a member of the reference group that guided the development of the **National Biosecurity Strategy (NBS)** – the road map to providing a robust biosecurity system to protect our national industries, local economies and regional communities. The government’s approach to introducing this ‘tax’ is counter to the guiding principles underpinning the NBS – collaboration, partnerships, shared culture.

In relation to sustainable investment, the NBS highlighted it would be critical for stakeholders to work together to identify funding needs and priorities and that there needed to be more transparency of biosecurity funding. At no point during the 12-month development of this strategy was it ever suggested that there be a 'tax' on producers to fund consolidated revenue. The consultation paper states that producers "will not have a direct role in determining its use" and "that the additional contributions to consolidated revenue will support the government's capacity to provide the increased and ongoing appropriation funding for biosecurity". This is interpreted by the ABGC as the government raising a new 'tax' to fund its increased and permanent commitment to biosecurity including the fiscal repair to the departmental bottom line. Agriculture should not pay more to cover the government's commitment. The NBS principle of supporting transparency is being ignored.

- It is possible, even likely, that many agricultural producers, including banana growers will seek to reduce their levies to contain the financial impact of this 'tax' on their profitability. It would be a **perverse consequence** derived from bad policy that led to Australian industry being less connected, less prepared, and less able to respond to exotic incursions, improve on-farm biosecurity and participate in the national commitment to improve the strength of the national biosecurity system. It could also result in less funding available for agricultural research and development which is contrary to the national science and research priorities that specifically identify the need for enhanced biosecurity to protect food sources.
- The 'tax', as currently proposed, will **not be applied equitably** because the baseline from which the proposed 10% applies is different for every commodity. At the time of writing this submission, the government has not released details about how the 'tax' will be calculated – ie there is no definition on whether the 'tax' will apply to all levies currently funded by industry or a selection or just one – eg the statutory R&D levy. This would make a significant difference to the amount of money to be provided by producers. It is unacceptable to expect that those industries, who are committed and organized with levies, to pay an additional 10% 'tax'.
- The introduction of this 'tax' will **burn any trust capital** that has been gained between industry and government in recent years. This will make the implementation of the NBS and other reforms of the system very difficult to achieve. This complexity comes at a time when all stakeholders need to be working together to harness the benefits from a powerful and united effort.

Alternative solutions

The ABGC would like the government to:

- Revisit the sustainable funding options as outlined in the Intergovernmental Agreement on Biosecurity Review (Craig Review) where shipping and containerized cargo arrivals were identified as significant risk creators. Ironically this key biosecurity stakeholder has not been listed as a risk creator in the consultation paper. Consecutive national governments have chosen to ignore this sector's role, responsibility and risk contribution to the national biosecurity system. It seems it is easier to increase the tax burden on small agricultural businesses rather than negotiate proportionate contributions with importers. While this may be a difficult policy area to navigate, the ABGC strongly urges the government to work with this sector to implement

a Biosecurity Imports Levy to be placed on those businesses that significantly contribute to the risk. All risk creators and beneficiaries have a role to play the biosecurity system. The ABGC asks for equal treatment and proportionate contributions and recognition of the contribution made by the agricultural sector.

- Continue with the permanent increased contribution of consolidated revenue being directed towards funding the biosecurity system. The public is a major beneficiary of a strong biosecurity system by enjoying – and expecting - a safe and secure supply of food. A strong agricultural sector, supported by a strong biosecurity system allows regional economies and communities to prosper. The federal government is now in the strongest financial position for many years with a surplus that could be well invested in biosecurity.
- Direct more funds raised through the Passenger Movement Charge to supporting the biosecurity system.
- Explore the options to capture the non-levy paying commodities who are not already pulling their weight in the biosecurity system. The consultation paper acknowledges that these commodities must contribute funding to make the system work. The ABGC agrees that all beneficiaries need to contribute to the system but cannot provide any insight into the best way to approach this. Industries that are proactive and organized should not be expected to carry the financial responsibility for those commodities who have shunned their responsibility and opted out of funding the system.

The next steps

The ABGC would like to see:

- A strong and sustainably funded biosecurity system that can pivot and expand to meet future challenges. The current policy trajectory of government is a lose-lose scenario. The ABGC would like to see this become a win-win based on trust, collaboration and transparency. Hopefully this is possible.
- The Australian Government abandon the intended start date of the BPL to allow for a rational, informed and evidence-based discussion to occur about the funding required and the sources available to contribute. Industry can be the government's greatest asset in the war against exotic pests and diseases if it is treated as a respected partner.
- Genuine government engagement with risk creators and beneficiaries of the biosecurity system to negotiate fair and proportionate contributions to the funding of the system. There has been insufficient consultation with industry for such a major funding reform.
- Biosecurity partners, facilitated by the Australian Government, conduct a stock take of all biosecurity system investments, identify gaps and describe the resources that are needed to keep the system whole. The outcomes from this research can then inform a national discussion about the risks and costs and expenses associated with mitigating the risks.
- DAFF articulate what activities it wants to fund with the money generated by the 'levy' and provide evidence of the costs of these activities.