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17 April 2024
Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
CANBERRA ACT 2600

Via email: <a href="mailto:rrat.sen@aph.gov.au">rrat.sen@aph.gov.au</a>

Dear Committee members,

## RE: Submission to the inquiry into the Agriculture (Biosecurity Protection) Levies Bill 2024 [Provisions] and related bills

Sheep Producers Australia welcomes the opportunity to offer feedback through submission to the Senate Rural and Regional Affairs and Transport Legislation Committee inquiry into the provisions of the Agriculture (Biosecurity Protection) Levies Bill 2024 and related bills (the Bills).

Sheep Producers Australia cannot support the introduction of a Biosecurity Protection Levy (BPL) as proposed by the government in the Bills and related policy. The poor design of the levy has been laid bare in critiques by experts from some of our most respected national institutions including The Productivity Commission, Office of Impact Analysis and the Australian National University.

Our further objections to the BPL relate to the complete absence of industry consultation prior to its announcement, and the rushed, unrealistic approach to implementation, which leaves industry with little time to comprehend let alone prepare for the impost of the BPL. This is at odds with the well-established agricultural levy system, which is underpinned by principles of equity, efficiency and transparency and clearly demonstrates the willingness of producers to co-invest with government in priorities that drive growth, maintain competitiveness and manage risks for collective benefit.

A strong national biosecurity system underpins the success of Australia's agricultural industries, the health of our natural environment and the prosperity of Australian society more broadly. Sheep producers are active participants in the national biosecurity system, managing biosecurity risk on farm and contributing financially to the biosecurity system through levies and fees that support national emergency preparedness and response arrangements, and priority biosecurity research, development and extension.

Australian sheep farmers are also investing in readiness for mandatory individual electronic identification (eID) of sheep from 1 January 2025. This is a major industry-backed reform that will strengthen the national biosecurity system by dramatically enhancing traceability for sheep and goats, supporting our national ability to detect and respond to emergency animal diseases. This reform will increase costs of production for producers (estimated at \$680 million over 10 years¹), but the benefits are well understood – unlike the ill-conceived BPL, which appears to be a general revenue measure to subsidise delivery of Australian Government biosecurity responsibilities.

<sup>1</sup> https://www.agriculture.gov.au/sites/default/files/documents/livestock-traceability-2833-noted-gride-and-assumptions-porm.au PO Box 4225 Manuka ACT 2603



Sustainable long-term funding of the national biosecurity system is absolutely critical, and is in the interests of all Australians. Sheep Producers Australia welcomed the additional Australian Government funding for biosecurity committed in the 2023-24 Budget, including through long-overdue reform of cost recovery arrangements. These remain the most appropriate and efficient sources of funding for biosecurity functions delivered by the Department of Agriculture, Fisheries and Forestry, as these functions deliver community-wide benefits.

Sheep Producers Australia will continue to call on government to uphold its responsibility to develop strategic, evidence-based policy and legislation underpinned by consultation and designed to support and increase the prosperity of the Australian agriculture industry. We urge the Committee to do the same by recommending the current Bills not be passed.

The attached submission provides more detail on Sheep Producers Australia's position on the BPL, capturing relevant context from the sheep meat sector, which is an active participant – and investor – in our national biosecurity system.

Should you wish to discuss this submission further please do not hesitate to contact me at ceo@sheepproducers.com.au.

Yours sincerely,

Bonnie Skinner

CEO

Sheep Producers Australia

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# SUBMISSION TO THE SENATE INQUIRY INTO THE AGRICULTURE (BIOSECURITY PROTECTION) LEVIES BILL 2024 [PROVISIONS] AND RELATED BILLS

#### Introduction

Sheep Producers Australia is the collective national voice on issues that affect Australian sheep production, representing the interests of close to 20,000 sheep farming businesses. Our purpose is to provide strategic leadership for Australia's sheep industry, supporting a productive, profitable and sustainable future.

The Australian sheep industry is an integral part of Australian agriculture. Australian sheep producers contribute not only to the provision of high quality and nutritious protein for both domestic and international markets, but provide substantial employment opportunities and investments that bolster rural and regional communities. After several years of consistent growth, the national sheep flock is expected to decrease by 2.9% to 76.5 million in 2024, while lamb slaughter and production will remain strong<sup>2</sup>. Changing weather forecasts and inflated supply depressed prices and negatively affected producer sentiment in the previous 12 months. While the price outlook for 2024 is stronger, ongoing headwinds include increasing input costs, interest rates and uncertainty over the future of the live sheep export trade. These factors add to the complexity of decision making for producers operating in a challenging national and global environment.

Resilient biosecurity systems help protect producers and the broader industry from the impacts of pests and diseases that may affect animal health and productivity, markets and the quality and integrity of our products. Industry is a beneficiary but also a significant investor into the biosecurity system, making substantial financial and operational contributions through transaction levies to industry service providers, rural Research and Development Corporations as well as through fees and charges and in-kind contributions such as ongoing farm biosecurity activities that benefit not just individual producers but the broader community and Australian economy. The success of Australia's biosecurity systems relies on all parties understanding and delivering on their responsibilities.

Funding arrangements for Australia's biosecurity system are complex, and funding and investment is sourced from all levels of government, industry and the community through a variety of models<sup>3</sup>. Sheep Producers Australia welcomed the Australian Government's commitment to expand appropriation funding for biosecurity, and the long-overdue overhaul of cost recovery arrangements committed to in the 2023-24 Budget. These measures are an important step to addressing concerns raised in the 2017 report *Priorities for Australia's biosecurity system – an independent review of the national biosecurity system*<sup>4</sup> (the Craik Review), which determined that at a national level the biosecurity system is underfunded, and that there is inadequate funding for those areas where the greatest return is likely to be achieved – including border and pre-border (prevention) activities delivered by the Department of Agriculture, Fisheries and Forestry (DAFF).

<sup>&</sup>lt;sup>2</sup> february-2024 mla-australian-sheep-industry-projections 280224.pdf

<sup>&</sup>lt;sup>3</sup> DAFF 2022, National Biosecurity Strategy, Department of Agriculture, Fisheries and Forestry, Canberra, August. CC BY 4.0. https://www.biosecurity.gov.au/sites/default/files/2024-02/national-biosecurity-strategy.pdf

<sup>&</sup>lt;sup>4</sup> Craik W, Palmer D and Sheldrake R (2017). *Priorities for Australia's biosecurity system,* An independent review of the capacity of the national biosecurity system and its underpinning intergovernmental agreement, Canberra. <a href="https://www.agriculture.gov.au/biosecurity-trade/policy/partnerships/nbc/intergovernmental-agreement-on-biosecurity/igabreview/igab-final-report">https://www.agriculture.gov.au/biosecurity-trade/policy/partnerships/nbc/intergovernmental-agreement-on-biosecurity/igabreview/igab-final-report</a>

The inclusion of the Biosecurity Protection Levy as part of the Sustainable Biosecurity Funding Package in the 2023-24 Budget, without any prior consultation with the levied industries, appeared opportunistic. So too the rapid drafting and introduction of legislation to support implementation of the BPL. This submission outlines in more detail our concerns regarding the BPL Bills and related government policy, categorised as follows:

- 1. Experts have described serious flaws in the BPL design.
- 2. Producers are willing partners and investors in the national biosecurity system.
- 3. BPL is inconsistent with established levy imposition and collection principles.
- 4. BPL is inconsistent with the National Biosecurity Strategy.
- 5. Producers are in the dark on levy detail.
- 6. BPL will become a general revenue measure with no link to enhanced biosecurity outcomes for levy payers.

### 1. Experts have described serious flaws in the BPL design

The Committee would be aware of recent expert analyses that have assessed the BPL policy and identified major flaws in its conception, design and handling. Sheep Producers Australia is deeply concerned that the government is progressing with the implementation of the BPL measure in the face of such concerning critiques, made by experts in public policy and taxation.

The Productivity Commission's 2023 research paper Towards Levyathan? Industry levies in Australia<sup>5</sup> examines the proliferation of industry levies in recent decades and provides a framework for testing the case for industry levy proposals – to ensure they target a public good that is valued by the sector and aren't simply imposed as a general revenue measure. The Productivity Commission's assessment identifies some concerning "warning signs" indicated by the BPL design, including6:

- The BPL is proposed to be applied to domestic primary producers only, while the benefits of biosecurity are shared across a range of sectors and the broader community. Community-wide public goods are more readily funded out of general revenue.
- An absence of detailed, sector-specific cost benefit analysis of the proposal means some sectors may face costs from the levy that are greater than the benefits they receive.
- It is unlikely that levy payers will be in a position to monitor and influence how their levy proceeds are used. How will primary producers know whether levy proceeds are going to activities that they value?
- The Productivity Commission analysis suggests the levy is an inefficient way to fund biosecurity measures compared to other options like increased departmental appropriation or charges on importers.

There is no evidence to suggest that the department has considered how the BPL proposal could be redesigned or improved to address the concerns identified by the Productivity Commission.

The Office of Impact Analysis (OIA)'s 2023 analysis is equally concerning, as it makes clear that the BPL design falls short of the good practice standards expected of legislative proposals<sup>7</sup>. Sheep Producers Australia understands the OIA was established to ensure rigorous impact analysis is conducted for all significant government policy proposals, in order to provide decision makers with the best available evidence and analysis. Again, the government appears to have ignored expert advice by proceeding with legislation to establish the BPL in the face of an 'adequate' assessment by the OIA, which found that to be considered 'good practice' the BPL should have included8:

- Further analysis of impacts, including quantification of costs, justification of costings, and description of qualitative impacts
- Further description of consultation, including the range of stakeholders consulted and areas of agreement and disagreement on the options.

An ANU Tax and Transfer Policy Institute research paper released in February 2024<sup>9</sup> endorses and builds on the analysis provided by the Productivity Commission, and advises that overall the

<sup>&</sup>lt;sup>5</sup> Productivity Commission, 2023. *Towards Levyathan? Industry levies in Australia*, Research paper, Canberra. https://www.pc.gov.au/research/completed/industry-levies/industry-levies.pdf

<sup>&</sup>lt;sup>6</sup> Ibid, pp 28-29

<sup>&</sup>lt;sup>7</sup> Office of Impact Analysis, 2023. Biosecurity sustainable funding impact analysis, May 2023. https://oia.pmc.gov.au/published-impact-analyses-and-reports/biosecurity-sustainable-funding-submission

<sup>&</sup>lt;sup>8</sup> Office of Impact Analysis, 2023. Biosecurity sustainable funding submission OIA Assessment letter https://oia.pmc.gov.au/sites/default/files/posts/2023/05/OIA%20Assessment 2.pdf

<sup>&</sup>lt;sup>9</sup> Vanek, S and Breunig R, 2024. The biosecurity protection levy: principles for design. Australian National University Crawford School of Public Policy Tax and Transfer Policy Institute Policy Brief 3/2024 February 2024 https://taxpolicy.crawford.anu.edu.au/sites/default/files/uploads/taxstudies crawford anu edu au/2024-02/final pb breunig vanek feb 2024.pdf

government's package to implement the BPL "does not pass critical scrutiny". The ANU researchers also examined the government's revised policy approach to setting industry BPL rates, which would see industry share of BPL revenue based on shares of agricultural GVP. Sheep Producers Australia would like to emphasise the important point made by the researchers that "Normally taxes would be applied on net proceeds, where production costs have first been subtracted from gross revenues. An even sounder approach would be to calculate the Levy in relation to the biosecurity benefit and risk profiles of each industry. This would contribute to alleviating some of the sectoral inequality concerns raised by primary producers and the Productivity Commission." <sup>10</sup>

The ANU report finds that the BPL is not a suitable way of dealing with a negative externality like a biosecurity threat, and instead proposes two alternative approaches for optimal biosecurity funding policy, both of which already exist, working in conjunction in our national policy settings. One approach is to increase charges for those who create the biosecurity threats, such as importers and travellers, and the second is to further fund biosecurity protection through general revenue "given that the benefits flow to all Australians."

<sup>10</sup> Ibid, pp 4.

# 2. Producers are willing partners – and investors – in the national biosecurity system

Under Australia's established agricultural levy system individual industries *request* government to establish compulsory levies to fund priority activities for collective benefit. As noted by the Productivity Commission in its 2023 report on industry levies<sup>11</sup>:

'...the traditional agriculture levy is compulsory and, at least broadly, requited – levy payers have to pay them, but they can broadly expect to receive something in return for their payments. Perhaps not directly, but at the level of the industry more generally (for example industry marketing services, sectoral R&D, and biosecurity protections). It is partly for this reason that individual agricultural sectors requested that levies be imposed upon them and continue to vote for their maintenance over time – they judge that they are receiving something in return for their levy payments.'

#### Sheep and lamb transaction levies

**Table 1** outlines levy types and rates paid by Australian sheep producers through the agricultural levy system administered by DAFF. **Table 1** also outlines how the levy is disbursed – for emergency animal disease preparedness and response, national residue testing, marketing and research and development. These disbursements are prescribed rates collectively agreed by industry. As costs for research, marketing and biosecurity activities increase over time, industry has the capability to review and modify levy rates and approaches.

The levy investment into biosecurity is in addition to the contribution that producers make to the Australian biosecurity system through the payment of taxes, state and local government rates, fees and charges and implementation of biosecurity practices within their enterprises.

The amount raised by sheep and lamb transaction levies varies according to stock levels and amount of trading. The greater the number of sheep and lambs there are in Australian farming systems, and the more sheep and lambs that are traded, the greater the quantum of transaction levy collected. Sheep and lamb transaction levies are only one component of levies on the whole sheep production and slaughter value chain in Australia, which also include wool levies, live export levies and slaughter levies (see **Table 1** for details). Producers are also liable for additional commodity levies when operating mixed farming systems (livestock and crop enterprises) that help producers optimise their risk-return trade off.

Biosecurity activities are already funded under current levy arrangements within the Australian sheep industry. The Animal Health Australia levy (AHA, **Table 1**), governed under the *Australian Animal Health Council (Live-stock Industries) Funding Act 1996*<sup>12</sup> collects funds which enables AHA to conduct strategic activities surrounding biosecurity and emergency animal diseases. The Act also enables the facilitation of funding for emergency responses under the Emergency Animal Disease Response Agreement (EADRA). Sheep Producers Australia is a signatory to the EADRA, which includes a cost sharing agreement between government and industry for response activities in the event of an emergency animal disease incursion. The EADRA also requires signatories to '…work collectively to reduce the risk of emergency animal disease (EAD) incursions and share the approved costs of EAD responses.' Signatories – including Sheep Producers Australia are therefore required to contribute to biosecurity preparedness.

<sup>&</sup>lt;sup>11</sup>Ibid, pp 10.

<sup>&</sup>lt;sup>12</sup> <u>Australian Government (n.d.)</u>. Federal Register of Legislation

<sup>&</sup>lt;sup>13</sup> Animal Health Australia (n.d.). Emergency Animal Disease Response Agreement

Table 1. Sheep industry levy rates by commodity and category (data obtained from the Department of Agriculture, Fisheries and Forestry)<sup>14</sup>

Commo	li+v	Ani	mal	Emergency	Mark	coting	National	Posoa	rch and	Total
, H		Hea	Animal Emergency Health Animal Australia Disease Response		Marketing		Residue Testing		opment	Total
Sheep	Sale value at \$5 to \$10 per head	0.18 per cent of the sale price		0 per cent of the sale price	0.87 per cent of the sale price		0.18 per cent of the sale price	0.77 per cent of the sale price		2 per cent of the sale price
	Sale value over \$10 per head	1.8 cents per head		\$0.00	8.7 cents per head		1.8 cents per head	7.7 cents per head		20 cents per head
Lambs	Sale value at \$5 to \$75 per head	0.2 per cent of the sale price		0 per cent of the sale price	0.49333 per cent of the sale price		0.10667 per cent of the sale price	1.2 per cent of the sale price		2 per cent of the sale price
Lambs	Sale value over \$75 per head	15 cents per head		\$0.00	90 cents per head		8 cents per head	37 cents per head		\$1.50 per head
Sheep	Delivered not by sale	1.8 cents per head		\$0.00	8.7 cents per head		1.8 cents per head	7.7 cents per head		20 cents per head
Lambs	Delivered not by sale	1.4 cents per head		\$0.00	62.6 cents per head		4.7 cents per head	11.3 cents per head		80 cents per head
Live anin	nal export									
Commodity			Marketing			Research and development			Total	
Lambs			6.4 cents per head			9.6 cents per head			16 cents per head	
Sheep			6 cents per head			9 cent	s per head		15 cents per head	
Live anin	nal export									
Commodity			Marketing			Research and Development			Total	
Lambs			50 cents per head			10 cents per head			60 cents per head	
Sheep			50 cents per head			10 cents per head			60 cents per head	
Wool										
Commodity			Marketing			Research and Development			Total	
Wool			1.5 per cent of the sale or free-on-board value					1.5 per cent of the sale or free-on-board value		

<sup>&</sup>lt;sup>14</sup> https://www.agriculture.gov.au/agriculture-land/farm-food-drought/levies/rates#livestock-transactions

#### Industry-led reforms

The Sheep Sustainability Framework (SSF) was developed through the collaborative effort of the Australian sheep industry's peak industry councils, Sheep Producers Australia and WoolProducers Australia and service providers, Meat & Livestock Australia and Australian Wool Innovation. The SSF aims to progress the Australian sheep industry and highlights several pillars integral to advancing the profitability and sustainability of the sector. Embedded into the SSF is a priority to deliver good biosecurity through the implementation of traceability measures which mitigate disease risk in the sheep industry<sup>15</sup>. A 2020 materiality assessment conducted by the Australian sheep industry identified biosecurity as a highly material topic as simultaneously identified by the sheep meat and wool sectors<sup>16</sup>.

Monitoring for the SSF includes ensuring on-farm biosecurity is consistently maintained through the Livestock Production Assurance (LPA) audit process, where 80.2% audited farms had implemented biosecurity measures, corresponding to sheep producers that were compliant with LPA biosecurity requirements<sup>17</sup>. These results are further evidence of the ongoing contribution of producers to post-border biosecurity by upholding high standards for on-farm biosecurity, scrutinised by industry auditing programs such as LPA.

Sheep Producers Australia has been leading the reform agenda for national traceability of livestock with other livestock peak bodies, as well as through Meat & Livestock Australia and SAFEMEAT. These reforms will see all Australian sheep producers required to adopt mandatory electronic identification (eID) for individual animals born on their properties from 1 January 2025. This is a significant change from the current system that utilises visual tagging and mob-based movements. Under the new arrangements, traceback of individual animals will be able to be accomplished within minutes – a major improvement on the up to several days for trace-back under the current system. This will deliver material improvements to the national biosecurity system by enhancing our ability to detect and respond to EAD incursions. Producers are actively investing in readiness for this major reform, which in many cases will require them to upgrade sheep handling equipment, and incur the increased cost of electronic tags (around \$2 per tag, compared with \$0.2 for visual tags). Cost estimates for the transition are around \$680 million over 10 years, including an ongoing annual cost of \$56 million for eID tags<sup>18</sup>.

<sup>&</sup>lt;sup>15</sup> Sheep Sustainability Framework (2021). Australian Sheep Sustainability Framework.

<sup>&</sup>lt;sup>16</sup> Sheep Sustainability Framework (2022). Sheep Sustainability Framework Annual Report 2022.

<sup>&</sup>lt;sup>17</sup> Sheep Sustainability Framework (2023). Sheep Sustainability Framework Annual Report 2023.

<sup>&</sup>lt;sup>18</sup> https://www.agriculture.gov.au/sites/default/files/documents/livestock-traceability-cost-model-guide-and-assumptions.pdf

# 3. BPL is inconsistent with established levy imposition and collection principles

As the committee would be aware, under the agricultural levy system levies are established and managed through a carefully designed system underpinned by principles of equity, efficiency and transparency. The rushed, ill-conceived and secretive approach to the design of the BPL stands in stark contrast to the strong foundations of the agricultural levy system, leaving producers with no reason to support the BPL or engage in good faith on its final design and implementation.

The October 2023 BPL consultation paper<sup>19</sup> advised that the BPL "will not be subject to producer voting arrangements in relation to its establishment or change, nor will agriculture, fisheries and forestry producers or their representative bodies have a direct role in determining its use." The approach to the BPL is clearly at odds with DAFF's own guidelines on how to establish or amend agricultural levies<sup>20</sup>. The guidelines include detail on five clear principles for consulting with industry and demonstrating industry support for levy options:

- Accessibility. You must offer all actual or potential levy payers an equal opportunity to have their say.
- Impartiality. Levy payers must be able to express their opinion without interference or fear of adverse consequences.
- Clarity. You must clearly and accurately describe the options being put to levy payers.
- Coverage. The method you choose to measure industry support must maximise participation.
- Accuracy. You must be able to present an accurate, reliable result.

This approach has been used successfully by industry and government to establish and maintain our enviable agricultural levy system, through which producers contribute to the cost of important services, research, development and extension, from which they collectively benefit.

### 4. BPL is inconsistent with the National Biosecurity Strategy

The National Biosecurity Strategy<sup>21</sup> (NBS), published less than two years ago, was developed by government in consultation with industry and endorsed by Australian Government, state and territory agriculture ministers. Sustainable investment is one of six priority areas and strategy partners advise in the document that "We will ensure these [funding and investment] approaches are efficient, equitable, adaptable, transparent and are responsive to the changing risk environment.<sup>22</sup> The critiques of the BPL in multiple expert analyses, assessments by industry and by non-government members of the House of Representatives make abundantly clear that BPL and the process of its development can not be considered efficient, equitable, adaptable nor transparent. The levy is blatantly inconsistent with the principles espoused in the NBS, which was developed with industry collaboration in good faith, and signed off at the highest levels of government.

<sup>&</sup>lt;sup>19</sup> https://haveyoursay.agriculture.gov.au/biosecurity-protection-levy

<sup>&</sup>lt;sup>20</sup> DAFF 2020, Levy guidelines: How to establish or amend agricultural levies, Department of Agriculture, Fisheries and Forestry, Canberra, CC BY 4.0.https://www.agriculture.gov.au/sites/default/files/documents/levy-guidelines.pdf

<sup>&</sup>lt;sup>21</sup> DAFF 2022, National Biosecurity Strategy, Department of Agriculture, Fisheries and Forestry, Canberra, August. CC BY 4.0. <a href="https://www.biosecurity.gov.au/sites/default/files/2024-02/national-biosecurity-strategy.pdf">https://www.biosecurity.gov.au/sites/default/files/2024-02/national-biosecurity-strategy.pdf</a>

<sup>&</sup>lt;sup>22</sup> Ibid, pp 33.

### 5. Producers are in the dark on levy detail

We note the government remains publicly committed to introduction of the levy from 1 July this year. The Committee is not due to table its report into the BPL Bills until 10 May 2024, less than two months before the levy is due to commence. Understandably there is confusion and concern in the agricultural community about the final design and rate of the levy (still very much a work in progress), the mechanism for collecting the levy – and how levy funds will be utilised.

Basic aspects of the levy design are still at a very early stage, following the government's recent decision to shift from a percentage of total levies to a percentage of GVP basis for levy calculation. We understand that the details of individual levy rates and the collection mechanisms will be contained in subordinate legislation, which will also need to be finalised in time for the 1 July 2024 commencement date. This leaves precious little time for appropriate – and highly necessary – consultation with industry levy payers and proposed collection agents on important aspects of design. It also leaves no time for appropriate and necessary communications activities to inform producers about the details of the new levy, and how to ensure compliance. As outlined elsewhere in this submission, the government's approach is at odds with its own guidelines for best practice policy development, and has sown uncertainty and distrust among producers.

# 6. BPL will become a general revenue measure with no link to enhanced biosecurity outcomes for levy payers

Sheep Producers Australia understands that the BPL is a revenue measure designed to partly offset the 2023-24 Federal Budget increase in annual funding to DAFF for the delivery of biosecurity services. Under the proposed design BPL funds will be returned to consolidated revenue and cannot be hypothecated to DAFF for the delivery of biosecurity services. Sheep Producers Australia shares broader stakeholder concern that the BPL funds would over time become a general revenue measure, with no guarantee of an equivalent sum being returned to DAFF as *additional* funding for important biosecurity activities that support the agriculture sector. Indeed, should future governments not maintain appropriation for biosecurity at or above levels committed to in the 2023-24 Budget, even in nominal terms, then the BPL could reasonably be viewed as industry paying government's share, simply to maintain the status quo. The Bills as they stand do not protect against such a likelihood and this is unacceptable to Australian sheep producers.

The 2017 Craik Review noted that biosecurity activities had been used to justify several past increases to the Passenger Movement Charge (PMC) – a \$2 increase in 1995 and an \$8 increase in 2011. This despite the fact that the PMC is paid on the departure of a person from Australia, and therefore not linked to the creation of onshore biosecurity risk. As noted in the Craik Review, the PMC is now considered a general tax and funds are not hypothecated to DAFF for its biosecurity functions<sup>23</sup>. The Craik Review recommended a \$5 increase to the PMC, and for the PMC to be charged on arriving passengers (rather than departing ones) so that the PMC increase could be linked to provision of biosecurity services and hypothecated to DAFF to *enhance* the national biosecurity system. This recommendation was proposed to take effect from July 2022 to coincide with the expiry of a moratorium on further increases. Importantly, the Craik Review recommendation required that PMC revenue be directed to 'areas of the national biosecurity system that are currently most underfunded, with a priority for strengthening environmental biosecurity activities, national monitoring and surveillance activities, research and innovation (R&I) and national communication and awareness activities<sup>24</sup> – i.e. not to support business as usual.

The then government did not adopt the Craic Review recommendations to alter the PMC, and earlier this year legislation was passed to increase the PMC by \$10 from 1 July 2024. The Craik Review recommendation to charge the PMC on incoming passengers was not adopted. The significant increase in the PMC, which will generate an additional \$520 million over three years, was described as necessary to support delivery of 'critical border protection services such as customs, immigration and biosecurity<sup>25</sup>.' It is not clear how and if additional PMC funds will be used to support delivery of biosecurity functions at the border, nor that investment would support enhancements to the biosecurity system. This is a missed opportunity to deliver on the Craik Review recommendation and create a sustainable funding stream for biosecurity activities with a clear link to a biosecurity risk-creating process (incoming passengers).

<sup>&</sup>lt;sup>23</sup> Ibid, pp 122.

<sup>&</sup>lt;sup>24</sup> Ibid, pp 128.

<sup>&</sup>lt;sup>25</sup> Passenger Movement Charge Amendment Bil 2024, Second Reading speech delivered by Minister for Home Affairs and Cyber Security Claire O'Neil MP, 7 Feb 2024

 $<sup>\</sup>frac{\text{https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id\%3A\%22chamber\%2Fhansardr\%2F27585\%2F0042}{\%22}$