AUSTRALIAN PESTICIDES AND VETERINARY MEDICINES AUTHORITY

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AUSTRALIAN PESTICIDES AND VETERINARY MEDICINES AUTHORITY

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Pesticides and Veterinary Medicines Authority (APVMA) is established under the *Agricultural and Veterinary Chemicals (Administration) Act 1992* (Administration Act). The APVMA's principal responsibilities are described in the Administration Act and the *Agricultural and Veterinary Chemicals Code Act 1994*.

The APVMA provides regulatory services for the supply of safe and effective agricultural and veterinary (agvet) chemicals in Australia. Robust risk assessment methods are used to scientifically evaluate new and existing pesticides and veterinary medicines. Through its regulatory action and decisions the APVMA ensures the registration of agvet chemical products delivers appropriate protections for human health and safety, animals and the environment, and supports international trade.

The APVMA's regulatory responsibility extends from registration and manufacturing through to the point of sale. The states and territories are then responsible for regulating and monitoring how agvet chemicals are used.

The APVMA uses the best science, systems and processes to register agvet products that advance Australia's agricultural productivity and animal health. Business and operational improvements at the APVMA aim to improve regulatory efficiency for clients and stakeholders while delivering a system that is open and transparent and provides opportunity for public consultation.

Government funding will significantly contribute to the strategies outlined in the APVMA Corporate Plan:

- Transform our business to provide world-class agvet chemical regulation from regional Australia;
- Maintain regulatory science capability to deliver high quality decision making that is timely, science-based and proportionate to the risks being managed; and
- Improve regulatory service delivery and feedback systems to reduce the regulatory burden on industry.

The APVMA is receiving $25.6 million over six years from 2016–17 to 2021–22 for the relocation of its operations from Canberra, Australian Capital Territory, to Armidale, New South Wales, which includes implementing strategies to address identified risks and opportunities. Relocation activities are being finalised and the APVMA is working to ensure that it continues to provide world-class agvet chemical regulation from regional Australia.

In the 2018–19 Budget, the APVMA received digital transformation funding of $10.1 million over three years to upgrade and enhance its information technology capability. An enabling technology program will deliver multiple projects to stabilise and modernise the agency's information and communications technology infrastructure environment; implement a single fully-integrated core desktop communication and collaboration suite; and progress the digitisation of business-critical records to coincide with commencement of operations at the new Armidale office in mid-2019.

When the information technology systems are successfully embedded within the Armidale office and Canberra Satellite Office, new desktop capability will be delivered to progressively reduce the regulatory burden for industry. This will be achieved by improving the efficiency of the APVMA's operations through the enhancement of its core business applications.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Australian Pesticides and Veterinary Medicines Authority – Resource Statement – Budget Estimates for 2019–20 as at Budget April 2019

	2018–19 Estimated actual $'000	2019–20 Estimate $'000
Opening balance/cash reserves at 1 July	***2,269***	**2,122**
Funds from Government		
Annual appropriations – ordinary annual services[(a)]		
Outcome 1	*24,902*	5,695
Total annual appropriations	*24,902*	5,695
Amounts received from related entities		
Amounts from portfolio department[(b)]	*130*	133
Total amounts received from related entities	*130*	133
Total funds from Government	***25,032***	**5,828**
Special appropriations[(c)]		
Agricultural and Veterinary Chemicals (Administration) Act 1992 – s. 58 (6) amount payable to the APVMA	*30,433*	30,532
Total special appropriations	***30,433***	**30,532**
Total funds from Government	***55,465***	**36,360**
Funds from industry sources		
Levies, fees and charges[(d)]	*30,433*	30,532
less amounts paid to the CRF	*(30,433)*	(30,532)
Total funds from industry sources	*-*	-
Funds from other sources		
Interest	*15*	15
Other	*10*	10
Total funds from other sources	***25***	**25**
Total net resourcing for APVMA	***57,759***	**38,507**

	2018–19	**2019–20**
Average staffing level (number)	*195*	180

(a) Appropriation Bill (No. 1) 2019–20. Appropriation is provided through the Department of Agriculture and Water Resources and is specified within the Annual Appropriation Bills as a payment to the Australian Pesticides and Veterinary Medicines Authority (APVMA).
(b) Funding provided by the portfolio department that is not specified within the Annual Appropriation Bills as a payment to that corporate entity (for example, a grant awarded to a corporate entity from one of its portfolio department's administered programs).

Continued on following page

Table 1.1: Australian Pesticides and Veterinary Medicines Authority – Resource Statement – Budget Estimates for 2019–20 as at Budget April 2019 (continued)

(c) APVMA's special appropriation is not directly appropriated as it is a corporate Commonwealth entity under the PGPA Act. Appropriations are made to the Department of Agriculture and Water Resources which are then paid to APVMA and are considered departmental for all purposes.
(d) These charges are imposed by the *Agricultural and Veterinary Chemicals Code Act 1994* and the *Agricultural and Veterinary Chemical Products (Collection of Levy) Act 1994*. They are collected by APVMA and transferred to the CRF via the Department of Agriculture and Water Resources. This is then drawn down by the department as a Special Appropriation under the Administration Act.

CRF – Consolidated Revenue Fund

Please note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

Prepared on a resourcing (i.e. appropriations available) basis.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Australian Pesticides and Veterinary Medicines Authority are detailed in *Budget Paper No. 2: Budget Measures 2019–20* and are summarised below.

Table 1.2: Australian Pesticides and Veterinary Medicines Authority 2019–20 Budget measures

Part 1: Measures announced since the 2018–19 Mid-Year Economic and Fiscal Outlook (MYEFO)

APVMA does not have any 2019–20 Budget measures.

Part 2: Other measures not previously reported in a portfolio statement

The APVMA does not have any measures not previously reported in a portfolio statement.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements — included in annual reports — to provide an entity's complete performance story.

The most recent corporate plan for the Australian Pesticides and Veterinary Medicines Authority can be found at:
https://apvma.gov.au/node/32656.

The most recent annual performance statement for the Australian Pesticides and Veterinary Medicines Authority can be found at:
https://apvma.gov.au/node/33281 in chapter 3.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Protection of the health and safety of people, animals, the environment, and agricultural and livestock industries through regulation of pesticides and veterinary medicines.

Linked programs

Department of Agriculture and Water Resources
Program: • Program 1.10: Agricultural Resources
Contribution to Outcome 1 made by linked programs: The Australian Pesticides and Veterinary Medicines Authority and the Department of Agriculture and Water Resources work together to ensure the protection of the health and safety of humans, animals and the environment.

2.1.1 Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.2.1 Budgeted expenses for Outcome 1

Outcome 1: Protection of the health and safety of people, animals, the environment, and agricultural and livestock industries through regulation of pesticides and veterinary medicines.	2018–19 Estimated actual $'000	2019–20 Budget $'000	2020–21 Forward estimate $'000	2021–22 Forward estimate $'000	2022–23 Forward estimate $'000
Program 1.1: Australian Pesticides and Veterinary Medicines Authority					
Revenue from Government					
Ordinary annual services					
(Appropriation Bill (No. 1))[(a)]	24,902	5,695	4,424	1,955	1,688
Payment from related entities	130	133	135	137	139
Special appropriations					
Agricultural and Veterinary Chemicals (Administration) Act 1992 – s. 58 (6) amount payable to the APVMA	33,608	28,630	29,042	31,000	32,000
Revenues from other independent sources	65	65	65	65	65
Total expenses for program 1.1	**58,705**	**34,523**	**33,666**	**33,157**	**33,892**
Outcome 1 totals by resource type					
Revenue from Government					
Ordinary annual services					
(Appropriation Bill (No. 1))	24,902	5,695	4,424	1,955	1,688
Payment from related entities	130	133	135	137	139
Special appropriations	33,608	28,630	29,042	31,000	32,000
Revenues from other independent sources	65	65	65	65	65
Total expenses for Outcome 1	**58,705**	**34,523**	**33,666**	**33,157**	**33,892**

	2018–19	2019–20
Average staffing level (number)	*195*	180

(a) The APVMA is a corporate Commonwealth entity (CCE) under the PGPA Act and does not receive direct appropriations. Instead, this funding passes through the Department of Agriculture and Water Resources to the APVMA.

2.1.2 Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2019–20 Budget measures have created new programs or materially changed existing programs.

Outcome 1: Protection of the health and safety of people, animals, the environment, and agricultural and livestock industries through regulation of pesticides and veterinary medicines.		
Program 1.1: Australian Pesticides and Veterinary Medicines Authority		
Objective	The APVMA regulates agricultural and veterinary chemicals up to and including at the point of sale to protect the health and safety of people, animals and crops, the environment and trade and support Australian primary industries.	
Delivery	Regulation of agricultural and veterinary chemicals is delivered through four mechanisms: • Risk-based assessment and registration of pesticides and veterinary chemicals; • Identification and resolution of non-compliance up to and including the point of retail sale; • Licence and audit veterinary manufacturers; and • Identification and review of the safety of existing chemicals of regulatory concern.	
Performance information		
Year	**Performance criteria**	**Targets**
2018–19	Registered chemicals are available for: a. Product registrations; b. Actives; and c. Permits.	Proportion of applications completed by the due date. Forecast: a. 70 per cent b. 70 per cent c. 70 per cent
2019–20	Registered chemicals are available for: a. Product registrations; b. Actives; and c. Permits.	Proportion of applications completed by the due date. Forecast: a. 75 per cent b. 75 per cent c. 75 per cent

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Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	**Performance criteria**	**Targets**
2020–21 and beyond	As per 2019–20.	As per 2019–20.
Purpose	Regulate the production of agricultural and veterinary chemicals to ensure they are safe for Australian people, animals and the environment.	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2019–20 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

Total income for 2019–20 is estimated to be $34.5 million, a decrease of $0.9 million compared to the 2018–19 Portfolio Budget Statements (PBS). The decrease in revenue is due to fluctuations in anticipated industry receipts.

Total expenditure for 2019–20 is estimated to be $34.5 million as the APVMA proceeds with its relocation to Armidale whilst providing its regulatory services for industry.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The APVMA's estimated total asset position of $16.1 million at 30 June 2020 is higher than budgeted in the 2018–19. Cash reserves are $2.0 million higher than previously reported, primarily due to timing differences in the payment of creditors.

Total liabilities at 30 June 2020 are estimated to be $11.7 million, similar to that reported in the 2018–19 PBS.

The APVMA's revenue can vary from year-to-year as a result of fluctuations in agricultural and veterinary chemical sales, so the APVMA aims to maintain equity levels that allow revenue fluctuations to be managed.

The equity target is set at $7.0 million (approximately three months operating expenses). At 30 June 2020 the APVMA's equity is estimated to be $4.4 million.

The APVMA has not covered its cost of operations over the previous three financial years, resulting in the erosion of the Equity Reserves. The APVMA has commenced work on a renewed Cost Recovery Implementation Statement to restore its equity target to $7.0 million.

3.2 BUDGETED FINANCIAL STATEMENTS

Table 3.1 Comprehensive income statement (showing net cost of services) (for the period ended 30 June)

	2018–19 Estimated actual $'000	2019–20 Budget $'000	2020–21 Forward estimate $'000	2021–22 Forward estimate $'000	2022–23 Forward estimate $'000
EXPENSES					
Employee benefits	25,075	23,884	23,694	23,800	23,800
Supplier expenses	29,908	8,949	8,282	7,767	8,502
Depreciation and amortisation	3,722	1,690	1,690	1,590	1,590
Total expenses	**58,705**	**34,523**	**33,666**	**33,157**	**33,892**
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Interest	15	15	15	15	15
Other	10	10	10	10	10
Total own-source revenue	**25**	**25**	**25**	**25**	**25**
Total own-source income	**25**	**25**	**25**	**25**	**25**
Net cost of (contribution by) services	**58,680**	**34,498**	**33,641**	**33,132**	**33,867**
Revenue from Government					
Commonwealth contribution	25,072	5,868	4,599	2,132	1,867
Industry contributions	31,576	28,630	29,042	31,000	32,000
Total revenue from Government	**56,648**	**34,498**	**33,641**	**33,132**	**33,867**
Surplus/(deficit) attributable to the Australian Government	**(2,032)**	**-**	**-**	**-**	**-**
Total comprehensive income/(loss) attributable to the Australian Government	**(2,032)**	**-**	**-**	**-**	**-**

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2018–19 Estimated actual $'000	2019–20 Budget $'000	2020–21 Forward estimate $'000	2021–22 Forward estimate $'000	2022–23 Forward estimate $'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,122	4,483	4,443	4,492	4,299
Trade and other receivables	8,724	6,822	6,991	7,171	7,700
Total financial assets	***10,846***	***11,305***	***11,434***	***11,663***	***11,999***
Non-financial assets					
Land and buildings	300	100	-	-	-
Property, plant and equipment	878	938	948	958	968
Intangibles	3,698	3,448	3,148	2,848	2,548
Other	271	271	271	271	271
Total non-financial assets	***5,147***	***4,757***	***4,367***	***4,077***	***3,787***
Total assets	**15,993**	**16,062**	**15,801**	**15,740**	**15,786**
LIABILITIES					
Payables					
Suppliers	3,096	3,172	3,452	3,452	3,500
Other	1,723	1,530	1,530	1,530	1,500
Total payables	***4,819***	***4,702***	***4,982***	***4,982***	***5,000***
Provisions					
Employee provisions	6,174	6,350	6,372	6,372	6,400
Other	614	624	61	-	-
Total provisions	***6,788***	***6,974***	***6,433***	***6,372***	***6,400***
Total liabilities	**11,607**	**11,676**	**11,415**	**11,354**	**11,400**
Net assets	**4,386**	**4,386**	**4,386**	**4,386**	**4,386**
EQUITY*					
Parent entity interest					
Contributed equity	6,675	6,675	6,675	7,561	7,561
Reserves	886	886	886	-	-
Retained surplus (accumulated deficit)	(3,175)	(3,175)	(3,175)	(3,175)	(3,175)
Total equity	**4,386**	**4,386**	**4,386**	**4,386**	**4,386**

* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (budget year 2019–20)

	Retained earnings $'000	Asset revaluation reserve $'000	Contributed equity/ capital $'000	Total equity $'000
Opening balance as at 1 July 2019				
Balance carried forward from previous period	(3,175)	886	6,675	4,386
Adjusted opening balance	***(3,175)***	***886***	***6,675***	***4,386***
Estimated closing balance as at 30 June 2020	**(3,175)**	**886**	**6,675**	**4,386**
Closing balance attributable to the Australian Government	**(3,175)**	**886**	**6,675**	**4,386**

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2018–19 Estimated actual $'000	2019–20 Budget $'000	2020–21 Forward estimate $'000	2021–22 Forward estimate $'000	2022–23 Forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Grants received from Portfolio Department	55,472	36,367	33,436	32,912	33,259
Sale of goods and rendering of services	(4)	(4)	(2)	-	39
Net GST received	(3)	(3)	(2)	-	-
Interest receipts	15	15	15	15	15
Other	10	10	10	10	10
Total cash received	***55,490***	***36,385***	***33,457***	***32,937***	***33,323***
Cash used					
Employees	24,904	23,708	23,672	23,800	23,772
Suppliers	29,795	8,833	7,962	7,727	8,414
Other	148	193	-	-	30
Total cash used	***54,847***	***32,734***	***31,634***	***31,527***	***32,216***
Net cash from (used by) operating activities	**643**	**3,651**	**1,823**	**1,410**	**1,107**
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	1,290	1,290	1,863	1,361	1,300
Total cash used	***1,290***	***1,290***	***1,863***	***1,361***	***1,300***
Net cash from (used by) investing activities	**(1,290)**	**(1,290)**	**(1,863)**	**(1,361)**	**(1,300)**
FINANCING ACTIVITIES					
Cash received					
Contributed equity	500	-	-	-	-
Total cash received	***500***	***-***	***-***	***-***	***-***
Net cash from (used by) financing activities	**500**	**-**	**-**	**-**	**-**
Net increase (decrease) in cash held	**(147)**	**2,361**	**(40)**	**49**	**(193)**
Cash and cash equivalents at the beginning of the reporting period	2,269	2,122	4,483	4,443	4,492
Cash and cash equivalents at the end of the reporting period	**2,122**	**4,483**	**4,443**	**4,492**	**4,299**

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement

	2018–19 Estimated actual $'000	2019–20 Budget $'000	2020–21 Forward estimate $'000	2021–22 Forward estimate $'000	2022–23 Forward estimate $'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources[(a)]	1,300	1,300	1,300	1,300	1,300
TOTAL	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,300	1,300	1,300	1,300	1,300
Total cash used to acquire assets	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**

(a) Includes the following sources of funding:
- annual and prior year appropriations;
- internally developed assets;
- section 74 Retained revenue receipts; and
- proceeds from the sale of assets.

Consistent with information contained in the Statement of Asset Movements and the Budgeted Statement of Cash Flows.

Table 3.6: Statement of asset movements (Budget year 2019–20)

	Building $'000	Other property, plant and equipment $'000	Intangibles $'000	Total $'000
As at 1 July 2019				
Gross book value	1,759	1,741	10,645	14,145
Accumulated depreciation/amortisation and impairment	(1,459)	(863)	(6,947)	(9,269)
Opening net book balance	**300**	**878**	**3,698**	**4,876**
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase – other	-	300	1,000	1,300
Total additions	**-**	**300**	**1,000**	**1,300**
Other movements				
Depreciation/amortisation expense	(200)	(240)	(1,250)	(1,690)
Total other movements	**(200)**	**(240)**	**(1,250)**	**(1,690)**
As at 30 June 2020				
Gross book value	1,759	2,041	11,645	15,445
Accumulated depreciation/amortisation and impairment	(1,659)	(1,103)	(8,197)	(10,959)
Closing net book balance	**100**	**938**	**3,448**	**4,486**

Prepared on Australian Accounting Standards basis.