



18 December 2023

SUBMISSION

Primary Industries (Excise) Levies Bill 2023 [Provisions] and related bills

Referred to Rural and Regional Affairs and Transport Legislation Committee for inquiry and report by 5 February 2024.

Submissions Deadline extended from 12 December 2023 to 19 December 2023, on request.

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Thank you for providing Grain Producers Australia with the opportunity to submit our views to this inquiry on the Primary Industries (Excise) Levies Bill 2023 [Provisions] and related bills.

Introduction to GPA

GPA represents the interests of grain producer members and state farming members and has responsibilities for an estimated 22,500 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. Our industry was valued at more than \$31 billion in 2022-23, producing about 71 million tonnes, of which about 52 million tonnes were exported, according to the latest Grains Research and Development Corporation (GRDC) annual report. These record returns have also generated record receipts for levy collections off growers from the past two harvests (2021-2023), with grains now standing out as the largest contributor to national agricultural production, above all other commodities. The GRDC annual report's financial statements show total industry contributions (ie grower levies collected) at more than \$261 million in 2023 and more than \$223 million in 2022 (\$484m total).

GPA's roles are legitimised under federal legislation, providing responsibilities to represent all levy-paying growers on vital industry matters which help deliver shared social and economic benefits for the nation. Grain growers contribute 1.02 per cent of their net crop sales toward levies, comprising the GRDC for RD&E, Plant Health Australia (PHA) membership and as signatories to the Emergency Plant Pest Response Deed for biosecurity management responsibilities, and National Residue Survey (NRS) testing, for grain quality and market access. Of that 1.02pc, the 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.

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

Modernising Ag-Levies

Consultation processes with industry members on the legislative changes proposed in these Bills, to 'modernise' agricultural levies, started in good faith in about 2017. During various iterations of these consultations, GPA has sought assurances and clarifications from the Federal Agriculture Department, and levy-partner agencies, that under the proposed drafting – as presented to key stakeholders for their feedback – the core features and key functions/operations of the levy system will remain unchanged and continue to be industry-owned and led (ie by industry representative bodies such as GPA).

We understand the intent of this work to modernise the agricultural levies legislation as being an opportunity to maintain the industry-driven agricultural levy system, while making improvements to the significantly large volume of supporting legislation. We have taken this process on trust, on the basis that no significant changes are being introduced to alter current roles and core arrangements with industry/producer representative bodies – such as being consulted on changes to levy-rates and charges. We expect any changes introduced via these Bills will continue to support the agricultural levy system's success, as a long-standing partnership between industry and government, to fund industry priorities with shared social and economic benefits for the nation.

Any changes through this process, and these Bills, however, which significantly impact the key responsibilities GPA holds for our grower, levy-paying members and practical operations partnering with vitally important agencies such as Plant Health Australia, would breach this long-standing trust and basic understanding of these partnerships. No such major alterations should be made without full and proper, transparent disclosure, to enable industry to understand the intent of such changes, during consultations. Any such changes would require separate consultation processes dedicated to engaging and including the impacted representative groups such as GPA or PHA, to fully understand their views on these matters.

Conflation With Biosecurity Protection Levy-Tax

An urgent need to clarify the intent and purpose of these Bills has been prompted by recent conflation with other proposed changes to this trusted levy-payer system. This conflation is causing significant confusion among representative groups – and major loss of trust and confidence in the system. Unfortunately, at the pointy end of these long-running and complex consultation processes on the modernising the agricultural levies legislation, the Federal Government has moved to introduce a new Biosecurity Protection Levy, announced in the May 2023 budget. This proposal to create a new biosecurity levy/tax, at a rate of 10pc on top of the existing levies paid by Australian agricultural producers, has come as a complete shock to producers, representative groups and other stakeholders. This has created significant ambiguity and anxiety among producers and their representative groups. GPA conducted a survey of grain producers shortly after the budget announcement with the results demonstrating overwhelming opposition to the new 10pc levy/tax. For example:

- 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.

This proposed 10pc levy/tax is also being imposed on growers, despite a range of other government stakeholder engagement processes occurring – as detailed below – where such a proposition could have been raised in good faith for transparent feedback. Lack of transparent consultation is just one of the many concerns about the flawed policy design which have been raised by a vast [majority](#) of producer representative groups, in expressing their strong opposition to this proposed 10pc biosecurity levy/tax. For further reference, GPA's views on the fundamental flaws with this proposal are outlined in our submission to the government's public consultation process. (attached).

Agriculture Minister Murray Watt's budget announcement of the government's new levy/tax also overlapped with the consultation [survey](#) on the changes intended to be delivered through these Bills. This engagement process opened on 1 May 2023 and closed on 5 June 2023.

Stakeholder considerations about these Bills has also overlapped with separate consultations on the proposed 'sustainable' biosecurity funding model. A discussion paper process started in early November 2022, taking submissions for about three weeks.

In addition, a Senate inquiry into the 'Adequacy of Australia's biosecurity measures and response preparedness, in particular with respect to foot-and-mouth disease', was initiated on 28 July 2022. This inquiry, conducted by the Rural and Regional Affairs and Transport References Committee, tabled its report in December 2022. This report made no recommendations about introducing a new 10pc biosecurity levy/tax on producers, or any direct and transparent reference to such a proposal being imposed on producers in future.

GPA's evidence to this Senate inquiry into biosecurity – as reinforced in the Australian Green's additional comments in the final report – stressed the importance of introducing a container levy, to increase shared responsibility and accountability by risk-creators. The Greens also noted that plant industries – including GPA – have been at the forefront of biosecurity concerns through our response to varroa. It should be noted those impacted by varroa and therefore intimately involved in ongoing emergency response management programs over the past 18 months, are the most angered and opposed to the government's shock move to introduce a new 10pc biosecurity levy-tax.

In addition, stakeholders were asked to provide submissions to a discussion paper on the new Biosecurity Protection Levy, after it was announced in the May 2023 budget, with the deadline set for early October 2023.

In addition to all these processes related to ag levies and biosecurity matters, GPA was also in the process of conducting a review, as per our legislated responsibilities for levy-paying producers, looking at whether or not our current grains levy rates are 'fit-for-purpose'. This review process was being administered in the context of asking whether more funding sourced via levies directly off growers could be re-invested into stronger biosecurity protections. This was proposed via a temporary minor (.06pc) re-allocation of the GRDC levy-rate to PHA, with an independent report providing current context and expert analysis for this proposition. Despite the government being aware of these review processes being underway, and understanding the underlying policy intent regarding potentially strengthening biosecurity measures through self-funding – such as the Grains Biosecurity Plan – GPA was not consulted about the government's proposed 10pc biosecurity levy/tax proposal, prior to the budget announcement.

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).

Ongoing Politicisation of Biosecurity

The associated Bills for the modernising agricultural levies program were introduced to the federal parliament on 18 October 2023. During a debate in the House of Representatives on 15 November 2023, amendments were raised by former Federal Agriculture Minister, David Littleproud. These amendments sought to address provisions in the government's Bill, where references to the Animal Health Australia levy and the PHA levy were renamed the 'biosecurity activity levy'. These amendments were seeking to “ensure that Animal Health Australia and Plant Health Australia are formally recognised in relation to this biosecurity activity levy”.

The following is the relevant excerpt from the former Minister's speech.

“We are doing this because we believe removing references to the AHA and PHA have the potential to cloud transparency of the levy framework. It's important that levy payers, farmers and producers have a proper line of sight into where their levy funds are going. These amendments will do this. Also, for the biosecurity response levy, our amendments will recognise that the levy funding will go to expenditure under the emergency animal response deed managed by the AHA or the emergency plant response deed managed by the PHA. These deeds are activated in the event of a pest or disease incursion into Australia. Another reason we are moving this set of amendments is that they will help minimise confusion among levy payers by inserting clarity into the framework. When combined with the government's proposed biosecurity protection levy, the creation of the broadly named 'biosecurity activity levy' under this bill will eventually bring the number of security levies to three. Having Animal Health Australia and Plant Health Australia appropriately recognised in the biosecurity activity levy and the biosecurity response levy will give confidence and assurance to the agricultural industry. With this change, farmers can feel secure about where they levies are being directed to without causing disruption to a system that has worked well over many years.”

Given this speech and the amendments being sought by the former minister and a senior position of authority on these matters, given that he was also in the role during the time these legislative changes were being administered by the former government from 2017, GPA again sought further clarification regarding the actual intent of this legislation. In particular, to clarify the confusion and again confirm there would be no distortions to, or undermining of, the core functions and roles of a key levy-recipient body for the grains industry – or any surreptitious moves to introduce the new biosecurity levy/tax contained in the complex legislation.

The following response was provided to GPA's questions, by relevant departmental officials, via email on Wednesday 22 November 2023.

- *The agricultural levy system is, and will remain, a partnership between industry and government. Industry will continue to drive what agricultural levies are needed, including what the rates are.*
- *The proposed biosecurity protection levy is not being implemented through the levies modernisation work, and the two pieces of work are separate.*
 - o *The industry consultation and design of the biosecurity protection levy is being conducted separately to the levies modernisation work.*
 - o *It is intended that the biosecurity protection levy will be established under separate legislation.*
- *The agricultural levies Bills that passed the House of Representatives last week are solely concerned with providing a modernised legislative framework for the existing agricultural levy system.*
- *The key features of the agricultural levy system are being maintained through the levies modernisation work - existing levy rates won't change, nor will the bodies that receive levies, or the purposes for which levies can be established and used.*
- *Consultation on modernising the agricultural levies legislation has been ongoing since 2017-18.*
- *Further consultation on the modernised agricultural levies legislation is expected to occur in early 2024. Our current intention is that this would include the drafting for all levies and charges, including grains/crops.*

Summary

GPA's strong concerns about these matters are also reflected in the submission to this inquiry process, provided by the Plant Industry Forum. The Forum represents plant industry representative bodies such as GPA, with a combined value to the Australian economy of more than \$43 billion. Growth in the plant industry sector is expected to contribute significantly to the ag industry's publicly stated goal \$100 billion in farm gate value by 2030 (Ag2030).

Industry representative bodies are key to the success of the trusted partnerships between government and industry stakeholders, created by the levy-system and the co-funding it enables, to empower this growth for an important sector of the Australian economy. The introduction of the new biosecurity tax, however, is threatening overall stability and confidence in these partnerships and the shared outcomes delivered with producers. GPA remains concerned about any surreptitious moves to introduce the new biosecurity levy/tax contained in these vast and complex Bills. We urge biosecurity to be treated in a bipartisan matter, to optimise the ability to build the strong and trusted partnerships needed to strengthen protections. Australian grain producers are looking for leadership from government, but have been let down by the conflation of these processes and subsequent confusion caused by non-strategic consultations. And the ambivalence and ambiguity this is creating. There's further opportunity for even greater politicisation, if the biosecurity protection levy/tax is to be established under separate legislation that's due to be introduced and debated in early 2024, with the aim of it being implementing by 1 July 2024.

GPA's Representative Roles and Responsibilities

Grain Producers Australia represents the interests of an estimated 22,500 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/>