

28 November 2022

Biosecurity Sustainable Funding Taskforce
Department of Agriculture, Fisheries and Forestry

via email: secretariatbsf@agriculture.gov.au

Re: Making national biosecurity funding sustainable

Sheep Producers Australia welcomes the opportunity to provide a submission to the Department of Agriculture, Fisheries and Forestry (DAFF) discussion paper on delivering a sustainable biosecurity funding model.

Sheep Producers Australia is the voice on issues that affect Australian sheep production businesses. The Australian sheepmeat industry has a long history of producing safe, quality sheepmeat for customers around the world. The success of Australia's sheep industry is underpinned by global demand from our export markets. The value of Australia's sheep meat is inextricably linked to Australia's capacity to export; therefore, we are both reliant on and protected by our national biosecurity systems and the market access that they afford.

Sheep Producers Australia welcomes the Federal Government's commitment to deliver an adequately resourced and sustainable biosecurity funding model and acknowledges the new and accelerated funding delivered in the 2022-23 Federal Budget to support the nation's biosecurity systems and enhance livestock traceability. Sheep Producers Australia supports the submissions made by the National Farmers Federation (NFF), and the Red Meat Advisory Council (RMAC) and looks forward to providing further input during future phases of consultation, particularly in relation to any draft findings or recommendations.

What elements do you think a sustainable biosecurity funding model should include? How should the proposed model operate at a practical level and who would it apply to?

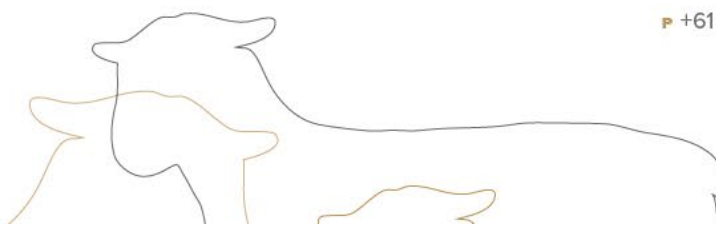
The concept of shared responsibility in biosecurity is emphasised in the Biosecurity Act and is a key principle of the Intergovernmental Agreement on Biosecurity (IGAB). Biosecurity is a cost of doing business, whether its actual or forecasted, and this needs to be factored into its investment both by the public and private sector. A national funding framework must be consistent with the IGAB principles and funded through government appropriations, fees and charges for services, levies, and financial contributions. The changing biosecurity landscape is such that the model needs to be adaptable to respond to changing biosecurity risk profile. There must be a structured and transparent method of budget determination and allocation that enables the range of different pest and disease threats (and their response measures) to be effectively assessed against each other, and budget optimally allocated based on the highest rate of return.

Government's role in providing sustainable funding for biosecurity is well justified through both public good properties and externalities, however historically appropriation has been subject to competing budgetary pressures. In reviewing the results of the national biosecurity investment stocktakes, the report *Priorities*

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for Australia's biosecurity system¹ (the Craik Review) found that appropriation funding had been static or in decline by as much as 30% in the years prior to the review, while externally sourced funds such as cost recovery and levies had been increasing. The 2021 Inspector-General of Biosecurity Report² into the adequacy of DAFF's operational model to effectively mitigate biosecurity risks reported that the department's funding model has restrictions on the use of appropriation sourced funds to undertake its functions, which leads to a prioritisation of activities that can be cost-recovered over those that cannot:

"The underlying issues in the department's resourcing model and functional structure drive a reactive approach to resource pursuit, allocation and reallocation that is adverse to the interest of the department's efficiency and effectiveness, the import sector client base, and Australia's overall biosecurity risk mitigation".

One of the key principles of the IGAB is that those responsible for creating the risk should contribute to the cost of risk-management measures. Biosecurity risk creation is not limited to the importation of containers but all imported goods and international travellers, and their means of transport. The Craik Review recommended that incoming passengers should contribute to the cost of biosecurity services, either directly through the Passenger Movement Charge or through a levy on every aircraft and cruise ships entering Australia to collect a similar amount of revenue. SPA is unsure as to the status of the consideration or implementation of this recommendation. Regulatory imperatives for importers to play a key role in the national system is also a key component that must be revisited. SPA acknowledges the recommendation of the 2021 Inspector General Report that following the failed implementation of the 2019 onshore biosecurity levy that *"the department needs to urgently recommend a process to engage with import sector stakeholders in preparing ground-up co-developed recommendations for cost recovery reform"*. SPA notes that the NFF in their submission have re-iterated their strong support for implementation of a charge on inbound containers.

Biosecurity interventions at Australia's borders should be cost-recoverable. The 2021 Inspector-General of Biosecurity Report highlighted that many at-border activities such as pre-screening for self-assessed clearances, assessment of self-report questionnaires, and assessment of import permits and goods at the border are uncharged. When risk-based cost-recovery is deemed administratively impractical or uneconomical the shortfall should come from Australia's tax base.

How would your proposed model impact you and others? What would be the benefits or disadvantages to you and/or other stakeholders?

Resilient biosecurity systems help protect producers and the broader industry from the impacts of diseases and invasive species 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 to industry service providers, RDCs and CRCs as well as through fees and charges and in-kind contributions such as the ongoing on-farm biosecurity activities that provide benefit to the broader community.

¹ Craik, W, Palmer, D & 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.

² Inspector General of Biosecurity (2021): Adequacy of department's operational model to effectively mitigate biosecurity risks in evolving risk and business environments, Canberra.

The increasing risk of a disease incursion is placing growing strain on a robust system that is experiencing resourcing challenges. The right funding balance must be achieved to ensure that the system is funded in an equitable and efficient manner without becoming unnecessarily burdensome or a threat to the competitiveness of any particular industry sector. Scheme design and alignment of costs with the sources of risks is critical to ensure the scheme is effective and efficient.

Is the proportionality between those who contribute to the funding system and those who benefit the most, right?

It is difficult to determine whether investments and contributions made by key stakeholders and participants is proportionate to the current risk levels or shared sufficiently across those who create risk and those who benefit. There currently is no overall public total picture of investment in the national biosecurity system. Three stocktakes were undertaken in 2013-14, 2014-15, 2015-16 and their findings reported in the Craik Review however, these are not publicly available. The National Framework for Cost Sharing is also not publicly available, and therefore it cannot be ascertained as to whether the cost-sharing principle of IGAB (Clause 16 - *Governments contribute to the cost of risk management measures in proportion to the public good accruing from them. Other system participants contribute in proportion to the risks created and/or benefits gained*) is being met, or whether it contains sufficient guidance to facilitate practical implementation by national biosecurity system participants. Sheep Producers Australia acknowledges the benefit and improvement in transparency that would be provided by the implementation of the recommendation made by the Craik Review; that *“The NBC and the Industry and Community Biosecurity Committee, in consultation with other key stakeholders, should review the National Framework for Cost Sharing Biosecurity Activities to enable its practical application and make it public”*.

Are there other technologies, current or emerging, that could be employed to increase the efficiency of the biosecurity system, and perhaps reduce operational cost? How could the Commonwealth Government improve efficiency in the biosecurity system (consistent with meeting our Appropriate Level of Protection)?

The CSIRO’s 2020 Report *Australia’s Biosecurity Future: Unlocking the next decade of resilience*³ reported that a tripling of available budget (over a five-year period) would still result in an increased residual biosecurity risk, and therefore proposed a transformational agenda focusing on connectivity, shared responsibility and science and tech to create greater efficiencies and effectiveness. While Sheep Producers Australia is not in a position to advise on the availability of alternative technologies to improve efficiencies, Sheep Producers Australia is supportive of technological and data solutions that will provide a more responsive and effective system as part of the National Biosecurity Strategy⁴ priorities.

What other investments or actions could the Commonwealth Government make or take to sustainably support the delivery of biosecurity activities?

To achieve our desired level of protection, it is important that appropriate biosecurity practices are in

³ CSIRO Australia's Biosecurity Future: Unlocking the next decade of resilience 2020-2030. Melbourne, Victoria.

⁴ <https://www.biosecurity.gov.au/sites/default/files/2022-08/National%20Biosecurity%20Strategy%28final%29.pdf>

place along the pre-border, border and post-border continuum, as well the full spectrum of the generalised invasion curve - prevention, early detection, preparedness, response and ongoing management. However, there are many pest and disease threats, which each have a range of pre-border/border/post-border and eradication measures which impact their overall cost-effectiveness. Evaluating the cost-effectiveness of these different measures across the range of pest and disease species is difficult and highly sensitive to the scale of activity⁵. This may require the adoption of new mechanisms and analysis that can accommodate this (beyond benefit-cost analysis).

Typically measures invested in on the left-hand side of the invasion curve provide the most return on investment. Expenditure for managing biosecurity incursions globally has totalled \$307.9 billion between 1960 and 2020, with just 5% spent on pre-invasion management⁶. The Craik Review reported that governments are 'hamstrung' in reprioritise investment to these activities, highlighted by the 2015-16 national stocktake of biosecurity investment revealing approximately 63% of state and territory investment was directed at areas where the return was generally lower. Budgets need to be optimally allocated across different threats and measures to ensure the highest rate of return – and the approach to this needs to be structured and transparent. A long-term shift of budgets to investment to the left-hand side of the invasion curve should be a point of ongoing engagement and discussion with industry and biosecurity system participants.

Sheep Producers Australia would welcome further discussion with the Department of Agriculture, Fisheries and Forestry regarding sustainable funding for the national biosecurity system. Please don't hesitate to contact me for any further information regarding this submission at ceo@sheepproducers.com.au.

Yours sincerely



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⁵ Kompas, T, Long, C, Van Ha, P & Spring, D, 2019, Budgeting and Portfolio Allocation for Biosecurity Measures, Australian Journal of Agricultural and Resource Economics, Vol. 63, Issue 3, pp. 412-438

⁶ Cuthbert, R, et al. 2022, Invasion Costs Reveal Insufficient Proactive Management Worldwide, Science of the Total Environment, Vol 819, Article 153404