

10 March 2017



Senator Jenny McAllister
Chair
Senate Finance and Public Administration Committees
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Dear Senator Jenny McAllister,

RE: Senate inquiry into the operation, effectiveness, and consequences of relocating government bodies to regional areas

Australian Dairy Farmers (ADF) appreciates the opportunity to provide input to the Senate inquiry into the operation, effectiveness and consequences of relocating government bodies to regional areas.

The Australian dairy industry is a \$13.7 billion farm manufacturing and export industry. Australia's 6,102 dairy farmers produce approximately 9.5 billion litres of milk a year.

Dairy is the backbone of many regional communities. More than 100,000 Australians rely on dairy for their livelihoods, including vets, scientists, mechanics, financial advisers and feed suppliers, while 38,000 Australians are directly employed on farms and in dairy processing.

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

As the dairy industry is predominantly located in regional communities, ADF supports policies which provide essential services to regional communities and policies which are aimed at revitalising and rejuvenating rural towns. Dairy farmers and processors recognise that vibrant local communities are necessary to service the industry and its workforce. Well-staffed schools, hospitals and other essential services are crucial to this, alongside social and community infrastructure to attract and retain local people.

ADF is concerned that a policy of decentralisation will not be of benefit to regional communities if it is done without the best interests of farmers and the broader agricultural industry in mind. We do not believe a 'one size, fits all' approach is appropriate and take a view that each case should be considered on its merits. ADF does not support relocating key government bodies to regional areas where the relocation will impose additional costs (both to industry and government), put essential relationships at risk, result in possible loss of specialist staff, and reduce effectiveness.

Key government bodies need regular and close engagement to develop strong working relationships; not only with farmer representatives, but also with the corporate entities which service and provide supplies to rural Australia. Further, government bodies need expert and specialist staff, many of whom may not wish to relocate from the more central hubs.

Relocating a government organisation to a regional town may provide benefits in strengthening regional communities, but if it is done without regard to the organisation's ability to operate effectively and efficiently, it will not be of net benefit to the agricultural sector. Government bodies, such as the APVMA, provide essential regulatory services to the dairy industry and its many product and service providers; it is resourced by expert staff and its efficacy must be the highest priority.

Decentralisation of research functions is also unlikely to be the most effective way of achieving desired outcomes as stated, including better stakeholder engagement, improved service delivery or promotion of regionally focused RD&E.

The application of the policy to the APVMA

Since the announcement of the APVMA's relocation, Dairy Australia (DA) (which interacts directly with the APVMA as the national services body for dairy farmers and the industry) has recognised a loss of staff and corresponding service from the APVMA, particularly in progressing the important reform program outlined prior to the relocation announcement.

Both DA and ADF were impressed by the significant program of reforms to the regulation and approvals of agricultural and veterinary chemicals outlined by the APVMA over the past couple of years.

These include:

- Fast track assessment
- Making better use of international data
- Using outcomes-based standards
- Contestable assessment services

The industry is concerned that the implications of the relocation, and associated staff and expertise loss is drawing resources from important reforms, that keep the core business of registration and compliance functioning. Since the announcement of the relocation we have seen little action or communication on these reforms.

DA and ADF are keen to work closely with the APVMA to ensure dairy farmers are able to access the agvet chemical tools they need to stay productive and competitive. Accordingly, the industry's representatives have worked hard to develop relationships and dialogue to ensure the dairy industry continues to be well served by our agvet chemical regulatory system. The relocation to Armidale, a location remote from the dairy industry and the regular lobbying and representative activities, will make this difficult and will impose greater cost and time to maintain the relationship. The critical work of reforming our system to cope with the changing local and international environment must not be compromised. We must ensure we have a nimble regulator, able to respond to the needs of the agricultural sector and its service providers.

The dairy industry has been working with the APVMA to address a number of items, however progress has recently stalled.

Specific examples include:

1. Chemical residues (in dairy products) are a significant trade issue and the requirements of our export markets are becoming ever more conservative. As each new prohibition is presented, the chemical manufacturing sector strives to reformulate and provide dairy farmers with new products that omit those compounds as quickly as possible. Where an export market puts a restriction on the use of a particular compound with a fixed and short deadline for its removal from the supply chain, the APVMA ought to facilitate a genuine fast-track process for approving alternatives—in instances where the alternative products use technologies that are already approved. For example, the industry has recently experienced long delays in approval for teat sanitisers that have removed NPE (nonyl phenyl ethoxylate) content, while the prohibition was almost immediate and only a handful of commercial products met these new requirements. NPEs are not a listed active constituent of the teat sanitisers, but are included for their surfactant properties. The reformulations required an alternative surfactant to be used, and the substituted technology was the same across a wide number of applications from different chemical manufacturers. While the chemical manufacturers understood the need to reformulate immediately, the regulator did not facilitate this nimble response and approvals were delayed for over six months. Chemical manufacturers were frustrated, they needlessly lost market-share as a result, and farmer choice was limited.
2. Some APVMA guidelines do not provide the clear advice and guidance they ought to, despite repeated consultation and detailed feedback from industry to make them

more useful. For example, DA has been negotiating changes to the 'Guidelines for data to support efficacy and safety of teat disinfectants' for nearly two years. It has sought to have included in the guidelines some clear advice about what data is required as part of an application for registration, so that chemical manufacturers can prepare the appropriate dossier from the outset to expedite the assessment and approval process. Last year, at the point where it was close to agreement on appropriate content for the guidelines, progress stopped, and it has now been told that these kind of projects are 'not a priority' in the new operating environment for the APVMA.

3. In May 2016, the APVMA informed DA that dairy sanitisers would be amenable to 'regulation by standard'—one of a suite of lower regulatory approaches slated for implementation by the regulator that the dairy industry would welcome. DA was informed that a consultant had been engaged to commence this project and that it would lead to fast-tracking registration for relevant products. However, there has been no further communication from the APVMA about this project, and we are wondering whether this reform, and others like it, are still going ahead.

The role of the APVMA is critical to facilitating access to the latest agricultural chemicals and veterinary medicines by dairy farmers and processors. Without the reform program outlined, and a clear way to ensure the system remains responsive to changing needs, the system will continue to fail our industry.

A 'hub and spoke' model creates regional jobs in the dairy industry

The dairy industry has shown that there are models which work to focus on key regional areas, without the need for the 'hub' to be moved to a rural location. The dairy industry is established across all temperate and some subtropical areas of Australia. Each of the eight dairy regions face a different context and have different needs. A key element of DA's engagement with these regions is through the Regional Development Programs (RDPs) which consist of eight independent organisations located in each of the eight dairy regions. These dairy regions are as follows: Dairy NSW (office based in Camden), GippsDairy (office based in Warragul), Western Dairy (office based in Bunbury), DairyTas (office based in Burnie), DairySA (office based in Lucindale), Murray Dairy (office based in Tatura), WestVic Dairy (office based in Camperdown) and Subtropical Dairy (office based in Goonellebah). Each of these offices provide a base for extension work relevant to that particular region, and jobs in those towns.

The regional jobs created by this structure are set out in the table below.

LOCATION	Staff Number	Staff FTE Equivalent
GippsDairy	9	8.00
Murray Dairy	16	11.47
DairyNSW	8	5.00
DairySA	7	3.90
Subtropical Dairy	6	2.80
Dairy TAS	8	4.29
WestVic Dairy	10	8.12
Western Dairy	4	2.70
TOTAL	68	46.28

Each RDP is governed by a board made up of local dairy farmers and skills-based directors. The RDPs play an important role in continually assessing farmer needs at a regional level, prioritising those needs and seeking out opportunities, both through and outside of DA, to meet

those needs. They also provide transparency and accountability to farmers for the investment of their levy funds. DA provides administrative funding to enable each RDP and co-ordinates with them for the implementation of extension programs. In each region, Regional Coordinators (employed by DA) work with the local RDP and private/public providers to better coordinate the identification of farmer priorities and delivery of service to meet these needs.

This model, where the needs of all regions are addressed locally as well as shaping the work of the centrally located DA, is more successful at getting engagement, views and priorities from the wide variety of dairying regions than any specific research location. It also allows the main office, Dairy Australia, to remain in Melbourne and be connected to important stakeholders, such as ourselves (ADF), the Australian Dairy Products Federation, the Victorian Government, head offices of many dairy companies and the research facilities in which Dairy Australia has invested (for example, DairyBio, which is based at the AgriBio facility, LaTrobe University). DA's investment in research and development also indirectly creates regional jobs. For example, Dairy Australia contributes to dairy industry specific research being undertaken by scientists employed by the State Government of Victoria's Department of Economic Development, Jobs, Transport and Resources which has a research facility (the National Centre for Dairy Research and Development) at Ellinbank. Similarly, research which Dairy Australia has co-funded, is being undertaken by the Queensland Department of Agriculture Forestry and Fisheries (QDAFF) at its facility at Gatton, and research being undertaken by the Tasmanian Institute of Agriculture at the TIA Dairy Research Facility at Elliott.

For further information about the contents of this submission, please contact Australian Dairy Farmers Senior Policy Manager Adele Beasley at abeasley@australiandairyfarmers.com.au or on (03) 86214200.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Terry Richardson", written over a light grey grid background.

Terry Richardson
Acting President