

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*.

Established as an independent statutory authority, the APVMA is responsible for registering pesticides and veterinary medicines and regulating them up to and including retail sale.

The APVMA is responsible for administering and managing the National Registration Scheme. The scheme sets out the regulatory framework for the management of pesticides and veterinary medicines in Australia. The APVMA carries out its work in partnership with state and territory governments.

Robust risk assessment methods are used to scientifically evaluate new and existing pesticides and veterinary medicines to protect the health and safety of people, animals and the environment, and to support international trade. The APVMA aims to operate a system for regulating pesticides and veterinary medicines that is efficient, effective, open and transparent and gives opportunity for public input.

Following the significant legislative reform measures which came into effect in 2014 the APVMA continues to focus on enhancing the APVMA's business and operational functions in 2016-17 and to achieve greater efficiency and effectiveness in the chemical registration process.

As part of the Agricultural Competitiveness White Paper, the Government is introducing reforms to streamline access to agricultural and veterinary chemicals and better manage the risks these products can pose.

The APVMA will receive \$7.3 million worth of funding over four years to implement these reforms, including reducing pre-market assessments of low risk applications for product registration; and recognising chemical assessments from comparable domestic and international regulators. The funding will also provide for increased compliance activities. This budget measure also includes an entry to recognise an estimate of foregone revenue.

APVMA Budget Statements

In addition to commencing work on the Agricultural Competitiveness White Paper reforms, the APVMA's focus in the 2016-17 financial year, will be the continued implementation of a significant program of work to reduce administration and regulatory burdens for industry by enhancing the user experience with on-line systems.

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 2016–17 as at Budget May 2016

	2015–16 <i>estimated</i> <i>actual</i> \$'000	2016–17 estimate \$'000
Opening balance/cash reserves at 1 July	-	-
Funds from Government		
Annual appropriations – ordinary annual services¹		
Outcome 1	732	3,522
<i>Total annual appropriations</i>	732	3,522
Amounts received from related entities		
Amounts from portfolio department ²	143	143
<i>Total amounts received from related entities</i>	143	143
Special appropriations³		
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992 – s. 58</i> (6) amount payable to the APVMA	34,195	32,491
<i>Total special appropriations</i>	34,195	32,491
Total funds from Government	35,070	36,156
Funds from industry sources		
Levies, fees and charges ⁴	34,195	32,491
<i>less amounts paid to the CRF</i>	(34,195)	(32,491)
Total funds from industry sources	-	-
Funds from other sources		
Interest	14	14
Other	198	200
Total funds from other sources	212	214
Total net resourcing for APVMA	35,282	36,370
	2015–16	2016–17
Average staffing level (number)⁵	174.0	191.8

1. Appropriation Bill (No. 1) 2016–17.

2. 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 programmes).

3. 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.

4. 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.

5. The increase in staffing reflects the transfer of undertaking human health assessments from the Department of Health to the APVMA from 1 July 2016 and staffing relating to the Agricultural Competitive White Paper initiatives.

Reader note: All figures are GST exclusive.

CRF – Consolidated Revenue Fund

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the department are detailed in *Budget Paper No. 2, Budget Measures 2016–17* and are summarised below.

Table 1.2: Department of Agriculture and Water Resources 2016–17 Budget measures

Part 1: Measures announced since the 2015–16 Mid-Year Economic and Fiscal Outlook (MYEFO)

Programme	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Revenue measures					
Streamlining Agricultural and Veterinary Chemicals Regulation ^{1,2}					
1.1					
Administered revenues	-	-	-	-	-
Departmental revenues	-	(259)	(256)	(248)	(224)
Total	-	(259)	(256)	(248)	(224)
Total revenue measures					
Administered	-	-	-	-	-
Departmental	-	(259)	(256)	(248)	(224)
Total	-	(259)	(256)	(248)	(224)
Expense measures					
Streamlining Agricultural and Veterinary Chemicals Regulation ^{1,2}					
1.1					
Administered expenses	-	-	-	-	-
Departmental expenses	-	2,325	2,023	979	986
Total	-	2,325	2,023	979	986
Total expense measures					
Administered	-	-	-	-	-
Departmental	-	2,325	2,023	979	986
Total	-	2,325	2,023	979	986
Capital measures					
Streamlining Agricultural and Veterinary Chemicals Regulation ^{1,2}					
1.1					
Administered capital	-	-	-	-	-
Departmental capital	-	510	500	-	-
Total	-	510	500	-	-
Total capital measures					
Administered	-	-	-	-	-
Departmental	-	510	500	-	-
Total	-	510	500	-	-

1. The lead entity for the measure titled Streamlining Agricultural and Veterinary Chemicals Regulation is the Department of Agriculture and Water Resources. Details of the measure appear in *Budget Paper No. 2* under the Agriculture and Water Resources portfolio.

2. Provision for this measure was included in the contingency reserve as part of the 2015–16 MYEFO.

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 programmes are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programmes which contribute to government outcomes over the Budget and forward years.

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

Note:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. 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 from October 2016 – to provide an entity's complete performance story.

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 programmes

Department of the Environment

Programme:

- Programme 1.6: Management of Hazardous Wastes, Substances and Pollutants

Contribution to Outcome 1 made by linked programme:

The APVMA works with the Department of the Environment to evaluate the environmental impacts of agricultural and veterinary chemicals.

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 programme, 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.					
	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
Programme 1.1: Australian Pesticides and Veterinary Medicines Authority					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	732	3,012	2,643	1,603	1,615
Payment from related entities	143	143	144	140	143
Special appropriations					
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992 – s. 58 (6)</i> amount payable to the APVMA	31,913	32,351	33,237	33,769	34,316
Revenues from other independent sources	210	212	215	218	221
Total expenses for programme 1.1	32,998	35,718	36,239	35,730	36,295
Outcome 1 totals by resource type					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	732	3,012	2,643	1,603	1,615
Payment from related entities	143	143	144	140	143
Special appropriations	31,913	32,351	33,237	33,769	34,316
Revenues from other independent sources	210	212	215	218	221
Total expenses for Outcome 1	32,998	35,718	36,239	35,730	36,295
	2015–16	2016–17			
Average staffing level (number)	174.0	191.8			

2.1.2 Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each programme associated with Outcome 1. It also summarises how each programme is delivered and where 2016–17 Budget measures have created new programmes or materially changed existing programmes.

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.		
Programme 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.	
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 manufactures; and • Identification and review of the safety of existing chemicals of regulatory concern. 	
Performance information		
Year	Performance criteria¹	Targets
2015–16	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. 68 per cent c. 65 per cent
2016–17	Registered chemicals are available for use by primary industries.	Proportion of applications completed by the due date. Target: 100 per cent.
2017–18 and beyond	As per 2016–17.	As per 2016–17.
Purposes	Regulate the production of agricultural and veterinary chemicals to ensure they are safe for Australian people, animals and the environment.	
Material changes to Programme 1.1 resulting from the following measures:		
Streamlining Agricultural and Veterinary Chemicals Regulation		

1. Refers to updated purposes that will be reflected in the 2016–17 Corporate Plan.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016–17 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 in 2016–17 is budgeted to be \$34.1 million, an increase of \$3.7 million compared to 2015–16. This increase is largely due to the Agricultural Competitiveness White Paper reform funding which will commence in 2016–17.

Total expenditure in 2016–17 is budgeted to be \$35.7 million, an increase of \$2.7 million on 2015–16's forecast expenditure, as a result of the additional expenditure required to implement the Streamlining Agricultural and Veterinary Chemicals Regulation measure.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The APVMA's forecast total asset position of \$17.7 million at 30 June 2017 is \$1.5 million lower than the estimated balance at 30 June 2016 as a result of the forecast loss in 2016–17 and the resulting decrease in receivables.

Total liabilities at 30 June 2017 are forecast to decrease slightly compared 30 June 2016 estimated balance, dropping from \$11.3 million to \$10.9 million.

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

The equity target is currently set at \$7.0 million (approximately three months operating expenses). At 30 June 2017 the APVMA's equity is estimated to be \$6.9 million.

3.2.1 BUDGETED FINANCIAL STATEMENTS

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
EXPENSES					
Employee benefits	23,057	24,814	25,286	24,818	25,211
Supplier expenses	8,570	9,512	9,225	9,148	9,284
Depreciation and amortisation	1,371	1,392	1,728	1,764	1,800
Total expenses	32,998	35,718	36,239	35,730	36,295
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Interest	14	14	14	14	14
Other	196	198	201	204	207
Total own-source revenue	210	212	215	218	221
Total own-source income	210	212	215	218	221
Net cost of (contribution by) services	32,788	35,506	36,024	35,512	36,074
Revenue from Government					
Commonwealth contribution	875	3,155	2,787	1,743	1,755
Industry contributions	29,361	30,770	33,367	33,929	34,509
Total revenue from Government	30,236	33,925	36,154	35,672	36,264
Surplus/(deficit) attributable to the Australian Government	(2,552)	(1,581)	130	160	190
Total comprehensive income/(loss) attributable to the Australian Government	(2,552)	(1,581)	130	160	190

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	321	329	337	345	354
Trade and other receivables	11,233	8,954	10,121	11,468	13,093
Total financial assets	11,554	9,283	10,458	11,813	13,447
Non-financial assets					
Land and buildings	1,444	1,119	794	469	144
Property, plant and equipment	761	616	467	564	407
Intangibles	5,211	6,424	6,495	5,634	4,741
Other	283	283	283	283	283
Total non-financial assets	7,699	8,442	8,039	6,950	5,575
Total assets	19,253	17,725	18,497	18,763	19,022
LIABILITIES					
Payables					
Suppliers	3,445	2,884	2,956	3,029	3,105
Other	878	809	702	554	361
Total payables	4,323	3,693	3,658	3,583	3,466
Provisions					
Employee provisions	6,528	6,692	6,860	7,031	7,207
Other	464	473	482	492	502
Total provisions	6,992	7,165	7,342	7,523	7,709
Total liabilities	11,315	10,858	11,000	11,106	11,175
Net assets	7,938	6,867	7,497	7,657	7,847
EQUITY*					
Parent entity interest					
Contributed equity	5,528	6,038	6,538	6,538	6,538
Reserves	1,123	1,123	1,123	1,123	1,123
Retained surplus (accumulated deficit)	1,287	(294)	(164)	(4)	186
Total equity	7,938	6,867	7,497	7,657	7,847

* '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 2016–17)

	Retained earnings	Asset revaluation reserve	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016				
Balance carried forward from previous period	1,287	1,123	5,528	7,938
Adjusted opening balance	1,287	1,123	5,528	7,938
Comprehensive income				
Surplus (deficit) for the period	(1,581)	-	-	(1,581)
Total comprehensive income	(1,581)	-	-	(1,581)
of which:				
Attributable to the Australian Government	(1,581)	-	-	(1,581)
Transactions with owners				
Contributions by owners				
Departmental capital budget (DCB)	-	-	510	510
Sub-total transactions with owners	-	-	510	510
Estimated closing balance as at 30 June 2017	(294)	1,123	6,038	6,867

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	732	3,012	2,643	1,603	1,615
Net GST received	982	1,022	977	994	1,013
Other	34,550	32,848	32,561	32,943	33,249
Total cash received	36,264	36,882	36,181	35,540	35,877
Cash used					
Employees	22,984	24,738	25,207	24,737	25,127
Suppliers	12,283	10,511	10,141	10,120	10,316
Total cash used	35,267	35,249	35,348	34,857	35,443
Net cash from (used by) operating activities	997	1,633	833	683	434
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	1,965	2,135	1,325	675	425
Total cash used	1,965	2,135	1,325	675	425
Net cash from (used by) investing activities	(1,965)	(2,135)	(1,325)	(675)	(425)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	-	510	500	-	-
Total cash received	-	510	500	-	-
Net cash from (used by) financing activities	-	510	500	-	-
Net increase (decrease) in cash held	(968)	8	8	8	9
Cash and cash equivalents at the beginning of the reporting period	1,289	321	329	337	345
Cash and cash equivalents at the end of the reporting period	321	329	337	345	354

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
NEW CAPITAL APPROPRIATION					
Capital budget – Bill 1 (DCB)	-	510	500	-	-
Total New Capital Appropriation	-	510	500	-	-
<i>Provided for:</i>					
Purchase of non-financial assets	-	510	500	-	-
Total Items	-	510	500	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation – DCB	-	510	500	-	-
Funded internally from departmental resources ¹	1,965	1,625	825	675	425
TOTAL	1,965	2,135	1,325	675	425
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,965	2,135	1,325	675	425
Total cash used to acquire assets	1,965	2,135	1,325	675	425

1. 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 2016–17)

	Building \$'000	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016				
Gross book value	2,662	1,464	8,061	12,187
Accumulated depreciation/amortisation and impairment	(1,218)	(703)	(2,850)	(4,771)
Opening net book balance	1,444	761	5,211	7,416
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase – appropriation ordinary annual services ¹	-	-	510	510
By purchase – other	25	100	1,500	1,625
Total additions	25	100	2,010	2,135
Other movements				
Depreciation/amortisation expense	(350)	(245)	(797)	(1,392)
Total other movements	(350)	(245)	(797)	(1,392)
As at 30 June 2017				
Gross book value	2,687	1,564	10,071	14,322
Accumulated depreciation/amortisation and impairment	(1,568)	(948)	(3,647)	(6,163)
Closing net book balance	1,119	616	6,424	8,159

1. "Appropriation ordinary annual services" refers to funding provided through Appropriation Bill (No.1) 2016–17 for depreciation / amortisation expenses, DCBs or other operational expenses.:

Prepared on Australian Accounting Standards basis.