



Biosecurity Imports Levy – Questions and answers

Key information

- The Levy applies to all containerised (including empty containers) and non-containerised cargo imported into Australia by sea. Military equipment will be exempt.
- The Levy will be set at a fixed rate of \$10.02 per container on all twenty-foot equivalent sea containers (including empty containers) and \$1 per tonne for non-containerised cargo.
- The Levy will commence on 1 July 2019 and be administered by the Department of Agriculture and Water Resources.
- The Levy will be reviewed in 2021-2022.
- As part of its consultation process, the Department of Agriculture and Water Resources is working with industry parties to determine the most efficient point at which to apply the Levy.

Why does the Levy not apply to air imports?

- At this time, air cargo will not be captured within the scope of the Levy as:
 - there is currently little reliable data on air cargo imports into Australia.
 - air cargo is estimated to represent less than 2 per cent of all imports to Australia by volume.
- The exclusion of air cargo from the scope of the Levy will be re-considered at the review of the Levy, which will occur within three years of its commencement.

Why are empty containers subject to the Levy?

- Empty containers will be subject to the Levy as they also pose a biosecurity risk. Harmful pests and diseases can hitchhike on any vessel or container unloaded at an Australian port.
- For example, since 2001, Australian governments have committed \$761 million to eradicate a single incursion of red imported fire ants from south east Queensland – this outbreak is believed to be linked to sea containers.

Why are non-containerised goods subject to the Levy?

- The Levy targets the risks associated with a key pathway for the transmission of harmful pests and diseases into Australia - vessels and containers carrying imported goods into Australia by sea.
- The Levy will, therefore, be applied equally to all containerised and non-containerised cargo imported by sea, as recommended by the review.
- Non-containerised cargo includes bulk imports, such as oil and gas, grains, iron ore, coal and cement, as well as break bulk, which includes machinery, vehicles and over-size goods.
- It will not apply to bulk imports, such as oil and gas, which enter Australia through means other than by vessel, such as underground pipelines.

What is the rate?

- The Levy will be set at a fixed rate of \$10.02 per container on all twenty-foot equivalent sea containers (including empty containers) and \$1 per tonne for non-containerised cargo.

Will the rate increase over time?

- The Levy rate will be set in legislation at the specified rate.
- The Levy will be reviewed in 2021-2022.

Who will be required to pay the Levy?

- In its announcement in the 2018-19 Budget, the Australian Government announced that the Levy would be imposed on port terminal operators, who unload cargo from vessels at Australian ports.
- As part of its consultation process, the Department of Agriculture and Water Resources is working with industry to determine the most efficient point at which to apply the Levy.

What other charging points have been raised?

- To date, the following charging points that have been identified by industry for consideration:
 - Full Import Declaration (FID) - the Department of Home Affairs operates a broad Integrated Cargo System (ICS), which collects data from a range of parties, including stevedore. One charging point under the ICS is the FID, which imposes a flat import processing fee and biosecurity fee on importers per consignment based on an import declaration submitted by them or their brokers. A number of stakeholders have raised the idea of integrating the Levy into the FID system; however, it has been identified that the FID:
 - does not allow for charging of empty containers, despite empty containers being a significant pathway for transmission of pests and diseases into Australia
 - does not allow a charge for low value goods (an import declaration is not submitted for goods valued at under \$1000)
 - charges a fixed price per consignment, which could include multiple containers of goods or less than a full container load (while the FID collects data on container numbers and volume of goods imported, it does not allow for a charge to be imposed on this basis), and
 - would require extensive changes in order to alter the basis for charging, which would be unlikely to be completed in time for commencement on 1 July 2019.
 - Customs brokers – however, it has been identified that:
 - not all import declarations are submitted by customs brokers
 - it would not allow for charging of empty containers, despite empty containers being a significant pathway for transmission of pests and diseases into Australia, and
 - import declarations are lodged per consignment – so it is common for multiple consignments (lodged on behalf of multiple importers) to be transported in a single container – this would require the Levy for a single container to be split between multiple brokers/importers.
 - Shipping lines - there are a range of difficulties that have been identified in applying the Levy on shipping lines, due to their foreign ownership and complex ownership and operation structures.
 - Importers - charging importers directly based on data submitted as part of their import declarations, particularly in relation to non-containerised cargo.
 - Ports – charging based on the number of containers and volume of non-containerised cargo unloaded at the port.

What are the GST implications of the Levy?

- The GST will not apply to the Levy to be collected by the department.

What will the money collected by the Levy be used for?

- The Levy will support a smarter and more efficient biosecurity system that protects our agricultural production, trade and environment while facilitating trade by:
 - offsetting costs of biosecurity activities that manage the types of risks created by vessels and containers carrying imported goods entering Australia by sea
 - streamlining our regulatory activities at the border to better target high risk goods and reduce regulatory costs for importers of low risk goods
 - trialling new technologies and smarter border processes to improve our ability to detect biosecurity risks at the border
 - strengthening our assurance and verification activities at the border to better identify and target non-compliance with our biosecurity requirements
 - improving our capability to identify and target high biosecurity risk pathways, such as sea cargo, and
 - increasing investment in the delivery of effective biosecurity services, such as screening passengers and cargo at sea ports, as the volume and complexity of trade into Australia increases.

What consultation was there on the Levy before it was announced?

- The introduction of a levy was considered in the context of the 2017 *Priorities for Australia's biosecurity system report: an independent review of the capacity of the national biosecurity system and its underpinning intergovernmental agreement*, which consulted with a wide range of stakeholders and received over 115 submissions.
- 11 freight and importer organisations either provided submissions to the review or were directly consulted as part of the review process.

Why was industry not directly consulted before the Levy was announced?

- Cabinet confidentiality rules prevented consulting directly with industry before the announcement.

Who is the department consulting with now on the design of the Levy?

- The Department of Agriculture and Water Resources is consulting with a wide range of stakeholders including freight forwarders, importers, ports, stevedores, shipping, customs brokers, as well as operators in the oil, gas and cement sectors.
- The Department of Agriculture and Water Resources is also consulting with the relevant government agencies, including Home Affairs, Treasury, ATO, Infrastructure, Regional Development and Cities, Foreign Affairs and Trade and the Attorney General's Department.

What is the department consulting on?

- The Department of Agriculture and Water Resources is working with industry stakeholders to identify the most efficient way of implementing and administering the Levy, minimising administrative burden where possible.
- The Department of Agriculture and Water Resources will also work with industry on an awareness program ahead of its commencement.