



Australian Government
**Department of Agriculture
and Water Resources**

Ref: FOI 2016/17-57

Mr Jackson Gothe-Snape

Via email: foi+request-3178-bff82a87@righttoknow.org.au

Dear Mr Gothe-Snape

I refer to your request to the Deputy Prime Minister, the Hon. Barnaby Joyce MP, Minister for Agriculture and Water Resources (the Deputy Prime Minister), published on the Right to Know website on 28 February 2017, for access under the *Freedom of Information Act 1982* (FOI Act) to 'documents or information provided to the Finance Minister under s 22(2) of the PGPA Act regarding this GPO: <https://www.legislation.gov.au/details/F2016L01795>.'

As you were advised on 7 March 2017, your request was transferred to the Department of Agriculture and Water Resources (the department) under s16 of the FOI Act.

Decision to grant access to documents

I am authorised to make decisions on behalf of the department under the FOI Act.

I have located one document within the scope of your request, being a letter from the Deputy Prime Minister to the Minister for Finance, the Hon. Matthias Cormann MP dated 23 November 2016. I have decided the document is appropriate for release and attach a copy with this letter.

I also note that the letter has been provided with the department's submission to the Senate Finance and Public Administration References Committee inquiry into 'The operation, effectiveness, and consequences of the Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016' currently underway.

Publication of information in the FOI disclosure log

Information released under the FOI Act may be published in a disclosure log on the department's website at <http://www.agriculture.gov.au/about/accessing-information/foi/ips/disclosure-log>. Section 11C of the FOI Act requires this publication, subject to certain exceptions, including where publication of personal, business, professional or commercial information would be unreasonable. In this instance, I have decided to publish the document released to you on the department's FOI disclosure log.

Review rights

If you wish to seek an internal review, you must apply to the department within **30 days** after the day you are notified of this decision. No form is required but it is helpful if you set out the grounds on which you consider that the decision should be reviewed. Your application for an internal review should be sent via email to foi@agriculture.gov.au, or to:

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Alternatively, you may apply directly to the Office of the Australian Information Commissioner (OAIC) for review within **60 days** after the day you are notified of this decision. You can also make a complaint to the Information Commissioner if you have concerns about how the department handled your request. You can find information about requesting a review, making a complaint, and other information about FOI on the OAIC website www.oaic.gov.au or phone 1300 363 992.

Contact details

Should you wish to discuss any issues arising from this letter, please contact FOI Officer, Melissa Nickols by telephone on 02 6272 3537 or email foi@agriculture.gov.au.

Yours sincerely



Martin Walsh
A/g Assistant Secretary
Agvet Chemicals Branch

29 March 2017

Declassified

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The Hon. Barnaby Joyce MP

**Deputy Prime Minister
Minister for Agriculture and Water Resources
Leader of The Nationals
Federal Member for New England**

Ref: MS16-002400

23 NOV 2016

Senator the Hon. Mathias Cormann
Minister for Finance
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Minister Cormann *Mathias*

I am writing to request that you make a general policy order (GPO) under section 22 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) to effect the relocation of the Australian Pesticides and Veterinary Medicines Authority (APVMA) to Armidale, New South Wales. Once made, I request that you (or your department) advise the APVMA, as the affected Commonwealth entity, of the commencement of a GPO arising from this process.

As agreed by the Cabinet on 2 November 2016, it is the government's policy that a corporate Commonwealth entity with agricultural policy or regulatory responsibilities is to be located in a regional community¹ and within 10 kilometres by road of the main campus of a regional university that is recognised for research and teaching in the field of agricultural science.

The PGPA Act requires that, before making a GPO in relation to a corporate Commonwealth entity, you, in your capacity as Minister for Finance must be satisfied that the minister responsible for the policy has consulted the entity on the application of the policy.

To satisfy this requirement, I wrote to Ms Kareena Arthy, Chief Executive Officer APVMA, on 10 November 2016 asking her to consider a draft GPO provided by your department and advise me on the application of the policy.

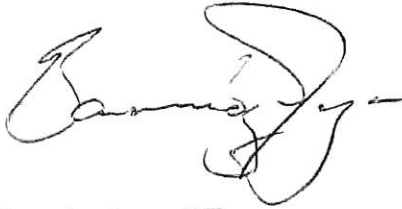
Ms Arthy responded on 18 November 2016, reaffirming her commitment to working with the government to make the relocation a success and recognising Armidale is the only viable option given government funding is contingent on moving to this location.

¹ For the purpose of the GPO, a regional community is defined as a community that is not within 150 kilometres by road of Canberra or the capital city of a state.

With her letter, Ms Arthy provided an updated relocation strategy. The strategy is similar to that attached to the submission we considered in the Cabinet meeting on 2 November 2016. Together with the Cabinet's agreement to \$25.6 million for the move, with further funding for a digital strategy to be agreed with you, the strategy addresses the key risks Ms Arthy identifies, particularly the potential loss of staff who choose not to move.

To assist the APVMA in progressing our election commitment, I would appreciate your consideration of this matter as soon as possible.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Barnaby Joyce', with a long horizontal flourish extending to the right.

Barnaby Joyce MP

Enc – Correspondence from Ms Kareena Arthy, CEO, APVMA



Australian Government
**Australian Pesticides and
Veterinary Medicines Authority**

18 November 2016

The Hon. Barnaby Joyce MP
Deputy Prime Minister
Minister for Agriculture and Water Resources
Parliament House
CANBERRA ACT 2600

Dear Minister

Thank you for your letter of 10 November enclosing the draft Government Policy Order (GPO) to effect the relocation of the Australian Pesticides and Veterinary Medicines Authority (APVMA), and seeking my advice on the application of the policy to the APVMA and how I would implement the policy and mitigate risks to the APVMA's operations.

I reaffirm my previous commitment to working with you to make the relocation of the APVMA a success. With careful planning and execution, we have the potential to create a model for other government agencies to operate from regional Australia, while also using this opportunity to further improve the APVMA's operations and enable the APVMA to take the next steps in becoming a world class regulator.

The draft GPO requires the APVMA to move to a regional community that is not within 150 kilometres by road of Canberra or a capital city and that is within 10 kilometres of the main campus of a regional university that is recognised for research and teaching in the field of agricultural science. A number of regional locations meet this requirement including Armidale and Wagga Wagga. However, I note the Government's commitment of \$25.6 million to support the APVMA's move to Armidale, meaning that relocating to Armidale is the only viable option at this point.

I have prepared a high level relocation strategy (attached) which identifies the key elements of how this policy could be implemented, noting the development of a detailed transition plan is necessary to ensure that all risks to the APVMA's operations are identified and mitigated.

I consider that one of the major risks to the APVMA's operations arising from the relocation is the potential loss of regulatory scientists – both in the lead up to the relocation and once the APVMA is operational in Armidale. Previous staff surveys have consistently identified that only a small percentage of the current cohort of 100 regulatory scientists would be willing to relocate to Armidale. To mitigate this risk, I propose to change the business model of the APVMA and enable regulatory scientists to work remotely.

While my strong preference is to have regulatory scientists based in Armidale – and incentives will be provided to staff to encourage them to relocate – having the option to work remotely will enable me to retain current expertise and open up options for recruitment from elsewhere in Australia. I note that funding of \$288,000 has been identified to support the development of a fully costed digital strategy to underpin the new business model. At this stage, I anticipate bringing the digital strategy forward in June quarter 2017.

Please note that I don't expect this approach to fully offset the risks posed in relation to access to scientific expertise as I anticipate a number of staff will retire or choose to not work remotely, meaning there will likely be a smaller pool of scientists interested in obtaining employment with the APVMA, both in the lead up to relocation and once in Armidale. Given there is a shortage of regulatory scientists in Australia and that it can take between two and five years post university to train a regulatory scientist, I anticipate there will be a reduction in the APVMA's scientific capability over the next few years while we rebuild capacity and implement a new business model.

The APVMA is already experiencing a higher than normal rate of staff departures. Since the beginning of the financial year, 29 people have left the APMVA, including 11 regulatory scientists with a combined service of over 80 years at the APVMA. Three more regulatory scientists have indicated they will be leaving by Christmas, with more expected in the New Year. While we have ongoing recruitment processes underway, we are currently having difficulty recruiting scientifically skilled people and there will be lag before they are fully operational due to the training requirements. The APVMA executive is monitoring this situation closely and actively managing the resources to minimise, as much as possible, the resulting delays in processing applications.

I am aware that there is currently no suitable accommodation in Armidale for the APVMA and one of my first priorities will be to engage a property specialist to manage the development and fit-out of appropriate facilities. A key consideration for my choice of accommodation will be the ability promote the premises and location as an attraction for staff to relocate to Armidale. I am particularly interested in exploring co-location with the University of New England as it will open up exciting opportunities for scientific collaboration and professional development – opportunities that will be a major attraction for scientific staff. Together, I believe the University and the APVMA could drive the Centre of Agricultural Excellence that you have announced.

While there are a lot of unknowns at present, particularly in relation to timeframes for completion of the new premises in Armidale and the digital strategy, I am working to a tentative timetable of relocating the APVMA from mid-2019. These timeframes, as set out in the strategy, may need to be revised once more detailed planning and scheduling is undertaken.

Finally, stakeholder engagement throughout this process will be important. I have employed a specialist communications firm to assist with communications relating to relocation and I will be establishing an APVMA Relocation Advisory Committee with membership drawn from industry, government and the Armidale community. More information on the committee is set out in the strategy.

I note that the Department of Finance will advise the APVMA of the commencement of the GPO.

The relocation of the APVMA to Armidale has many elements and I look forward to discussing our plans with you.

Yours sincerely



KAREENA ARTHY
Chief Executive Officer



Australian Government
**Australian Pesticides and
Veterinary Medicines Authority**



NOVEMBER 2016

APVMA in Armidale: Relocation Strategy

**BUILDING A WORLD CLASS REGULATOR
IN REGIONAL AUSTRALIA**

Declassified

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1 BACKGROUND

The government is developing a Centre of Agricultural Excellence at the University of New England to drive growth in agricultural productivity and deliver substantial economic benefits to regional Australia, noting that the Australian Pesticides and Veterinary Medicines Authority (APVMA) will be part of that Centre of Excellence.

This relocation strategy outlines the broad activities needed to efficiently transfer APVMA functions from Canberra to Armidale. This relocation strategy is focussed on what needs to happen to move the APVMA, while minimising potential adverse issues during the transition, and to maximise capacity when it operates from Armidale. The detailed planning and scheduling of a transition will be carried out during Phase 1 of the project.

An overview of the APVMA is at Attachment A.

1.1 Objectives for the relocation

There are four key objectives for the APVMA during the relocation:

1. Retain access to as much specialist expertise as possible, particularly regulatory scientists
2. Minimise the impact on the ability (in terms of capacity and capability) to meet legislative obligations in the lead up to, during and after the relocation
3. Maintain stakeholder access to the APVMA
4. Ensure APVMA staff and their families are treated with respect and assisted through the relocation, regardless of their choices.

These objectives are based on the most significant risks to the agency in relation to the relocation and consideration of these objectives forms the basis of the strategies and timeframes contained in this strategy.

1.2 Underlying assumptions

There are a number of factors which form the underlying assumptions of the relocation strategy:

1. Based on previous staff surveys, only 10-15 per cent of current staff have indicated they may consider relocating to Armidale, with less than 10 (out of 100) regulatory scientists saying they will move.
2. There is no pre-existing building in Armidale to accommodate the APVMA and a new premises is required.

What is a regulatory scientist?

Regulatory science involves a pragmatic application of scientific methods for the purpose of making a decision within a defined legislative framework and timeframe about whether to allow something (eg chemicals) to be used.

Conventional science involves the application of scientific methods to understand some physical, chemical or biological phenomena. It tends to be curiosity driven, forward looking and speculative.

What differentiates regulatory science from conventional science is that decisions are based on analysis and interpretation of existing scientific knowledge and, where necessary, assumptions to address data gaps or uncertainty. Regulatory scientists do not generate new lines of enquiry to answer questions, instead relying on available information to make a decision.

While regulatory science incorporates a variety of scientific disciplines, it is in itself a specialised field of science. As well as holding conventional scientific qualifications, regulatory scientists are trained in risk analysis, public administration and regulatory decision making.

Most regulatory science training is done on-the-job as there are currently no formal courses in regulatory science and it tends to be specific to legislative frameworks.

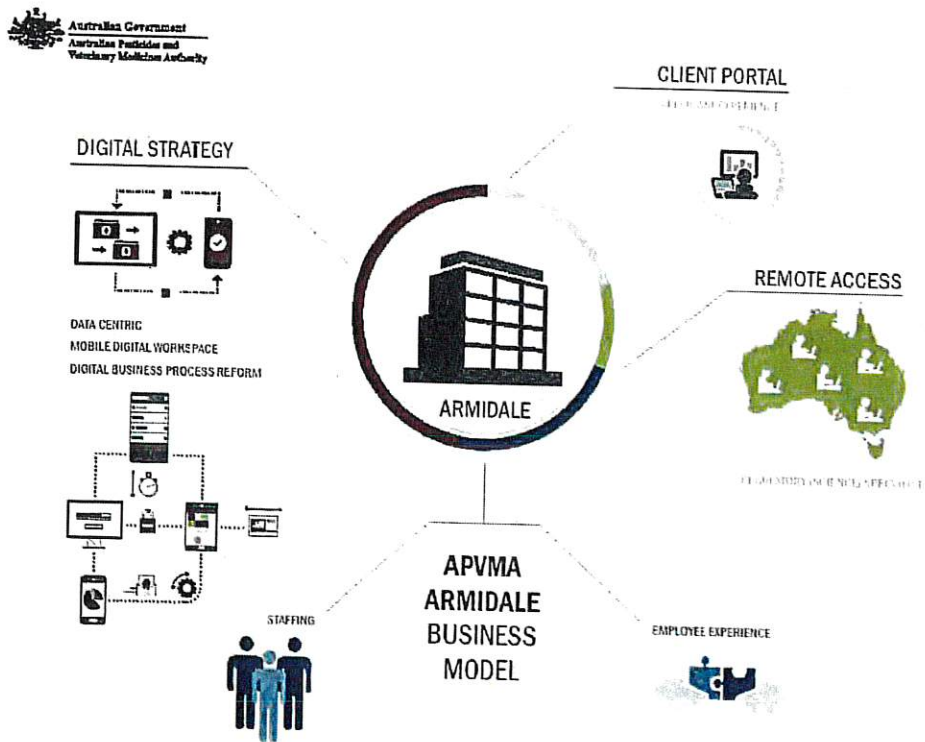
2 HOW APVMA WILL OPERATE FROM ARMIDALE

2.1 Building on the foundations

The APVMA is the national regulator of agricultural and veterinary (agvet) chemicals. Registering agvet chemicals relies on a team of highly qualified regulatory scientists, legal experts and case managers, all supported by specialist compliance and licensing teams and a strong corporate team. The APVMA began its move into the digital world in 2014 with the introduction of full on-line submission of applications by industry.

As part of building a world class regulator in regional Australia, the APVMA will:

- Establish a network of regulatory scientists working both remotely and in Armidale
- Develop a modern and collaborative workspace in Armidale that can showcase the next generation of public sector operations from regional Australia
- Take the client experience to the next level by embracing a full on-line experience for applicants
- Implement a new digital strategy to enable the APVMA to work effectively in this new business model.



2.2 Virtual network of regulatory scientists

Suitably qualified regulatory scientists are in short supply and it takes time to train them to be fully functional. Continued access to these regulatory specialists is one of the highest risks associated with the relocation. The priority, therefore, is to implement a new way of working through a 'virtual science network' to maintain access to the skills needed.

With such a network, regulatory scientists would work remotely from anywhere in Australia, but still be connected to the Armidale office through a new digital strategy. This means the APVMA will not be constrained by availability of scientists in Armidale.

2.3 Regulatory hub in Armidale

The APVMA handles over 5000 applications every year. The office in Armidale will embody the flexible team-based approach taken by the APVMA to handle so many applications with around 200 staff. There will be a call centre and case management hub to service clients; collaborative space to enable people to come together to work on applications – even if people are working remotely; and technology enabled facilities with virtual meeting rooms. This infrastructure will also make it easier to work with our regulatory counterparts in other countries. The facility will be modern and provide a quality employee experience – acting as an inducement for staff to move to Armidale.

The CEO, executive, key management roles and staff from case management, call centre, application administration, corporate, legal, licensing and compliance will be based in Armidale, along with those regulatory scientists wishing to be located in Armidale. While many regulatory scientists will be operating remotely, the scientific leadership will be based in Armidale. Over time, the APVMA will build networks with universities to bring through the next wave of regulatory specialists through the system.

The initial target will be 100 people operating out of Armidale, building up to 150 over time.

2.4 Client service in a digital world

The APVMA will enhance its online client experience by making it easier for applicants to submit data underpinning an application. This will be done by implementing internationally agreed standards for electronic submission of data (where possible), expanding the functionality of the client portal to enable full tracking of applications and improving on-line communication and correspondence with the APVMA.

The APVMA will enhance its capability to conduct web conferencing with clients, regardless of where they are in the world. The APVMA also recognises that some clients still want to discuss their applications face to face – to save client travel expenses, the APVMA will trial 'surgeries' in Sydney and Melbourne. The APVMA will also provide the option for applicants to meet in the Armidale office.

2.5 Taking advantage of digital opportunities

A digital strategy that underpins innovation in public sector administration and regulation is a critical component of making the APVMA a more contemporary agency – and a showcase for how other public sector agencies can operate from regional locations. A well planned digital strategy will deliver:

- *'data-centricity'* – data will be stored in a single repository (according to agreed standards), with easy access by those needing to use the data and strong data governance
- *'mobile digital workplace'* – strong enterprise connectivity, whether in the office or working remotely, streamlined business processes and enhanced workflow management, tracking and reporting
- *'digital business platform'* – one platform with interconnected business channels for faster processing time and greater accuracy, with 'touch points' automated as much as possible.

This strategy is a critical and necessary prerequisite for the APVMA to operate from Armidale and still retain access to the specialist skills it needs to perform its functions.

2.6 Full online workflow management

The APVMA will introduce a full workflow management system to underpin its virtual workforce. This system will automate repetitive tasks, remove 'human error' in processing applications and allow the assignment and tracking of tasks. Such a system will also incorporate the APVMA's compliance and licensing functions, thereby creating an integrated end-to-end regulatory system.

This approach will improve efficiency and productivity, allow the regulatory scientists to focus on science rather than administration and help manage a dispersed and mobile workforce.

- **Staff** will be able to login and easily see what tasks they have to perform and by when – no matter where they are. They will have full access to the information and data they need to complete their work and automated notices for communicating with clients, without the need for paper files or manual data entry.
- **Managers** will be able to assign tasks and track progress, to ensure all the elements come together to form a registration decision within legislative timeframes.
- **Clients** will be able to submit applications and all required information and data and see exactly where their application is up to through a linkage to the client portal.

3 KEY ELEMENTS OF THE RELOCATION

In designing a move of an agency like the APVMA, which relies heavily on highly specialised staff and has a range of legislative obligations, there are several factors to be taken into account, covering:

- **Business model** – to outline in detail how the APVMA will operate in Armidale, including a draft structure so staff can identify where they will fit in a future organisation, including which positions will be eligible for remote working arrangements
- **Staffing strategies** – to retain as much of the current workforce as possible in the lead up to the relocation and to operate from Armidale, and to recruit suitable people to sustain the organisation
- **Knowledge management** – to capture the corporate knowledge of people leaving the agency and to train new people as quickly as possible
- **Digital strategy** – to develop tools and platforms to support a highly networked and technology based agency
- **Change management** – to ensure staff are supported through the transition
- **Risk management and business continuity** – to ensure strategic and operational risks are identified and mitigation strategies developed and tracked
- **Financial management** – to ensure the APVMA has sufficient resources to conduct 'business as usual' and manage a success transition to Armidale with a cost structure and fee arrangements that reflect the new business model
- **Stakeholder management and engagement** – to ensure stakeholders fully understand what is happening and that transition planning takes into account stakeholder needs
- **Communication** – to maintain trust and confidence in the APVMA and to support APVMA staff and their families through the transition
- **Transition planning and logistics** – to ensure the various components of the relocation come together seamlessly to maximise the success of the transition.

3.1 Business Model Finalisation

The business model for APVMA's operation from Armidale will be finalised, including a new management structure against which recruitment and staff placement will occur. The business model will identify key business processes and how they will be performed by the APVMA. A draft structure for Armidale will be developing, including detailing those positions which will be located in Armidale and those which may be eligible to operate remotely.

3.2 Staffing Strategies

Retention

Given about 10-15 per cent of current staff are expected to move to Armidale, an attractive retention package will be provided to retain as many staff as possible until the Canberra office closes to ensure business continuity, contribute to the design and implementation of the revised business model and digital strategy, train new recruits and ensure appropriate knowledge transfer is undertaken.

Recruitment and workforce planning

A workforce plan, coupled with a recruitment strategy, will be developed to deliver on the agreed business model for Armidale. There will be two phases – ensuring there is sufficient capacity to operate from Canberra in the short term and the longer term strategies to operate from Armidale.

In the short term, rolling recruitment arrangements have been implemented to ensure there is a pool of potential employees to draw upon as people leave the agency. Employment agencies have been engaged and networks are being used to identify potential short term employees. Contractors and consultants are also being used where possible and appropriate.

Longer term, it is anticipated that the majority of case management, administration and corporate positions will be drawn from the Armidale region.

More specific comments about specific groups of employees are outlined below.

Regulatory Scientists

APVMA has around 100 regulatory scientists across a range of scientific disciplines. A major focus of workforce strategies for this group will be on retaining access to existing skilled staff in the long term and recruiting new staff to fill gaps in capacity and capability both during and after the transition.

Regulatory scientists have highly specialised skills that are in short supply in Australia – recruitment is difficult even in Canberra. Most regulatory scientists exist in government (typically in regulators like the TGA, NICNAS and FSANZ), with some in industry. It takes between two to five years to train a regulatory scientist (on top of their university degree) to assess applications and make appropriate recommendations against the legislation. The decision makers, or delegates, are executive level officers who typically have seven to ten years experience.

There are four core elements to the strategy to maintain access to suitably skilled regulatory scientists:

1. Provide additional incentives for regulatory scientists to move to Armidale.
2. Establish mechanisms for regulatory scientists to work remotely (from home) if they do not move to Armidale.
3. Provide incentives for regulatory scientists who intend to retire or transfer to other employment opportunities in Canberra to stay at the APVMA until the relocation occurs to train new recruits and/or continue undertaking assessments.
4. Establish ways to source regulatory expertise from now until the APVMA is fully operational in Armidale.

Case Management and Administration

The Case Management and Administration (CMAU) team is responsible for the main interface with the public and applicants. CMAU undertakes preliminary assessment of applications, does all the administration relating to issuing of notices and finalisation of applications and handles enquiries from clients and the public. It is a critical function involving considerable corporate knowledge. Very few of the current CMAU group are likely to go to Armidale. These staff would be easily able to find similar roles in Canberra. In the long run, it is expected that the majority of this team would be recruited from the Armidale region.

In addition to providing incentives for existing case management staff to stay with the APVMA while in Canberra, a significant focus will be the process of recruiting and training Armidale based staff. It is expected this process will begin six months out from the Armidale office opening, with team leaders brought to Canberra for three months training. Three months out, the rest of the team and training 'centre' will be established in Armidale, where current staff will upskill the team prior to 'going live' from the new premises.

Corporate

Corporate functions include: HR, finance, communications and IT. It is expected that the majority of staff will be recruited from the Armidale region. The recruitment strategy will focus on having full teams in place from the time of opening in Armidale, ensuring sufficient time is incorporated for training and knowledge transfer. Contracting out key services (for example IT and payroll) will be investigated to either fill potential expertise gaps or create efficiencies.

Legal and compliance

The APVMA has a range of specialist staff in compliance, licensing and legal roles whose expertise has been built up over many years. While the preference would be for these teams to work out of Armidale, there may be a need to provide remote operational capability as a transition measure. A flexible approach to resourcing these functions will be taken and will be dependent on the expertise of the people who will transfer to Armidale and potential gaps that may arise. Outsourcing of legal advice will also be investigated.

Redundancy, redeployment and retirement

A large number of staff are expected to take a redundancy package and staff have requested information on provisions as soon as possible so they can make long term decisions. The redundancy provisions will be finalised during the enterprise agreement negotiations and will be standard once the agreement is in place. Assistance with financial advice will be provided to all staff and a package of assistance for staff leaving the APVMA will be provided (for example, training and job search assistance). Other staff have indicated a desire to be redeployed or to retire. Policies for these aspects will be developed.

Relocation incentives

A range of incentives will be provided to encourage people to relocate to Armidale. A draft policy will be circulated as soon as possible after the GPO is issued to help staff begin the process of making a decision about their future. Incentives will include salary loading, relocation assistance and return trips to Canberra for the first 12 months.

Worker health and safety

A significant component of the new business model is the ability to work remotely. There are a range of worker health and safety obligations and expenses involved with these arrangements. A specialist work health and safety officer with experience in remote working arrangements will be employed to establish the necessary policies and procedures and ensure appropriate systems are developed and implemented.

The health and resilience of Canberra based staff in the lead up to relocation will be a high priority. Specialist consultants will be employed to implement programs to support staff during the transition. A staff liaison officer will be employed as part of the transition team.

3.3 Knowledge transfer

Half of the current APVMA regulatory scientists have over eight years of experience. While the APVMA has a framework of work instructions, this is not sufficient to compensate for the potential loss of knowledge possessed by staff, built up over many years. There is also a need to transfer knowledge of non-scientific staff to minimise disruption to the running of the organisation and interactions with clients. A knowledge management strategy (including mentoring, training and documentation) will be developed and implemented, noting that additional staff may need to be employed to ensure business continuity while others are off-line to undertake activities for knowledge transfer.

3.4 Digital strategy

The APVMA is required to have applications submitted electronically. This requirement has implications for both internal and external portals for the electronic handling of submissions. Due to the very short timeframes to implement the legislation in 2014 and the online requirements, priority was given to functionality for applicants to submit their applications electronically. Work on the internal systems to effectively operate a paperless system (as opposed to the previous file based system) was deferred.

The transformation from paper to electronic was a major exercise – with considerable work still underway to move off multiple legacy systems. As a result, there is still a need for a number of manual 'work arounds' and staff rely heavily on face to face interactions to do their work. The current system is not fit for purpose for a more collaborative networked model that supports staff working remotely with access to a single source of data.

A new digital strategy is a critical component for APVMA to successfully operate from Armidale. The strategy will cover how the APVMA can be:

- **Data centric** – given data is an important asset for the APVMA, the focus will be on managing data through a controlled, verified and managed single source of truth, with full data integration and analytical functionality.
- **A fully mobile digital workplace** – where corporate systems and information can be securely accessed anywhere, anytime from a variety of devices, with full on-line and intuitive collaboration tools for staff and clients.
- **Streamlined and automated** – with a single end to end online service with digital workflow control and automated 'touch points' and minimal data entry.

The APVMA is currently undertaking an extensive business process review to identify process improvements and processes that can be automated. This work will be critical to informing the business requirements for a digital strategy. The work has the added benefit in that it will reduce the administrative burden faced by APVMA staff, leading to increased capacity to undertake scientific assessment and regulatory decision making.

A high priority will be to engage a digital partner to prepare a detailed proposal (with costings) for consideration by government (in the first half of 2017) and to build and implement a new system. Given the time it will take to design, build and test a new IT system, no major changes will be able to be accommodated to the system specifications once they are locked down in 2017. The APVMA will work closely with the Department of Agriculture and Water Resources to ensure the core elements of the future reform package are included in the specifications process. Further reform may need to be delayed until after the relocation has been completed.

3.5 Change management

Relocation of the APVMA to Armidale is a significant change management exercise with many facets, including supporting staff during the transition, implementing a revised business model and digital strategy, integrating the APVMA into the Armidale community and helping stakeholders and the broader community understand what is happening. A major focus will be on staff and organisational resilience during the transition.

3.6 Risk management and business continuity

The development and transition to a new business model for the APVMA operating out of Armidale will be a complex task. Identifying risks and mitigation strategies will be a critical part of the planning phase and mechanisms will be embedded to continually analyse and update the risk framework. A specialist risk management position will be established as part of the transition team and the stakeholder advisory committee will have an important oversight role in this area.

There is a high risk of impacts on business continuity throughout the transition period from anticipated staff departures (particularly the possibility of losing highly skilled and experienced staff), the lengthy time it takes to train new starters, and the re-tasking of existing staff to support critical work underpinning the transition. The impact on the quality and timeliness of decision making will be carefully monitored. Options for alerting applicants and industry to potential delays will be identified alongside the development of criteria for prioritising applications for assessment when capacity and capability issues arise.

3.7 Financial management and reporting

The APVMA will have three main funding sources over the next few years – the fees and levies paid by applicants, relocation funding and Agricultural Competitiveness White Paper funding (for reform activities). Systems will need to be established to manage and report against these budgets. A new financial model will need to be developed to align with the new business model and the related cost structures. In the interim, cash flow will need to be monitored carefully if there is a drop off in applications coming through the system (given the core activities of the agency are fully funded by industry).

3.8 Stakeholder management and engagement

Effective stakeholder management will be a critical component of the relocation with the need to:

- Identify options for how clients can meet with the APVMA in a cost-effective way (for example, through digital means or regular APVMA 'surgeries' in Sydney and Melbourne – to save companies travelling to Armidale)

- Develop mechanisms for clients to easily track the progress of their application, given that delays are expected to occur in the lead up to, during and immediately after the relocation.

Some stakeholders will play an important role in designing the future business model and advising on various elements of the relocation. An APVMA Relocation Advisory Committee (ARAC) will be established by the APVMA CEO to provide strategic advice on major aspects of the relocation and the transition of the APVMA from Canberra to Armidale.

The roles of ARAC will include:

- Assisting with the design of the business model for the APVMA operating out of Armidale
- Providing input to the design and delivery of the digital strategy to underpin the Armidale business model
- Identifying strategic risks and advice on mitigation strategies related to the relocation of the APVMA
- Identifying relocation related stakeholder issues and advice on engagement and communication activities and issues management (as appropriate)
- Providing high level oversight of the progress against key milestones
- Considering other relevant issues referred to ARAC by the APVMA CEO.

ARAC will not be a decision making body and will not have any direct say on the day-to-day management of the relocation project or the allocation of resources. Members will be sourced from government, industry and the Armidale community. ARAC will meet monthly and will provide regular updates to government and stakeholders.

3.9 Communications

A communication strategy will be implemented to help manage staff, stakeholder and government expectations of the APVMA during the transition as well as associated media and issues management. A specialist firm has been engaged to manage the initial phases of the communication strategy. The focus of the initial phase (once the announcement has been made) will be:

- Repositioning the conversation about the relocation to focus on the ongoing role of the regulator rather than the current focus on the actual decision
- To maintain confidence and trust in the APVMA by staff, stakeholders and government
- Messaging to encourage staff to stay at the APVMA
- Ways to ensure engagement of staff and stakeholders in the various aspects of the relocation
- An Armidale campaign for staff and their families to get to know Armidale and for the Armidale community to get to know the APVMA.

3.10 Transition planning and logistics

The APVMA is a fully cost recovered agency with skills in registering agvet chemicals. It does not have the skills or resources to plan and execute a relocation of this magnitude. The priority is to augment the current corporate team with staff or external consultants with specialist skills in property, project management/scheduling, community liaison, change management, risk management, governance, finance, HR and communications.

The relocation will be led by the **Chief Operating Officer (COO)**. The COO will oversee all corporate and relocation related services to ensure the relocation happens with as minimal disruption as possible to services to support business as usual.

Two new senior positions will be established to support the COO:

- **Relocation Operations Manager** – responsible for the overall planning, scheduling and delivery of the logistics of the relocation (including property related matters), as well as ensuring appropriate risk management, procurement, governance, record keeping and staff liaison arrangements are in place.
- **Digital Strategy Executive Director** – responsible for ensuring the digital strategy is designed and delivered to underpin the Armidale business model, including overseeing linkages to 'business as usual' systems and the new digital strategy as well as the transition from the existing system to the new system.

External experts will be engaged as appropriate to manage elements of the relocation (including property, communications, IT and business model development). New positions will also be created in the HR and finance teams to support relocation activities. The APVMA Relocation Advisory Committee (ARAC) secretariat will be within the Office of the CEO.

4 INDICATIVE TIMELINES

Relocating an agency the size of the APVMA will require careful planning in order to minimise disruption to staff and applicants. There are many inter-related components covering 'business as usual' activities and the physical relocation of the APVMA which need to be worked through.

There are two major activities that will govern the overall timeframes – the Armidale facility and the digital strategy. At the time of writing, funding for the digital strategy is subject to further government consideration and options for Armidale facilities and the timeframes for the approval and construction of the Armidale building are unknown.

Scheduling experts will be engaged as soon as possible after the GPO is issued to do the detailed planning and mapping. Subject to the caveats above in relation to the digital strategy and accommodation, the following broad timelines are forming the initial basis of planning for the relocation:

- | | |
|---|---|
| <p>Phase 1: Planning
(to June 2017)</p> | <ul style="list-style-type: none"> • Establish transition team • Finalisation of Armidale business model • Development of detailed digital strategy, agreed by government • Decision on Armidale accommodation • Preparation of detailed transition plan and scheduling • Establishment of ARAC • Drafting of staff related policies and ongoing support for staff • Establishment of physical presence in Armidale |
| <p>Phase 2: Preparation for Relocation
(July 2017 to March 2019)</p> | <ul style="list-style-type: none"> • Armidale building construction • Digital build and testing • (toward end of 2018), staff decisions about moving to Armidale, and finalisation of workforce requirements for Armidale • Scheduling for physical removal • Accommodation strategy for Canberra building • Cost recovery arrangements finalised |
| <p>Phase 3: Systems testing and site preparation
(March 2019 to June 2019)</p> | <p><i>Assuming Armidale building is ready for occupation</i></p> <ul style="list-style-type: none"> • Final testing of IT systems for use on site and remotely • Corporate teams move into Armidale to prepare building (for example IT, systems, call centre, information/records) • Case Management and Administration staff recruited and trained for Armidale (noting teams will need to run concurrently in Canberra and Armidale for a period) |
| <p>Phase 4: Relocation
(from July 2019)</p> | <ul style="list-style-type: none"> • Final transition of staff to Armidale, remote operating arrangements or transfer/redundancy arrangements. |
| <p>Phase 5: Windup of Canberra Office
(post July 2019)</p> | <ul style="list-style-type: none"> • Make good of Canberra building • Implementation of strategy for accommodation until end of lease period. |

ATTACHMENT A: ABOUT THE APVMA

The APVMA is the independent statutory authority responsible for assessing and registering pesticides and veterinary medicines proposed for supply and use in Australia.

VISION	Australians have confidence that agricultural and veterinary chemicals are safe to use.
MISSION	To protect the health and safety of Australia – its people, animals and environment – and support Australian agriculture by taking a scientific and risk-based approach to regulating agricultural and veterinary chemicals.

The APVMA is responsible for regulation of agvet chemicals up to the point of their sale. The states and territories are responsible for regulating the use of those chemicals by farmers and other end users.

The key legislative functions of the APVMA are¹:

- Assess the suitability for sale in Australia of active constituents and chemical products and the suitability of labels for the use of those chemical products
- Ensure that active constituents, registered chemical products and labels for chemical products comply with the Agvet Code.

The APVMA fulfils these functions by:

- Assessing and registering new chemicals, approving new uses for existing registered products and approving changes to existing registered products
- Approving labels for registered products
- Assessing and approving active constituents for proposed or existing registered products
- Issuing permits for minor use, research, emergency use, import and export of agvet chemicals
- Reviewing existing chemicals to ensure they are safe to use
- Undertaking compliance and engagement activities to ensure products and active constituents available for use comply with the Agvet Code
- Managing a licensing scheme for veterinary manufacturers.

These functions are supported by case management of applications and applicants, legal advice and corporate support.

The APVMA handles over 5000 applications every year – a mix of 'major' and 'minor' applications - and has over 11,500 agvet chemicals on the register.

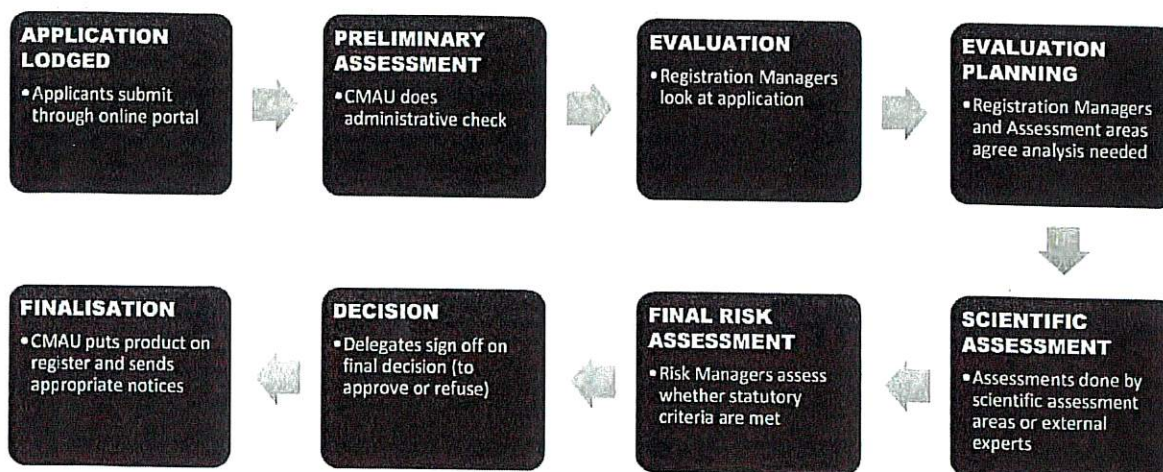
The APVMA is a Commonwealth Corporate Entity and is nearly fully cost recovered, with approximately 40 per cent from application fees and 60 per cent from industry sales levies. The APVMA collects the levies.

¹ Functions and powers are conferred on the APVMA by the *Agricultural and Veterinary Chemicals (Administration) Act 1992*, the *Agricultural and Veterinary Chemicals Code Act 1994* and the *Agricultural and Veterinary Chemicals Code*.

Registration Process

Assessing applications for registration of agvet chemicals comprises the majority of the work of the APVMA. In doing so, a common process is used across the broad range of applications submitted to the APVMA.

In summary:



- Applicants submit applications on-line
- Case Management and Administration officers undertake preliminary assessment and the application passes through to regulatory scientists – noting that everything is electronic (not paper based)
- Regulatory scientists determine what scientific assessments are needed to make a decision and necessary assessments are commissioned (either internally or through external service providers)
- Once assessments are complete, a decision about whether a product can be registered is made
- The Case Management and Administration team does the administrative tasks to finalise the registration and ensure it is on the register.

Other key processes

The APVMA also runs a licensing scheme for veterinary manufacturers. Third party auditors submit reports to the APVMA for consideration and action. Staff within this team have experience in the manufacturing sector and work is underway to move the systems underpinning the licensing scheme to being fully on-line.

The compliance and enforcement team operates a risk based process to assess and respond to reports of non-compliance against agvet legislation. Record keeping systems are in place to ensure any investigations are clearly documented. Compliance staff have been trained in agvet legislation as well as holding compliance specific qualifications.

There is a small in house legal team that provides advice essential to ensuring that APVMA's operations conform to the complex legislative framework under which the APVMA operates

APVMA business improvement activities

The APVMA has a significant program of work underway to improve its regulatory approaches, its efficiency and its services to industry. Specifically:

- Different methods of regulating agvet chemicals of lower regulatory risk (for example through on-line fast track registration, registration against standards and expansion of notifiable variations)
- Increased use of international data, guidelines and assessments
- Increased use of external expertise and a pilot to test the purchase of efficacy assessments by applicants prior to application submission
- Improving the useability of APVMA's on-line offerings for applicants.

Profile

The APVMA staff are employed under the Australian Public Service Act. The APVMA currently has 209 staff, comprised of:

- 103 regulatory scientists
- 13 compliance officers
- 7 manufacturing licensing officers
- 7 specialist legal officers
- 30 case managers and registration support officers
- 40 corporate, including 15 IT officers
- 9 executive and coordination.



All staff are located in Canberra, except for one compliance officer who is out posted in Perth.