

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.

Before agvet chemical products can be legally sold, supplied or used in Australia, they must be evaluated and registered by the APVMA through the National Registration Scheme for Agricultural and Veterinary Chemicals (NRS). The states and territories are responsible for regulating and managing the use of agricultural and veterinary chemical products once they are sold.

The APVMA aims to operate a system for regulating pesticides and veterinary medicines that uses the best science, systems and processes to register 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 gives opportunity for public input.

APVMA is receiving \$25.6 million over six years from 2016–17 to 2021–22 for the relocation of its operations to Armidale, New South Wales, including implementing strategies to address identified risks and opportunities. Relocation activities are underway and the APVMA is working to ensure disruption to core business is kept to a minimum and that relocation risks are appropriately managed.

In addition to implementing the relocation program, in 2018–19 the APVMA will continue systems development and business reform to realise the benefits of the Government's \$7.3 million investment through the Agricultural Competitiveness White Paper, as well as implementing priority activities from reviews of operational performance.

APVMA Budget Statements

In the 2018–19 Budget the APVMA is receiving digital transformation funding of \$10.1 million over three years to transform 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 July 2019.

Upon confirmation that these systems and associated services are embedded within operations at the Armidale office, redevelopment or enhancement of core business applications, leveraging opportunities that the new core desktop capability provides, will be delivered to progressively reduce the regulatory burden for industry and improve the efficiency of the APVMA’s operations.

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 2018–19 as at Budget May 2018

	2017–18 <i>Estimated</i> <i>actual</i> \$'000	2018–19 Estimate \$'000
Opening balance/cash reserves at 1 July	2,767	2,500
Funds from Government		
Annual appropriations – ordinary annual services ^(a)		
Outcome 1	6,556	24,902
<i>Total annual appropriations</i>	<i>6,556</i>	<i>24,902</i>
Amounts received from related entities		
Amounts from portfolio department ^(b)	134	130
<i>Total amounts received from related entities</i>	<i>134</i>	<i>130</i>
Total funds from Government	6,690	25,032
Special appropriations^(c)		
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992 – s. 58</i> (6) amount payable to the APVMA	28,745	28,233
<i>Total special appropriations</i>	<i>28,745</i>	<i>28,233</i>
Total funds from Government	35,435	53,265
Funds from industry sources		
Levies, fees and charges ^(d)	28,745	28,233
<i>less amounts paid to the CRF</i>	<i>(28,745)</i>	<i>(28,233)</i>
<i>Total funds from industry sources</i>	<i>-</i>	<i>-</i>
Funds from other sources		
Interest	10	10
Other	50	50
<i>Total funds from other sources</i>	<i>60</i>	<i>60</i>
Total net resourcing for APVMA	38,262	55,825
	2017–18	2018–19
Average staffing level (number)	201	195

(a) Appropriation Bill (No. 1) 2018–19. 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

APVMA Budget Statements

- (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 2018–19* and are summarised below.

Table 1.2: Australian Pesticides and Veterinary Medicines Authority 2018–19 Budget measures

Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Program	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
Expense measures						
Australian Agriculture and Export Growth Plan – APVMA – transformation ^{(a),(b)}	1.1					
Administered expenses		-	-	-	-	-
Departmental expenses		-	8,284	1,636	217	-
Total		-	8,284	1,636	217	-
Total expense measures						
Administered		-	-	-	-	-
Departmental		-	8,284	1,636	217	-
Total		-	8,284	1,636	217	-

(a) The measure description appears in *Budget Paper No. 2: Budget Measures 2018–19* under the Agriculture and Water Resources portfolio.

(b) Funding for this measure passes through the Department of Agriculture and Water Resources to the APVMA.

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

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

Prepared on a Government Finance Statistics (fiscal) basis.

Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

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 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/11026>.

The most recent annual performance statement can be found at: <https://apvma.gov.au/node/11031> 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: <ul style="list-style-type: none">• Program 1.10: Agricultural Resources
Contribution to Outcome 1 made by linked programs: <p>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.</p>
Department of the Environment and Energy
Program: <ul style="list-style-type: none">• Program 1.6: Management of Hazardous Wastes, Substances and Pollutants
Contribution to Outcome 1 made by linked program: <p>The Australian Pesticides and Veterinary Medicines Authority and the Department of the Environment and Energy work together to ensure regulation of pesticide and veterinary medicines protects Australia's environment and our environmental health.</p>

Table 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.

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.					
	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
Program 1.1: Australian Pesticides and Veterinary Medicines Authority					
Revenue from Government					
Ordinary annual services (Appropriation Bill (No. 1)) ^(a)	6,056	24,902	5,701	4,429	1,955
Payment from related entities	134	130	133	135	137
Special appropriations					
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992 – s. 58 (6)</i> amount payable to the APVMA	32,872	28,233	29,553	23,707	26,375
Revenues from other independent sources	60	60	60	60	60
Total expenses for program 1.1	39,122	53,325	35,447	28,331	28,527
Outcome 1 totals by resource type					
Revenue from Government					
Ordinary annual services (Appropriation Bill (No. 1))	6,056	24,902	5,701	4,429	1,955
Payment from related entities	134	130	133	135	137
Special appropriations	32,872	28,233	29,553	23,707	26,375
Revenues from other independent sources	60	60	60	60	60
Total expenses for Outcome 1	39,122	53,325	35,447	28,331	28,527
	2017–18	2018–19			
Average staffing level (number)	201	195			

(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 2018–19 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 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: <ul style="list-style-type: none"> • 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^(a)	Targets
2017–18	Registered chemicals are available for use by primary industries – 100 per cent timeframe performance of: <ul style="list-style-type: none"> a. Product registrations; b. Actives; and c. Permits. 	Forecast: <ul style="list-style-type: none"> a. 60 per cent b. 65 per cent c. 65 per cent
2018–19	Registered chemicals are available for use by primary industries.	Proportion of applications completed by the due date. Forecast: <ul style="list-style-type: none"> a. 70 per cent b. 70 per cent c. 70 per cent

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Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria^(a)	Targets
2019–20 and beyond	Registered chemicals are available for use by primary industries.	Proportion of applications completed by the due date. Forecast: a. 75 per cent b. 75 per cent c. 75 per cent
Purpose	Regulate the production of agricultural and veterinary chemicals to ensure they are safe for Australian people, animals and the environment.	

(a) Refers to updated purposes that will be reflected in the 2018–19 Corporate Plan.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 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 2018–19 is now estimated to be \$53.3 million, an increase of \$17.8 million compared to the 2017–18 Portfolio Budget Statements (PBS). The increase in revenue is due to Armidale relocation appropriation funding – including the release of the contingency reserve funds for the Armidale permanent office accommodation – and the first year of the 2018–19 Budget measure related to digital transformation.

Total expenditure for 2018–19 is estimated to be \$53.3 million as the APVMA commits its appropriation to the 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 \$14.0 million at 30 June 2019 is similar to that budgeted in the 2017–18 PBS. Cash reserves are \$1.0 million higher to account for a slight increase in other receivables and investment in non-financial assets has reduced slightly pending the relocation to Armidale.

Total liabilities at 30 June 2019 are estimated to be \$10.9 million, similar to that reported in the 2017–18 PBS.

As the APVMA's revenue can vary from year-to-year as a result of fluctuations in agricultural and veterinary chemical sales, 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 2018 the APVMA's equity is estimated to be \$3.2 million.

There has been an increased drawdown from reserves to cover losses arising over the previous three financial years. The APVMA is reviewing its cost recovery arrangements with the view to implementing the outcomes of 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)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
EXPENSES					
Employee benefits	26,726	20,082	23,264	17,602	18,495
Supplier expenses	10,676	31,563	10,697	8,799	8,352
Depreciation and amortisation	1,720	1,680	1,486	1,930	1,680
Total expenses	39,122	53,325	35,447	28,331	28,527
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Interest	10	10	10	10	10
Other	50	50	50	50	50
Total own-source revenue	60	60	60	60	60
Total own-source income	60	60	60	60	60
Net cost of (contribution by) services	39,062	53,265	35,387	28,271	28,467
Revenue from Government					
Commonwealth contribution	6,190	25,032	5,834	4,564	2,092
Industry contributions	28,745	28,233	29,553	23,707	26,375
Total revenue from Government	34,935	53,265	35,387	28,271	28,467
Surplus/(deficit) attributable to the Australian Government	(4,127)	-	-	-	-
Total comprehensive income/(loss) attributable to the Australian Government	(4,127)	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,500	2,500	2,500	2,500	2,500
Trade and other receivables	4,383	5,494	6,624	8,293	9,973
Total financial assets	6,883	7,994	9,124	10,793	12,473
Non-financial assets					
Land and buildings	601	201	-	-	-
Property, plant and equipment	404	504	354	104	104
Intangibles	5,748	5,043	4,333	2,653	973
Other	331	331	331	331	331
Total non-financial assets	7,084	6,079	5,018	3,088	1,408
Total assets	13,967	14,073	14,142	13,881	13,881
LIABILITIES					
Payables					
Suppliers	2,523	2,596	2,672	2,952	2,952
Other	1,096	948	755	755	755
Total payables	3,619	3,544	3,427	3,707	3,707
Provisions					
Employee provisions	6,634	6,805	6,981	7,003	7,003
Other	543	553	563	-	-
Total provisions	7,177	7,358	7,544	7,003	7,003
Total liabilities	10,796	10,902	10,971	10,710	10,710
Net assets	3,171	3,171	3,171	3,171	3,171
EQUITY*					
Parent entity interest					
Contributed equity	6,675	6,675	6,675	6,675	6,675
Reserves	1,053	1,053	1,053	1,053	1,053
Retained surplus (accumulated deficit)	(4,557)	(4,557)	(4,557)	(4,557)	(4,557)
Total equity	3,171	3,171	3,171	3,171	3,171

* '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 2018–19)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2018				
Balance carried forward from previous period	(4,557)	1,053	6,675	3,171
Adjusted opening balance	(4,557)	1,053	6,675	3,171
Estimated closing balance as at 30 June 2019	(4,557)	1,053	6,675	3,171
Closing balance attributable to the Australian Government	(4,557)	1,053	6,675	3,171

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Grants received from Portfolio Department	37,117	52,161	34,264	26,606	26,787
Sale of goods and rendering of services	(4)	(4)	(4)	(2)	-
Net GST received	(2)	(3)	(3)	(2)	-
Other	60	60	60	60	60
Total cash received	37,171	52,214	34,317	26,662	26,847
Cash used					
Employees	26,558	19,911	23,088	17,580	18,495
Suppliers	10,702	31,628	10,804	9,082	8,352
Total cash used	37,260	51,539	33,892	26,662	26,847
Net cash from (used by) operating activities	(89)	675	425	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	1,325	675	425	-	-
Total cash used	1,325	675	425	-	-
Net cash from (used by) investing activities	(1,325)	(675)	(425)	-	-
FINANCING ACTIVITIES					
Cash received					
Contributed equity	1,147	-	-	-	-
Total cash received	1,147	-	-	-	-
Net cash from (used by) financing activities	1,147	-	-	-	-
Net increase (decrease) in cash held	(267)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	2,767	2,500	2,500	2,500	2,500
Cash and cash equivalents at the end of the reporting period	2,500	2,500	2,500	2,500	2,500

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
NEW CAPITAL APPROPRIATION					
Capital budget – Bill 1 (DCB)	500	-	-	-	-
Total New Capital Appropriation	500	-	-	-	-
Provided for:					
Purchase of non-financial assets	500	-	-	-	-
Total Items	500	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources ^(a)	825	675	425	-	-
Funded by capital appropriation – DCB	500	-	-	-	-
TOTAL	1,325	675	425	-	-
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,325	675	425	-	-
Total cash used to acquire assets	1,325	675	425	-	-

- (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.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2018–19)

	Building	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2018				
Gross book value	1,785	1,109	10,704	13,598
Accumulated depreciation/amortisation and impairment	(1,184)	(705)	(4,956)	(6,845)
Opening net book balance	601	404	5,748	6,753
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase – other	25	350	300	675
Total additions	25	350	300	675
Other movements				
Depreciation/amortisation expense	(425)	(250)	(1,005)	(1,680)
Total other movements	(425)	(250)	(1,005)	(1,680)
As at 30 June 2019				
Gross book value	1,810	1,459	11,004	14,273
Accumulated depreciation/amortisation and impairment	(1,609)	(955)	(5,961)	(8,525)
Closing net book balance	201	504	5,043	5,748

Prepared on Australian Accounting Standards basis.