



Australian Government

Australian Government response to the Senate Finance and Public Administration References Committee inquiry report:

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

December 2017

INTRODUCTION

On 8 February 2017, the Senate referred an inquiry into the operation, effectiveness, and consequences of the Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016 (the Order), to the Senate Finance and Public Administration References Committee (the committee). The committee examined:

- a. the process leading to the making of the order
- b. the policy of relocating corporate Commonwealth entities with agricultural policy or regulatory responsibilities, including:
 - i. the identity of corporate Commonwealth entities that could be affected
 - ii. the policy's effect on the ability of affected entities to perform their functions
 - iii. economic, environmental and capability implications of the policy
- c. the application of this policy to the Australian Pesticides and Veterinary Medicines Authority (APVMA), including:
 - i. the plan for relocation
 - ii. the ability of the APVMA to perform its functions from its new location, and any consequent risks to:
 - A. human and animal health
 - B. productivity and profitability to the agriculture and fisheries sectors
 - C. chemical industries
 - D. Australia's trading reputation
- d. any other related matters.

The committee reported on these matters on 9 June 2017. The majority report outlines five recommendations and the Australian Greens' additional comments outline one recommendation. The Australian Government provides the following response.

DETAILED RESPONSE TO THE RECOMMENDATIONS OF THE MAJORITY REPORT

RECOMMENDATION 1

The committee recommends that the Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016 be revoked.

The Australian Government does not support the recommendation.

Government policy orders, issued under subsection 22(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), provide a legislative mechanism designed to apply government policies to corporate Commonwealth entities.

The Order was developed and applied to the APVMA to give effect to the government's policy, first outlined in its 2016 election commitment, to establish a Centre of Agricultural Excellence in Armidale by co-locating the APVMA with the University of New England (UNE) and its specialised agricultural research centres (The Coalition's Policy for a Stronger Agriculture Sector)¹.

The government is continuing to implement this election commitment; and has provided the APVMA with \$25.6 million to help manage its relocation to Armidale.

RECOMMENDATION 2

The committee recommends that the move of the APVMA be paused until the APVMA concludes its review of its business model.

The Australian Government does not support the recommendation.

The APVMA released its relocation strategy (APVMA in Armidale: Relocation Strategy)² in December 2016. The strategy outlines how the APVMA will implement the government's 2016 election commitment to relocate to Armidale, including how it will manage risks and opportunities. A component of the strategy includes developing a new business model, which is well underway. Once completed, the business model will inform how the APVMA will operate in Armidale; and help shape its relocation from Canberra. While the business model will be an important part of the APVMA operations in the years to come, there is no need to pause the move on account of this work.

RECOMMENDATION 3

The committee recommends that the establishment of the regulatory science course at the University of New England is actively encouraged and supported by the Commonwealth. The establishment of this course should not be contingent on the relocation of the APVMA.

The Australian Government notes the recommendation.

In February 2017, the UNE began offering a Graduate Certificate in Science (Regulatory Science) and a Graduate Diploma in Science (Regulatory Science). A Master of Regulatory Science is also in development.

¹ www.liberal.org.au/coalitions-policy-stronger-agriculture-sector

² apvma.gov.au/node/26286

The UNE has established an Agricultural and Veterinary Chemicals Regulatory Science Industry Advisory Board to provide advice and input to ensure its regulatory science courses meet the needs of both the APVMA and its industry partners. The board held its inaugural meeting on 21 July 2017 and includes members from the UNE, APVMA, Department of Agriculture and Water Resources, Animal Medicines Australia, CropLife Australia, Veterinary Manufacturers and Distributors Association and the National Farmers' Federation. The UNE is also developing partnerships with other government members of the Regulatory Science Network³ to ensure its courses also meet the regulatory science needs of these agencies.

The UNE has advised the Department of Agriculture and Water Resources that a key motivation for students commencing the regulatory science courses is the possibility of future employment with the APVMA in Armidale. The government commends the UNE in developing these courses, which will fill an important gap in the market.

RECOMMENDATION 4

The committee recommends that the Finance Minister apply greater scrutiny to future requests or orders to be made under the *Public Governance, Performance and Accountability Act 2013* with a specific focus on consideration being given to the following:

- the financial and governance implications on an agency from an order under the *Public Governance, Performance and Accountability Act 2013*; and
- a cost-benefit analysis. In the event that a cost-benefit analysis does not identify a net benefit from the proposed order, the Finance Minister should require the relevant minister to explain the grounds on which the order should be made.

The Australian Government notes the recommendation.

This recommendation does not appear to recognise the policy, that corporate Commonwealth entities with agricultural policy or regulatory responsibilities be located in a regional community and within 10 kilometres by road of a regional university recognised for research and teaching in agricultural science, applied by the Order, had already received formal government consideration and approval. It is not the Finance Minister's role to re-make a government policy already made through due process.

In making an order to apply a policy to a corporate Commonwealth entity under section 22 of the PGPA Act, the Finance Minister must be satisfied that the minister responsible for the policy has consulted the entity on the application of the policy. Such consultation occurred in November 2016.

RECOMMENDATION 5

The committee recommends that a broad inquiry led by representatives from both Houses of Parliament be undertaken into the merits of decentralisation, and the appropriate policy mechanisms for undertaking it.

The Australian Government notes the recommendation.

On 1 June 2017, the House of Representatives established a Select Committee on Regional Development and Decentralisation to inquire and report on best practice approaches to regional

³ The Regulatory Science Network is a group of nine government agencies and departments responsible for the regulation of chemicals and biological agents in Australia (apvma.gov.au/node/15496).

development, the decentralisation of Commonwealth entities, and supporting corporate decentralisation. The Select Committee is due to produce its final report by 28 February 2018.

This inquiry is in addition to the whole-of-government process, announced by the Minister for Regional Development on 19 April 2017, to consider Commonwealth entities that may be suitable for decentralisation. This process is methodical and rigorous, involving a staged approach that includes the Cabinet's consideration of initial criteria and a two-stage business case process.

As there is significant government and parliamentary work underway on decentralisation issues, the government does not see a need to undertake an additional inquiry.

DETAILED RESPONSE TO THE AUSTRALIAN GREENS ADDITIONAL COMMENTS

RECOMMENDATION 1

That the APVMA relocation be scrapped entirely and that the APVMA remain located at its current site in the ACT.

The Australian Government does not support the recommendation.

The Australian Government is committed—consistent with its 2016 election policy—to relocating the APVMA to Armidale to establish a Centre of Agricultural Excellence by co-locating it with the UNE and other specialised agricultural research centres in the region.

This move provides an opportunity to build an efficient and effective regulator; and improve how the APVMA works with its clients, which will increase farmers' access to new chemicals and reduce costs to business.