



Australian Government

Australian Government response to the
Senate Rural and Regional Affairs and Transport
Legislation Committee report:

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

MAY 2024

Introduction

The agricultural levy system provides for the imposition and collection of excise levies and customs charges to enable collective investment in strategic priorities, including research and development (R&D), marketing, biosecurity activities, biosecurity responses, and residue testing. The system in its current form has been in place since 1989.

Over time, the agricultural levies legislative framework has become overly complex, duplicative, and inconsistent. The levy system is currently underpinned by over 50 pieces of legislation.

There are currently more than 110 levies and charges imposed on more than 75 commodities across the agriculture, fisheries, and forestry sectors.

The sunset of multiple levies legislative instruments triggered a thematic review of the legislative framework by the then Department of Agriculture and Water Resources (the Department) in 2017-18. The review found that the legislative framework is necessary for a successful industry-government arrangement, but the current legislation is ineffective in meeting industries' needs now and in the future. Key legislative instruments are due to sunset on 1 April 2025.

The modernising agricultural levies Bills package includes the:

- Primary Industries (Excise) Levies Bill 2023 (Excise Bill)
- Primary Industries (Customs) Charges Bill 2023 (Customs Bill)
- Primary Industries (Services) Levies Bill 2023 (Services Bill)
- Primary Industries Levies and Charges Collection Bill 2023 (Collection Bill)
- Primary Industries Levies and Charges Disbursement Bill 2023 (Disbursement Bill)
- Primary Industries (Consequential Amendments and Transitional Provisions) Bill 2023 (C&T Bill).

If passed by Parliament, this package of Bills would replace the existing agricultural levies legislative framework to provide contemporary, flexible and efficient legislation that better supports Australia's agricultural levy system.

The Government thanks the Senate Rural and Regional Affairs and Transport Legislation Committee for its inquiry into these bills, and thanks those organisations and individuals who made submissions to the inquiry.

The Committee tabled its report on 5 February 2024, making one recommendation.

The Coalition Senators' Dissenting Report makes four recommendations.

The Government's response to the recommendations made in the Committee's Final Report, including the Dissenting Report, is provided below.

Committee Final Report

Response

Recommendation 1

The Committee recommends that the Senate passes the bills.

Response

The Government **supports** this recommendation.

Coalition Dissenting Report

Response

Recommendation 1

That the Minister tables addenda to the explanatory memoranda for the Primary Industries Levies and Charges Collection Bill 2023 and the Primary Industries Levies and Charges Disbursement Bill 2023 as a matter of urgency.

Response

The Government **notes** this recommendation.

The Government has prepared addenda to the Explanatory Memoranda for the Collection and Disbursement Bills as recommended by the Senate Standing Committee for the Scrutiny of Bills. The Government intends to table the addenda as soon as practicable.

Recommendation 2

That the Australian Government undertakes a further consultation process on the subordinate legislation with key stakeholders, including Plant Health Australia, Animal Health Australia, Research and Development Corporations (RDCs) and associated peak industry organisations.

Response

The Government **notes** this recommendation.

The draft Bills have been informed by consultation over several years with industry groups, levy and charge payers, collection agents, and levy recipient bodies.

The draft Excise, Customs, Services, Collection and Disbursement Bills were made available for public consultation from 1 May 2023 to 5 June 2023. A selection of the draft regulations and rules that would sit under the draft Bills were also made available and stakeholders were advised that the full suite of draft regulations and rules would be released for consultation in early 2024.

Public consultation on exposure draft regulations proposed to be made under a Primary Industries (Excise) Levies Act and Primary Industries (Customs) Charges Act, and rules to be made under a Primary Industries Levies and Charges Collection Act and Primary Industries Levies and Charges Disbursement Act respectively (if the Bills before Parliament are enacted) opened on 27 February 2024 for eight weeks. Stakeholders, including RDCs, Animal Health Australia, Plant Health Australia and industry representative bodies, were invited to submit their feedback.

Recommendation 3

That the Australian Government properly consult on biosecurity funding mechanisms, with consideration of:

- a full cost recovery basis for managing biosecurity risks of both passengers and produce entering Australia to ensure biosecurity standards are maintained; and
- an import container levy to increase a shared responsibility and accountability by risk creators.

Response

The Government **notes** this recommendation.

This recommendation is not directly relevant to the Primary Industries (Excise) Levies Bill 2023 [Provisions] and related bills, which is the subject of this Report. Nevertheless, a detailed response has been provided for completeness.

A strong and sustainably funded biosecurity system is critical to protecting Australia's economy, environment and way of life.

Biosecurity is a shared responsibility, including contributing to the cost of safeguarding Australia from potentially devastating pest and disease outbreaks.

The Government is delivering on its 2023-24 Budget commitment to implement a sustainable biosecurity funding model that shares costs between industry, the public and government to protect Australia's unique environment and agriculture. The main elements of that package – ongoing general taxpayer funding and ensuring importers pay their fair share – are in place.

As part of the sustainable funding model, both general taxpayer and risk creator contributions have increased from 1 July 2023.

Through separate legislation, the Government is now implementing the remaining measures from the 2023-24 Budget package, particularly the Biosecurity Protection Levy and the new cost recovery charge for the clearance of low value imports, both of which are intended to commence on 1 July 2024.

The Government will make every effort to ensure that our biosecurity cost recovery arrangements remain fit for purpose and aligned to the actual costs of managing biosecurity risk associated with imports.

Recommendation 4

That the Senate supports amendments to the Imposition Bills to:

- formally acknowledge Animal Health Australia and Plant Health Australia levy instead of a 'biosecurity activity' levy; and
- formally acknowledge the Emergency Animal Disease Response or Emergency Plant Pest Response Levies instead of 'biosecurity response' levy.

Response

The Government **does not agree** with this recommendation.

The Government is committed to ensuring that Animal Health Australia (AHA) and Plant Health Australia (PHA) can continue supporting Australia's agricultural, fisheries and forestry industries' biosecurity preparedness and response capabilities.

The Bills support the continuation of AHA and PHA's important role in enhancing Australia's animal and plant health status, while also being flexible enough to allow for future industry changes and innovation. The renaming of these levies is consistent with the naming conventions used for other primary industries levies, such as R&D levies, where the levy is named for the activities it primarily funds, rather than for the individual levy recipient body to which the levy is paid.

AHA and PHA are both named in the Disbursement Bill as bodies to which biosecurity activity and biosecurity response levies must be paid. The renaming of AHA, PHA, Emergency Animal Disease Response and Emergency Plant Pest Response levies would not change the bodies to which these levies are disbursed nor the activities these levies currently fund.

Rules proposed to be made under the Disbursement Bill would list each biosecurity activity or biosecurity response levy or charge that would have to be paid to AHA and PHA. Draft Disbursement Rules that include these lists were released for public consultation in February 2024.