

28 November 2022

Biosecurity Sustainable Funding Taskforce
Department of Agriculture, Fisheries and Forestry
GPO Box 858 Canberra ACT 2601
Via email: secretariatbsf@agriculture.gov.au

Submission on ensuring Australia's biosecurity system can be sustainably funded

Dear Biosecurity Sustainable Funding Taskforce,

The Australian Meat Industry Council (AMIC) welcomes the opportunity to contribute to the design of a sustainable funding model for Australia's biosecurity system. AMIC is the only peak industry body representing the interests of the post-farmgate Australian meat industry. Our members include meat processors, exporters, smallgoods manufacturers and independent butchers.

Important Role of a Functioning Biosecurity System

As Australia exports over 70% of red meat production, maintaining a favourable animal health status is critical to the industry's ability to trade, remain viable and employ approximately 428,000 people¹. The red meat industry plays a major part in Australia's rural economy and processing establishments are often the largest employer in regional towns. As demonstrated by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), an outbreak of Foot & Mouth Disease (FMD) would devastate Australia's livestock sector and cost the nation \$80 billion over ten years². Lumpy Skin Disease (LSD) and African Swine Fever (ASF) would also cause considerable harm to the livestock industry. Recognising the impact an Emergency Animal Disease (EAD) outbreak would have on the Australian red meat industry, the entire supply chain has invested over many years to protect itself via a suite of integrity systems and other initiatives.

However, pests and diseases also pose a significant threat to Australia's unique native flora and fauna and ecosystems, with environmental assets estimated to be worth \$5.7 trillion³. Moreover, with the ability for zoonotic diseases to affect humans, demonstrated recently by Japanese encephalitis, a functioning biosecurity system is critical for protecting Australia's wider human health. Australia's biosecurity system must be considered through the One Health lens, tying animal and human health together, as recognised by CSIRO⁴. Biosecurity also plays a role in safeguarding supply chains from external shocks and in shoring up Australia's food security. Weaknesses in biosecurity should be viewed as a threat to Australia's national security. Given the breadth and magnitude of damage pests and diseases can cause, it is clearly in the national interest to ensure Australia's biosecurity system is adequately and sustainably funded.

Industry Investments in Traceability and Biosecurity Systems

On-farm biosecurity is a cornerstone of Livestock Production Assurance and acts as another layer of defence within Australia's pre-border, at the border and post-border biosecurity system. National Vendor Declarations and the National Livestock Identification System are the other pillars of Australia's livestock integrity system that underpin the favourable food safety and animal health status of Australian meat products. Australian meat processors have also invested in software and on-plant systems to manage traceability data through the supply chain. More recently, the Australian industry has committed to adopting sheep electronic identification (eID) ear tags by 1 January 2025, aligning with the current practise in the cattle industry, to enhance our ability to trace livestock in the event of an EAD outbreak.

¹ MLA (2022). *State of the Industry Report: 2022*. https://www.mla.com.au/globalassets/mla-corporate/prices--markets/documents/trends--analysis/soti-report/2879-mla-state-of-industry-report-2022_d6_low-res_spreads.pdf

² ABARES (2022). *Direct economic impacts of a foot-and-mouth (FMD) disease incursion in Australia, An update of ABARES 2013 estimate*. <https://www.agriculture.gov.au/abares/research-topics/biosecurity/biosecurity-economics/fmd-update-of-2013-estimate>

³ DAWE (2021). *Commonwealth Biosecurity 2030: A strategic roadmap for protecting Australia's environment, economy and way of life*. <https://www.agriculture.gov.au/sites/default/files/documents/commonwealth-biosecurity-2030.pdf>

⁴ CSIRO (n.d.). *Protecting Australia from emerging infectious diseases*. <https://www.csiro.au/en/research/health-medical/diseases/infectious-diseases>

While important, Australia's integrity systems add costs – in the form of accreditation/audit fees, administration overheads, animal ear tags, and physical and database infrastructure – that are passed along the supply chain and ultimately onto the consumer.

The annual cost of running Integrity Systems Company, which maintains Australia's livestock traceability system, is \$25.8 million, including contributions from the processing sector.⁵ These integrity systems ensure that the Commonwealth Government has confidence in certifying the health and food safety status of exported product – a service provided to exporters on a cost-recovery basis. Australian livestock producers paid \$3.5 million in levies to Animal Health Australia in 2021-22⁶, including contributions to the Emergency Animal Disease Response Agreement (EADRA) fund to ensure resources can be quickly and adequately mobilised and to encourage early reporting in the event of an EAD outbreak.

Moreover, the red meat industry has played a proactive role in assisting Indonesia in its response to FMD and LSD. Meat & Livestock Australia has supported Indonesia with \$1.3 million to purchase up to 600,000 FMD vaccine doses for Australian cattle entering Indonesian feedlots⁷ and funded portable yards to assist with vaccination programs⁸.

Australian livestock producers managing biosecurity at their farm-gate provide a spill-over service that benefits the wider community, in ensuring pests and diseases are kept in check and limiting threats to native flora and fauna. Collectively, the Australian red meat industry already extensively contributes towards the nation's biosecurity system.

While industry plays a substantial role, the lion's share of maintaining Australia's biosecurity system is the responsibility of the Commonwealth Government. Biosecurity should be considered a basic public good, as it typically is around the world, and be funded primarily by the Australian Government when risk-based cost recovery is not practical or economical.

A sustainable funding model must recognise existing industry investments

We strongly disagree with the proposition that the funding shortfall from existing cost-recovery practises should come from industry beneficiaries of the biosecurity system. As discussed above, industry (producers, processors, exporters) already contribute directly and indirectly to supporting Australia's biosecurity system, and benefits of a strong biosecurity system extend well beyond agriculture and exports. Australian meat exporters already pay for their product to be certified for export; it is not fair that they should also pay to reduce the risk created by another entity importing product. Australian agricultural producers and exporters face an uneven playing field, with many of our global competitors receiving significant production subsidies on top of their governments' funding of export and biosecurity services.⁹ Lumping additional costs onto Australia's agriculture industry will further disadvantage exports and undermine our high levels of productivity and competitiveness.

Establishing a method for determining which industries benefit from the biosecurity system, and how much, is fraught, as the *benefit* depends on the context of the biosecurity risk landscape, market drivers, seasonal conditions, and the level of export reliance – all of which are in constant flux. A fair industry funded biosecurity cost-recovery model would need to reflect these constantly changing dynamics and provide a governance mechanism to provide industry oversight of resource allocation. However, a funding model with inbuilt flexibility and under industry guidance may not provide the Government with the funding certainty required for long term planning.

If the biosecurity system was to receive funds from beneficiaries, then focus must be drawn to its wider societal role in protecting Australia's valuable natural assets, human health, and national security. The meat and livestock

⁵ MLA (2022). *Meat & Livestock Australia Annual Report: 2021-22*. https://www.mla.com.au/globalassets/mla-corporate/about-mla/documents/planning-reporting/new-2021-22_mla-annual-report_web-final.pdf

⁶ AHA (2021). *Annual Operating Plan 2022-23*. <https://animalhealthaustralia.com.au/resources/corporate-publications/>

⁷ MLA (2022). *Australian livestock industry provides additional biosecurity support to Indonesia*. <https://www.mla.com.au/news-and-events/industry-news/australian-livestock-industry-provides-additional-biosecurity-support-to-indonesia/>

⁸ MLA (2022). *MLA funds portable yards for FMD vaccination in Indonesia*. [https://www.mla.com.au/news-and-events/industry-news/mla-funds-portable-yards-for-fmd-vaccination-in-indonesia/#:~:text=Five%20sets%20of%20portable%20yards,%26%20Livestock%20Australia%20\(MLA\).](https://www.mla.com.au/news-and-events/industry-news/mla-funds-portable-yards-for-fmd-vaccination-in-indonesia/#:~:text=Five%20sets%20of%20portable%20yards,%26%20Livestock%20Australia%20(MLA).)

⁹ OECD (2022), *Agricultural Policy Monitoring and Evaluation 2022: Reforming Agricultural Policies for Climate Change Mitigation*, OECD Publishing, Paris, <https://doi.org/10.1787/7f4542bf-en>.

industry should not be required to pay for a service that the entire country benefits from, especially when it already contributes resources to Australia's biosecurity system. Biosecurity is an essential public good, akin to national security or defence, in that it benefits all of Australia and underpins the nation's sovereignty. As such, we cannot shy away from the fact that taxpayers must contribute towards the system.

Design of a Sustainable Biosecurity Funding Model

As discussed in *Sustainable funding and investment to strengthen biosecurity: discussion paper*, some of the activities that fall outside the scope of the existing cost-recovery model are before the border initiatives. Many such activities could be considered as part of Australia's regional aid efforts and the nations responsibility as a developed partner to engage in global standard setting and information sharing fora. Such work programs are not just about biosecurity but, rather, they are projecting Australia's wider national interests regionally and globally.

Considering:

1. the significant pre-existing (meat and livestock) industry investments in Australia's biosecurity system,
2. the role biosecurity plays in protecting Australia's native flora, fauna, and ecosystems,
3. the importance of biosecurity in underpinning human health, food security and national security,
4. the difficulty in apportioning and administering a beneficiary-pays cost-recovery funding mechanism, and
5. parts of the biosecurity system not currently cost-recovered delivering multiple benefits and having soft diplomacy spill-over effects,

the Australian tax base should take on a significant role in a sustainable biosecurity funding model. **AMIC recommends the existing and projected biosecurity funding shortfall be primarily covered via a long-term bipartisan commitment for increased budget appropriation.** Expanded and more stable funding for Australia's biosecurity system would sustainably equip government departments to deliver on their responsibilities established under the *Biosecurity Act 2015*.

Where appropriate and practical, cost-recovery efforts should continue to be employed to bring in revenue from those entities that create biosecurity risk. We support efforts to modernise cost-recovery programs and assess potential extensions, such as ways to cost-recover from in-bound travellers and other evolving vector pathways. Linking risk creation to the funding of the system can limit moral hazard and act to incentivise participants to engage in less risky behaviour.

While the Australian red meat and livestock sector has been investing in its biosecurity and traceability systems for decades, other sectors' integrity systems are not as mature. We implore other agricultural industries to follow our lead and to bolster their ability to manage risk and respond to potential pest and disease outbreaks. Efforts, such as the DAFF-led *Australian Agricultural Traceability Alliance*, are encouraging and provide a framework to lift integrity and cooperation across the entire agricultural industry.

AMIC will continue to engage and provide constructive feedback as we move towards a sustainable biosecurity funding model.

Sincerely,



Patrick Hutchinson
CEO Australian Meat Industry Council