



Australian Government

**Australian Pesticides and
Veterinary Medicines Authority**



Cost recovery performance report
2023–24 financial year

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Preface

Corporate profile and purpose

The Australian Pesticides and Veterinary Medicines Authority (APVMA) is the independent statutory authority responsible for the assessment, registration and regulation of agricultural and veterinary (agvet) chemicals in Australia.

The APVMA regulates agvet chemicals to manage the risks of pests and diseases for the Australian community and to protect Australia's trade and the health and safety of people, animals and the environment.

Agvet chemical products must be evaluated and registered, or authorised under permit, by the APVMA before they can be legally sold, supplied or used in Australia.

Funding

The APVMA is a cost-recovered agency with funding received from levies, fees and charges. Fees and charges include, but are not limited to, annual product registration renewal fees, application fees (product, active constituent, permits) and Good Manufacturing Practice licensing fees.

Levies, collected on the basis of wholesale value of chemical products sold, are imposed under the *Agricultural and Veterinary Chemical Products Levy Imposition (General) Act 1994*, the *Agricultural and Veterinary Chemical Products Levy Imposition (Excise) Act 1994* and the *Agricultural and Veterinary Chemical Products Levy Imposition (Customs) Act 1994*. Levies are collected under the *Agricultural and Veterinary Chemical Products (Collection of Levy) Act 1994*, and the levy rates are prescribed in the Regulations to the Act.

The APVMA also receives some additional funding through government appropriations.

Cost recovery performance reporting

Purpose

This Cost Recovery Performance Report is submitted to report on the financial outcomes of the APVMA's cost recovery activities for 2023-24. It has been prepared in accordance with the requirements of the [Australian Government Cost Recovery Policy](#), which were last updated on 21 June 2023.

The aggregate level of cost recovery activities' financial outcomes, non-financial outcomes and output measures are reported in the APVMA's 2023-24 Annual Report and financial statements.

The APVMA's current [Cost Recovery Implementation Statement](#) for the period 1 July 2022 to 30 June 2025 (CRIS 2022-25) is the agency's substantive document on cost recovery and should be referred to for more detailed information on the agency's cost activities and cost recovery model.

Cost recovery methodology

In 2022-23 the agency's governance was identified as a separate cost recovery activity rather than being allocated to other cost activities. Governance costs include the costs associated with the APVMA's board, executive, communication, engagement and parliamentary support functions.

The rationale for the change was the recognition that governance is a distinct activity of the agency and should be separately identified from the agency's registration and approval activities.

The change in methodology reduced the total costs of registration and approval with governance costs reported separately. It also changed the ratios of direct to indirect costs with governance costs not allocated as an indirect cost of other activities.

In addition, annual product registration renewal fees are fully applied to cost activities before levies.

Cost recovery performance reports

Cost recovery performance 2023–24

The cost recovery performance 2023–24 report in Table 1 shows the actual expenses and revenues of cost recovery activities for 2023–24 compared to the prior financial year.

Table 4 reports the cost recovery performance of the agency's three core activities: registration and approvals, regulatory activities and governance.

A further breakdown of registration and approval activities is shown in Table 5

Table 1: Cost recovery performance 2023–24 summary

Cost recovery activities	2023–24 FY actual \$'000	2022–23 FY prior year \$'000
Cost of activities – recovered by industry contributions and other sources of income		
Direct costs	24,524	23,029
Indirect costs	22,033	17,893
Total cost of activities	46,557	40,922
Cost recovered by:		
Registration and approval (R&A) fees	10,294	9,796
Levies	26,674	21,479
Annual product registration renewal fees	7,750	7,984
Industry contributions applied to cost of activities	44,718	39,259
Unapplied levies	140	5,856
Penalties	42	28
Total industry contributions	44,900	45,143
Appropriation		
<i>Agricultural Competitiveness White Paper reforms</i>	1,840	1,663
Own-source revenue	534	402
Total income from ordinary activities	47,274	47,208
Surplus (deficit) of costs recovered	717	6,286

Surplus funds from cost recovery are accumulated in the APVMA's equity balance to fund operations and potential cost recovery deficits in future years. Tables 6 and 7 show financial estimates of funds from cost recovery activities for future financial years.

Table 2: Reconciliation to comprehensive income in the 2023–24 financial statements

Reconciling items	2023–24 FY actual \$'000	2022–23 FY prior year \$'000
Surplus (deficit) of costs recovered	717	6,286
Enabling Technology appropriation costs		
Direct costs	739	1,070
Indirect costs	77	130
Total cost of appropriation	816	1,200
Other ordinary appropriation:		
Contribution to the costs of independent reviews	4,065	–
Comprehensive income surplus (deficit)	3,966	5,086

In July 2023, the APVMA received an ordinary appropriation of \$4.065 million as a contribution to the costs of independent reviews of the APVMA conducted in the 2022–23 and 2023–24 financial years. The appropriation restores previously cost recovered funds that were spent on mal-administration items during 2022–24.

Table 3: Revenue

Sources of revenue	2023–24 FY actual \$'000	2022–23 FY prior year \$'000
Levies	26,814	27,335
Annual product registration renewal fees	7,750	7,984
Product application fees	7,154	6,950
Good manufacturing practice (GMP) licence fees	1,177	1,029
Permits, actives and other fees	1,963	1,817
Penalties	42	28
Total industry contributions	44,900	45,143
Ordinary appropriation:		
<i>Agricultural Competitiveness White Paper reforms</i>	1,840	1,663

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Sources of revenue	2023–24 FY actual \$'000	2022–23 FY prior year \$'000
Own-source revenue	534	402
Total income from ordinary activities	47,274	47,208

Table 4: Cost recovery performance by activity

Cost activities	2023–24 FY actual \$'000	2022–23 FY prior year \$'000
Total registrations and approvals (R&A)		
Direct costs	18,527	16,796
Indirect costs	17,353	13,801
Total R&A costs	35,880	30,597
R&A costs recovered by:		
R&A fees	10,293	9,796
Levies, annual product registration renewal fees and other revenue	25,587	20,801
Total R&A costs recovered	35,880	30,597
Total regulatory activities (chemical review, post marked monitoring and investigation)		
Direct costs	2,983	2,514
Indirect costs	2,595	2,022
Total regulatory activities costs	5,578	4,536
Regulatory costs recovered by:		
Levies, annual product registration renewal fees and other revenue	4,368	3,732
Appropriation:		
<i>Agricultural Competitiveness White Paper reforms</i>	1,210	804
Total regulatory costs recovered	5,578	4,536
Governance activities (includes the APVMA Board and other executive costs)		
Direct costs	3,014	3,719
Indirect costs	2,084	2,070
Total governance costs	5,098	5,789

Cost activities	2023–24 FY actual \$'000	2022–23 FY prior year \$'000
Governance costs recovered by:		
Levies, annual product registration renewal fees and other revenue	4,468	4,930
Appropriation:		
<i>Agricultural Competitiveness White Paper reforms</i>	630	859
Total governance costs recovered	5,098	5,789

Table 5: Cost recovery performance of registration and approval (R&A) activities

R&A activities	2023–24 FY actual \$'000	2022–23 FY prior year \$'000
Agvet chemicals – active constituents		
Direct costs	954	688
Indirect costs	876	559
Total costs	1,830	1,247
Costs recovered by:		
R&A fees	1,289	1,129
Levies, annual product registration renewal fees and other revenue	541	118
Total costs recovered	1,830	1,247
Agvet chemicals – products		
Direct costs	12,643	11,820
Indirect costs	11,784	9,603
Total cost	24,427	21,423
Costs recovered by:		
R&A fees	7,154	6,949
Levies, annual product registration renewal fees and other revenue	17,273	14,474
Total costs recovered	24,427	21,423
Good Manufacturing Practice (GMP) licence fees		
Direct costs	1,144	916

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R&A activities	2023-24 FY actual \$'000	2022-23 FY prior year \$'000
Indirect costs	1,213	894
Total costs	2,357	1,810
Costs recovered by:		
GMP licence fees	1,177	1,029
Levies, annual product registration renewal fees and other revenue	1,180	781
Total costs recovered	2,357	1,810
Permits		
Direct costs	2,310	2,023
Indirect costs	2,119	1,644
Total cost	4,429	3,667
Costs recovered by:		
R&A fees	301	333
Levies, annual product registration renewal fees and other revenue	4,128	3,334
Total costs recovered	4,429	3,667
Pre-application assistance (PAA) and other fees		
Direct costs	1,476	1,349
Indirect costs	1,360	1,101
Total costs	2,836	2,450
Costs recovered by:		
R&A fees	372	356
Levies, annual product registration renewal fees and other revenue	2,464	2,094
Total costs recovered	2,836	2,450
Total registrations and approvals (R&A)		
Direct costs	18,527	16,796
Indirect costs	17,353	13,801
Total R&A costs	35,880	30,597

R&A activities	2023–24 FY actual \$'000	2022–23 FY prior year \$'000
Costs recovered by:		
R&A fees	10,293	9,796
Levies, annual product registration renewal fees and other revenue	25,587	20,801
Total R&A costs recovered	35,880	30,597

Financial estimates

The forward estimates in Tables 6 and 7 were calculated in the budget for 2024–25. The estimated deficits assume that the cost recovery arrangements in 2024–25 will be applied to future financial years.

However, the APVMA is preparing a Cost Recovery Implementation Statement (CRIS) for the period 1 July 2025 to 30 June 2026. Proposed changes in cost recovery arrangements, as set out in a CRIS Consultation Paper released for stakeholder consultation in September 2024, assuming the CRIS is approved, will eliminate the projected deficits in this paper for financial year 2025–26. It should be noted the APVMA is moving to an annual CRIS process to ensure cost recovery settings align with planned business activities more closely.

Table 6: 2024–25 budget and forward estimates – cost recovery

Cost recovery performance – Budget and forecast	2023–24 FY actual \$'000	2024–25 FY budget \$'000	2025–26 FY est. \$'000	2026–27 FY est. \$'000	2027–28 FY est. \$'000
Cost of activities – recovered by industry contributions and other sources of income					
Direct costs	24,524	25,730	29,475	29,010	29,864
Indirect costs	22,033	24,068	25,888	25,481	26,229
Total cost of activities	46,557	49,798	55,363	54,491	56,093
Cost recovered by:					
Registration and approval (R&A) fees	10,294	10,423	10,032	10,090	10,090
Levies	26,674	23,145	23,145	23,145	23,145
Annual product registration renewal fees	7,750	8,458	8,627	8,800	8,800
Industry contributions applied to cost of activities	44,718	42,026	41,804	42,035	42,035
Unapplied levies	140	-	-	-	-
Penalties	42	16	16	16	16

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Cost recovery performance – Budget and forecast	2023–24 FY actual \$'000	2024–25 FY budget \$'000	2025–26 FY est. \$'000	2026–27 FY est. \$'000	2027–28 FY est. \$'000
Total industry contributions	44,900	42,042	41,820	42,051	42,051
Appropriations:					
Ordinary appropriations	1,840	2,265	2,414	1,783	1,783
Own-source revenue	534	304	306	309	309
Total income from ordinary activities	47,274	44,611	44,540	44,143	44,143
Surplus (deficit) of cost recovered	717	(5,187)	(10,823)	(10,348)	(11,950)

Table 7: 2024–25 budget and forward estimates - income

Income - Budget and forecast	2023–24 FY actual \$'000	2024–25 FY budget \$'000	2025–26 FY est. \$'000	2026–27 FY est. \$'000	2027–28 FY est. \$'000
Income from ordinary activities					
Industry contributions					
Levies	26,814	23,145	23,145	23,145	23,145
Annual product registration renewal fees	7,750	8,458	8,627	8,800	8,800
Product application fees	7,154	7,448	7,000	7,000	7,000
Good manufacturing practice (GMP) licence fees	1,177	1,056	1,077	1,099	1,099
Permits, actives and other fees	1,963	1,919	1,955	1,992	1,992
Penalties	42	16	16	16	16
Total industry contributions	44,900	42,042	41,820	42,052	42,052
Appropriations:					
Ordinary appropriations	1,840	2,265	2,414	1,783	1,783
Own-source revenue	534	304	306	309	309
Total income from ordinary activities	47,274	44,611	44,540	44,144	44,144