

VIEWPOINT

The new biosecurity levy – wrong on all counts

The tariff war developing between USA and China seems to be hotting up. As if Australia is trying to get in on the act, the new budget biosecurity levy, a broad-based tariff on all imports, looks very much like Australia's first salvo in the global tariff war.

Whatever happened to the concept that biosecurity is a shared responsibility, stemming from the Nairn and Beale reports? Our former biosecurity stalwart, the late Hart Krtschill would have fought this to his last breath.

The Australian Logistics Council, Australasian Railway Association, Ports Australia and Shipping Australia have joined together to question the efficacy of the Biosecurity Levy, announced by the Australian Government in the last Federal Budget but the Government's response has been a resounding silence.

This so-called levy (planned to be implemented as a new tax on stevedores) is nothing more than the Government making a new tax grab, while using biosecurity as the publicly defensible excuse. With one hand they cut the budget allocation to the Department of Agriculture and announce minor tax breaks, with the other they introduce a new tax that will slug all Australians by increasing the cost of all imported goods.

This is a tax on everything: building products, cement, fertiliser, fuel, cars and household goods, whether they present a biosecurity risk or not. These items are essential to day to day life.

And it's not even efficient revenue collection – everyone ends up worse off!

Australian consumers will pay at least twice as much as the Government collects, through this inefficient and broadly targeted new tax. This is because of the multiplier effect

of administrative charges down through the supply chain.

Shipping Australia has written to key ministers opposing the levy for its inequity. One dollar per tonne is a 10 per cent import tariff on cement clinker or soda ash, and a significant increase for our farmers' fertiliser costs.

It is a much lower tariff on high value containerised goods and fuel. But due to the comparative weight of imported products, it appears that fuel will pay the biggest share of the levy, even though it doesn't present any biosecurity risk. And even setting those inequities aside, the proposed method of collection is inefficient.

Can anyone explain why the levy is being charged on bulk liquids such as fuel, which presents zero biosecurity risk? Department officials claim that this is due to the biosecurity risk of the ships that deliver the fuel. But if the ship is the risk, then why is the levy not being applied to empty vessels arriving to take Australia's exports?

The fact is that the biosecurity risk presented by ships is already cost-recovered via the \$920 ship arrival charge (plus any additional inspection charges). Additionally, ships have already individually contributed by investing around \$2 million each, to install ballast water treatment systems to remove risk from this source and pay individually for removal and disposal of quarantine waste. Ships already pay.

All the freight and trade industry associations, ports and stevedores have joined together in opposing the proposed method of collection of the levy as a new tax to be placed on stevedores. We all agree that IF AND ONLY IF the Government decides that the levy must be collected from industry, then it should be collected by government directly

from the importer through the existing Full Import Declaration, utilising the Integrated Cargo System. This is the most efficient method to ensure that there is no multiplier effect through a range of "additional service charges" multiplied through a chain of industry collection points.

We are all still awaiting a response from the Minister for Agriculture on this question too.

Shipping Australia members and the entire logistics and freight industry are united in their support for strong biosecurity for Australia. Strong biosecurity is essential to protect our agricultural industries and food production.

But the import industry already contributes substantially to Australia's biosecurity through compliance with regulations and paying for cost recovered services which are targeted at the direct biosecurity risk of ships and imports. This is the shared responsibility that we already meet.

Additional strategic biosecurity initiatives which benefit all Australians are a public good and should be budget funded.

There is everything wrong with this levy but to put it simply:

- It is purported to be a levy on those who create the risk – it is not. It is a broad-based untargeted revenue raiser with the biggest payers being those who do not create a risk.
- It is defended as not being a tariff on trade – but in reality, it is. At \$10.02 per container and \$1.00 per tonne on all bulk imports.
- It is proposed to be collected as a tax because this is the simplest implementation for government – however, this the least efficient and most expensive method for Australians, who will pay much more than the Government collects. ▲

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