Australian Government
Department of Agriculture and Water Resources

Biosecurity Imports Levy

Industry workshop

28 November 2018

Department of Agriculture and Water Resources

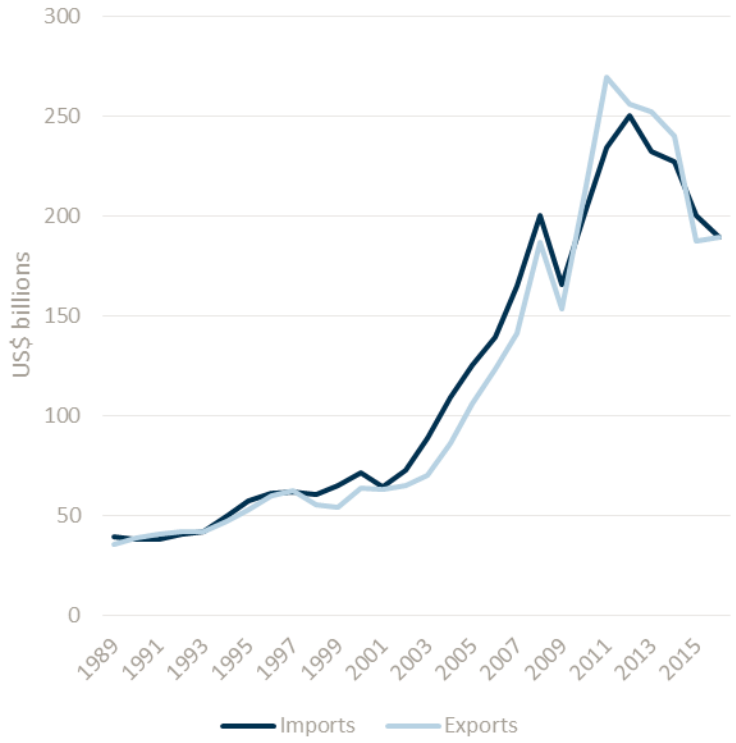
Today's agenda

1. Welcome and introduction
2. Biosecurity Imports Levy – Background and context
3. Morning tea
4. Levy rates and base
5. Imposition point
6. Collection mechanism
7. Case studies
8. Next steps

Biosecurity Imports Levy – Policy and context

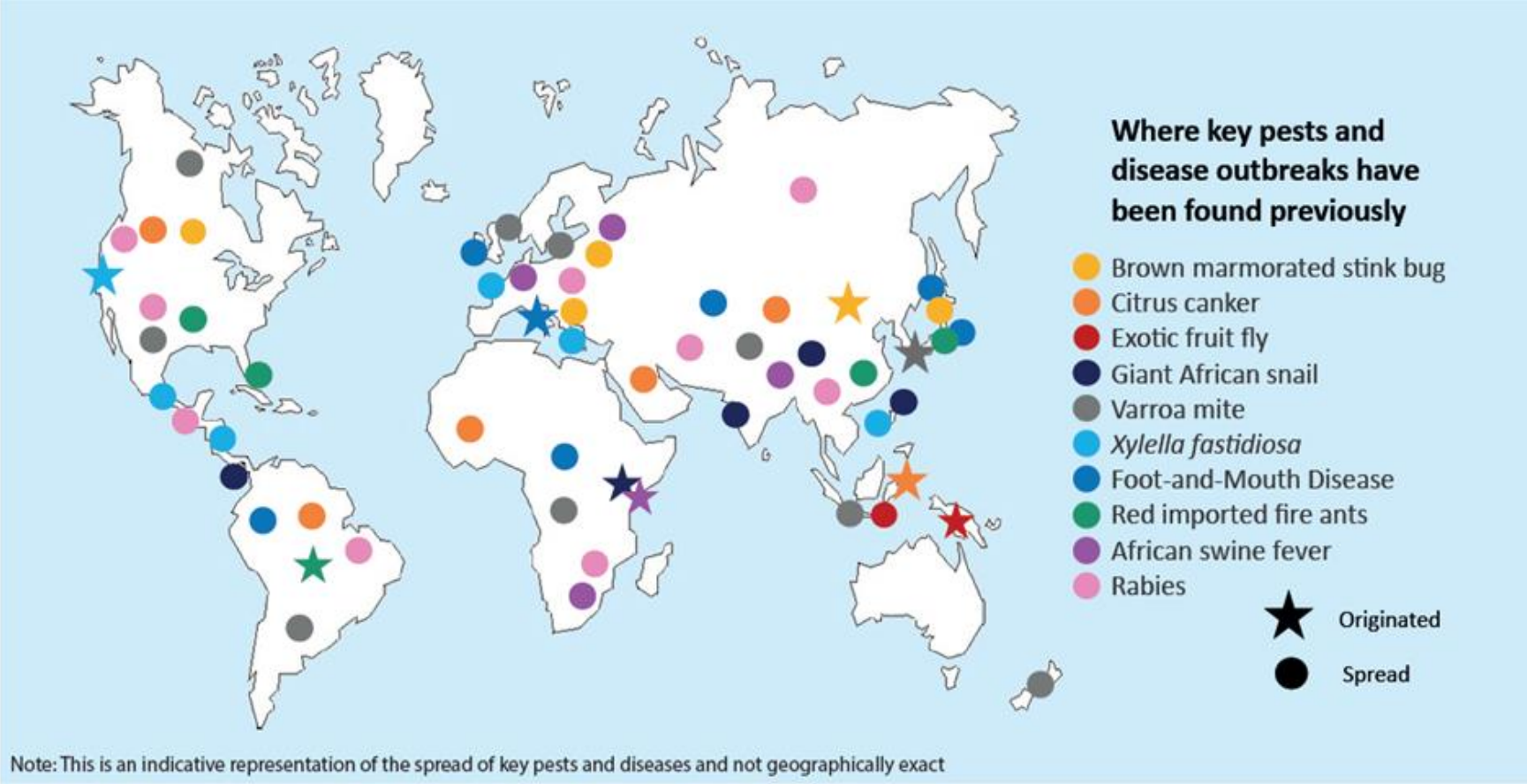
Australia has greatly benefited from international trade liberalisation

Australia's imports and exports continue to grow



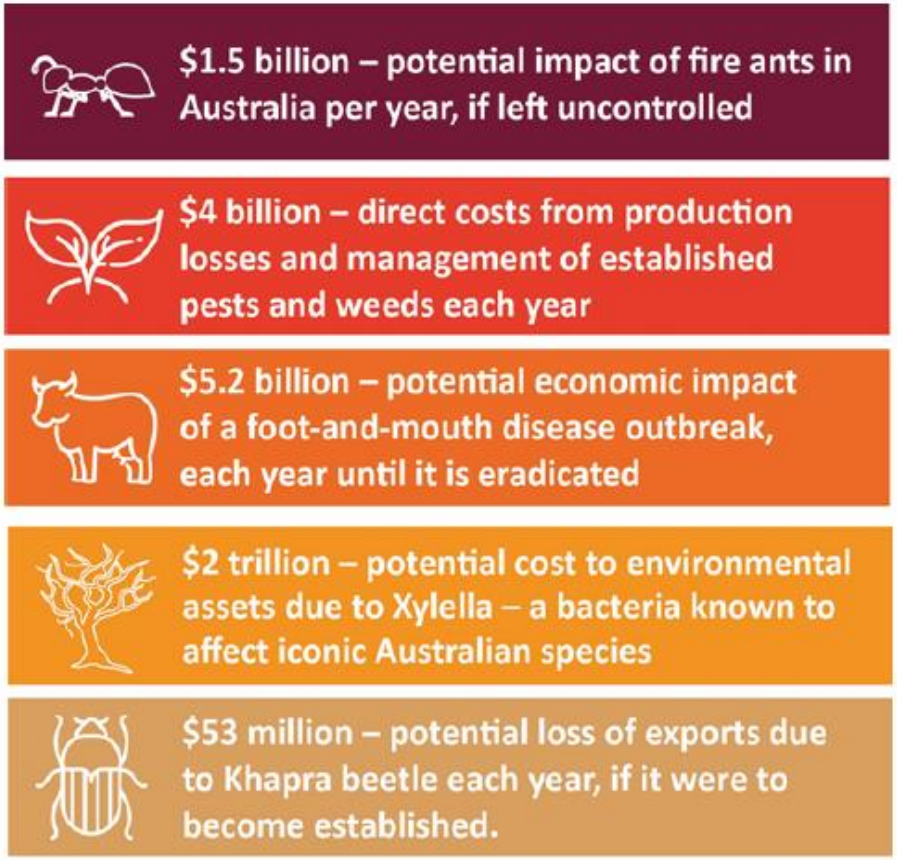
Managing biosecurity risk in 2025 will be challenging with increases in…

Globalised trade is driving the spread of pests and diseases



Australia's biosecurity system

The costs of managing pests and diseases are substantial once they are established



- Australia remains free from some of the most harmful pests and diseases
- If a pest or disease gets through though, the costs are likely to be substantial
- In some cases we may not be able to eradicate and have to live with it

Biosecurity Imports Levy

- A levy on incoming containers was a key recommendation of the 2017 review
- In the 2018-19 Budget, the Australian Government announced the introduction of a new levy to commence on 1 July 2019:
  - imposed on sea containers and non-containerised cargo imported to Australia by sea
  - Rates set at: $10.02 per twenty-foot equivalent unit (TEU) – including empty containers; and $1.00 per tonne of non-containerised cargo
  - Imposed on port terminal operators
  - payable on quarterly basis, and
  - reviewed in 2021-2022.

Outcomes of consultation

Key issues identified

- Levy being charged through port terminal operators (stevedores)
  - Costs as they are passed through supply chain
  - More efficient to use existing systems and process
- The levy rate for bulk cargo ($1 per tonne)
- Remittance of levy revenue to the Consolidated Revenue Fund

Proposed position

- It is proposed that the levy will:
  - be expanded to apply to all commercial vessels, and
  - apply to all containers and cargo that is unloaded at an Australian port.
- The expanded levy base will result in a reduction in levy rates for bulk cargo.
- It is also proposed that the levy be imposed on vessel owners, operators and their agents

Morning tea

Levy rates and base

Levy – rate and base

	Current position agreed by Government	Proposed new position
Containers	$10.02 per Twenty Foot Equivalent Unit (TEU)	$10 per TEU
Break bulk cargo	$1 per metric tonne	$1 per metric tonne
Bulk cargo	$1 per metric tonne	$0.50 per metric tonne
Commercial vessels	N/A	$0.027 per volumetric ton of vessel gross tonnage
Total revenue expected to be raised:	**$325 million over three year forward estimates**	**$325 million over three year forward estimates**

Levy – rate and base

What this is likely to mean for your sector:

Levy areas	Proposed new position
Containers - Full and empty - Transhipment and restow	$40 million/annum
Break bulk	$15 million/annum
Bulk - Petroleum - Gas - Dry bulk (coal, ores, fertilisers)	$35 million/annum
Commercial vessels - 18,000 commercial vessels	$30 million/annum
Total revenue expected to be raised:	**$120 million/annum**

Levy – imposition point

Who is required to pay the levy?

	Current position agreed by government	Proposed new position
	Port terminal operators to report on, and pay the levy	Vessel owners, operators or their agents to report on, and pay the levy
Pros	Port terminal operators mostly already report on, and bill on, a per container/per tonne of non-containerised cargo	Utilises an existing reporting tool (MARS) and introduces minimal new administrative requirements for vessel masters (or their agents) Will provide for the expanded scope of the levy
Cons	The multiplier effect could result in levy costs escalating by the time it reaches the importer	Will increase the number of entities affected – though introduce minimal

Levy – collection mechanism

Step 1 - reporting (through MARS)

1. Who is required to report information?

- Vessel owners, operators or their agents – through MARS

2. What information is required to be reported?

- MARS Pre-arrival report plus:
  - number and size of containers to be unloaded at any Australian port
  - weight of bulk and break bulk cargo intended to be unloaded at any Australian port (in metric tonnes)
  - gross tonnage of the vessel

3. When is information required to be reported?

- Additional information is likely required to be provided as part of current pre-arrival reporting, which is required to be submitted 48 hours before a vessel arrives at its first Australian port

4. Do vessels need to report before arrival at each Australian port?

- Reporting (for the purposes of the levy) is only required to occur ahead of the vessel arriving at its FIRST Australian port for that voyage

Step 2 – paying the levy

1. Who is required to pay the Biosecurity Imports Levy?

- Liability for payment of the levy will rest with vessel owners or operators

2. When is the Biosecurity Imports Levy required to be paid?

- The levy is required to be paid to the department quarterly in arrears

3. How is the levy amount to be paid to be calculated?

- The levy rate for vessels, containers, break bulk and bulk cargo is required to be calculated per voyage and then consolidated for that quarter

Case studies

Case Study 1 – *The Biosecurity*

Vessel details

- *The Biosecurity* arrives in Australia from Mauritius
- Vessel gross tonnage of 73,819 tons
- Port of Fremantle – will be unloading:
  - 1,200 × 20ft containers
- Port Botany – will be unloading:
  - 6,00 × 20ft containers
  - 1,000 × 40ft containers
  - 500 × 25ft containers
  - 1,880kg yacht

Case Study 1 – *The Biosecurity cont.*

Reporting

Prior to arrival at the Port of Fremantle – pre-arrival report:

- Has the vessel arrived in Australia from a port or facility outside of Australia? **YES**
- Vessel gross tonnage = **73,819 tons**
- Number and length of containers to be unloaded at any Australian port - (this includes the containers unloaded at both Port of Fremantle and Port Botany)
  - **1800 × 20ft**
  - **500 × 25ft**
  - **1000 × 40ft**
- Tonnes of break bulk unloaded at any Australian port = **1.88 tonnes**
- Tonnes of bulk cargo unloaded at any Australia port = **N/A**

Prior to arrival at Port Botany

- Has the vessel arrived in Australia from a port or facility outside of Australia? **NO**
  - No additional reporting required

Case Study 1 – *The Biosecurity cont.*

Levy calculation

Vessel levy ($0.027/ton) =	73,819 × $0.027 = $1,993.11
Container levy ($10/TEU) =	1,800 × $10 = $18,000 (1,800 TEUs)
	500 × $12.5 = $6,250 (500 × 25ft containers)
	1,000 × $20 = $20,000 (1,000 × 40ft containers)
Total container levy =	$44,250
Break bulk levy ($1/tonne) =	1.88 × $1 = $1.88
Bulk levy ($0.50/tonne) =	N/A
Total levy amount owing =	**$46,244.99**

Case Study 2 – *The Maritime*

Vessel details

- *The Maritime* arrives in Australia from Japan
- Vessel gross tonnage = 41,662 tons
- Port of Portland – unloading 1,000 cars (1.3 million kg) for the purpose of transporting cars to Bell Bay (Tasmania).

Reporting

Prior to arrival at the Port of Portland – pre-arrival report:

- Has the vessel arrived in Australia from a port/facility outside of Australia? **YES**
- Is the *Maritime* a commercial vessel? **YES**
- Tons of vessel gross tonnage = **41,662 tons**
- Number and length of containers to be unloaded at any Australian port – **N/A**
- Tonnes of break bulk unloaded at any Australian port = **1,300 tonnes**
- Tonnes of bulk cargo unloaded at any Australia port = **N/A**

Prior to arrival at Bell Bay (Tasmania):

- Has the vessel arrived in Australia from a port/facility outside of Australia? **NO**
  - No additional reporting required

Case Study 2 – *The Maritime cont.*

Levy calculation

Vessel levy ($0.027/ton) =	41,662 × $0.027 = $1,124.87
Container levy ($10/TEU) =	N/A
Break bulk levy ($1 per tonne) =	1,300 × $1 = $1,300 (1,300 tonnes)
Bulk levy ($0.50/tonne) =	N/A
Total levy amount owing =	**$2,424.87**

Case Study 3 – *The Petroleum*

Vessel details

- *The Petroleum* leaves from Gladstone Port
- Loads crude oil at an offshore facility (outside Australian coastal sea)
- Unloads 26,435 tonnes of crude oil at Port of Brisbane
- Vessel gross tonnage = 61,724 tons

Reporting

Prior to arrival at the Port of Brisbane – pre-arrival report:

- Has the vessel arrived from a port or facility outside of Australia? **YES**
- Is *The Petroleum* a commercial vessel? **YES**
- Vessel gross tonnage = **61,724 tons**
- Number and length of containers to be unloaded at any Australian port = **N/A**
- Tonnes of break bulk unloaded at any Australian port = **N/A**
- Tonnes of bulk cargo unloaded at any Australia port = **26,435 tonnes**

Case Study 3 – *The Petroleum cont.*

Levy calculation

Vessel levy ($0.027/ton) =	61,724 × $0.027 = $1,666.55
Container levy ($10/TEU) =	N/A
Break bulk levy ($1/tonne) =	N/A
Bulk levy ($0.50/tonne) =	26,435 × $0.50 = $13,217.50
Total levy amount owing =	**$14,884.05**

Case Study 4 – *The Transhipper*

Vessel details

- *The Transhipper* arrives in Australia from Europe
- *The Transhipper* takes carriage of a yacht (1.88 tonnes) from another vessel (while it is in the Australian coastal sea)
- Gross tonnage of 83,133 tons
- Port Botany –unloads:
  - 1,300 × 20ft containers
  - 800 × 40ft containers – for transhipment
  - 50 × 20ft containers – for restow
  - Break bulk (yacht) – 1.88 tonnes

Case Study 4 – *The Transhipper cont.*

Reporting

Prior to arrival at Port Botany – pre-arrival report:

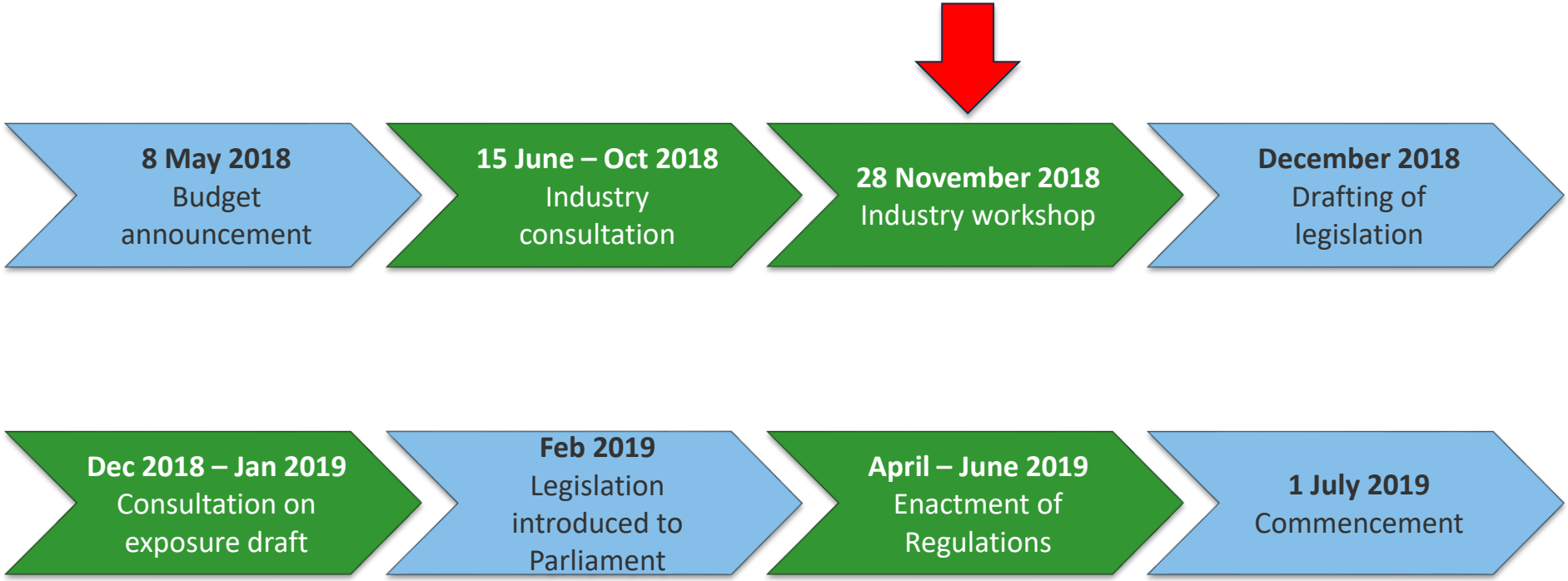
- Has the vessel arrived from a port or facility outside of Australia? **YES**
- Is **The Transhipper** a commercial vessel? **YES**
- Gross tonnage = **83,133 tons**
- Number and length of containers to be unloaded at any Australian port:
  - **1,350 × 20ft**
  - **800 × 40ft**
- Tonnes of break bulk unloaded at any Australian port = **1.88 tonnes**
- Tonnes of bulk cargo unloaded at any Australia port **= N/A**

Case Study 4 – *The Transhipper cont.*

Levy calculation

Vessel levy ($0.027/ton) =	83,133 × $0.027 = $2,244.59
Container levy ($10/TEU) =	1,350 × $10 = $13,500 (1,350 TEUs)
	800 × $20 = $16,000 (800 ×40ft containers)
Total container levy =	$29,500
Break bulk levy ($1/tonne) =	1.88 × $1 = $1.88 (1.88 tonnes)
Bulk levy ($0.50/tonne) =	N/A
Total levy amount owing =	**$31,746.47**

Next steps


8 May 2018
Budget announcement
15 June – Oct 2018
Industry consultation
28 November 2018
Industry workshop
December 2018
Drafting of legislation
Dec 2018 – Jan 2019
Consultation on exposure draft
Feb 2019
Legislation introduced to Parliament
April – June 2019
Enactment of Regulations
1 July 2019
Commencement