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13 July 2018

Review Panel
Department of the Prime Minister and Cabinet
PO Box 6500
Canberra ACT 2600

By email only: APSReview@pmc.gov.au

Dear Review Panel

The Independent Review of the Australian Public Service

I am pleased to provide comments from Animal Medicines Australia (AMA) that may assist the Review Team in their deliberations.

AMA is the peak body representing the leading animal health companies in Australia. AMA member companies are the local divisions of global innovators, manufacturers, formulators and registrants of a broad range of veterinary medicine products that prevent, control and cure disease across the companion animal, livestock and equine sectors.

A key component of AMA member company engagement with the Australian Public Service is the major regulatory agencies. These companies have a strong interest in ensuring that the regulators are able to deliver timely, predictable and efficient veterinary medicines approvals. An effective and efficient regulator is critical for the business and strategic planning of our members and ensures that Australian production livestock and pets have access to the world's leading veterinary medicine products. AMA advocates for the responsible and judicious use of all veterinary medicines to improve and protect animal health and welfare.

We look forward to the reporting of the outcomes of the Review. If, in the meantime, we can provide additional information please do not hesitate to contact me.

Yours Sincerely

Ben Stapley
Executive Director

**Submission to the Independent
Review of the Australian Public Service**

13 July 2018



**Animal
Medicines**
Australia

Animal Medicines Australia submission to The Independent Review of the Australian Public Service

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Attachment 1: Animal Medicines Australia submission to the Inquiry into Regional Development and
Decentralisation, 15 September 2017

1. About Animal Medicines Australia

Animal Medicines Australia Ltd (AMA) is the peak industry body representing the leaders of the animal health industry in Australia.

AMA Australia member companies are the innovators, manufacturers, formulators and registrants of a broad range of veterinary medicine products that prevent, control and cure disease across the companion animal, livestock and equine sectors.

In the livestock sector, member company products are improving agricultural yield while delivering improved environmental, health, safety and animal welfare outcomes.

In the companion animal sector, veterinary medicines produced by member companies are facilitating longer partnerships between humans and animals.

AMA works closely with a variety of industry organisations to promote an evidence-based approach to public policy.

AMA is a significant stakeholder in this review and welcomes the opportunity to provide this submission.

2. Introduction

Animal Health Products are highly regulated with controls directed to pre-market approvals, marketing, distribution, storage, sales, advice, use and disposal at Commonwealth and State/Territory levels.

For this submission, AMA will focus its principal comments on aspects of the regulatory environment, important challenges for the future, and draw on recent events with decentralisation of a Commonwealth government regulatory agency.

Notwithstanding, AMA notes recommendations of the 2017 Australia 2030 Report¹ particularly toward addressing aspects of this Review of the Australian Public Service that serve to:

- drive innovation and productivity in the economy;
- tackle complex, multi-sectoral challenges in collaboration with the community, business and citizens;
- improve citizens' experience of government and delivering fair outcomes for them.

3. Guiding Regulatory Principles

A number of government policy and guidance statements provide helpful direction to the development of regulatory proposals. These are identified briefly below and provide some clarity on approaches to the government's Deregulation Agenda².

Since the introduction of requirements for regulatory impact analysis and regulatory impact statements in the 1990s there has been continuing evolution of the understanding of their critical importance and role by governments and its stakeholders. For some, one of the more significant advances has been in the need to clearly elaborate a problem definition and what policy objectives needed to be addressed.

AMA notes the following principle statements:

¹ Innovation and Science Australia 2017, Australia 2030: prosperity through innovation, Australian Government, Canberra

² <https://www.jobs.gov.au/deregulation-agenda>

3.1 COAG Principles of Best Practice Regulation

The Council of Australian Governments (COAG) has agreed that all governments will ensure that regulatory processes in their jurisdiction are consistent with the following principles³:

- a. establishing a case for action before addressing a problem;
- b. a range of feasible policy options must be considered, including self-regulatory, co-regulatory and non-regulatory approaches, and their benefits and costs assessed;
- c. adopting the option that generates the greatest net benefit for the community;
- d. in accordance with the Competition Principles Agreement, legislation should not restrict competition unless it can be demonstrated that:
 - i. the benefits of the restrictions to the community as a whole outweigh the costs, and
 - ii. the objectives of the regulation can only be achieved by restricting competition
- e. providing effective guidance to relevant regulators and regulated parties in order to ensure that the policy intent and expected compliance requirements of the regulation are clear;
- f. ensuring that regulation remains relevant and effective over time;
- g. consulting effectively with affected key stakeholders at all stages of the regulatory cycle; and
- h. government action should be effective and proportional to the issue being addressed.

3.2 Ten Principles for Australian Government Policy Makers⁴

- a. Regulation should not be the default option for policy makers: the policy option offering the greatest net benefit should always be the recommended option.
- b. Regulation should be imposed only when it can be shown to offer an overall net benefit.
- c. The cost burden of new regulation must be fully offset by reductions in existing regulatory burden.
- d. Every substantive regulatory policy change must be the subject of a Regulation Impact Statement.
- e. Policy makers should consult in a genuine and timely way with affected businesses, community organisations and individuals.
- f. Policy makers must consult with each other to avoid creating cumulative or overlapping regulatory burdens.
- g. The information upon which policy makers base their decisions must be published at the earliest opportunity.
- h. Regulators must implement regulation with common sense, empathy and respect.
- i. All regulation must be periodically reviewed to test its continuing relevance.
- j. Policy makers must work closely with their portfolio Deregulation Units throughout the policy making process.

³ <https://www.pmc.gov.au/resource-centre/regulation/best-practice-regulation-guide-ministerial-councils-and-national-standard-setting-bodies>

⁴ The Australian Government Guide to Regulation, 2014 Canberra

4. The development of a best practice regulatory culture

It is noted that the Independent Review of the Australian Public Service will examine the capability, culture and operating model of the APS and that it will make practical recommendations to ensure the APS is ready, over the coming decades to best serve Australia.

4.1 delivering high quality advice, regulatory oversight, programs and services

AMA sees an important goal is that APS culture embraces and facilitates:

- Fostering innovation;
- Evidence-based decision-making;
- Timeliness;
- Predictability;
- Efficiency and effectiveness;
- Transparency;
- Visible governance; and
- Accountability.

AMA believes that the necessary regulatory policy information and tools exist to facilitate progress. These are supported through COAG and Government statements.

“The Australian Government Guide to Regulation is intended to be read by every member of the Australian Public Service involved in policy making—from the most junior member of the policy team to the departmental secretary. It provides the context for regulation and encourages policy makers to think about regulatory impact early in the policy process. The principles in this Guide will be supplemented by regular Guidance Notes from the Department of the Prime Minister and Cabinet, available at www.cuttingredtape.gov.au.⁵

AMA would support APS Review recommendations to the Government that highlight the importance of the principles of Best Practice Regulation as critical in the cultural development of the APS.

4.2 ensuring domestic, foreign, trade and security interests are coordinated and well-managed

AMA member companies provide animal medicines that manage the health of animals that are produced for human consumption; including cattle, sheep, pigs, goats, poultry and others. Australia also enjoys healthy export markets from livestock and commodities produced from them.

Maintaining the confidence of consumers, at the local and trade destination levels, is critical to ongoing success for direct and indirect industry participants, and the Australian economy. It is important to stress the importance of bodies such as The National Residue Survey in facilitating information to both domestic and export markets.

“The National Residue Survey (NRS)⁶ is a vital part of the Australian system for managing the risk of chemical residues and environmental contaminants in Australian animal and plant products. The NRS supports Australia’s primary producers and agricultural industries by confirming Australia’s status as a producer of clean food and facilitating access to domestic and export markets.”

⁵ The Australian Government Guide to Regulation, 2014 Canberra

⁶ <http://www.agriculture.gov.au/ag-farm-food/food/nrs>

AMA suggests that the Review of the APS consider outcomes focussed approaches, including partnership or facilitations that lead to benefits to the Australian community and the economy.

4.3 acquiring and maintaining the necessary skills and expertise to fulfil its responsibilities.

Ongoing experience with the relocation of a Commonwealth government agency is provided at item 5 below.

5. Regional Development and Decentralisation

A principal regulator for the Animal Health Products industry is the Australian Pesticides and Veterinary Medicines Authority (APVMA). In November 2016 the Government announced that the APVMA will be relocating its operation to Armidale in 2019.

This example provides a helpful case-study for the challenges of such an undertaking.

In September 2017, AMA made a submission to the Inquiry into Regional Development and Decentralisation. A copy of that submission is provided as Attachment 1 to this document. AMA highlights the following comments and recommendations:

“AMA believes that Commonwealth entities should be located where they may be most effective and efficient. In considering where an agency may best be located, key considerations should include:

- Its human resources, financial and infrastructure requirements;*
- Its accountability responsibilities and governance structures; and*
- Its need to engage with key stakeholder groups.”*

and

“In summary, AMA does not oppose the decentralisation of government agencies, provided that any relocation is:

- 1. Based on a clear understanding of the purpose and functions of the agency, and its key stakeholders. This must include early engagement with stakeholders to identify issues that may not be apparent from the Government perspective; and*
- 2. Supported by a comprehensive and transparent cost-benefit analysis that demonstrates clear benefits from relocation for all stakeholders, including industry stakeholders.”*

6. Recommendations

That the Independent Review of the Australian Public Service:

- 6.1 highlights and supports the importance of the principles of Best Practice Regulation as critical in the cultural development of APS staff developing and delivering policy advice, regulatory oversight and administration, programs and services;
- 6.2 identifies the important role of working solutions to focussed outcomes; and
- 6.3 recognises the challenges of acquiring and maintaining necessary skills and expertise in the event of decentralisation of government functions or agencies. Such considerations must include independent published cost-benefit analysis.



15 September 2017

Regional Development and Decentralisation Committee
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Dear Committee Members,

Regarding the Inquiry into Regional Development and Decentralisation

Lodged online: www.aph.gov.au/MakeSubmission

Animal Medicines Australia (AMA) is the peak body representing the leading animal health companies in Australia. AMA member companies include local and global innovators, manufacturers, formulators, and registrants of a broad range of veterinary medicine products that prevent, control and cure disease across the companion animal, livestock and equine sectors.

Generally, AMA is supportive of relocating government agencies to regional and rural locations in circumstances where moving results in benefits to rural and regional communities and does not diminish agency performance or result in additional costs to industry stakeholders. AMA is a strong supporter of our agricultural and rural communities, and we wish to ensure that Australia's rural and regional communities grow and flourish. Our member's products promote agricultural productivity and help farmers to maintain healthy animals and use high animal welfare standards to produce premium quality products for Australia's key export and trade markets.

AMA believes that Commonwealth entities should be located where they may be most effective and efficient. In considering where an agency may best be located, key considerations should include:

- Its human resources, financial and infrastructure requirements;
- Its accountability responsibilities and governance structures; and
- Its need to engage with key stakeholder groups.

Any decision to relocate an agency must be informed by a sober assessment of an agency's requirements and functions. This must include a comprehensive and independent assessment of how those functions could be most efficiently and effectively delivered. Critically, any agency subject to relocation must be able to maintain and perform its functions *before, during and after* a relocation. It should also offer improvements (in either efficiency or performance) to key stakeholders that will be most impacted by the relocation.

Any relocation or decentralisation process presents risks to stakeholders of serious and significant declines in agency performance. This includes risks that an agency will not be able to meet its legislated responsibilities to meet application timeframes or provide essential services to stakeholders. Should these risks eventuate, stakeholder industries are likely to incur costs from non-performance (or delayed performance) of regulatory functions and services. Governments should ensure that decentralisation plans are supported by sufficient resources to ensure that stakeholder industries do not incur unacceptable costs from declines in regulatory performance from the relocation of an agency.

AMA encourages Government to complete and publish an independent cost/benefit analysis prior to any decision to relocate an agency. Such an analysis should include consideration of any costs or benefits likely to be incurred by industry stakeholders – especially where an agency is funded by cost recovery from industry.

In summary, AMA does not oppose the decentralisation of government agencies, *provided that* any relocation is:

1. Based on a clear understanding of the purpose and functions of the agency, and its key stakeholders. This must include early engagement with stakeholders to identify issues that may not be apparent from the Government perspective; and
2. Supported by a comprehensive and transparent cost-benefit analysis that demonstrates clear benefits from relocation for all stakeholders, including industry stakeholders.

Decentralisation may offer benefits by broadening the experience of agencies away from large capital cities and Canberra. AMA looks forward to working with governments to ensure that decentralisation fully considers all risks, costs and benefits and results in superior services to all stakeholders including governments, industries and the broader Australian society.

Yours sincerely,



Ben Stapley

Executive Director