

Community and Public Sector Union

Michael Tull ♦ Assistant National Secretary

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Inquiry Secretary
Select Committee on Regional Development and Decentralisation
Department of the House of Representatives
PO Box 6021
Parliament House
CANBERRA ACT 2600

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Dear Secretary

As the primary union representing Australian Public Service employees, the Community and Public Sector Union (CPSU) is committed to providing a strong voice for our members in key public policy and political debates.

The CPSU welcomes the opportunity to make a submission to this Select Committee on Regional Development and Decentralisation inquiry on best practice approaches to regional development, the decentralisation of Commonwealth entities, and supporting corporate decentralisation.

Our submission focuses on the need to increase overall staffing in the Australian Public Service with a focus on regional communities being the priority recipient of that increased staffing. Increasing overall public sector employment in regional areas should be achieved through restoring jobs already cut and expanding the existing Commonwealth footprint in regional communities, not by relocating existing APS agencies, functions and jobs. We consider that the Department of Human Services and the Australian Taxation Office should be a key priority for this.

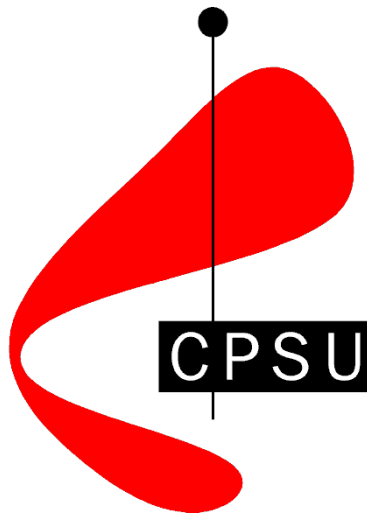
We also discuss the need for Canberra to remain the centre of public administration in Australia.

And finally, we argue that regional development and decentralisation should be issues considered in the context of broader economic policy and a goal of full employment should be restored as an express objective of the nation's economic policy.

The CPSU is happy to provide information on the matters raised in this submission. Please contact Karen Atherton, CPSU National Political Coordinator at Karen.atherton@cpsu.org.au or 08 8150 8400 for further information.

Yours sincerely

Michael Tull
ASSISTANT NATIONAL SECRETARY



CPSU (PSU Group) Submission:

Inquiry into regional development and decentralisation

September 2017

Inquiry into regional development and decentralisation

Summary of the CPSU submission

1 There are not enough jobs in regional areas. The result is regional unemployment that is unacceptably high, and at crisis levels for youth unemployment. CPSU therefore strongly supports increased public sector employment in regional locations.

2 However the public sector is itself in need of urgent repair, as decades of public sector cuts have left the APS understaffed, under resourced and with a degraded policy development and service delivery capacity that has a substantial negative impact on the community, and on regional communities in particular. Moving agencies, functions, and staff to new locations does not rebuild APS capacity, and risks exacerbating the problem.

3 CPSU therefore calls for a substantial increase in overall APS staffing with regional communities to be a priority recipient of that increased staffing.

4 CPSU does not support the relocation of existing APS agencies, functions or jobs:

- Relocation does not provide the net increase in APS employment needed to rebuild policy development and service delivery capacity.
- The high transaction costs of relocation, including the risk of damage to agency and APS capacity, makes it a less cost effective and less efficient method of increasing APS employment in regional locations. Indeed, the cost benefit analysis for the relocation of the APVMA showed an overall net economic loss.
- Relocation can also involve unacceptable personal costs for affected staff and their families.

5 A more cost effective and efficient way to increase APS employment, and service standards, in regional locations is to add new jobs to the existing APS regional footprint, in particular the Department of Human Services (DHS) and the Australian Taxation Office (ATO), and build on that footprint through establishing new agencies or functions. This approach would also improve service provision in regional locations.

6 The CPSU believes it is essential that Canberra continues to remain the centre of public administration in Australia. The nation benefits from a strong unified public service and the co-locating of key policy and regulatory agencies is important to ensure collaboration between agencies and the recruitment of experienced public servants

7 Considerations around regional development and decentralisation should be located in a broader discussion of economic policy. CPSU believes that the achievement and maintenance of full employment should be restored as an express objective of the nation's economic policy, and that the goal of full employment requires a greater role for government through increased public investment and public sector employment.

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1. Regional Australia needs more jobs, and CPSU strongly supports increased public sector employment in regional locations.

Australia has had 26 years of uninterrupted economic growth, and successive governments have implemented numerous regional development strategies.

Despite this, the reality is that employment prospects in regional Australia are manifestly unacceptable.

Unemployment is high in many regional areas.

For example, recent Small Labour Area Market statistics¹ show unemployment rates of:

- Townsville at 10.8%
- Rockhampton at 8.3%
- Shoalhaven at 8.7%.
- Launceston and the North East at 6.8%
- Coffs Harbour-Grafton at 8%

Youth unemployment rates are even worse:

- In Townsville, the youth unemployment rate is 22.2%
- In Cairns it is 15.6%.
- In the Shoalhaven and Southern Highlands it is 28.1%
- In Launceston and the North East it is 18.2%
- In Coffs Harbour- Grafton it is 13.4%

As alarming as these figures are they do not capture the full extent of the problem.

These high unemployment rates are based on participation rates lower than the national average – which was 65% in August 2017.

- In Cairns the participation rate is 61.7%
- In Townsville it is 60.3%.
- In Launceston it is 59.3%.
- In Coffs Harbour-Grafton it is 54.6%

The Department of Employment has conceded in presentations that if labour force participation rates in these areas of higher unemployment were in line with national average, unemployment rates would be even higher

Even where jobs are available in regional centres, it can be very difficult to find full-time work.

A report by Adzuna Australia shows that:

- In regional NSW, there were 8 job seekers per vacancy compared to 3.6 in Sydney,²
- In regional Victoria, it is 10.4 compared to 6.1 in Melbourne,³
- In South Australia, it is 12.83 job seekers per vacancy,
- In Tasmania, it is 11.74 job seekers per vacancy,
- In Western Australia, it is 11.02 job seekers per vacancy and
- In Queensland, it is 9.01 job seekers per vacancy.⁴

¹ <http://lmip.gov.au/maps.aspx#layer=EmploymentRegions>

² <https://www.adzuna.com.au/blog/2017/03/26/adzuna-job-report-jobs-salary-city-vs-regional-australia/>

³ <https://www.adzuna.com.au/blog/2017/03/26/adzuna-job-report-jobs-salary-city-vs-regional-australia/>

⁴ <https://www.adzuna.com.au/blog/2017/05/27/adzuna-job-report-may-2017/>

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Similarly, figures from the Department of Employment suggest that there was an average of 14 applicants per vacancy in the Hunter region.⁵

The divide will continue to grow unless the Government actively plays a role

2016 Employment projections have employment growth for regional Australia to 2020 at around half (5.8%) of the projection for employment growth for capital cities (9.5%).⁶

The regional situation is unacceptable.

CPSU believes that Government must take an active role in using APS employment to address regional unemployment. CPSU therefore strongly supports increased public sector employment in regional locations.

⁵ Department of Employment, Survey of Employers' Recruitment Experiences, Hunter Employment Region, March 2016

⁶ <http://lmip.gov.au/default.aspx?LMIP/EmploymentProjections>

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2. The Australian Public Service needs more staff and more resources to rebuild policy development and service delivery capacity.

The Australian Public Service needs urgent repair. Decades of public sector cuts have left the APS understaffed and under resourced.

- Since 2013 this Government has made \$7.6 billion worth of cuts, costing more than 14,000 jobs.
- Staffing levels are set to be their lowest in a decade with core public sector staffing in 2016-17 projected to be lower than 2006-07 staffing levels.⁷

The continuation of the Efficiency Dividend and other budget cuts in the 2017 Federal Budget has further increased budgetary pressure on the APS.

The result of the cuts is a degraded policy development and service delivery capacity that has a substantial negative impact on the community, and on regional communities in particular. This is why the community is experiencing service delivery and policy failures like the Census, Robodebt, and the 42 million missed DHS phone calls.

APS jobs in the regions – a track record of cuts and casualisation.

Despite the Government's recent recognition of the value of APS jobs to regional communities, the facts are that the Government has been actively cutting regional jobs. In particular, service delivery agencies such as DHS and ATO have been cutting jobs from existing regional locations for some years.

The loss of quality public sector jobs in regional communities has a significant negative impact on local economies. Not only does it mean there are fewer job opportunities in the community, it has flow-on effects for other local businesses as well:

- The ACTU estimated that cutting 12,000 public service jobs would produce a further 18,000 indirect job losses – a multiplier of 1.5.⁸
- The Parramatta City Council estimation of the job multiplier effect within their community is that for every Government job created, there are an additional two private sector jobs created⁹.

While estimating the broader economic impacts of public sector jobs can be complex, it is undeniable that the cuts to public sector jobs also cuts money from the local economy. For example, CPSU calculates that the 200 jobs cuts from the Townsville ATO has ripped \$54m out of the local economy over three years, and that's \$54m less being spent at local shops and businesses.

CPSU has identified more than 1,800 jobs cut from regional communities in the past three years, and this represents the loss of around \$449m to those communities.

⁷ CPSU calculations based on Average Staffing Levels figures from previous Budget Papers.

⁸ Canberra Times, Fears PS razor to hit 30,000 ACT jobs,

<http://www.canberratimes.com.au/news/local/news/general/fears-ps-razor-to-hit-30000-actjobs/1912383.aspx>

⁹ <http://businesschamber.com.au/NSWBC/media/Misc/Policy%20Documents/NSWBC-Submission-to-the-Decentralisation-Task-Force.pdf>

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Australian Public Service regional Job losses 2012-2016 by Statistical Area 4

Statistical Area 4	State	Dec-12	Jun-15	Jun-16	Dec-16	Change from Dec 2012 to 2016	Change %
Hunter Valley excluding Newcastle	NSW	895	833	803	795	-100	-12%
Murray	NSW	1,362	1,442	1,294	1,144	-218	-17%
New England and North West	NSW	223	217	207	210	-13	-6%
Southern Highlands and Shoalhaven	NSW	407	385	405	396	-11	-3%
Murray	NSW	1,362	1,442	1,294	1,144	-218	-17%
Fitzroy	QLD	205	215	193	180	-25	-13%
Gold Coast	QLD	886	794	816	853	-33	-4%
Logan - Beaudesert	QLD	252	238	186	182	-70	-38%
Mackay	QLD	132	115	105	113	-19	-18%
Queensland - Outback	QLD	338	297	302	306	-32	-11%
Sunshine Coast	QLD	255	266	252	251	-4	-2%
Townsville	QLD	2,015	1,874	1,860	1,879	-136	-7%
Wide Bay	QLD	348	315	321	295	-53	-17%
Barossa - Yorke - Mid North	SA	89	175	78	76	-13	-17%
South Australia - Outback	SA	185	112	172	159	-26	-15%
South East	TAS	59	7	47	44	-15	-32%
West and North West	TAS	242	198	233	223	-19	-8%
Hume	VIC	515	504	495	473	-42	-8%
North West	VIC	139	112	109	107	-32	-29%
Shepparton	VIC	104	105	94	93	-11	-12%
Darwin	NT	2,194	1,647	1,479	1,464	-730	-49%
Totals		12,207			10,387	-1,820	-11.57%

**These figures do not include CSIRO (where more than 180 regional jobs have been cut), the ABC nor other federal public sector entities. See note on page 7 regarding regional job cuts data.*

The casualisation of regional APS jobs is also a growing problem.

In addition to cuts in job numbers we are also seeing a marked increase in casualised APS employment. The most recent APSC figures have non-going employment at 9.5% of the workforce. However CPSU analysis reveals a much higher than average rate in regional areas¹⁰.

The Department of Human Services is a case in point. DHS work is important and touches the lives of many Australians all over the country, day in and day out. However, in response to staff cuts and budget pressures, DHS has gradually replaced full time employment with non-ongoing and casual work.

Most of the effected employees are women, many of them young, and nearly all of them are locals looking for secure employment and a certain future for their families.

¹⁰ <http://www.canberratimes.com.au/act-news/australian-public-service-sheds-more-than-3600-jobs-in-one-year-20170926-gyoyuj.html>

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Casualised work in DHS

Location	Total employees June 2016	Non-Ongoing employees June 2016	Percentage of workforce non-ongoing
Coffs Harbour - Grafton	640	160	25%
Illawarra	971	123	13%
Mid North Coast	466	65	14%
Richmond - Tweed	572	102	18%
Riverina	148	21	14%
Ballarat	281	51	18%
Bendigo	255	55	22%
Geelong	607	86	14%
Latrobe - Gippsland	851	312	37%
Cairns	476	86	18%
Toowoomba	406	111	27%
Townsville	765	98	13%
Wide Bay	314	41	13%
Bunbury	384	193	50%
Launceston and North East	285	30	11%

In other agencies, in particular the Australian Tax Office and the National Disability Insurance Agency, the trend is towards labour hire employment. More than 50% of the NDIA is now labour hire, denying the affected workers access to ongoing secure work they can rely on.

The work being casualised in DHS, the ATO, NDIA and other agencies is core agency work, and work that will be around for years. CPSU has members in DHS who have been casuals for more than five years. Casual work denies them a secure basis on which to plan their life. It would be to the advantage of those workers, and the communities in which they live, if these jobs were made permanent.

A note on APS regional jobs data

The full extent of jobs cuts in regional areas is not easily available.

*CPSU has identified above more than 1800 job cuts in the APS (not including CSIRO, the ABC or other Commonwealth entities) however the actual figure will be **higher** because:*

- *This SA4 data is from December 2016 and therefore does not pick up cuts since that date.*
- *The SA4 data used 'headcount' and in the CPSU experience 'headcount' understates jobs losses – for example headcount doesn't pick up circumstances where a full time position has been made redundant and a casual employee hired for weeks work. In reality a full time job has been lost but this is not reflected in a headcount.*

Also, while the APSC has indicated that 14% of APS employees are located outside of capital cities,¹ agencies do not provide geographic breakdowns of staffing levels in their Portfolio Budget Statements or annual reports.

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Further, the CPSU notes that the APSC has stated that it does not at this point in time keep regional jobs statistics as longitudinal data and that beyond basic headcounts, more detailed data such as part-time/full-time status is not collected.¹ This lack of publicly available data from agencies and the APSC has made any longitudinal comparison of regional APS job numbers difficult.

*The CPSU notes that other Commonwealth entities such as the CSIRO have published regional staffing figures for many years. **To improve transparency and better inform this discussion, the APSC should publicly release SA4 employment data from previous years.***

CPSU data on jobs lost in regional areas is based on feedback from our members, our involvement in various office closures or reductions over the past few years, information from Senate Estimates – where for example December 2016 data is now also available following Questions on Notice to the APSC from 2016-17 Supplementary Budget Estimates.¹, and analysis of available APSC data.

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Regional job losses – Agency case studies

Australian Tax Office

In 2014 the ATO made a decision to close some regional Tax offices. This resulted in the following job losses; Cairns (7), Mackay (6), Rockhampton (2), Bundaberg (3), Toowoomba (6), Grafton (10), Port Macquarie (7), Orange (4), Bendigo (8), Sale (7), and Launceston (20). In 2016, the ATO announced the closure of its Darwin regional office, however this office is still open with one ATO staff member, a reduction of 20 ongoing positions.

The ATO established these regional sites in 2000 to support Australian businesses in adapting to “a new tax system”, primarily the introduction of the GST. In addition to these office closures, when the Australian Valuation Office closed in mid-2014 there were 198 job losses. These included the following regional job losses: Lismore (6); Bowral (1); Young (1); Wagga Wagga (1); Townsville (6); Adelaide (9); Port Lincoln (1); Geelong (2); Mildura (1); Bendigo (1); Hobart (2); Launceston (1); Perth (7); and Darwin (9). As part of the Regional Tax Assistance Program, these regional offices were well placed in the local community to educate taxpayers, particularly small business and local tax agents on their obligations. CPSU members also reported that local presence and awareness of relevant local economic issues meant they were able to ensure compliance and identify practical strategies to ensure local businesses honoured tax debts in a way that meant businesses, and therefore regional jobs, could be sustainable.

Department of Human Services

Many rural and regional areas have felt the impact of successive cuts to the Department of Human Services over the past few years. For example, since mid-2009 Burnie and Devonport Human Services offices in Tasmania have lost 26 staff, 11 of those staff were in positions directly serving members of the community and a further 15 were from specialist areas.

CPSU members report that jobs in Medicare and Centrelink in particular have been dramatically cut from DHS Customer Service Centres around the country. Changing technology has been used to centralise work away from these centres rather than keep these jobs in country towns around Australia. In the past, for Medicare in particular, small offices were maintained by staff undertaking processing and phone based work during quieter customer service times. That work is being increasingly centralised and those jobs disappearing.

The majority of DHS call centres that provide telephone advice on complex welfare issues to customers are based in regional communities. Over time there has been a process of replacing ongoing, permanent roles with casual and fixed term staff. There are now DHS call centres where there are more temporary and casual staff than ongoing permanent employees. For example, Centrelink employs close to 700 people at its Latrobe Smart Centre in Traralgon, making it one of the largest DHS workplaces in Australia. The work that is done at this call centre is important and touches the lives of vulnerable Australians all over the country. There is a higher rate of casual and insecure employment in Gippsland than anywhere else in Australia, both by percentage of the overall workforce (60%) and by total staff (400+ casual staff). No other public service agency, anywhere in Australia even comes close to these numbers of casual jobs. Most of these staff are women, many of them young, and nearly all of them are locals looking for secure employment and a certain future for their families.

The outsourcing of work handled by DHS has resulted in the further loss of regional jobs. As a result of this Government's decisions, and the passage of the National Cancer Screening Register Bill 2016,

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National cancer screening is now run by Telstra Health. This work is now based in the Melbourne CBD. As a result of this decision by the Coalition Government, Department of Human Services staff working in the Federal Bowel Cancer Register no longer have a position. This decision resulted in a loss of 80 existing regional public service jobs, approximately 40 staff in Hobart and 20 staff in Adelaide. These were predominately permanent jobs. The removal of these jobs from Hobart and Adelaide has created a significant additional impact on regional jobs.

CSIRO

Over the last 5 years, the CSIRO has cut 1,147 jobs across Australia. Many of these have been in regional Australia. The below table outlines just some of the regional job losses experienced in the CSIRO over the last 5 years.

Extract of CSIRO Job numbers¹¹

CSIRO location	30-Jun-11	30-Jun-16	Total reduction	% reduction
Alice Springs (NT)	10	4	-6	-60%
Griffith (NSW)	12	1	-11	-92%
Narrabri (NSW)	31	19	-12	-39%
Parkes (NSW)	28	20	-8	-29%
Townsville (Qld)	67	48	-19	-28%
Floreat (WA)	222	167	-55	-25%
Armidale (NSW)	47	37	-10	-21%
Hobart (Tas)	359	299	-60	-17%
All of CSIRO (including sites not in above table)	6514	5367	-1147	-18%

Australian Financial Security Authority

The Australian Financial Security Authority (AFSA) is a self-funded executive agency within the Attorney General's portfolio. One of their main roles is the administration and regulation around personal insolvency and trustee services. In Hobart, their office has shrunk from 10 staff in 2016, to 5.5 people currently, with no clear view to increase. Several of these positions have been absorbed into the AFSA office in Melbourne, and Hobart staff fear an office closure is imminent. . The Adelaide office of AFSA includes the AFSA National Service Centre. CPSU members estimate that about 25 staff in the NSC are now employed through labour hire arrangements, and that number is likely to increase.

Australian Electoral Commission

The 2017-18 Budget announced that the Government would restructure the Northern Territory office, reducing the AEC's physical presence and delivering some electoral services from Queensland. Figures from 31 December 2016 indicate that 16 staff work for the AEC in the Northern Territory.

Given that voter turnout in the Northern Territory is significantly below the national average, rather than less staff, the Northern Territory needs more AEC staff on the ground. In 2016, turnout was 79.01%, compared to 91.01% nationally. In Lingiari, turnout was 73.7%.¹² The AEC's research report into voter turnout at the 2016 election stated that *"turnout in the division of Lingiari appears to be a*

¹¹ Question on Notice: SI-116, Economics Legislation Committee, Industry, Innovation and Science Portfolio, 2016-17, Supplementary Budget Estimates.

¹² http://www.aec.gov.au/About_AEC/research/files/voter-turnout-2016.pdf

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*particular problem, as its turnout has been the lowest of all divisions at every HoR election held during this period (every election since 2001)."*¹³

¹³ http://www.aec.gov.au/About_AEC/research/files/voter-turnout-2016.pdf

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3. The solution: A bigger and more effective public service with an increased regional employment.

CPSU strongly supports increased public sector employment in regional locations.

However, the public sector is itself in need of urgent repair after decades of public sector cuts have stretched the APS beyond its policy development and service delivery capacity.

In this environment, moving existing agencies, functions, and staff to new locations does not rebuild APS capacity, and risks exacerbating the problem. CPSU therefore calls for a substantial increase in overall APS staffing with regional communities to be a priority recipient of that increased staffing.

There are a number of factors that would determine the optimum size of the proposed increase in APS staffing and the proportion of that increase that should be targeted to regional communities. CPSU suggests that those factors should include:

- Restoring the policy development and service delivery capacity of the APS,
 - Setting targets for the creation of new APS jobs in regional communities,
 - Improving access to public services in regional Australia, and
 - The achievement and maintenance of full employment as an express goal of Government economic policy.
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4. CPSU does not support the relocation of existing APS agencies, functions or jobs

As detailed above, CPSU argues that the Commonwealth public sector is in urgent need of increased staffing and resourcing. Relocation does not provide the net increase in staff and resources needed to rebuild policy development and service delivery capacity.

Further, CPSU submits that:

- There are high transaction costs for relocation, including the risk of damage to agency and APS capacity, and this makes relocation a costly and inefficient method of increasing APS employment in regional locations.
- Relocation can also involve unacceptable personal costs for affected staff and their families.

The APVMA example

The recent Government decision to relocate the APVMA provides compelling evidence to support the CPSU's concerns. In short, the APVMA relocation:

- Raised significant concerns from stakeholders and evidence that the move was counter to the interests of the industry that the APVMA serves.
- Shows that decentralisation can result in the loss of skilled and experienced staff who do not want to relocate.
- Has seriously depleted the ranks of experienced staff and significantly increased workloads to unsustainable levels.
- Was found, in an Ernst and Young analysis, to not be justified, and that *"the strategic and operational benefits of having the APVMA operate out of Armidale appear to be limited."*, and would produce, despite an expenditure of more than \$20m, a net economic loss.

A copy of the CPSU's submission to the inquiry into the Operation, effectiveness, and consequences of the Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016, which focused on the APVMA relocation is attached.

It is a matter of public record that the Senate Inquiry into the APVMA recommended that the relocation not proceed.

Subsequent to the publication of the Inquiry report there have been developments that further question the ability of the relocated APVMA to meet its legislative obligations. The CPSU understands that there are now real technical and funding questions about the ability of the APVMA to build the distributed secure ICT network that was touted as the solution to the problem of being unable to employ a sufficient number of qualified scientists and other staff in the agency's new location.

Other concerns with relocation

The debate about decentralisation is not new and has been ongoing for many decades. The CPSU notes that decentralisation arguments such as regional development, ensuring the public service is connected with regional needs, and advances in information technology are all common arguments that have been used overseas for over a decade.¹⁴ However, the available evidence challenges these arguments. For example, the experience of decentralisation in Britain in the past few years has

¹⁴ Phillipe Le Goff (2016, 11 March). Moving public servants to the regions. Library of Parliament. Retrieved from <https://lop.parl.ca/content/lop/ResearchPublications/prb05100-e.htm>

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demonstrated that it is unrealistic to think that information technology can replace the need for travel.¹⁵

The CPSU believes the call from the Deputy Prime Minister to regional communities that “now is the time to make your bid”¹⁶ is extremely problematic and gives false hope to regional communities. This concern is justified when we see regional communities, with good intentions and the best interests of their communities at heart, make suggestions like:

- Moving an already decentralised agency from one regional location to another, or
- Moving the Department of Foreign Affairs and Trade to a regional location – a proposal that would severely damage the ability of DFAT to deliver on its crucial functions, which require a Canberra location, and would come with eye watering high relocation costs.

This ‘scattergun’ approach advocated by the Nationals is problematic, will not create new APS jobs and merely waste taxpayer funds that could actually be spent on creating new APS jobs.

Further, the various relocations being proposed can lead to issues associated with managing remote, dispersed or virtual teams. Team interactions are vital to build trust and to provide support to individual members. Staff working remotely (from home) will lose this ability to easily interact with each other and may feel isolated. This can negatively impact the quality of work and may result in the loss of more staff.

Relocations have high costs, can result in labour shortages, can have a negative impact on existing communities and the public will ultimately foot the bill for higher travel expenses and the limitations of information technology. There have also been suggestions it could be more than \$20,000 per worker to attract a skilled workforce¹⁷ to a decentralised location.

Finally, CPSU notes that the Issues Paper for this inquiry states that decentralising any Commonwealth agency was “*not an end in itself*” and that:

“Careful consideration must be given to the government service or function to be decentralised and the regional or rural town to where the Commonwealth entity will be relocated.”¹⁸

CPSU believes that as careful consideration is given it becomes apparent that there are much better options than relocation.

¹⁵ Phillippe Le Goff (2016, 11 March). Moving public servants to the regions. Library of Parliament. Retrieved from <https://lop.parl.ca/content/lop/ResearchPublications/prb05100-e.htm>

¹⁶ The Hon Barnaby Joyce MP (2017, 10 February). Senate inquiry to examine jobs move to regions. Media Release. Retrieved from <http://minister.agriculture.gov.au/joyce/Pages/Media-Releases/senate-inquiry-to-examine-jobs-move-to-regions0210-9039.aspx>

¹⁷ Markus Mannheim (2017, 21 April). Can decentralising the Australian Public Service actually work? Canberra Times. Retrieved from <http://www.canberratimes.com.au/national/public-service/can-decentralising-the-australian-public-service-actually-work-20170420-gvoe68.html>

¹⁸ Select Committee on Regional Development and Decentralisation, (2017, August). Issues Paper. Retrieved from http://www.aph.gov.au/Parliamentary_Business/Committees/House/Regional_Development_and_Decentralisation/RDD/Issues_Paper

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5. How to increase public sector employment in regional Australia.

CPSU submits that the best course of action is to increase APS regional employment through:

- Reversing regional job losses,
- Creating additional new jobs in those agencies that already have a regional footprint, and
- To build on that footprint through establishing new agencies or functions.

Reversing regional job losses

A substantial number of jobs have been cut from regional communities.

The exact number is unclear as the Government does not openly report on this. CPSU has identified more than 1,800 in the APS (not including CSIRO, the ABC or other Commonwealth entities). These cuts are largely driven by the efficiency dividend, and are cuts that have left behind valuable work that should be done.

CPSU therefore submits that the first step to increasing Commonwealth public sector job numbers in regional communities is to reverse these cuts.

Adding new jobs to existing regional locations.

The next step should be to add new additional jobs to existing locations.

The advantages of this approach are readily apparent, including:

- It makes use of existing infrastructure and buildings,
- Offering a range of work types that can be targeted to the local labour market, including traineeships and entry level employment,
- Makes use of existing staff skills – including in induction, training and development,
- Can be quickly achieved, and
- Addresses the need to rebuild APS capacity.

In particular, the Department of Human Services, the ATO, Defence, Biosecurity, and CSIRO are among agencies that, through recent cuts have existing regional facilities that are underutilised, and substantial workload pressures.

This approach would also improve service provision in regional locations.

CPSU is commencing a workplace audit program to identify opportunities for new work in existing regional locations.

Extend the existing regional footprint through new agencies or functions.

The third step should be to develop a plan to extend the existing public service footprint through the location of new agencies or new functions.

The establishment of the National Disability Insurance Agency national office in Geelong provides an example of a new agency that could be emulated for other new government work.

The ASIC Registry in Traralgon is a successful example of creating new functions for an existing agency in a new location to meet specific labour market needs.

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CPSU believes that a framework for locating new work in regional areas should be developed. Relevantly, the Parliamentary Library of Canada has previously suggested decision making criteria for such a framework¹⁹ would include:

- Purpose of the work being relevant to the geographic location,
- Public policy objectives of the work being done,
- Cost efficiency and value for money,
- Consideration of labour market factors such as the attraction and retention of specialists,
- Transport constraints must not detract from the agency's operations,
- The move does not impair the agency's interaction with key departments or agencies,

The CPSU would be supportive of such a framework for the location of APS work being developed independently to ensure it is not driven by political 'pork barrelling' and is done in the national interest to meet goals such as reducing regional unemployment.

If a proposed location meets the decision-making criteria, some clear and measurable objectives must be established in a transparent and consultative process with employees and their representatives. An evidence-based approach is necessary because the inability to measure the success of the location of functions will ultimately weaken the case and show it is merely a political decision.

Success will also require collaboration between multiple levels of government. It cannot be an arbitrary decision by the Commonwealth. The Commonwealth needs to work with state and local governments, prior to the location of work, to ensure that the locality has the facilities and social infrastructure the work needs.

New regional jobs should be linked to training programs.

The APS has the capacity to do much more in regional Australia to provide entry level jobs and pathways such as cadetships, and to assist in building the skill base of regional labour markets.

The scope for improvement is huge. The APS currently has 152,095 employees²⁰ but:

- Only 410 employees, 0.27% of the workforce are under the age of 20,
- There are only 563 Trainees, representing 0.37% of the APS workforce.

A model to explore is the Youth Cadetship Scheme recently launched by the Victorian Government.²¹ This is an innovative scheme with strong prospects for scaling up.

CPSU has calculated that the \$23m allocated for the APVMA relocation could have been used to provide cadetships or scholarships, each with 12 months guaranteed employment at APS wage rates and which would provide the recipient a recognised Certificate Level Three qualification, for around 450 young people in regional Australia. CPSU submits that such an investment would produce a far higher social dividend than the APVMA relocation.

¹⁹ Phillippe Le Goff (2016, 11 March). Moving public servants to the regions. Library of Parliament. Retrieved from <https://lop.parl.ca/content/lop/ResearchPublications/prb05100-e.htm>

²⁰ <http://www.apsc.gov.au/about-the-apsc/parliamentary/aps-statistical-bulletin/statisticalbulletin16-17>

²¹ <http://jobs.vic.gov.au/about-jobs-victoria/youth-cadetship-scheme>

Inquiry into regional development and decentralisation

6. In defence of Canberra

The CPSU believes it is essential that Canberra continues to remain the centre of public administration in Australia. The nation benefits from a strong unified public service and the locating of key policy and regulatory agencies are important to ensure collaboration between agencies and the recruitment of experienced public servants. The ill-considered relocations of public sector work from Canberra do not benefit Australia.

While the CPSU supports more public sector jobs in regional Australia, treating the public sector solely as new source of economic stimulus for struggling communities ignores both the public policy objectives of the work and the benefit of maintaining a centre of excellence in public administration in the national capital.

Being located in the national capital ensures a responsive and more collaborative public service that is focused on the national rather than sectional geographic interests. It makes it more difficult for regulatory capture to occur and strengthens the nation-building objective of the public service.

There is increasing recognition of the network efforts of an industry being located in the same geographic location. Relocating jobs to regional areas may also result in a 'loss of agglomeration benefits when public servants are dislocated from the concentrations of knowledge and expertise easily accessible in the ACT'.²²

²² Productivity Commission (2017, April). Transitioning Regional Economies, Initial Report, Canberra. Retrieved from <http://www.pc.gov.au/inquiries/current/transitioning-regions/initial/transitioning-regions-initial.pdf>

Inquiry into regional development and decentralisation

7. Returning to full employment

Although somewhat outside the Terms of Reference of this Inquiry, CPSU argues that deliberations around regional development should be located within a broader discussion of the economic policy, and in particular within a discussion about reconsidering the goals to which we aspire as a nation.

CPSU argues that the achievement and maintenance of full employment should sit alongside inflation targeting as an express goal of government policy.

Full employment would see an unemployment rate of between 2-3%, a substantial reduction on the current 5.65%.

At an unemployment rate of 5.65% there are 726,000 unemployed Australians and 1,129,600 underemployed Australians²³, and the situation in regional communities is considerably worse.

Achieving full employment would see the jobless number decline to around 390,000. Achieving that outcome requires the creation of some 350,000 new jobs in addition to the current rate of jobs growth.

CPSU does not suggest that the public sector can provide all of those new jobs. We do suggest that government must play a key role through increased public investment, especially in infrastructure, and through increased direct employment, and that these efforts must be targeted at regional communities in particular.

In closing, CPSU commends to the Committee a recent report from Per Capita²⁴, *Unemployment History in Australia: A brief history*, which makes the key point that:

“Involuntary unemployment was once effectively eliminated in Australia using a buffer-stock of jobs, meaning that anybody who wanted work could find a job. Today, inflation and wage costs are managed through a buffer-stock of the unemployed. This shift is as profound in impact as any in our political history.”

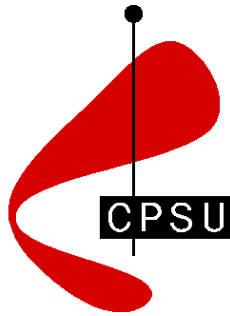
²³ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>

²⁴ https://percapita.org.au/wp-content/uploads/2017/05/Unemployment-Report_Final.pdf

Inquiry into regional development and decentralisation

Recommendations

1. There should be a substantial increase in overall APS staffing, with regional communities to be a priority recipient of that increased staffing.
2. CPSU does not support the relocation of existing APS agencies, functions or jobs:
 - Relocation does not provide the net increase in APS employment needed to rebuild policy development and service delivery capacity.
 - The high transaction costs of relocation, including the risk of damage to agency and APS capacity, makes it a less cost effective and efficient method of increasing APS employment in regional locations. Indeed, the cost benefit analysis for the relocation of the APVMA showed an overall net economic loss.
 - Relocation can also involve unacceptable personal costs for affected staff and their families.
4. Commonwealth public sector employment numbers in regional communities should be increased through:
 - Reversing the job cuts that have occurred
 - Adding new jobs to the existing APS regional footprint, in particular the Department of Human Services and the ATO, and,
 - Build on that footprint through establishing new agencies or functions.
5. Canberra must remain the centre of public administration in Australia. The nation benefits from a strong unified public service and the locating of key policy and regulatory agencies are important to ensure collaboration between agencies and the recruitment of experienced public servants.
6. Considerations around regional development and decentralisation should be located within a broader discussion of economic policy. CPSU believes that the achievement and maintenance of full employment should be restored as an express objective of the nation's economic policy, and that the goal of full employment requires a greater role for government through increased public investment and public sector employment.
7. Government should regularly report on the changes in public sector employment in regional Australia, including longitudinal data with full demographic and form of employment information.



Community and Public Sector Union
Michael Tull ♦ Assistant National Secretary

15 March 2017

Senate Finance and Public Administration Committees
PO Box 6100
Parliament House
Canberra ACT 2600

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Dear Committee Secretary

Inquiry into the operation, effectiveness, and consequences of the Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016

The Community and Public Sector Union (CPSU) welcomes the opportunity to make a submission to this Inquiry into the operation, effectiveness, and consequences of the Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016 (the Act). As the primary union representing Australian Public Service (APS) employees, the CPSU is committed to providing a strong voice for our members in key public policy and political debates.

The CPSU has been supporting our members in Australian Pesticides and Veterinary Medicine Authority (APVMA) and the other agencies affected by this order and our submission represents their views in relation to this matter. We are pleased that the scope of this Inquiry has been expanded to examine the issue of the regional location of public sector jobs more broadly.

The CPSU submits that the location of APS jobs should be based on:

- Purpose of the work being relevant to the geographic location
- Public policy objectives of the work
- Consideration of labour market factors i.e. appropriate geographic access to specialist skills.

We also argue strongly that it is hypocritical of the Turnbull Government to be dangling the potential for moving APS jobs to regional communities when in fact the government's track record is cutting public sector jobs in regional Australia.

There is no doubt that APS jobs deliver important economic benefits to a community, particularly so in regional Australia but the process used for the re-location of the APVMA is not an appropriate template for achieving this. A better starting point for

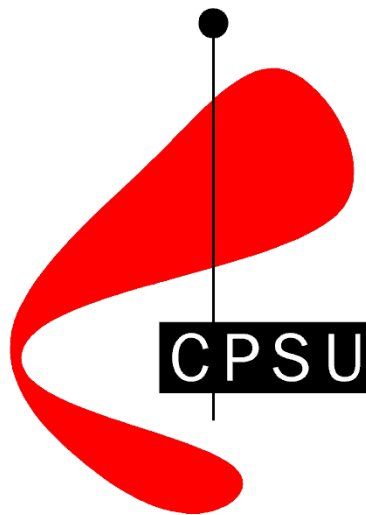
increasing the level of public sector jobs in regional Australia would be to restore staffing numbers that have been cut from offices in regional Australia for agencies such as the Department of Human Services, the Australian Taxation Office and the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

The CPSU is happy to provide information on the matters raised in this submission and supplementary information on other relevant issues. For further information, please contact Osmond Chiu, Research Officer via email osmond.chiu@cpsu.org.au or (02) 8204 6913.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Michael Tull', with a stylized, flowing script.

Michael Tull
ASSISTANT NATIONAL SECRETARY



CPSU (PSU Group)

The operation, effectiveness, and consequences of the Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016

March 2017

The process leading to the making of the order

The Order allowing the re-location of APVMA was made on 23 November 2016 under s22 of the *Public Governance, Performance and Accountability Act 2013*. The decision making process that led to the Order demonstrates the relocation decision was flawed and the Order was made despite significant concerns from stakeholders and evidence that it was not justifiable.

In 2014 Minister Joyce wrote to APVMA and three other agencies asking them fully cost a move out of Canberra. Agencies were told to keep plans confidential and if word of the plans leaked staff were to be assured that no decision would be made without consultation.¹ The letter to the agencies was leaked to the media, leading staff to have little confidence that there would be genuine consultation with staff.

On 3 May 2016, just before the Government entered the caretaker period, Ernst and Young were commissioned to conduct a cost benefit analysis of the move. The APVMA CEO advised the Minister in July 2015 that 69% of APVMA staff² would not move to a new town and that *“based on the number of people who would be likely to go, it would be very difficult for me to maintain my statutory obligations”*³. Over this period statements were also made by key stakeholders such as the Australian Veterinary Association,⁴ the National Farmers Federation⁵ and Crop Life Australia⁶ that a move would pose a significant disruption to industry.

On 10 June 2016 during the Federal Election campaign and some six weeks before the Government even received the final cost benefit analysis, the relocation of APVMA to Armidale was announced. The cost benefit analysis was not publicly released until 25 November 2016 on the Department of Agriculture website,⁷ two days after the Finance Minister made the Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016.

The process leading to the Order shows that the evidence and advice provided had little to no impact on the relocation decision. With the APVMA CEO's advice from 2015 that the overwhelming majority of staff was not intending or able to re-locate it

¹ Rob Harris (2014, 8 October). Joyce to relocate government agencies, staff to regional Australia. The Weekly Times. Retrieved from <http://www.weeklytimesnow.com.au/news/politics/joyce-to-relocate-government-agencies-staff-to-regional-australia/news-story/3e4a81d3a9097f083668475a11f90f1b>

² Rural and Regional Affairs Committee, Agriculture and Water Resources. Answers to Questions on Notice - Supplementary Budget Estimates October 2015., Question: 27

³ Rural and Regional Affairs and Transport Legislation Committee (2015, 20 October). Supplementary Budget Estimates. Senate of Australia. p.191

⁴ Australian Veterinary Association. (2016, 25 November). Veterinarians concerned about relocation of APVMA. Retrieved from <http://www.ava.com.au/node/85649>

⁵ National Farmers' Federation. (2016, 10 June). NFF calls for evidence APVMA move will not hurt industry. Retrieved from <http://www.nff.org.au/read/5326/nff-calls-for-evidence-apvma-move.html>

⁶ CropLife Australia (2016, 9 June). Australian farmers will lose in relocation of national regulator. Retrieved from http://www.croplife.org.au/media_release/australian-farmers-will-lose-in-relocation-of-national-regulator/

⁷ Department of Agriculture and Water Resources (2016, 25 November). Cost benefit and risk analysis of the potential relocation of APVMA. Retrieved from <http://www.agriculture.gov.au/ag-farm-food/ag-vet-chemicals/apvma-cost-benefit-analysis>

was clear well before the Order was made that there would be significant staffing pressures on the organisation. Combined with industry opposition to the relocation that was evident at the time, a loss of stakeholder confidence was also likely. This flawed process is further highlighted by the cost benefit analysis into the move.⁸ This analysis demonstrates that the relocation of APVMA could not be justified and that “the strategic and operational benefits of having the APVMA operate out of Armidale appear to be limited.”⁹ Furthermore, the analysis found that “the majority of potential benefits (apart from a possible reduction in property costs) are not anticipated to result in material economic advantages for society.”¹⁰

s22(4) of the *Public Governance, Performance and Accountability Act 2013* states that a government policy order made under this provision is not subject to disallowance. The only requirement for the issuing of such an order is that the Finance Minister must be satisfied that the Minister has consulted with the entity., When a government policy order has such wide ranging ramifications both to government employees, and to the Australian agricultural industry it is the view of the CPSU that there should be a more transparent process and a more appropriate test than consultation with the entity prior to such a decision being formally made.

Public Governance, Performance and Accountability Act 2013

22 Corporate Commonwealth entities

(1) The Finance Minister may make an order (a government policy order) that specifies a policy of the Australian Government that is to apply in relation to one or more corporate Commonwealth entities.

(2) Before making a government policy order that applies in relation to a corporate Commonwealth entity, the Finance Minister must be satisfied that the Minister responsible for the policy has consulted the entity on the application of the policy.

(3) If a government policy order applies in relation to a corporate Commonwealth entity, the accountable authority of the entity must ensure that the order is complied with:

(a) in relation to the entity; and

(b) in relation to any subsidiary of the entity, so far as practicable.

(4) A government policy order is a legislative instrument, but section 42 (disallowance) of the Legislative Instruments Act 2003 does not apply to it.

⁸ Ernst and Young (2016, 1 August). Cost benefit and risk analysis of the potential relocation of the APVMA - Final Report. Department of Agriculture and Water Resources.

⁹ Ernst and Young (2016, 1 August). Cost benefit and risk analysis of the potential relocation of the APVMA - Final Report. Department of Agriculture and Water Resources. p.2

¹⁰ Ernst and Young (2016, 1 August). Cost benefit and risk analysis of the potential relocation of the APVMA - Final Report. Department of Agriculture and Water Resources. p.2

The policy of relocating corporate Commonwealth entities with agricultural policy or regulatory responsibilities, including:

- **the identity of corporate Commonwealth entities that could be affected;**
- **the policy's effect on the ability of affected entities to perform their functions; and**
- **economic, environmental and capability implications of the policy;**

APVMA is not the only agency affected by the Commonwealth's policy of relocation. Section 22(1) of the *Public Governance, Performance and Accountability Act 2013* states that government policy orders may only operate in relations to corporate Commonwealth entities. The *Location of Government Agencies order* is limited to "corporate Commonwealth entity with agricultural policy or regulatory responsibilities" (s 4). The corporate Commonwealth entities that come under this definition are:

- Australian Grape and Wine Authority;
- Australian Pesticides and Veterinary Medicines Authority;
- Cotton Research and Development Corporation;
- Fisheries Research and Development Corporation ;
- Grains Research and Development Corporation;
- Murray-Darling Basin Authority; and
- Rural Industries Research and Development Corporation.

Of these agencies, only one, the Murray Darling Basin Authority (MDBA,) has not had part or all of its functions moved out of Canberra. However there is concern that there may be plans afoot to also move this Agency given calls to relocate MDBA out of Canberra, including by Government MPs.¹¹ The CPSU notes that in late 2016 MDBA Chief executive Phillip Glyde announced that "*MDBA would also invest more in regional offices in Toowoomba in Queensland and a southern office that was yet to be determined.*"¹²

The Murray Darling Basin Authority was established in 2008 as an independent authority to manage the Murray-Darling Basin in an integrated and sustainable manner. It is now implementing that part of Government policy known as the Basin Plan. The Basin Plan aims to sustainably and equitably share water between differing needs.

CPSU members who work at the MDBA have told the CPSU that implementation of the Basin Plan requires overcoming more than a century of partisan and parochial interests that failed to balance everyone's needs. CPSU members feel that if the MDBA was to be relocated to any jurisdiction other than Canberra, there is a risk is that one jurisdiction will be seen to have inordinate influence over the MDBA, at the expense of the remaining jurisdictions.

¹¹ Colin Bettles (2016, 15 July). MDBA relocation potential headache for Coalition. The Land. Retrieved from <http://www.theland.com.au/story/4034152/mdba-relocation-potential-headache-for-coalition/>

¹² Warwick Long (2016, 15 August). Murray-Darling Basin Authority begins decentralising jobs. ABC Online. Retrieved from <http://www.abc.net.au/news/2016-08-12/mdba-moves-jobs-to-regional-areas/7726272>

CPSU members at MDBA have also advised that, like at APVMA, which will be explored later in this submission, the personal circumstances of MDBA staff would mean that a majority of them would not be able to relocate. Many stated that caring responsibilities mean that they would not be able to relocate from Canberra:

“My husband and I are each responsible for an elderly parent. While both are in aged care facilities, both have physical and mental ailments and we assist them on a regular basis. I have other siblings, but 2 of these live interstate and the other has significant health issues. It seems unlikely that such a move would be feasible for me at this stage and I would need to seek alternative employment within the APS or with another employer in Canberra or close by.”

“I am very exasperated at us still not knowing our future – it has been six months of real uncertainty. We don’t know our ‘future direction’, can’t progress a practical work plan, and even don’t know if we will have a job.”

The loss of experienced staff will affect the capability of the MDBA and its ability to implement the Basin Plan free of sectional interests. As one member pointed out *“the current push to move agencies/staff to regional areas seems to be not strategic at all. Surely the regions, and the nation, would be better served by a strategic focus on regional development.”*

The application of this policy to the Australian Pesticides and Veterinary Medicines Authority

Plan for relocation

The CPSU notes that the most common practice of the Coalition Government in recent years has been to cut jobs from existing Commonwealth agencies in regional communities rather than support the creation of more APS jobs in these communities. When considering whether or not to relocate APS jobs in regional Australia, thought must be taken on the location, the local labour market, access to key stakeholders, access to infrastructure such as reliable broadband and the local impact of the proposed location. Existing Commonwealth infrastructure should also be a consideration.

In the case of the move of APVMA to Armidale, none of these considerations seem to have been taken into account. A majority of APVMA staff do not intend to re-locate and key stakeholders are opposed to the move, leading to a loss of confidence and an inability of the agency to undertake its core functions. This is further exacerbated by the lack of the necessary infrastructure to undertake the work, and demonstrated by evidence at February Supplementary Budget Senate Estimates where it was revealed that members of the APVMA executive were working out of the local McDonalds to have internet access.¹³

¹³ Evidence provided by Ms Arthy to the Rural and Regional Affairs and Transport Legislation Committee (2017, 28 February). Senate Estimates - Agriculture and Water Resources Portfolio - Australian Pesticides and Veterinary Medicines Authority

Due to the way the move of APVMA has been handled, staff morale is low. When surveyed in February 2017, 90% of CPSU members indicated that they have negative feelings towards the move. Caring responsibilities and the impact on APVMA employee's spouses and children were commonly cited reasons why CPSU members would be prevented from being able to remain as an employee of APVMA in Armidale. Some of their comments are below:

"It would be difficult for me to move because my partner would not find an equivalent job in Armidale."

"For blended families shared custody arrangements will make moving to Armidale impossible."

"Both my children require regular access to specialist medical care and services that are not available in Armidale – I know because I researched this."

Members also spoke about considerable distress felt from increased work demands, the uncertainty and the limited assistance being offered for relocation. One member summed up the situation quite well:

"Staff morale is very low. People can't believe that this decision has been made and for no good reason. The APVMA is experiencing huge staff losses and this impacts on our workload and our feelings of being able to accomplish what we need to do. Applicants are not happy and this impacts on our own feelings of well being and happiness in the workplace."

The view that the decision to relocate APVMA makes little sense has been reinforced by Ernst and Young's cost benefit analysis of the potential relocation of the APVMA, commissioned by the Department of Agriculture and Water Resources. The analysis details *"the core skill set of the APVMA is in agricultural regulatory chemical assessment, which is not directly related to UNE's [University of New England's] current skill set and area of specialisation. Accordingly, it has greater affinity with institutions that focus research on chemistry impacts and developments as opposed to agriculture; and the UNE currently does not provide courses that align with the APVMA's core business."*¹⁴ It shows the arbitrariness of the decision to relocate to Armidale as no specialist capability currently exists there.

Key APVMA stakeholders Animal Medicines, the Australian Veterinary Associations, Crop Life Australia and the National Farmers Federation have also made public statements outlining their concerns or opposition to the Armidale move. The APVMA is a primarily self funding agency, with 96.6% of its 2015-16 income coming from receipts from industry. With the cost benefit analysis reporting that the cost of the move will be \$23m,¹⁵ without an injection of fund from the federal government,

¹⁴ Ernst and Young (2016, 1 August). Cost benefit and risk analysis of the potential relocation of the APVMA - Final Report. Department of Agriculture and Water Resources. p.23

¹⁵ Ernst and Young (2016, 1 August). Cost benefit and risk analysis of the potential relocation of the APVMA - Final Report. Department of Agriculture and Water Resources. p.2

stakeholders could expect to see their contributions funding a move they are opposed to. The relocation is neither cost efficient, nor will deliver value for money.

The ability of the Australian Pesticides and Veterinary Medicines Authority to perform its functions from its new location

The impact of high staffing attrition

CPSU members have stated that the high levels of staff attrition from the relocation make it harder for APVMA to perform its functions. It will be more difficult for the remaining experienced staff to meet statutory application timeframes. This has a flow on effect on staff morale and performance, and will impact on businesses seeking regulatory approval. There will also be a downstream negative impact on primary producers who stand to benefit from the approval of improved or more effective products.

After relocation plans were leaked, APVMA lost considerable numbers of staff. Since July 2015, 96 staff have ceased employment at APVMA, a significant number for an agency that had 172 employees in June 2015.¹⁶ The number of staff that ceased employment was 48 in the 2015-16 financial year and another 48 this financial year to 15 February 2017.¹⁷ This has seriously depleted the ranks of experienced staff and significantly increased workloads to unsustainable levels. Whilst some of the vacant positions have been filled, there has been the loss of significant loss of corporate knowledge and the inability to meet key timeframes. This high level of staff attrition will be exacerbated by the unwillingness of the majority of APVMA staff to move from Canberra. A survey of CPSU members in February 2017 indicates 80% of CPSU members do not intend or are unable to relocate. This is an increase from the 69% of APVMA staff who indicated that they would be unwilling or unable to move if APVMA was relocated.¹⁸ Both of these results indicate that APVMA will have serious staffing problems as a direct result of any move to Armidale and it will result in significant drop in performance and delay in approval new chemicals and technologies and variations to existing products and chemicals.

The move to Armidale will make it even harder for APVMA to recruit staff with the required expertise. Kareena Arthy, Chief Executive Officer of APVMA, gave evidence at Senate Estimates on 28 February 2017 on the difficulty that APVMA was having in recruiting qualified regulatory scientists. She stated that *“Regulatory scientists are very short in supply across the world.”* Ms Arthy also detailed that the difficulty in recruiting is likely to lead to delays in processing of residues assessments and pesticides assessments. Given the existing difficulties in recruiting regulatory scientists

¹⁶ Australian Public Service Commission (2015, 14 September). APS Statistical Bulletin 2014-15. Retrieved from <http://www.apsc.gov.au/about-the-apsc/parliamentary/aps-statistical-bulletin/statistics-2015/all-staff/table2-total>

¹⁷ Evidence provided by Ms Arthy to the Rural and Regional Affairs and Transport Legislation Committee (2017, 28 February). Senate Estimates - Agriculture and Water Resources Portfolio - Australian Pesticides and Veterinary Medicines Authority

¹⁸ Report to the Minister of Agriculture (2015, July). Willingness for APVMA Employees to Move to a Regional Location. p.5

to Canberra, it will only get worse after the move to Armidale. It will affect APVMA's ability to remain a world class regulator if they cannot employ experienced scientists.

Senator STERLE: Without putting fear into the agriculture industry and animal welfare are you able to give us some examples of where those gaps are? If you cannot I fully understand. I would like to hear though.

Ms Arthy: I am very happy to because I have been talking to industry about this. I have been very open with our chemical industry. One of our big gaps at the moment is in our residues assessment. These are the highly specialised people who are able to look at whether a chemical if it is used leaves residues either in animals or plants that people might eat. I think we are the only regulator in Australia that does this assessment. At the moment we are down to half strength in that team and we are trying very hard to recruit into there. It is not causing an issue right now but it will in the next few months.

We are also understaffed in our pesticides assessment area. They are the people who actually make the final decision. Unfortunately we have had several very experienced people leave and so we are in the middle of recruiting there as well. They are our main gaps at the moment and we have also got some gaps around our environmental assessment and health assessment. It is mainly residues and our pesticides area.

Rural and Regional Affairs and Transport Legislation Committee - 28/02/2017 - Estimates - AGRICULTURE AND WATER RESOURCES PORTFOLIO - Australian Pesticides and Veterinary Medicines Authority

CPSU members have also raised concerns that APVMA may be approaching a critical point where the number of remaining experienced staff is insufficient to maintain current work levels (i.e. time frame performance), and train the new staff coming on board (particularly in the science ranks). This extra stress, above the already high stress levels, may cause a significant number (especially scientists) to leave sooner than later.

Administrative decision making is important and the APVMA must have the right people with the correct knowledge and skill set to assess the risks of chemical products. Employing new or even more staff does not adequately address the problem of a declining number of experienced regulatory-scientists. It takes a minimum of two years to train someone to be fully effective in the role, creating a significant time lag between starting someone in the role of a regulatory-scientist and that person being fully effective.

This combination of inexperienced staff and pressure to meet timeframes are bound to affect quality of decision making. There are concerns about possible mistakes in approvals due to inexperienced staff with the risk associated with certain chemicals being assessed incorrectly resulting in human, animal and/or crop health being put at risk.

There is also a risk that when there is no capability to do scientific assessments due to lack of experienced staff, applicants will write to the Minister, as already happens on

delayed applications, and applicants will push to have products registered before assessment is completed. This may result in unacceptable health and environmental risks. Alternatively, if it is too hard for large companies to register new products or extend their use-patterns in Australia, they may just decide it is too costly and not pursue such registration and approval, affecting the agricultural and veterinary industries and our food security.

The inability to perform all APVMA functions in Armidale

The inability of APVMA to perform all its functions from Armidale is best demonstrated by its concession to allow some staff to work remotely. APVMA staff unable to move to Armidale but still required to perform duties have been told that working remotely in Canberra will be an option. For those staff deemed eligible and not required to move to Armidale, continuing uncertainty and public speculation about restrictions and limitations on working from home or remotely is adversely affecting morale and the employment decisions these staff are making.

Furthermore, no physical workplace will be provided for the APVMA staff who will work remotely in Canberra. This is a highly problematic approach because it ignores the collaborative nature of work done by APVMA staff. Scientific and technical officers work within teams and the work undertaken relies on frequent interaction within teams and across teams to ensure accuracy and consistency of advice, to facilitate training and professional learning and development and to ensure scientifically robust and collegiate regulatory recommendations and decisions are made.

Team interactions are vital to build trust and to provide support to individual members. Staff working remotely (from home) will lose this ability to easily interact with each other and may feel isolated. This can negatively impact the quality of work and may result in the loss of more regulatory staff. Some staff have indicated that they may have the ability to work remotely while others that require more direction or are less experienced may find working remotely difficult. Regulatory staff also rely on other areas of expertise like case management and IT with the APVMA. The ability to walk down the corridor to ask questions and to resolve issues will be lost.

The impact relocation will have on stakeholders

APVMA's performance of functions relies on productive working relationships with its stakeholders. From public comments made by stakeholders and the views of CPSU members, the relocation of APVMA to Armidale significantly and adversely affects this. The move makes little sense as APVMA's main stakeholder is the Agvet Chemical Industry, most of which are based in Sydney and Melbourne. APVMA also work closely with other government bodies located in the ACT, including Office of the Gene Technology Regulator, Food Standards Australia and New Zealand and the Department of the Environment and Energy. The ability to meet and have easy access to all our stakeholders is important to the conduct of APVMA's work.

The loss of easy access to APVMA staff, particularly for face-to-face meetings, will make building and maintaining productive working relations between APVMA and stakeholders more difficult. The conduct of pre-application assistance meetings and could result in even longer response times. APVMA is not able to currently meet

timeframes for registration and approval and further delays will occur as a result of the move to Armidale and loss of experienced staff. APVMA's "timeframe performance" for registrations of pesticides dropped sharply, from 82% completed within the specified timeframe in the September quarter of last year to 50% for the December quarter¹⁹ and may worsen.

The loss of technical and scientific expertise will affect the registration and approval of Agvet chemicals in Australia for the foreseeable future. Lengthy delays in the conduct of the APVMA assessments means delays in the release of new products to the agricultural sector and additional costs associated with delayed approvals and registrations. It can take over a decade of research and development and hundreds of millions of dollars to bring a single crop protection product to market.²⁰ Stakeholders will be budgeting taking into account the registered use of the product and market returns at a specific time and the APVMA will not be able to meet these timeframes. Delays in assessing applications in a timely manner will affect company's profit margins as will the unpredictability of assessment finalisation if there are too few people to do the work. For the agricultural sector, the inability to access the latest chemicals and medicines can mean loss of production and therefore loss of income. For example, a company reported that missing the registration window for a chemical product which was supposed to be finalised in mid 2016 and was subsequently finalised in early 2017 cost them around \$1 million in lost sales and cost producers access to an additional chemical product for almost 12 months. Some members have suggested it may result in companies quitting Australia altogether as it is a marginal market. The impact of all of this will flow onto the Australian consumer.

Consequent risk to Australia's international trading reputation

CPSU members have expressed concern that the loss of regulatory expertise and corporate knowledge as a result of the Armidale relocation pose risks to Australia's international trading reputation. A common theme was the impact of delays or errors in registering products and the impact it would have on Australia's overseas standing and reputation. Delays could affect Australia's ability to compete in exporting quality produce with other countries that have access to new regulated safe chemicals.

Poor quality decisions to register products may also result in residues being detected in Australian products in the receiving country which would have disastrous consequences for trade. Errors made will be exposed at an international level. An example cited was an incident where cotton waste was fed to cattle in the 1990s where excessive residue was detected and had long-term and lasting effects on Australia's international trading reputation.²¹

¹⁹ Stephen Easton (2017, 13 February). Barnaby's bush bureaucracy: industry alarmed by APVMA's plunging KPIs. The Mandarin. Retrieved from <http://www.themandarin.com.au/75274-industry-alarmed-by-apvmass-plunging-kpis-while-barnaby-rallies-the-troops/>

²⁰ Stephen Easton (2017, 13 February). Barnaby's bush bureaucracy: industry alarmed by APVMA's plunging KPIs. The Mandarin. Retrieved from <http://www.themandarin.com.au/75274-industry-alarmed-by-apvmass-plunging-kpis-while-barnaby-rallies-the-troops/>

²¹ Australian Pesticides Map (2016, 14 February). 1999 February: Australian Beef Rejected for Export. Retrieved from <https://pesticides.australianmap.net/1999-february-australian-beef-rejected-for-export-pesticide-endosulfan/>

Regional jobs

CPSU has been campaigning to keep public service jobs in regional communities for a number of years. Service delivery agencies such as DHS and ATO have been cutting jobs from existing regional locations for some years. Too frequently cutting regional jobs and closing regional offices is seen as a 'quick-fix' for budget pressure.

The loss of quality public sector jobs in regional and communities have a significant negative impact on local economies. Many regional areas suffer from higher unemployment than the national average and have weaker job prospects. Removing federal public sector jobs merely exacerbates these pressures. Not only does it mean there are fewer job opportunities in the community, it has flow-on effects for other local businesses as well

The CPSU is able to provide some examples of jobs lost in regional areas based on feedback from our members and our involvement in various office closures or reductions over the past few years.

The CPSU would, however, like to note that accurate APS staffing level data at a regional level has been difficult to access. Agencies such as the Department of Human Services do not provide the CPSU with geographic breakdowns of staffing levels. Furthermore, the Australian Public Service Commission (APSC) has only just started to publish Statistical Area 4 (SA4) staffing level data. This is despite collecting this data for a number of years. The CPSU had previously requested this APSC data but was denied access.

This lack of publicly available data from agencies and the APSC has made any longitudinal comparison of regional APS job numbers difficult. The CPSU notes that other Commonwealth entities such as the CSIRO have published regional staffing figures for many years. To improve transparency and better inform this discussion, the APSC should publicly release SA4 employment data from previous years.

Australian Tax Office

In 2014 the ATO made a decision to close some regional Tax offices. This resulted in the following job losses; Cairns (7), Mackay (6), Rockhampton (2), Bundaberg (3), Toowoomba (6), Grafton (10), Port Macquarie (7), Orange (4), Bendigo (8), Sale (7), and Launceston (20). In 2016, the ATO announced the closure of its Darwin regional office, however this office is still open with one ATO staff member, a reduction of 20 ongoing positions.

The ATO established these regional sites in 2000 to support Australian businesses in adapting to "a new tax system", primarily the introduction of the GST. In addition to these office closures, when the Australian Valuation Office closed in mid 2014 there were 198 job losses. These included the following regional job losses: Lismore (6); Bowral (1); Young (1); Wagga Wagga (1); Townsville (6); Adelaide (9); Port Lincoln (1); Geelong (2); Mildura (1); Bendigo (1); Hobart (2); Launceston (1); Perth (7); and Darwin (9). As part of the Regional Tax Assistance Program, these regional offices

were well placed in the local community to educate taxpayers, particularly small business and local tax agents on their obligations. CPSU members also reported that local presence and awareness of relevant local economic issues meant they were able to ensure compliance and identify practical strategies to ensure local businesses honoured tax debts in a way that meant businesses, and therefore regional jobs, could be sustainable.

Department of Human Services

Many rural and regional areas have felt the impact of successive cuts to the Department of Human Services over the past few years. For example, since mid-2009 Burnie and Devonport Human Services offices in Tasmania have lost 26 staff, 11 of those staff were in positions directly serving members of the community and a further 15 were from specialist areas.

CPSU members report that jobs in Medicare and Centrelink in particular have been dramatically cut from DHS Customer Service Centres around the country. Changing technology has been used to centralise work away from these centres rather than keep these jobs in country towns around Australia. In the past for Medicare in particular small offices were maintained by staff undertaking processing and phone based work during quieter customer service times. That work is being increasingly centralised and those jobs going.

The majority of DHS call centres that provide telephone advice on complex welfare issues to customers are based in regional communities. Over time there has been a process of replacing ongoing, permanent roles with casual and fixed term staff. There are now DHS call centres where there are more temporary and casual staff than ongoing permanent employees. For example, Centrelink employs close to 700 people at its Latrobe Smart Centre in Traralgon, making it one of the largest DHS workplaces in Australia. The work that is done at this call centre is important and touches the lives of vulnerable Australians all over the country, day in and day out. There is a higher rate of casual and insecure employment in Gippsland than anywhere else in Australia, both by percentage of the overall workforce (60%) and by total staff (400+ casual staff). No other public service agency, anywhere in Australia even comes close to these numbers of casual jobs. Most of these staff are women, many of them young, and nearly all of them are locals looking for secure employment and a certain future for their families.

The outsourcing of work handled by DHS has resulted in the further loss of regional jobs. As a result of this Government's decisions, and the passage of the National Cancer Screening Register Bill 2016, National Cancer screening is now run by Telstra health. This work is now based in the Melbourne CBD. As a result of this decision by the Coalition Government, Department of Human Services staff working in the Federal Bowel Cancer register no longer has a position. This resulted in a loss of 80 regional existing Public Service jobs, approximately 40 staff in Hobart and 20 staff in Adelaide. These were predominately permanent jobs. The removal of these jobs from Hobart and Adelaide creates a significant additional impact on regional jobs.

CSIRO

Over the last 5 years, the CSIRO has cut 1147 jobs across Australia. Many of these have been in regional Australia. The below table outlines just some of the regional job losses experienced in the CSIRO over the last 5 years.

Extract of CSIRO Job numbers²²

CSIRO location	30-Jun-11	30-Jun-16	Total reduction	% reduction
Alice Springs (NT)	10	4	-6	-60%
Griffith (NSW)	12	1	-11	-92%
Narrabri (NSW)	31	19	-12	-39%
Parkes (NSW)	28	20	-8	-29%
Townsville (Qld)	67	48	-19	-28%
Floreat (WA)	222	167	-55	-25%
Armidale (NSW)	47	37	-10	-21%
Hobart (Tas)	359	299	-60	-17%
All of CSIRO (including sites not in above table)	6514	5367	-1147	-18%

Australian Financial Security Authority

The Australian Financial Security Authority (AFSA) is a self-funded executive agency within the Attorney General's portfolio. One of their main roles is the administration and regulation around personal insolvency and trustee services. In Hobart, their office has shrunk from 10 staff in 2016, to 5.5 people currently, with no clear view to increase. Several of these positions have been absorbed into the AFSA office in Melbourne, and Hobart staff fear an office closure is imminent.

In defence of Canberra

The CPSU believes it is essential that Canberra continues to remain the centre of public administration in Australia. The nation benefits from a strong unified public service and the locating of key policy and regulatory agencies are important to ensure collaboration between agencies and the recruitment of experienced public servants. The ill considered relocations of public sector work from Canberra do not benefit Australia.

While the CPSU supports more public sector jobs in regional Australia, treating the public sector solely as a job provider for regional Australia, regardless of the appropriateness of work, sees public sector jobs as little more than an economic

²² Question on Notice: SI-116, Economics Legislation Committee, Industry, Innovation and Science Portfolio, 2016-17, Supplementary Budget Estimates.

stimulus. It ignores both the public policy objectives of the work and the benefit of maintaining a centre of excellence in public administration in the national capital.

Being located in the national capital ensures a responsive and more collaborated public service that is focused on the national rather than sectional geographic interests. It makes it more difficult for regulatory capture to occur and strengthens the nation-building objective of the public service.

Opportunities for regional PS employment

This Government has cut jobs, reduced services, reduced job opportunities and damaged local communities through cuts to jobs in agencies such as DHS, ATO and CSIRO. While locating public sector jobs in regional Australia can be an important way to support the Australian community the process used for the re-location of the APVMA is not an appropriate template for this. If this Government is serious about this issue, a better approach would be to restore jobs in the areas loss as the starting point. Locating new work is also an option.

Public sector jobs should enhance both the community where the positions will be located, and improve the organisation. Moving an agency that you have been advised will lose a majority of specialised staff is not the ideal way to do this.

Given the significant staffing cuts and chronic understaffing of agencies such as the Australian Taxation Office and the Department of Human Services that have a wide geographic footprint, the Commonwealth Government should instead seek to restore jobs in the areas that have lost jobs and examine locating new work in regional Australia.

It should be recognised that digital technology offers new options for the organisational shape and work design – and this offers new potential to provide better services and improved access to job opportunities for regional Australians.

Despite the potential offered, the CPSU experience is that the APS is doing the opposite – centralising work. This centralisation is variously driven by blunt (and mostly unrealised) cost cutting, or by centralisation, such as in Medicare processing changes, which replaces regionally based permanent jobs with temporary, casual or labour hire jobs in capital cities.

Realising the substantial opportunities of a digitally enabled workforce would require a substantial re-think of traditional job design and management practices, genuine and deep consultation with the workforce and other stakeholders, and would require some substantial capital investment.

CPSU would be supportive of a considered investigation of these opportunities and challenges.

Conclusion / Recommendations

The relocation of APVMA to Armidale demonstrates the need for more considered decision making processes around the location of public sector agencies. This relocation shows the governments focus appears to be on a bricks, mortar and people relocation of government agencies rather than a considered approach to regional jobs that is not at the expense of the public policy objectives of the work and considers both cost efficiency and labour market factors. The APVMA debacle has clearly exposed the limitations, and substantial negatives, of that approach

The CPSU recommends that the Government reverses its decision to completely relocate APVMA to Armidale and repeals the Order. Any future relocation should undergo a more transparent process with a more appropriate test than consultation with the entity prior to a decision being made.

The CPSU recommends that the APSC should publicly release Statistical Area 4 employee location data to ensure greater transparency and that discussion about regional APS jobs has all the available information.

The CPSU also recommends that where Commonwealth agencies already have a presence in regional Australia all reasonable efforts be made to maintain that employment, and that a specific action be taken to restore jobs cut from regional Australia in agencies such as DHS, ATO, and the CSIRO. This could and should include the conversion of DHS casual staff to ongoing employment in these locations.

CPSU supports a considered investigation of the potential that digital technology offers to provide better services and improved access to job opportunities for regional Australians.

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