

Government senators' dissenting report

The majority report shows that non-government Senators (including Labor and Green Senators) do not support the decentralisation of government bodies to regional areas. The report fails to understand that the Government Policy Order was specifically drafted to give effect to the government's 2016 election commitment to relocate the APVMA to Armidale, New South Wales:

Flawed from the start

The majority report is unbalanced, selectively quoting wide ranging views on complicated issues to give a skewed view on an important agency for the agricultural sector. The Government's commitment to move the APVMA to Armidale and to develop a centre of excellence is in response to long standing performance issues at the APVMA and the ongoing shortage of regulatory scientists impacting on the efficiency of the regulatory agency.

This Senate inquiry process has been a political witch hunt right from the start. The opposition senators claims that the terms of reference do not cover issues of decentralisation is clearly wrong. Hundreds of organisations and individuals have taken the time to participate in this senate inquiry and yet the majority report dismisses them and their evidence

For instance, despite 80% of submissions from regional councils being supportive of decentralisation, the only council quoted in the majority report is the city of Cessnock: an ALP-dominated municipality within the Labor-held federal seat of Hunter.

In fact, of 200 submissions received, 177 (88.5%) were supportive of decentralising government services; this included 85 from local government areas, and a further 28 from regional development corporations.

Given the complex issues of decentralisation and relocating government services – and in view of the number of overwhelmingly supportive submissions received – Coalition Senators note that a total of two public hearings by this committee is an insult to those stakeholders who were effectively shut out of the process by way of minimal opportunities to present their cases, being obliged to travel to Townsville or Canberra from across Australia to do so, or both.

Despite claims in the committee's report of a "narrow focus" in its terms of reference, Coalition Senators wish to note that clause (d) in the said terms of reference specifically empowered the committee to examine *any other related matters* which, in this case, was specifically intended to deal with the decentralisation of government agencies over and beyond the relocation of the AVPMA to Armidale.

The shadow minister for Agriculture, conducted research which was similarly flawed. The assumptions on which this research was conducted included using the outer boundaries of greater capital cities statistical areas (GCCSAs) whereby country towns such as Romsey and Sorrento are part of 'Melbourne'. Clearly, the ALP has no idea what is regional and what is urban.

The majority report of the committee is filled with selective quotations from witness testimony designed to fulfil the objective of Labor Senators to scuttle both the relocation of the AVPMA and the government's wider initiative of decentralising government to regional centres.

Despite requests of Government Senators the Committee did not hold a hearing in Armidale, New South Wales, despite it being the regional centre to which the APVMA is relocating. Four submissions were received from Armidale-based organizations, including the University of New England, Armidale Regional Council, the Poultry Cooperative Research Centre and Regional Development Australia – Northern Inland NSW.

The University of New England or other Armidale-based research organisations were not invited to appear at the public hearings. A key component of the government’s 2016 election commitment is to create a Centre of Agricultural Excellence with the university and nearby industry research organisations such as CSIRO, Meat & Livestock Australia and the Institute for Rural Futures. Insights from these organisations were missed.

Facts matter

Below are some key examples of selective representation in the majority report and key shortcomings:

Selective quoting begins early. The APSC was questioned on whether they had been consulted in relation to the policy order, they hadn’t been but on further questioning and not reflected in the majority report they acknowledged that they wouldn’t have expected to be consulted prior to government policy being announced.

The majority report highlights the 48 separations from 1 July 2015 to 30 June 2016 and it characterises as “voting with their feet” as a response to the relocation of the agency and latter describes staff separations as key reason for the drop in the performance of the agency.

However if we look at when the Deputy Prime Minister actually made the election commitment to move the agency on the 6 June 2016 at the end of this period and the General Policy Order (GPO) was made on 23 November 2016 long after this and the argument for significantly linking separations in that period to relocation is not made.

If we look at performance of the agency we can see that the overall timeframe performance for September quarter 2015 was 64% and this dramatically improved to the June quarter 2016 to 76%ⁱ despite the increase in separations.

The committee decides to ignore submissions on broader decentralisation policy of government in light of the narrow terms of reference. This ignores Part D of the terms of reference “any other related matter” and the committees request for a number of councils to present to the committee in Townsville despite their submissions focusing on these broader decentralisation policy setting. It also ignores the Committee Chairs statement in a press release about this Senate Inquiry on the day of the Townsville hearing saying “Australia deserves a proper plan for growing jobs in all of our regions”ⁱⁱ. Coalition Senators couldn’t agree more, it’s a pity the majority report does not reflect the chairs view.

The majority report still chose to ignore any submissions going to this broader agenda.

The majority report quotes a councillor Mulholland from the hearing saying that Minister Joyce said the Department of Agriculture and Water resources (DAWR) would not be decentralised but ignored the DAWR submission that the department and its portfolio entities are already highly decentralised. Departmental officers work from more than 170 locations in Australia and internationally, with over half of the department’s 5236 officers based outside Canberra and more than 600 officers based in regional, rural and remote areas.

The majority report claims that “the Finance Minister does not appear to have scrutinised the Deputy Prime Minister’s proposed order to ensure that it represents value for money for the

taxpayer, nor whether the order would detrimentally affect the performance of the affected agency.”

This criticism misconceives the purpose of the GPO as implementation instrument, which was put in place subsequent to an election commitment and a Cabinet decision that properly took into account the impacts of the proposal.

As the Department of Finance noted in its submission: “For the purposes of the PGPA Act, a policy of the Australian Government is a policy that is approved by the government, usually by Cabinet, the Prime Minister or the Minister responsible for the policy (policy Minister) acting in their area of delegated authority. The Finance Minister must, before making a GPO, be satisfied that the policy Minister has consulted the body or bodies to which it will apply on the application of the policy.”

In this case the GPO was made by the Finance Minister following a decision by Cabinet and following the Deputy Prime Minister’s consultation with the Chief Executive Officer of the APVMA. Before making its decision, the Government commissioned work by Ernst & Young, which included cost-benefit analysis, and consulted with industry about the relocation proposal. That work informed the deliberations of Cabinet and, as a Senior Minister, the Finance Minister is always actively involved in Cabinet deliberations. There is no evidence to support the contention that the Finance Minister did not properly inform himself of Cabinet Submissions, or properly consider advice of the Deputy Prime Minister about the case for the proposed relocation and its impacts.

Again the report misrepresents the ability of the APVMA to recruit or replace staff but is silent on evidence that this was an ongoing issues as demonstrated in the letter presented to the committee from former CEO Alison Turner that “*found it really hard to recruit specialist agriculture and veterinary staff in Canberra. If I managed to recruit good staff they were poached by other agencies*”ⁱⁱⁱ

The committee is silent on the ongoing performance issues and selectively quotes to support its proposition that relocation is the key factor impacting on capability. It seems opposition senators are more interested in headlines in the Canberra Times, than addressing longstanding industry issues on the availability of regulator scientists.

This will be demonstrated later in this dissenting report under the subheading of performance.

As a key example when the Coalition came to government a new innovative drench called Startect developed in Australia for Australian conditions was available in New Zealand for 2 years before the APVMA completed registration in for use by Australian farmers. The government has taken this action to relocate and refocus the APVMA because of ongoing performance issues.

The report continues a discussion about the agencies performance highlighting the most recent statistics but ignores the APVMA’s recent evidence at the senate estimates that a significant reason for the recent drop in performance was related to a focus on clearing a backlog of particularly difficult applications that was diverting resources from other applications.

“**Senator RICE:** No. It is not going to jump to the levels that were experienced over 2015 and 2016

Mr Norden: Not while we focus on getting rid of the overdue applications that are before us^{iv}.”

The majority report demonstrates the importance of the role of the APVMA for Australian agriculture with figures about the importance of pesticides and animal medicines but provides a misleads the reader that all existing registered chemicals are at risk. This is not the case as

only the registration of new chemical products and the variation of existing registrations is impacted by the timeframe performance of the agency. What the figures represented by Industry do demonstrate the importance of the Industry and that the Government cannot afford not to take the required action to reform the agency and improve performance.

Again, if only opposition senators understood agriculture and the supporting regulatory oversight required, their response would be less politically motivated and more responsive to the needs of regional communities and their industries

More broadly the government has embarked on a decentralisation program to grow jobs in regional Australia. This will involve a whole of government process to identify which government functions or agencies that are suitable for decentralisation.

The government will also establish a new parliamentary committee to look into the development of rural and regional Australia, including the potential to relocate government agencies and functions from cities. This is in addition to the government's Regional Australia Ministerial Taskforce, formed on 14 March 2017 to improve the lives of rural, regional and remote Australians. It will come up with ideas across portfolios including health, education, transport and infrastructure, employment, industry and communications.

APVMA relocation

Performance

The committee heard from numerous witnesses that the performance of the APVMA has been problematic for a long period of time.¹

Mr Andrew Mason, President of Animal Medicines Australia was more direct in his appraisal of the APVMA's performance over recent years:

Certainly in my time back in this role—coming from overseas back into Australia for the last five years—we have seen a pretty much dysfunctional regulator. The system is broken, no doubt. In terms of the liability of registration and things like that, we cannot make decisions. In fact, it is pretty clear that some of our decisions have been taken out of Australia, so we are focusing on other places like Brazil or Latin America, Africa, and other countries outside of Australia, because we see such regulatory uncertainty in Australia. Time lines are not met, the hoops that we have to jump through doing local trials versus using international trials—the list goes on. Certainly, we are seeing some change in the small animal space, where some international data is being recognised but, even still, I would say that there was a legislation change, or the attempt of good legislation in 2014, which is still, in our belief, dysfunctional in how the regulator can navigate through that efficiently. Of course, there is the whole resourcing; I

1 Mr Matthew Cossey, CEO, Croplife, *Proof Hansard*, 11 April 2017, p. 4; Mr Reginald Kidd, Chair, AgVet Chemicals Taskforce, National Farmers Federation, *Proof Hansard*, p. 10; Mr Bernard Lee, Director, Policy and Regulation, Chemistry Australia, *Proof Hansard*, p. 16; Mr Ian Saunders, President, Veterinary Manufacturers and Distributors Association, *Proof Hansard*, p. 22; Mr Andrew Mason, President, Animal Medicines Australia, *Proof Hansard*, p. 22; Mr Bernard Lee, Director of Policy and Regulation, Chemistry Australia, *Proof Hansard*, 11 April 2017, p. 16.

mean, it takes people to do this. We clearly see that the people issue is the biggest topic here until they have the right expertise to navigate their way through this.²

Mr Adams detailed the impact of delays on farmers and pet owners:

It is having the same impact, we believe, that Mr Mason was describing before: people are stopping investment in product development and are not going ahead with applications because of the fact that there is no certainty as to what will happen. The impact right now is not necessarily all that great, but the impact in the long term will be great because there is this hiatus coming up to three years now, during which time these applications have not been able to proceed as they did for the 20 years prior. That would be the same sort of time lag as we are getting from overseas applicants in particular, and we have a couple of members whose headquarters are overseas who are saying, 'We won't invest in development of products for Australia because we don't know whether we will get them through or not.'³

Government senators note that these performance issues were well and truly evident long before any relocation announcement or consideration of it. Witnesses recognised the relocation as the opportunity to reform, to investigate a new model with new ways of working more efficiently and effectively.⁴

Ms Kareena Arthy, then CEO APVMA told the committee of the work being undertaken in relation to improving performance:

I am not resiling from the issues that we do have in terms of performance, and certainly in the last four years since I have been there we have been working incredibly hard on a whole range of fronts to set ourselves up to be able to be more efficient. We have been doing things like really looking at our internal processes to get our business process efficiency working, and we have just finished a major business processing map which will now form the basis of a digital strategy for the future, which is really quite exciting. We have also taken a good, hard look at the risk appetite that we apply to applications. So, rather than holding up applications requiring more and more information, we are looking at how we can use international assessments far more, how we use international data and how we put those applications that we do not really need to do a lot for through other means. For example, we implemented five what are called notifiable variations, so applicants do not need to put in a formal application; they can just notify us. There are a whole range of projects around that. We have, of course, also been undertaking a lot of the internal training and a lot of internal reorganisation to make sure that we have the right people looking at some

2 Mr Andrew Mason, President, Animal Medicines Australia, *Proof Hansard*, 11 April 2017, p. 22.

3 *Proof Hansard*, 11 April 2017, p. 29.

4 Mr Reginald Kidd, Chair, AgVet Chemicals Taskforce, National Farmers Federation, *Proof Hansard*, 11 April 2017, p. 10.

of these areas, so we do have the more experienced people looking at the more difficult applications.⁵

Further, Ms Arthy told the committee:

We have also increased contestability in what we do. Previously, we relied wholly on the Department of Health and the department of the environment, and they were not performing, so we managed to remove them from the equation—or we certainly removed the Department of Health from the equation. From 1 July last year, we took over that function, and we also contract out. With the department of the environment, we only contract to them about 10 to 11 per cent of our applications. We contract out everything else and we contract out all of our efficacy work.⁶

Another factor that has had an effect on performance has been the commercial confidential information issue. Mr Jim Adams, Executive Director, Veterinary Manufacturers and Distributors Association, explained the effect on performance:

It has had a massive impact on registrations because all of the category 6, 7 and 8 applications were up in the air for a period of time from September 2014, which was when the APVMA made the decision that they may be compromising commercial confidential information, through to June last year, when the judge gave his decision. We believe that, even since then, the APVMA is still not treating the issue in the way that the court intended. They have issued a range of clarifications from time to time as to how they would handle it, but it is still holding up applications and it is still stopping people from putting applications in. People are still getting conflicting information from officers within the APVMA as to what they do or do not need in order to consider an item 6 application, for instance.⁷

Risk mitigation and digital strategy

Government Senators have been impressed at the way the APVMA has approached the agency's planning for the move to Armidale. The committee heard that a relocation advisory committee has been established which includes stakeholders. It is to look at all issues in relation to the relocation. Mr Matthew Cossey, CEO Croplife, indicated that despite concerns about being able to mitigate the risks, in relation to the committee:

I am confident that they are looking to address all the issues. Certainly the CEO, in her engagement with the committee and stakeholders, has been comprehensive and open. I do not know that that could improve.⁸

Witnesses saw the digital strategy under development as fundamental to making the relocation work. Mr Benjamin Stapley, Executive Director, Animal Medicines

5 *Proof Hansard*, 11 April 2017, p. 42.

6 *Proof Hansard*, 11 April 2017, p. 42.

7 *Proof Hansard*, 11 April 2017, p. 29.

8 *Proof Hansard*, 11 April 2017, p. 5.

Australia, told the committee of the current system issues that the relocation will provide an opportunity to address:

...We hear it anecdotally and we understand, direct from the APVMA, that they have systems. For example, the way that the information is inputted by our applicants does not necessarily flow through the entire APVMA system so that can require a series of double-handling attempts by the APVMA, which are quite inefficient. The opportunity that exists is to undertake a comprehensive rebuild of all their systems which would then allow increased automation, which would minimise the amount of assessment on some of the potentially lower risk type product applications which occur and potentially also ease the transition as well. The digital strategy is fundamental to making the relocation work. That sort of investment in a new digital strategy for the APVMA would be something that the industry would support irrespective of the relocation.⁹

Ms Arthy told the committee about the focus on business continuity:

I can [assure] the committee and others that business continuity is a major focus for us in making sure that we are able to deliver for the stakeholders and industry clients that we service. In addition to the recruitment that is underway, we are also looking at a range of measures such as fast-track training to make sure we can deliver with a less experienced workforce and removing our regulatory and administrative burden to ensure that our evaluators who are there are not distracted onto 'administrivia'. We have also implemented a range of initiatives in line with the white paper and other reform activities that we have been doing. Most recently, we have released our approach on how we will use international data standards and assessments and we have recently also released all the international guidelines that we will accept. I am very proud of the focus of the staff. It is a difficult time for them, and they are just getting on with business to make sure we provide access to safe chemicals for Australian farmers and the community.¹⁰

Ms Arthy clarified that contrary to media reports, officers have not been forced to work from McDonalds in Armidale and that the APVMA is working well with the local community:

We have been working really well with the local Armidale community, with the council and with the university, and we have identified a suitable office there. We will be making that announcement in the next couple of weeks, but whenever we have gone up there there has only been a few of us. We just go and work wherever we need to. Everything has been working very, very well within the local community.¹¹

9 *Proof Hansard*, 11 April 2017, p. 23.

10 *Proof Hansard*, 11 April 2017, p. 37.

11 *Proof Hansard*, 11 April 2017, p. 42. See also: Mr Tony Broomfield, Project Manager, Armidale Regional Council, *Proof Hansard*, Townsville, 19 May 2017, p. 16.

Staffing

It should be noted that the date the APVMA is to start working from Armidale is more than two years away. The digital strategy will preserve capability whilst qualified staff are recruited and trained in Armidale. Despite the negative media coverage, recruitment is proceeding well.

Government Senators note the department's recent recruitment drive late last year after the order was made where over 200 applications were received.¹² APVMA informed the Senate Rural and Regional Affairs and Transport Committee:

We have recently concluded a general round that we initiated at the end of last year. That was very successful. We have commenced a number of other recruitment strategies, including launching more targeted and more aggressive recruitment targeting junior regulatory scientists as well as more experienced people to come into the agency. We continue to draw upon merit lists from other agencies to attract and encourage people to come to the agency. To support recruitment, we are also developing, and are near finalising, an accelerated program for regulatory scientists so that the new people we bring in can go through a program of accelerated learning about what is needed to be a regulatory scientist. That will enable them to perform highly at the level that we need sooner.¹³

The APVMA Chief Scientist is based in Armidale and recruitment arrangements are being finalised for two new Armidale based staff.¹⁴ In addition, recent recruits are joining in the knowledge that the agency will relocate to Armidale in 2019.¹⁵

In its submission, the APVMA outlined its workforce plan which is based on six key assumptions:

- **Staff willing to relocate to Armidale**—Previous staff surveys suggest only 10-15 per cent of current staff may consider relocating to Armidale. Nevertheless, every effort will be made to encourage staff to move with the agency to ensure there is a critical mass of experienced people in Armidale.
- **Digital solution**—The APVMA can establish a digital solution that will support a large proportion of regulatory scientists working remotely from anywhere in Australia, working collaboratively and seamlessly connected to the Armidale office.

12 APVMA, *Ongoing work to support the APVMA relocation*, 1 March 2017, <https://apvma.gov.au/node/26516> (accessed 25 May 2017).

13 Senate Rural and Regional Affairs and Transport Committee, Ms Stefanie Janiec, Acting CEO, APVMA, *Budget Estimates*, 25 May 2017, p. 19.

14 Senate Rural and Regional Affairs and Transport Committee, Ms Stefanie Janiec, Acting CEO, APVMA, *Budget Estimates*, 25 May 2017, p. 12.

15 Senate Rural and Regional Affairs and Transport Committee, Ms Stefanie Janiec, Acting CEO, APVMA, *Budget Estimates*, 25 May 2017, p. 20.

- **Remote working arrangements**—The APVMA is able to manage the human resource implications including work health and safety, performance management, IT security and physical security of the remote working arrangements.
- **Local recruitment**—The APVMA is able to source suitably skilled people (particularly in the case management, administration and corporate areas) from the Armidale region or attract new staff to Armidale.
- **Use of contractors and outsourced arrangements**—the APVMA is able to secure services from appropriate sources to fill capability gaps.¹⁶

In addition, the APVMA has described its plan to deploy 'an attractive retention package' and 'relocation policy' which will include 'relocation assistance, salary bonuses and return flights to Canberra'.¹⁷ Government senators are satisfied that the workforce plan in combination with retention and relocation policies will provide the APVMA with a mix of experienced and new staff for its move to Armidale.

Ms Alison Turner, who was the APVMA CEO from 1997 to 2003 provided her support for the move on the basis that recruitment may be easier in a regional centre like Armidale:

As CEO [I] always found it really hard to recruit specialist agricultural and veterinary staff in Canberra. If I managed to recruit good staff, they were often poached by other commonwealth agencies[.] While I understand the concerns of current staff, and the travel complexity for industry and parliamentary relations, I do not think there will be a long term problem moving there. I would imagine that the pay offered by the APVMA would compare very favourably with other agencies in Armidale, so that growing a good cohort of suitably qualified staff would occur in staff.¹⁸

Mr Broomfield told the committee he is also confident that the relocation of the APVMA will be a success:

I believe that the long-term projections are good, because I think once people get used to the idea—and the APVMA especially are going through a difficult period at this point in time. It is a big call to move a family and relocate. I happen to have done that, and I have got some sympathies for what they are going through. But I think, looking into the medium and long term, more people will come to the regions, and Armidale with the APVMA, once they start seeing the benefits of living there.¹⁹

16 APVMA, *Submission 35*, p. 15.

17 APVMA, *Submission 35*, p. 16.

18 Answers to questions on notice on 11 April 2017 from Department of Agriculture and Water Resources, Attachment E, received 6 June 2017. Email from Ms Alison Turner to Deputy Prime Minister dated 29 November 2016.

19 Mr Tony Broomfield, Program Manager, Armidale Regional Council, *Proof Hansard*, Townsville, 19 May 2017, p. 18.

Mr Broomfield cited the example of the relocation of the NSW Government Department of Agriculture from Sydney to Orange in the 1990, noting that:

...the outcomes are much, much more beneficial in the medium to long term than perhaps people think and envisage when you are in the early stages of the relocation.²⁰

The latest version of the business plan model looks at opportunities for outsourcing some of the back-office functions.²¹ Dr Jason Lutze, Acting Executive Director, Scientific Assessment and Chemical Review at the APVMA spoke about the current successful use of external providers in scientific and efficacy assessments as another tool to augment the agency's capacity:

For a long time we have engaged external providers in our scientific assessment areas. For instance, in the efficacy area they currently undertake about 60 per cent our efficacy assessments. In environmental risk assessment they undertake about 45 per cent of our assessments. We are looking at measures to extend the capability and capacity of our external assessors. For instance, in a residue, which is a fairly specialised area, we have not traditionally used external providers. We are currently piloting an external provider.²²

An integral element of the APVMA's relocation to Armidale is the establishment of the Centre of Excellence in Agriculture and the creation of the regulatory science course at the University of New England. This will be the first course of its type offered in Australia. This course will provide a ready workforce of specially trained graduates ready to enter employment with the APVMA in Armidale. Ms Arthy expressed her support of the course and the synergies it would help create:

We started talking to UNE back in 2015 as part of this. When the Deputy Prime Minister wrote to me to ask for advice about whether we would move to Toowoomba or Armidale, part of the brilliant thing that came out of it when I was talking to all the different universities was the value in actually getting a regulatory science course up.

At the moment I think we are talking about a module within a bigger degree, which is terrific. But it is about introducing scientists to the concepts of applying law and risk. It is a terrific idea, and one that we have been working very closely with UNE on for quite a while.²³

20 Mr Tony Broomfield, Program Manager, Armidale Regional Council, *Proof Hansard*, Townsville, 19 May 2017, p. 18.

21 Mr Benjamin Stapley, Executive Director, Animal Medicines Australia, *Proof Hansard*, 11 April 2017, p. 25.

22 Senate Rural and Regional Affairs and Transport Committee, Dr Jason Lutze, Acting Executive Director Scientific Assessment and Chemical Review, APVMA, *Budget Estimates*, 25 May 2017, p. 23.

23 *Proof Hansard*, 11 April 2017, p. 43.

Decentralisation plans

Government senators note that the relocation of the APVMA to Armidale delivers on a Coalition election commitment to create Centres of Excellence in Agriculture and 'delivers on the Coalition Government's commitment to decentralise metropolitan-based agencies which have a regional focus and provides some agricultural agencies with unprecedented engagement with farmers, growers, scientists and research experts'.²⁴ As noted at the time by the Hon Barnaby Joyce MP, Deputy Prime Minister:

The move is part of a wider decentralisation strategy to grow the regional presence of agricultural agencies, including the Murray Darling Basin Authority expanding its regional presence from its current office in Toowoomba; the Rural Industries Research and Development Corporation (RDC) moved to Wagga Wagga, and the set-up of offices of the Grains Research and Development Corporation (RDC) in Toowoomba and Dubbo.²⁵

Senator the Hon Matthew Canavan also spoke on decentralisation plans:

I think it is very important here to point out that this is a policy for all regional Australians that we are trying to achieve around the country. So we are moving the Fisheries RDC [Research and Development Corporation] to Adelaide. We are moving the Grains RDC offices to Toowoomba, to Dubbo, to Perth and to Adelaide. We are in the process of moving a RIRDC [Rural Industries Research and Development Corporation] office to Wagga Wagga. To all of these towns, the Labor Party would like to deny the opportunity of having government invest in their town. I think it is important—²⁶

A history of success—decentralising government to the regions

Decentralisation is not new and has previously included:

- the New South Wales Nationals in government relocated the Department of Agriculture to Orange in 1992;
- the New South Wales Labor Government moved at least seven agencies from Sydney to a regional centre between 2000 and 2005;

24 The Hon Barnaby Joyce MP, Deputy Prime Minister and Minister for Agriculture and Water Resources, 'Armidale welcomes APVMA', *Media release*, 25 November 2016. Note: the Grains Research and Development Corporation will also establish offices in Perth and Adelaide and new regional offices of the Murray Darling Basin Authority will be established across NSW, Victoria, QLD and SA. See *Journals of the Senate* No. 30—16 February 2017, pp 997–998.

25 The Hon Barnaby Joyce MP, Deputy Prime Minister and Minister for Agriculture and Water Resources, 'Armidale welcomes APVMA', *Media release*, 25 November 2016.

26 Senator the Hon Matthew Canavan, Minister for Resources and Northern Australia *Senate Hansard*, 12 September 2016, p. 553.

- the Victorian Labor Government relocated the Transport Accident Commission to Geelong in 2009, and has commenced relocating Worksafe Victoria to Geelong; and
- the Keating Labor Government moved the Australian Securities and Investments Commission to Traralgon in the early 1990s.²⁷

Mr Reginald Kidd, Chair AgVet Chemicals Taskforce, National Farmers Federation, told the committee in detail about the relocation of the NSW Department of Agriculture to Orange from Sydney 25 years ago:

Senator McKENZIE: Was there a little consternation at the time?

Mr Kidd: Was there ever!

Senator McKENZIE: Can you talk us through that?

Mr Kidd: I think the best way of putting it is, "'We'll all be damned," said Hanrahan.'

Senator McKENZIE: Right.

Mr Kidd: That was the attitude—that you would need snow chains to get kids to school—

Senator McKENZIE: That is right—

Mr Kidd: and to move out of the area. Many of the staff said that they were not going to relocate and that we would not be able to get staff to replace them, and a whole host of other things that I completely understand.

Senator McKENZIE: So a quarter of a century later—success. How is it all going there in Orange?

Mr Kidd: Well, as you know, that department is growing again now with the realisation of just how important agriculture is to the Australian economy. There is a number of new initiatives, and it is a super department now. I think, in total, there are about 900 people, and—

Senator McKENZIE: Fantastic.

Mr Kidd: I think it would be fair to say that if you asked any of them if they would move back to Sydney, you would have a riot in Orange for the first time.²⁸

Government senators note that the movement of agricultural agencies to regional locations will result in unprecedented engagement with farmers, growers, scientists, research experts, business and the community in general. Recent moves such as the Rural Industries Research and Development Corporation (RIRDC) to Wagga (NSW) have been successful and met with support from key industry stakeholders.²⁹

27 *Journals of the Senate* No. 30—16 February 2017, pp 997–998.

28 *Proof Hansard*, 11 April 2017, pp 8–9.

29 See also City of Wagga Wagga, *Submission 45*, p. 1.

In its submission to the committee, the Northern Rivers Regional Organisation of Councils highlighted a successful 2013 relocation of a major state government agency in NSW:

An example of a successful relocation of a State Government agency to a regional area is the NSW Government's decision to move the Office of Local Government to Nowra. This added more than \$10 million per annum via salaries of 60 staff to the Shoalhaven economy.³⁰

Mr Peter Hargreaves from City of Greater Bendigo outlined some of the successful relocations to Bendigo in recent times:

We have been host to a number of successful relocations in the public and the private sector. These include the Rural Finance Corporation from Melbourne in 2005, with about 40 jobs, and the Melbourne-based State Trustees established here in 2011, with about 100 jobs, 75 of which went to local people. In the private sector, Hofmann Engineering of Perth established their eastern operations in Bendigo in 2010, and they employ about 65 people in the heavy engineering industry.

These relocations provided a number of flow-on economic benefits and provided new families to Bendigo with the opportunity to experience a regional lifestyle. We have other Bendigo companies demonstrating every day that they can compete at a national level from a regional base. More importantly, from a service point of view they are showing that being based in a regional setting does not mean that they lose touch with their customers. Those include Bendigo and Adelaide Bank, Australia's fifth-largest bank, which pioneered the community bank model, and Keech Australia, which moved to Bendigo in 1995 and employs 165 people.³¹

Support for decentralisation

Government senators note that this policy of decentralisation is well supported in regional communities and this is demonstrated by the submissions received by the inquiry. Of the 199 submissions, the vast majority supported decentralisation. This support has focused on the capacities that can be found in regional Australia, including highly skilled workforces and infrastructure. Submissions and witnesses have highlighted the high quality lifestyles that can be enjoyed in these locations including affordable housing and work-life balance.

Government senators are disappointed that despite 56 submissions offering to host or urging regional hearings, the committee held only one hearing in Townsville apart from the hearing in Canberra. Submissions and witnesses were very clear on the need to hold more regional hearings for this inquiry. More councils should have been given the chance to present their cases to the committee and outline what they see as the strong case in favour of decentralisation which would invigorate their regions.

30 NOROC, *Submission 16*, p. 2. See also: Australian Grape and Wine Authority, *Submission 114*.

31 Mr Peter Hargreaves, Co-ordinator, Special Projects, City of Greater Bendigo, *Proof Hansard*, Townsville, 19 May 2017, p. 37.

The order and process

Government senators note the order was made validly under established processes which included consultation. Mr David Williamson, Deputy Secretary at the Department of Agriculture and Water Resources pointed out that the order gave effect to a specific commitment made during the 2016 federal election.³² However, research from the Parliamentary Library indicates the order could be applied to seventeen locations across regional Australia.³³

On 19 April 2017, the Minister for Regional Development Senator the Hon Fiona Nash announced that the federal government would pursue a broader decentralisation agenda. Minister Nash noted that 'departments will need to indicate that they're suitable to move to the regions or justify why all or part of their operation is unsuitable'.³⁴ The Finance Minister described the difference between the relocation of the APVMA and the broader decentralisation agenda:

If I can make a distinction here, there is a very important distinction. When it comes to the relocation of the Australian Pesticides and Veterinary Medicines Authority, that was an election commitment we took to the last election. What we are proposing now is a more structured process for assessment.³⁵

In the recent budget, the government announced the criteria against which its policy will be assessed. These criteria are:

- the supply of skills or policy connection between the potential host regions and the operations of specific entities;
- telecommunications capability, services and infrastructure available to support the relocation of entities and accommodate their staff; and
- specialist staff retention and associated impacts on the specific entity performance.³⁶

The Finance Minister explained at the recent Budget Estimates how the decentralisation agenda will proceed:

Finance's role will be to design a robust business case process and assess business cases for consideration by government. The government will then

32 Mr David Williamson, Deputy Secretary, DAWR, Proof Hansard, 11 April 2017, p. 36.

33 Tabled document by Senator Bridget McKenzie, Townsville, 19 May 2017.

34 Senator the Hon Fiona Nash, 'Coalition begins decentralisation process', Media release, 19 April 2017.

35 Senator the Hon Matthias Cormann, Finance Minister, Senate Finance and Public Administration Committee, *Budget Estimates*, 24 May 2017, p. 87.

36 Budget Paper 4, 2017–18, 'Budget 2017–18: Agency Resourcing'. p. 4, http://www.budget.gov.au/2017-18/content/bp4/download/Budget2017-18_BP4.pdf (accessed 25 May 2017).

of course consider both any proposal and the Finance portfolio's assessment of any business cases being put forward.³⁷

Regional Australia—services and infrastructure

Location is no longer an impediment to conducting the business of government with many regional communities having access to high speed telecommunications. Longreach Regional Council described its services and infrastructure:

With regard to telecommunication services, we have fibre-optic upload and download speeds that are faster than those in Brisbane and the Gold Coast. This in turn closes any gaps for connecting to major cities, online programs, meetings and conferences. Longreach has access to microwave point-to-point connectivity for internet services through corporate providers.

For travel, every day Longreach has flights to and from Brisbane through QantasLink, and it also has flights twice a week from Townsville and return, through Rex. There are daily bus services from Brisbane to Mount Isa, with connecting services to the Northern Territory terminating at Darwin. There are regular passenger rail services from Brisbane, and there is capacity to increase rail freight through the region.³⁸

Councillor Jamie De Brenni of Alice Springs Town Council explained that regional areas have a range of unique strengths and capacities. Cr De Brenni highlighted the strong indigenous focus that the Alice Springs region has, noting that there are over 260 indigenous communities in the central Australian region.³⁹ Mr Gerard Jose, CEO of the Mildura Rural City Council told the committee about the high level of diversity in his town which has over '76 diverse, different cultures'.⁴⁰ Different regions have the capacity to inform government policy and programs in an exciting and positive way.

A skilled resource living in the regions

One of the reasons that the government is pursuing a decentralisation policy is to take advantage of the highly qualified people who live in the regions. Many witnesses were keen to showcase the untapped skills and experience that exist right across the country. The Bega Valley Shire Council noted the high proportion of 'retired public servants' in its backyard,⁴¹ whilst the President of NOROC, Councillor Danielle Mulholland observed:

37 Senator the Hon Matthias Cormann, Finance Minister, Senate Finance and Public Administration Committee, *Budget Estimates*, 24 May 2017, p. 87.

38 Councillor Leonie Nunn, Deputy Mayor, Longreach Regional Council, *Proof Hansard*, Townsville, 19 May 2017, p. 22.

39 Cr Jamie De Brenni, Councillor, Alice Springs Town Council, *Proof Hansard*, Townsville, 19 May 2017, p. 23.

40 Mr Gerard Jose, CEO, Mildura Rural City Council, *Proof Hansard*, Townsville, 19 May 2017, p. 38.

41 Councillor Kristy McBain, Mayor, Bega Valley Shire Council, *Proof Hansard*, Townsville, 19 May 2017, p. 31.

It is just that we have a changing demographic in the Northern Rivers. I have run into some incredibly smart people and people who are eminently employable. I myself am a retired public servant; my husband is a retired public servant. It is really unbelievable how many public servants we have run into across the Northern Rivers. We have a lot of smart people and a lot of educated people. We have Southern Cross University. We are only a couple of hours from Brisbane and all the universities up there. I am currently studying through QUT as an external student. So I think that we are offering a lifestyle, but we also have skilled, professional people here who can fill vacancies. I think it is misguided to assume that people who live in the regions or in a rural community are living there because they cannot do something. They are living there because they choose to do so; it is a lifestyle choice, and, certainly, we have the lifestyle up here.⁴²

Mr Tony Broomfield, Project Officer from Armidale Regional Council added:

I think clever people like scientists are already living in the regions...I know of a number at the University of New England who are in world-class leading research based in Armidale and who are living a fabulous lifestyle at the forefront of where it is happening.⁴³

Housing affordability and lifestyle factors in the regions

Many submitters and witnesses noted that one of the benefits to the policy of decentralisation is the access to affordable housing in regional locations. The committee were provided with many examples of affordable housing in the regions.⁴⁴ On notice, many regional councils told the committee about median house prices in the regions such as \$215 000 in Longreach⁴⁵ and \$261 750 in the Greater Shepparton region.⁴⁶

The Mayor of Townsville, Councillor Jenny Hill informed the committee that in Townsville 'you can buy a four-bedroom home on an 800-square-metre lot for \$350 000, very close [to the waterfront]'.⁴⁷ Mr Tony Broomfield from Armidale Regional Council made the following observation:

The median house price [in Armidale] is \$320,000—a little bit cheaper than Sydney and a little bit cheaper than Canberra, so that is a key driver in the

42 Councillor Danielle Mulholland, President, NOROC, *Proof Hansard*, Townsville, 19 May 2017, p. 31.

43 Mr Tony Broomfield, Program Manager, Armidale Regional Council, *Proof Hansard*, Townsville, 19 May 2017, p. 16.

44 See, for example: Toodjay Shire Council, answer to a written question on notice; Councillor Danielle Mulholland, President, NOROC, *Proof Hansard*, Townsville, 19 May 2017, p. 32.

45 Answers to questions on notice at 19 May hearing from Longreach Regional Council, received 26 May.

46 Answer to questions on notice at 19 May hearing from Greater Shepparton City Council, received 31 May 2017.

47 Cr Jenny Hill, Mayor, Townsville City Council, *Proof Hansard*, Townsville, 19 May 2017, p. 12.

lifestyle that we enjoy. We do not have to live in apartments. We can live in houses on good size blocks and the children can have a backyard to play in...⁴⁸

Mr Broomfield emphasised the services available in regional Australia:

I tried to emphasise in my opening statement that Armidale is not a back country little town. It has got a sophisticated education centre. It has got fabulous health care. The hospital is currently going through a \$60 million upgrade. We have got ample doctors and ample dentists. We have got fabulous education with good job prospects as well.⁴⁹

Councillor Hill outlined her own family's attraction to the lifestyle in a regional centre:

While my friends were driving an hour and a half to drop their kids off and get to work, I was fortunate enough to have a day-care centre across the road from where I worked at the laboratory. I would drop my daughter off and go into work. The quality of life is second to none.⁵⁰

Conclusion

This relocation provides an opportunity to revisit and renew processes to ensure an efficient and effective regulator into the future. The record of poor performance over time, well before the relocation was announced, indicates there are other issues within the organisation that are restricting the timely and efficient processing of applications.

Government senators reject the recommendations of the majority report to revoke the order and pause the move. Plans are progressing well, risk mitigation strategies are being developed and importantly the digital strategy will support the organisation not only with the move but to improve its performance and service delivery.

Recruitment and retention of staff has been an ongoing challenge for the APVMA over many years. Government senators welcome support in the majority report for the establishment of the regulatory science course at the University of New England. Witnesses unanimously supported the establishment of the regulatory science course at the University of New England. It will provide a pipeline of graduates able to be employed by the APVMA.

The Finance Minister followed his obligations under the PGPA Act in the making of the order. Government senators welcome that the broader decentralisation agenda now

48 Mr Tony Broomfield, Program Manager, Armidale Regional Council, *Proof Hansard*, Townsville, 19 May 2017, p. 16.

49 Mr Tony Broomfield, Program Manager, Armidale Regional Council, *Proof Hansard*, Townsville, 19 May 2017, p. 16.

50 Cr Jenny Hill, Mayor, Townsville City Council, *Proof Hansard*, Townsville, 19 May 2017, p. 12. See also: Councillor Kristy McBain, Mayor, Bega Valley Shire Council, *Proof Hansard*, Townsville, 19 May 2017, pp 27–28.

underway will involve a set of criteria against which proposals will be assessed as well as a business case process to be designed by the Department of Finance.

Government senators welcome the select committee on regional development and decentralisation has been established in the House of Representatives. Particularly given the short shift, regional communities and their industries have been given by through this inquiry.⁵¹

Government senators recognise and appreciate the capacity, entrepreneurial drive and resilience of regional communities. Their competitive advantage for location of federal government departments is acknowledged, as is the economic benefit that decentralisation brings.

Senator James Paterson
Deputy Chair

Senator Bridget McKenzie
Senator for Victoria

ⁱ APVMA timeframe performance statistics from APVMA website.

ⁱⁱ

http://www.jennymcallister.com.au/media_release_inquiry_comes_to_townsville_to_expose_empty_talk_on_regional_jobs

ⁱⁱⁱ Answers to QONS to DAWR 11 April 2017

^{iv} *Commonwealth of Australia, Senate Rural and Regional Affairs and Transport Legislation Committee, Hansard, 25 May 2017, page 6.*