CHAPTER 4
FINANCIAL PERFORMANCE

SUMMARY OF FINANCIAL PERFORMANCE

Tables 12–15 give an overview of APVMA financial performance for 2013–14. Full details are in the audited financial statements on the following pages.

INCOME

The APVMA's total income for 2013–14 financial year was $28.275 million (Table 12), a decrease of $2.137 million (7.03 per cent) from the previous year. This decrease is largely is due to the returning of $2.0 million to the budget as part of the Better Regulation reform funding agreement.

Table 12 Income, 2013–14

Income source	Income ($'000)	%
Receipts from industry		
Application fees	5 087	16.80
Levies	17 059	56.35
Annual fees (renewal fees)	4 793	15.83
Other receipts from industry	2 031	6.71
Industry funds returned to the budget	(2 000)	n/a
Parliamentary appropriation	981	3.24
Other revenue	324	1.07
Total income	**28 275**	**100.00**

Table 13 Agency Resourcing Statement, 2013–14

	Actual available appropriation for 2013–14 ($'000)	Payments made in 2013–14 ($'000)	Balance remaining in 2013–14 ($'000)
Ordinary annual service			
Department expenses			
Prior year departmental appropriation	2 145	2 145	0
Departmental appropriations	981	981	0
Revenue from independent sources (s. 31)	278	278	0
Total	**3 404**	**3 404**	**0**
Special appropriation	**26 713**	**26 713**	0
Special account			
Opening balance	20 104		
Appropriation receipts	29 327		
Payments made		30 852	
Total Special Account	**49 431**	**30 852**	**18 579**
Total resourcing and payments	**79 548**	**60 969**	**18 579**
Less appropriations drawn from special appropriations above and credited to the special account	26 713	26 713	0
Total net resourcing and payments	**52 835**	**34 256**	**18 579**

EXPENDITURE

Total operating expenses for 2013–14 were $31.997 million (Tables 14 and 15), an increase of $0.693 million (2.21 per cent) from the previous year.

Table 14 Expenditure, 2013–14 (including comparison with Portfolio Budget Statement)

	2013–14 actual expenditure ($'000)	% of expenditure	2013–14 budget (per PBS) ($'000)
Employee benefits	21 441	67.01	22 719
Supplier expenses	9 691	30.29	10 441
Depreciation	841	2.63	691
Other	24	0.07	0
Total expenditure	**31 997**	**100.00**	**33 851**

PBS = Portfolio Budget Statement

Table 15 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	2013–14 budget ($'000)	2013–14 actual ($'000)	2013–14 variance ($'000)	2012–13 actual ($'000)
Department expenses				
Ordinary annual service (Appropriation Bill 1)	981	981	-	1 009
Revenue from independent sources (s. 31)	435	278	157	243
Special appropriation	31 695	29 861	1 834	30 714
Expenses not requiring appropriation	740	877	(137)	549
Total expenses for Outcome 1	**33 851**	**31 997**	**1 854**	**32 515**

EQUITY

We recorded a net operating deficit of $3.722 million for 2013–14. This was primarily due to the spending of unspent funding for the Better Regulation reforms that had been received in previous years as well as the returning of $2.0 million to the budget as part of the reform funding agreement as mentioned above. As at 30 June 2014, the Better Regulation reform funding has been fully expensed.

Our equity at 30 June 2014 was $8.798 million.

AUDIT RESULTS

The APVMA achieved an unqualified audit result, and there were no adverse findings.

FINANCIAL RESERVE

Our revenue can vary significantly from year to year as a result of fluctuations in sales of pesticides and veterinary medicines, due to changing environmental conditions. To manage this, we aim to hold a financial reserve (which forms part of our equity). Without this financial reserve, we would risk periods where our liabilities would exceed our assets (negative equity).

The financial reserve is based on three months of operating expenses and is currently set at $7.0 million.

COST-RECOVERY

New cost-recovery arrangements commenced on 1 July 2013, following the development and subsequent approval of a cost-recovery impact statement (CRIS) during 2012–13.

Implementation of the arrangements outlined in the CRIS was intended to coincide with the commencement of the Agricultural and Veterinary Chemicals Legislation Amendment Bill 2012. This was proposed to commence on 1 July 2013; however, amendments to the Bill in the House of Representatives revised the commencement date to 1 July 2014.

The key changes to the APVMA's fees and charges from 1 July 2013 were:

- returning application fees to 40 per cent cost-recovery level
- recovering close to 100 per cent of the costs associated with compliance with good manufacturing pratice
- implementing reductions in the levy rate.

The fees and charges relating to the legislative reforms that will commence on 1 July 2014 include those for:

- pre-application advice and subsequent advice
- electronic conversion of hard-copy applications.

In 2013–14, we continued to provide input into the Australian Government Department of Agriculture's first-principles review of the cost-recovery arrangements for the APVMA. This review seeks to examine and recommend options to strengthen the financial sustainability, transparency and accountability of the APVMA's cost-recovery arrangements.

ADVERTISING AND MARKET RESEARCH

No advertising or market research was conducted during 2013–14.

CONSULTANCIES

In 2013–14, 40 new consultancy contracts were entered into, involving total actual expenditure (including capitalisation) of $1 495 000. In addition, 19 ongoing consultancy contracts were active, involving total actual expenditure of $1 623 000..

Selection processes are described in terms drawn from the Commonwealth Procurement Guidelines. 'Direct sourcing' refers to a selection process in which neither a tender nor a panel is used. In these situations, multiple quotes were obtained, the number of quotes depending on the value of the procurement. APVMA Finance Procedure 4 ('Purchasing') outlines the number of quotes required:

• Purchase of goods/services	to $2000	One quote
• Purchase of goods/services	$2001 to $10 000	Two written quotes
• Purchase of goods/services	$10 001 to $80 000	Three written quotes
• Purchase of goods/services	$80 000 and over	Tender

Exemptions to these requirements may be approved in some circumstances.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website (tenders.gov.au).

Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Agriculture

I have audited the accompanying financial statements of the Australian Pesticides and Veterinary Medicines Authority for the year ended 30 June 2014, which comprise: a Statement by the Chief Executive Officer and Chief Finance Officer; the Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Schedule of Administered Commitments; Schedule of Administered Contingencies; and Notes to the financial statements including a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Australian Pesticides and Veterinary Medicines Authority is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Australian Pesticides and Veterinary Medicines Authority's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Australian Pesticides and Veterinary Medicines Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive of the Australian Pesticides and Veterinary Medicines Authority, as well as evaluating the overall presentation of the financial statements.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Australian Pesticides and Veterinary Medicines Authority:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister's Orders, including the Australian Pesticides and Veterinary Medicines Authority's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

16 September 2014

Australian Government

Australian Pesticides and Veterinary Medicines Authority

STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Ministers Orders made under the Financial Management and Accountability Act 1997, as amended.

Kareena Arthy
Chief Executive Officer

16 September 2014

Tony de la Fosse
Chief Financial Officer

16 September 2014

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
NET COST OF SERVICE			
Expenses			
Employee benefits	3A	**21 441**	21 028
Suppliers	3B	**9 691**	8 888
Depreciation and amortisation	3C	**841**	675
Finance costs	3D	**16**	11
Write-down and impairment of assets	3E	**-**	694
Losses from asset sales	3F	**8**	8
Total Expenses		**31 997**	31 304
Own-Source Income			
Own-source revenue			
Other revenue	4A	**324**	533
Total own-source revenue		**324**	533
Total Own-Source Income		**324**	533
Net Cost of Services		**31 673**	30 771
Revenue from Government	4B	**27 951**	29 879
Surplus/(Deficit) Attributable to the Australian Government		**(3 722)**	(892)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to profit and loss			
Changes in asset revaluation surplus		**-**	983
Total other comprehensive income		**-**	983
Total Comprehensive Income/(Loss) Attributable to the Australian Government		**(3 722)**	91

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A	**13 633**	15 490
Trade and other receivables	6B	**563**	2 403
Total financial assets		**14 196**	17 893
Non-Financial Assets			
Land and buildings	7A,C	**2 121**	2 367
Property, plant and equipment	7B,C	**845**	653
Intangibles	7D,E	**3 062**	1 721
Other non-financial assets	7F	**306**	345
Total non-financial assets		**6 334**	5 086
Total Assets		**20 530**	22 979
LIABILITIES			
Payables			
Suppliers	8A	**3 900**	3 105
Other payables	8B	**1 642**	1 496
Total payables		**5 542**	4 601
Provisions			
Employee provisions	9A	**5 752**	5 436
Other provisions	9B	**438**	422
Total provisions		**6 190**	5 858
Total Liabilities		**11 732**	10 459
Net Assets		**8 798**	12 520
EQUITY			
Contributed equity		**373**	373
Reserves		**1 123**	1 123
Retained surplus		**7 302**	11 024
Total Equity		**8 798**	12 520

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Retained Earnings		Asset Revaluation Reserves		Contributed Equity/capital		Total Equity	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Opening Balance								
Balance carried forward from previous period	**11 024**	11 916	**1 123**	140	**373**	373	**12 520**	12 429
Adjusted opening balance	**11 024**	11 916	**1 123**	140	**373**	373	**12 520**	12 429
Comprehensive income								
Other comprehensive income			**-**	983	**-**	-	**-**	983
Surplus/(Loss) for the period	**(3 722)**	(892)					**(3 722)**	(892)
Total comprehensive income	**(3 722)**	(892)	**-**	983	**-**	-	**(3 722)**	91
Transactions with owners								
Contribution by owners								
Departmental capital budget	**-**	-	**-**	-	**-**	-	**-**	-
Sub-total transaction with owners	**-**	-	**-**	-	**-**	-	**-**	-
Closing Balance at 30 June	**7 302**	11 024	**1 123**	1 123	**373**	373	**8 798**	12 520

The above statement should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		**29 974**	32 734
Net GST received		**867**	911
Other cash received		**125**	201
Total cash received		**30 966**	33 846
Cash used			
Employees		**21 159**	21 250
Suppliers		**9 528**	10 489
Total cash used		**30 687**	31 739
Net cash flows from operating activities	10	**279**	2 107
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		**2**	1
Total cash received		**2**	1
Cash used			
Purchase of property, plant and equipment		**2 138**	1 808
Total cash used		**2 138**	1 808
Net cash flows from or (used by) investing activities		**(2 136)**	(1 807)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		**–**	373
Total cash received		**–**	373
Net cash flows from financing activities		**–**	373
Net increase or (decrease) in cash held		**(1 857)**	673
Cash and cash equivalents at the beginning of the reporting period		**15 490**	14 817
Cash and cash equivalents at the end of the reporting period	6A	**13 633**	15 490

The above statement should be read in conjunction with the accompanying notes.

SCHEDULE OF COMMITMENTS

as at 30 June 2014

BY TYPE	2014 $'000	2013 $'000
Commitments receivable		
GST recoverable on commitments	**(935)**	(1 052)
Total commitments receivable	**(935)**	(1 052)
Commitments payable		
Other commitments		
Operating leases[1]	**9 560**	10 879
Other commitments	**2 800**	1 784
Total other commitments	**12 360**	12 663
Net commitments by type	**11 425**	11 611
BY MATURITY		
Commitments receivable		
One year or less	**(182)**	(165)
From one to five years	**(554)**	(544)
Over five years	**(199)**	(343)
Total commitments receivable	**(935)**	(1 052)
Commitments payable		
Operating lease commitments		
One year or less	**1 369**	1 319
From one to five years	**6 008**	5 791
Over five years	**2 183**	3 769
Total operating lease commitments	**9 560**	10 879
Other Commitments		
One year or less	**2 712**	1 591
From one to five years	**88**	193
Total other commitments	**2 800**	1 784
Net commitments by maturity	**11 425**	11 611

NB: Commitments are GST inclusive where relevant.

1. Operating leases included are effectively non-cancellable and comprise:

Leases for office accommodation.

Lease payments for the rental of the APVMA's office at Amtech Estate, Symonston are subject to annual increase of 3.75%. During 11/12 the APVMA signed a new lease agreement, extending the lease term to October 2020, with a further two 5 year options available.

2. Increase in other commitments is largely due to signifcant increase in uncompleted assessment work allocated to the Department of Health.

The above schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF CONTINGENCIES

as at 30 June 2014

There are no contingent assets or liabilities as at 30 June 2014.

The above schedule should be read in conjunction with the accompanying notes.

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
NET COST OF SERVICES			
Expenses			
Other expenses		**-**	-
Total Expenses		**-**	-
Income			
Revenue			
Industry contributions	15A	**26 970**	28 876
Total revenue		**26 970**	28 876
Total Income		**26 970**	28 876
Net Cost of Services		**(26 970)**	(28 876)
Surplus		**26 970**	28 876
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income		**-**	-
Total Comprehensive Income		**26 970**	28 876

The above schedule should be read in conjunction with the accompanying notes.

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITES

as at 30 June 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Financial Assets			
Cash and cash equivalents	16A	**5 155**	4 847
Total financial assets		**5 155**	4 847
Total Assets		**5 155**	4 847
LIABILITIES			
Payables			
Other payables	17A	**5 155**	4 847
Total payables		**5 155**	4 847
Total Liabilities		**5 155**	4 847
Net Assets		**-**	-

This schedule should be read in conjunction with the accompanying notes.

ADMINISTERED RECONCILIATION SCHEDULE

as at 30 June 2014

	Notes	2014 $'000	2013 $'000
Opening assets less administered liabilities as at 1 July		**-**	-
Net cost of services			
Income		**26 970**	28 876
Expenses		**-**	-
Transfers (to)/from Australian Government:			
Appropriation transfers to Official Public Account			
Transfers to OPA (Special Account)		**(26 970)**	(28 876)
Closing assets less liabilities as at 30 June		**-**	-

This schedule should be read in conjunction with the accompanying notes.

ADMINISTERED CASH FLOW STATEMENT

for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
OPERATING ACTIVITIES			
Cash received			
Industry contribution		**29 313**	29 166
Total cash received		**29 313**	29 166
Cash used			
Refunded levies, fees and charges		**2 299**	155
Total cash used		**2 299**	155
Net cash flows from operating activities		**27 014**	29 011
FINANCING ACTIVITIES			
Cash received			
Transfer of funds from OPA to APVMA Special Account		**-**	-
Total cash received		**-**	-
Cash used			
Administered income appropriated to departmental		**26 706**	28 786
Total cash used		**26 706**	28 786
Net cash flows (used by) financing activities		**(26 706)**	(28 786)
Net Increase (Decrease) in Cash Held		**308**	225
Cash and cash equivalents at the beginning of the reporting period		**4 847**	4 622
Cash and cash equivalents at the end of the reporting period	16A	**5 155**	4 847

This schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF ADMINISTERED COMMITMENTS

as at 30 June 2014

There are no administered commitments as at 30 June 2014.

This schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF ADMINISTERED CONTINGENCIES

as at 30 June 2014

There are no administered contingencies as at 30 June 2014.

This schedule should be read in conjunction with the accompanying notes.

INDEX TO THE NOTES OF THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Australian Pesticides and Veterinary Medicines Authority

The Australian Pesticides and Veterinary Medicines Authority (APVMA) is an Australian Government controlled entity. The APVMA is responsible for the assessment and registration of pesticides and veterinary medicines and for their regulation up to and including the point of retail sale.

The APVMA administers the National Registration Scheme for Agricultural and Veterinary Chemicals (NRS) in partnership with the States and Territories and with the active involvement of other Australian government agencies.

Its role is to independently evaluate the safety and performance of chemical products intended for sale, making sure that the health and safety of people, animals and the environment are protected.

The APVMA is structured to meet a single outcome:

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.

The APVMA's activities contributing toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the APVMA in its own right. Administered activities involve the management or oversight by the APVMA, on behalf of the Government, of items controlled or incurred by the Government.

The continued existence of the APVMA in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for the APVMA's administration and programs.

1.2 Basis of Preparation of the Financial Report

The financial statements are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997*.

The Financial Statements and notes have been prepared in accordance with:

a) Finance Minister's Orders (or FMOs) or reporting periods ending on or after 1 July 2011; and
b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period."

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMO, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments and the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Accounting policies are consistent with the previous year, unless otherwise stated.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the APVMA has made the following judgements that have the most significant impact on the amounts recorded in the financial statements: the fair value of leasehold improvements have been taken to be the market value of similar properties as determined by an individual valuer.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.4 New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The new standard AASB 13—Fair Value Measurement was applicable to the current reporting period and had a financial impact on the entity (refer Note 1.11).

Future Australian Accounting Standard Requirements

No new standards, revised standards, interpretations or amending standards that were issued by the Australian Accounting Standards Board prior to signoff data and applicable to the future reporting period except for AASB 1055 Budgetary Reporting (applicable for year end 30 June 2015) prescribes new reporting requirements for the APVMA's financial statements, including the requirement to report budgetary information and explain significant variances between budget and actuals at the individual entity level.

1.5 Revenue

Revenue from the sale of goods is recognised when:

a) the risks and rewards of ownership have been transferred to the buyer;
b) the seller retains no managerial involvement nor effective control over the goods;
c) the revenue and transaction costs incurred can be reliably measured; and
d) it is probable that the economic benefits associated with the transaction will flow to the APVMA.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
b) the probable economic benefits with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at balance date. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Revenue from Government

Amounts appropriated for departmental output appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the APVMA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to Owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the APVMA is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that applied at the time the leave is taken, including the APVMA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the 'short-hand method' as outlined in the FMO's as at 30 June 2014. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The APVMA recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

The majority of staff of the APVMA are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation's administered schedules and notes.

The APVMA makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The APVMA accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the financial year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis that is representative of the pattern of benefits derived from the leased assets.

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Fair Value Measurement

The APVMA reviewed its fair value methodolgies in light of the new principles in AASB 13.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 — represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2 — represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly;
- level 3 — represents fair value measurements that are substantially derived from unobservable inputs.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period. As this is the first reporting period no transfers were recorded.

1.12 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

a) cash on hand;
b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value;"
c) cash held by outsiders; and
d) cash in special accounts.

1.13 Financial assets

The APVMA classifies its financial assets in the following categories:

a) financial assets as at fair value through profit or loss; and
b) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

a) have been acquired principally for the purpose of selling in the near future;
b) are a derivative that is not designated and effective as a hedging instrument; or
c) are a part of an identified portfolio of financial instruments that the APVMA manages together and has a recent actual pattern of short-term profit-taking.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate. The APVMA has no loans.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost—if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.14 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.15 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.16 Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

1.17 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor APVMA's accounts immediately prior to the restructuring.

1.18 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than $5 000 for leasehold improvements and $2 000 for all other types, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the APVMA where there exists an obligation to restore the property to its original condition. These costs are included in the value of the APVMA's leasehold improvements with a corresponding provision for the 'makegood' recognised.

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through operating result. Revaluation decrements for a class of assets are recognised directly through operating result except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the APVMA using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2014	2013
Leasehold improvements	**Lease term**	Lease term
Property, Plant and Equipment	**3 to 15 years**	3 to 15 years

Impairment

All assets were assessed for impairment at 30 June 2014. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the APVMA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.19 Intangibles

The APVMA's intangibles comprise internally developed and externally acquired software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the APVMA's software are 3 to 10 years (2013: 3 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2014.

1.20 Taxation

The APVMA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and

b) for receivables and payables where applicable.

1.21 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the APVMA for use by the Government rather than the agency is administered revenue. Collections are transferred to the APVMA's Special Account within the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. Conversely, cash is drawn from the Special Account to refund administered revenue. These transfers to and from the OPA are adjustments to the administered cash held by the APVMA on behalf of the Government and reported as such in the administered cash flows and in the administered reconciliation schedule.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the APVMA on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Revenue is generated from fees that are charged for services provided to the agricultural and veterinary chemical industry. Administered fee revenue is recognised when revenue is earned.

Note 2: Events After the Reporting Period

2.1 Commencement of the *Public Governance, Performance and Accountability Act 2013*

Departmental

Following the commencement of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) on 1 July 2014, the APVMA was one of a small number of FMA Act agencies re-classified as a corporate Commonwealth entity.

This re-classification resulted in the abolition of the APVMA special account on 1 July 2014. The funds in the account on 1 July ($18.579 million, refer Note 20) were transferred into a newly created special appropriation and are available to be drawn down by the APVMA as required.

Administered

As a corporate Commonwealth entity, the APVMA will no longer differentiate it's transactions between administered and departmental. From 1 July 2015 all APVMA operations will be classified as departmental. All assets and liabilities recorded in the administered financial statements at 30 June 2014 will become departmental assets and liabilities on 1 July 2014.

There is no changes to APVMA operations due to this re-classification.

2.2 Internal Restructure

The APVMA is currently in the process of implementing a new organisation structure. The new structure will begin on 1 October 2014.

It is not anticipated that this change to the organisation structure will have a material effect on the financial activities of the APVMA.

Note 3: Expenses

	2014 $'000	2013 $'000
Note 3A: Employee benefits		
Wages and salaries	**16 055**	15 897
Superannuation:		
Defined contribution plans	**1 775**	1 760
Defined benefit plans	**1 147**	1 110
Leave and other entitlements	**1 909**	1 636
Other employee benefits	**555**	625
Total employee benefits	**21 441**	21 028

	2014 $'000	2013 $'000
Note 3B: Suppliers		
Goods and services		
Consultants	**1 694**	1 543
Contractors	**6 369**	5 850
Other	**174**	267
Total goods and services	**8 237**	7 660
Goods and services are made up of:		
Provision of goods—external parties	**409**	656
Rendering of services—related entities	**3 661**	2 985
Rendering of services—external parties	**4 167**	4 019
Total goods and services	**8 237**	7 660
Other supplier expenses		
Operating lease rentals—external parties		
Minimum lease payments	**1 299**	1 132
Workers compensation premiums	**155**	96
Total other supplier expenses	**1 454**	1 228
Total supplier expenses	**9 691**	8 888

	2014 $'000	2013 $'000
Note 3C: Depreciation and amortisation		
Depreciation:		
Leasehold improvements	**340**	266
Property, plant and equipment	**212**	233
Total depreciation	**552**	499
Amortisation:		
Intangibles—Computer Software	**289**	176
Total amortisation	**289**	176
Total depreciation and amortisation	**841**	675

Note 3: Expenses (continued)

	2014 $'000	2013 $'000
Note 3D: Finance costs		
Unwinding of discount	**16**	11
Total finance costs	**16**	11
Note 3E: Write-down and impairment of assets		
Asset Write-Downs from	**-**	
Impairment of non-financial assets	**-**	14
Provision for doubtful debt movement	**-**	189
Good manufacturing practice (GMP) licence fees—written-off	**-**	491
Total write-down and impairment of assets	**-**	694
Note 3F: Losses from asset sales		
Infrastructure, plant and equipment		
Proceeds from sale	**(2)**	(1)
Carrying value of assets sold	**10**	9
Total losses from assets sales	**8**	8

Note 4: Income

	2014 $'000	2013 $'000
OWN-SOURCE REVENUE		
Note 4A: Other revenue		
Resources received free of charge	**36**	35
Other revenue	**288**	498
Total other revenue	**324**	533

Other revenue in 2013 has increased by $140,000 following the reclassification of the minor use funding received by the APVMA from revenue from Government to other revenue. Minor use funding in 2014 was $142,000.

	2014 $'000	2013 $'000
REVENUE FROM GOVERNMENT		
Note 4B: Revenue from Government		
Appropriations:		
Departmental outputs	**981**	1 003
Departmental Special Appropriations	**26 970**	28 876
Other revenue	**142**	140
Total revenue from Government	**27 951**	29 879

Revenue from Government 2013 has decreased by $140,000 following the reclassification of the minor use funding received by the APVMA from revenue from Government to other revenue. Minor use funding was $142,000.

Note 5: Fair Value Measurements

The following table provides an analysis of assets and liabilities that are measured at fair value

The different levels of fair value heirarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilites than the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair Value Measurements

Fair value measurments at the end of the reporting period by heirarchy for assets and liabilites in 2014

		Fair value measurement at the end of the reporting period using		
	Fair value $'000	**Level 1 inputs $'000**	**Level 2 inputs $'000**	**Level 3 inputs $'000**
Non-financial assets				
Leasehold improvements	2 055	-	-	2 055
Property, plant and equipment	845	-	590	255
Total non-financial assets	**2 900**	**-**	**590**	**2 310**
Total fair value measurements of assets in the statement of financial position	**2 900**	**-**	**590**	**2 310**
Assets not measured at fair value in the statement of financial positions				
Non-financial assets[1]	-	-	-	-

1. The entity did not measure any non-financial assets at fair value on a non- recurring basis as at 30 June 2014.

The agency's assets are held for operational purposes and not held for the purpose of deriving a profit. The current use of the assets is considered the highest and best use.

Note 5B: Level 1 and Level 2 Transfers for Recurring Fair Value Measurements

There have been no transfers between levels of the hierarchy during the year.

The entity's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

Note 5: Fair Value Measurements (continued)

Note 5C: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

Level 2 and 3 fair value measurments—valuation techniques and the inputs used for assets and liabilities in 2014

	Category (Level 2 or 3)	Fair Value $'000	Valuation Techniques[1]	Inputs used	Range (weighted average)[2]
Non-financial assets					
Leasehold improvements	Level 3	2 055	Depreciated Replacement Cost (DRC)	Replacement Cost New (price per square metre)	N/a
				Consumed economic benefit / Obsolescence of asset	7.1–7.1% (7.1%) per annum
Property, plant and equipment	Level 2	590	Market Approach	Adjusted market transactions	
Property, plant and equipment	Level 3	255	Depreciated Replacement Cost (DRC)	Replacement Cost New	N/a
				Consumed economic benefit / Obsolescence of asset	20.0%–4.0% (6.6%) per annum

1. There has been no changes to valuation techniques.
2. Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category.

There were no significant inter-relationships between unobservable inputs that materially affect fair value.

Recurring and non-recurring Level 3 fair value measurements—valuation processes

The entity procured the service of the Australian Valuation Office (AVO) to undertake a comprehensive valuation of all non-financial assets at 30 June 2013. The entity tests the procedures of the valuation model as an internal management review at least once every 12 months (with a formal revaluation undertaken once every three years). If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation. The entity has engaged Australian Valuation Solutions (AVS) to provided written assurance that the models developed comply with AASB 13.

There is no change in the valuation technique since the prior year.

Note 5: Fair Value Measurements (continued)

Note 5C: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements (continued)

Significant Level 3 inputs utilised by the entity are derived and evaluated as follows:

Leasehold Improvements—Consumed economic benefit/Obsolescence of asset

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (Depreciated Replacement Cost or DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit/asset obsolescence (accumulated Depreciation). Consumed economic benefit/asset obsolescence has been determined based on professional judgment regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

The weighted average is determined by assessing the fair value measurement as a proportion of the total fair value for the class against the total useful life of each asset.

Property, Plant and Equipment—Consumed economic benefit/Obsolescence of asset

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (Depreciated Replacement Cost or DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit / asset obsolescence (accumulated Depreciation). Consumed economic benefit/asset obsolescence has been determined based on professional judgment regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

Recurring Level 3 fair value measurements—sensitivity of inputs

Leasehold Improvements & Property, Plant and Equipment—Consumed economic benefit/ Obsolescence of asset

The significant unobservable inputs used in the fair value measurement of the entity's leasehold improvements and property, plant and equipment asset classes relate to the consumed economic benefit/asset obsolescence (accumulated depreciation). A significant increase (decrease) in this input would result in a significantly lower (higher) fair value measurement.

Note 5: Fair Value Measurements (continued)

Note 5D: Reconciliation For Recurring Level 3 Fair Value Measurements

Recurring Level 3 fair value measurements—reconciliation for assets

	Non-financial assets		
	Leasehold improvements 2014 $'000	**Property, plant and equipment 2014 $'000**	**Total 2014 $'000**
Opening Balance[1]	2 274	184	2 458
Total gains/(losses) in accumulated depreciation[2]	(313)	(83)	(426)
Purchases	94	154	278
Transfer into Level 3[3]	-	-	-
Transfer out of Level 3[3]	-	-	-
Closing balance	**2 055**	**255**	**2 310**

1. Open balance as determined in accordance with AASB 13
2. There have been no transfers between levels of the hierarchy during the year.
3. There have been no transfers between levels of the hierarchy during the year.

The entity's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

Note 6: Financial Assets

	2014 $'000	2013 $'000
Note 6A: Cash and Cash Equivalents		
Special Accounts	**13 424**	15 257
Cash on hand or on deposit	**209**	233
Total cash and cash equivalents	**13 633**	15 490
Note 6B: Trade and Other Receivables		
Goods and services		
Goods and services—related entities	**134**	63
Goods and services—external parties	**609**	346
Total receivables for goods and services	**743**	409
Appropriation receivable		
For departmental supplementations	**-**	2 145
Total receivables for goods and services	**-**	2 145
Other receivable		
GST receivable from the Australian Taxation Office	**125**	154
Total other receivables	**125**	154
Total trade and other receivables (gross)	**868**	2 708
Less impairment allowance account:		
Goods and services	**(305)**	(305)
Total impairment allowance account	**(305)**	(305)
Total trade and other receivables (net)	**563**	2 403
Receivables are expected to be recovered in:		
No more than 12 months	**563**	2 403
More than 12 months	**-**	-
Total trade and other receivables (net)	**563**	2 403
Receivables are aged as follows:		
Not overdue	**259**	2 363
Overdue by:		
Less than 30 days	**304**	250
61 to 90 days	**-**	-
More than 90 days	**305**	95
Total receivables (gross)	**868**	2 708

Note 6: Financial Assets (continued)

	2014 $'000	2013 $'000
The impairment allowance account is aged as follows:		
Not overdue	**-**	-
Overdue by:		
Less than 30 days	**-**	(210)
More than 90 days	**(305)**	(95)
Total impairment allowance account	**(305)**	(305)

Reconciliation of the impairment allowance account:

Movements in relation to 2014	**Goods and services $'000**	Total $'000
Opening balance	**(305)**	(305)
Amounts recovered and reversed	**-**	-
Amounts written off	**-**	-
New impaired assets	**-**	-
Closing balance	**(305)**	(305)

Movements in relation to 2013	Goods and services $'000	Total $'000
Opening balance	(116)	(116)
Amounts recovered and reversed	6	6
Amounts written off	-	-
New impaired assets	(195)	(195)
Closing balance	(305)	(305)

Credit terms for goods and services were within 30 days (2013: 30 days).

Note 7: Non-Financial Assets

	2014 **$'000**	2013 $'000
Note 7A: Land and Buildings		
Leasehold improvements		
Fair value	**2 368**	2 274
Accumulated depreciation	**(313)**	-
Total leasehold imporvements	**2 055**	2 274
Makegood		
Fair value	**269**	269
Accumulated depreciation	**(203)**	(176)
Total makegood	**66**	93
Total land and buildings (non-current)	**2 121**	2 367

All leasehold improvement are subject to revaluation. The carrying amount is included in the valuation figures above.

No indicators of impairment were found for land and buildings.

No leasehold improvements are expected to be sold or disposed of within the next 12 months.

	2014 **$'000**	2013 $'000
Note 7B: Property, Plant and Equipment		
Property, plant and equipment:		
Fair value	**1 057**	653
Accumulated depreciation	**(212)**	-
Total property, plant and equipment	**845**	653

All infrastructure, plant and equipment is subject to revaluation. The carrying amount is included in the valuation figures above.

No indicators of impairment were found for property, plant and equipment.

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

Revaluation of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. No revaluation increments or decrements were recorded in 2014. The latest revaluation was conducted on 30 June 2013 by an independent valuer.

Note 7: Non-Financial Assets (continued)

Note 7C: Analysis of property, plant and equipment

TABLE A—Reconciliation of the opening and closing balances of property, plant and equipment (2013–14)

	Leasehold Improvements $'000	Other PP & E $'000	Total $'000
As at 1 July 2013			
Gross book value	**2 543**	653	3 196
Accumulated depreciation/amortisation and impairment	**(176)**	-	(176)
Total as at 1 July 2013	**2 367**	**653**	**3 020**
Additions:			
Purchase	**94**	405	499
Revaluation recognised in other comprehensive income	**-**	-	-
Impairments recognised in the operating result	**-**	-	-
Depreciation/amortisation expense	**(340)**	(212)	(552)
Disposals:			
Disposal	**-**	(1)	(1)
Accumulated amortisation of disposed assets	**-**	-	-
Total as at 30 June 2014	**2 121**	**845**	**2 966**
Total as of 30 June 2014 represented by:			
Gross book value	**2 637**	1 057	3 694
Accumulated depreciation/amortisation and impairment	**(516)**	(212)	(728)
Total as aof 30 June 2014	**2 121**	845	2 966

Note 7: Non-Financial Assets (continued)

TABLE B—Reconciliation of the opening and closing balances of property, plant and equipment (2012–13)

	Leasehold Improvements $'000	Other PP & E $'000	Total $'000
As at 1 July 2012			
Gross book value	1 932	1 160	3 092
Accumulated depreciation/amortisation and impairment	(657)	(319)	(976)
Total as at 1 July 2012	1 275	841	2 116
Additions:			
Purchase	-	360	360
Revaluation recognised in other comprehensive income	1 358	(292)	1 066
Impairments recognised in the operating result	-	(14)	(14)
Depreciation/amortisation expense	(266)	(233)	(499)
Disposals:			
Other disposals	-	(27)	(27)
Accumulated amortisation of disposed assets	-	18	18
Total as at 30 June 2013	2 367	653	3 020
Total as of 30 June 2013 represented by:			
Gross book value	2 543	653	3 196
Accumulated depreciation/amortisation and impairment	(176)	-	(176)
Total as of 30 June 2013	2 367	653	3 020

Note 7: Non-Financial Assets (continued)

	2014 $'000	2013 $'000
Note 7D: Intangibles		
Internally developed computer software at cost:		
Internally developed—in progress	**1 540**	591
Internally developed—in use	**857**	1 020
Accumulated amortisation	**(573)**	(851)
Total Internally Developed Computer Software	**1 824**	760
Purchased computer software at cost:		
Purchased computer software	**2 332**	1 902
Accumulated amortisation	**(1 094)**	(941)
Total Purchased Computer Software	**1 238**	961
Total Intangibles (non-current)	**3 062**	1 721

No indicators of impairment were found for any intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 7E: Analysis of intangibles

Table A: Reconciliation of the opening and closing balances of intangibles (2013–14)

Item	Computer software internally developed $'000	Computer software purchased $'000	Total $'000
As at 1 July 2013			
Gross book value	**1 611**	**1 902**	**3 513**
Accumulated depreciation/amortisation and impairment	**(851)**	**(941)**	**(1 792)**
Total as at 1 July 2013	**760**	**961**	**1 721**
Additions:			
Purchase or internally developed	**1 194**	**445**	**1 639**
Amortisation	**(121)**	**(168)**	**(289)**
Disposals:			
Disposal	**(408)**	**(15)**	**(423)**
Accumulated amortisation of disposed assets	**399**	**15**	**414**
Total as at 30 June 2013	**1 824**	**1 238**	**3 062**
Total as of 30 June 2014 represented by:			
Gross book value	**2 397**	**2 332**	**4 729**
Accumulated depreciation/amortisation and impairment	**(573)**	**(1 094)**	**(1 667)**
Total as of 30 June 2014	**1 824**	**1 238**	**3 062**

Note 7: Non-Financial Assets (continued)

Table B: Reconciliation of the opening and closing balances of intangibles (2012–13)

Item	Computer software internally developed $'000	Computer software purchased $'000	Total $'000
As at 1 July 2012			
Gross book value	1 058	1 046	2 104
Accumulated depreciation/amortisation and impairment	(805)	(850)	(1 655)
Total as at 1 July 2012	253	196	449
Additions:			
by purchase or internally developed	591	856	1 447
Amortisation	(84)	(91)	(175)
Disposals:			
Disposal	(38)	-	(38)
Accumulated amortisation of disposed assets	38	-	38
Total as at 30 June 2013	760	961	1 721
Total as of 30 June 2013 represented by:			
Gross book value	1 611	1 902	3 513
Accumulated depreciation/amortisation and impairment	(851)	(941)	(1 792)
Total as of 30 June 2013	760	961	1 721

Note 7F: Other Non-Financial Assets

	2014 $'000	2013 $'000
Prepayments	**306**	345
Total other non-financial assets	**306**	345

All other non-financial assets are current assets.

No indicators of impairment were found for other non-financial assets.

Note 8: Payables

	2014 $'000	2013 $'000
Note 8A: Suppliers		
Trade creditors and accruals	**3 900**	3 105
Total supplier payables	**3 900**	3 105

All supplier payables are expected to be settled within 12 months
Settlement is usually made within 30 days.

	2014 $'000	2013 $'000
Note 8B: Other Payables		
Salaries and wages	**669**	576
Superannuation	**92**	76
Lease incentive	**253**	292
Lease liability	**628**	552
Total other payables	**1 642**	1 496
Total other payables are expected to be settled in:		
No more than 12 months	**801**	692
More than 12 months	**841**	804
Total other payables	**1 642**	1 496

Note 9: Provisions

	2014 $'000	2013 $'000
Note 9A: Employee provisions		
Leave	**5 752**	5 436
Total employee provisions	**5 752**	5 436
Employee provisions are expected to be settled in:		
No more than 12 months	**1 565**	1 474
More than 12 months	**4 187**	3 962
Total employee provisions	**5 752**	5 436
Note 9B: Other provisions		
Provision for restoration obligations	**438**	422
Total other provisions	**438**	422

All other provisions are expected to be settled in more than 12 months.

	Provision for restoration	Provision for restoration
Carrying amount 1 July 2013	**422**	328
Adjustment following revaluation	**-**	83
Unwinding of discount or change in discount rate	**16**	11
Closing balance 30 June 2014	**438**	422

The APVMA currently has one agreement for the leasing of premises that have provisions requiring the APVMA to restore the premises to their original condition at the conclusion of the lease. The APVMA has made a provision to reflect the present value of this obligation.

Provision for restoration obligations is subject to revaluation. A increment of $83,314 has been transferred to the asset revaluation reserve in 2013.

Note 10: Cash Flow Conciliation

	2014 $'000	2013 $'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Report cash and cash equivalents as per:		
Cash Flow Statement	**13 633**	15 490
Balance Sheet	**13 633**	15 490
Difference	**-**	-
Reconciliation of operating result to net cash from operating activities:		
Net cost of services	**(31 815)**	(30 911)
Revenue from Government	**28 093**	30 019
Adjustment for non-cash items		
Depreciation / amortisation	**841**	675
Net write down of non-financial assets	**-**	14
Revaluation of other provisions	**-**	(83)
Loss on disposal of assets	**8**	8
Prior year departmental capital budget	**-**	(373)
Changes in assets/liabilities		
(Increase) / decrease in net receivables	**1 840**	3 892
(Increase) / decrease in prepayments	**39**	(172)
Increase / (decrease) in employee provisions	**316**	48
Increase / (decrease) in supplier payables	**795**	(729)
Increase / (decrease) in other payables	**146**	(375)
Increase / (decrease) in other provisions	**16**	94
Net cash from operating activities	**279**	2 107

Note 11: Senior Executive Remuneration

Note 11A: Senior Executive Remuneration Expense for the Reporting Period

	2014 $'000	2013 $'000
Short-term employee benefits:		
Salary	**1 019 498**	684 269
Annual leave accrued	**94 130**	72 380
Other allowances	**15 671**	-
Total Short-term employee benefits	**1 129 299**	756 649
Post-employment benefits:		
Superannuation	**191 316**	134 417
Total post-employment benefits	**191 316**	134 417
Other long-term benefits:		
Annual leave accrued	**94 130**	72 380
Long service leave	**45 326**	24 881
Total other long-term benefits	**45 326**	24 881
Terminations	**-**	-
Total employment benefits	**1 365 941**	915 947

Notes

1. Note 11A was prepared on an accrual basis.
2. Note 11A excludes acting arrangements and part-year service where remuneration expensed as a Senior Executive was less than $195 000.
3. In 2014 five senior executives met the reporting requirements. (Four senior executives met the reporting requirements in 2013).

Note 11: Senior Executive Remuneration (continued)

Note 11B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period

	2014					
Average annual reportable remuneration[1]	**Senior Executives No.**	**Reportable salary[2] $**	**Contributed superannuation[3] $**	**Reportable allowances[4] $**	**Bonus paid[5] $**	**Total $**
Total remuneration (including part-time arrangements):						
Less than $195 000	-	-	-	-	-	-
$225 000 to $254 999	**4**	**195 411**	**35 332**	**80**	-	**230 823**
$345 000 to $374 999	**1**	**309 384**	**47 828**	**15 350**	-	**372 562**
Total	**5**					

	2013					
Average annual reportable remuneration[1]	Senior Executives No.	Reportable salary[2] $	Contributed superannuation[3] $	Reportable allowancess[4] $	Bonus paid[5] $	Total $
Total remuneration (including part-time arrangements):						
Less than $195 000	-	-	-	-	-	-
$225 000 to $254 999	4	189 172	33 473	-	18 925	241 570
$255 000 to $284 999	1	209 968	34 744	-	18 315	263 027
$315 000 to $344 999	1	314 864	26 020	-		340 884
Total	6					

Notes:

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable salary' includes the following:
   (a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
   (b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax purposes);
   (c) exempt foreign employment income; and
   (d) salary sacrificed benefits.
3. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.
4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

Note 11: Senior Executive Remuneration (continued)

Note 11C: Other Highly Paid Staff

	2014					
Average annual reportable remuneration[1]	**Senior Executives No.**	**Reportable salary[2] $**	**Contributed superannuation[3] $**	**Reportable allowances[4] $**	**Bonus paid[5] $**	**Total $**
Total remuneration (including part-time arrangements):						
$195 000 to $224 999	**2**	**174 958**	**32 920**	**-**	**-**	**207 878**
Total	**2**					

Average annual reportable remuneration[1]	Staff No.	Reportable salary[2] $	Contributed superannuation[3] $	Reportable allowances[4]	Bonus paid[5] $	Total $
Total remuneration (including part-time arrangements):						
$195 000 to $224 999	3	168 842	31 892	-	754	201 488
Total	3					

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

Notes:

1. This table reports staff:
   (a) who were employed by the entity during the reporting period;
   (b) whose reportable remuneration was $195 000 or more for the financial period; and
   (c) were not required to be disclosed in Tables B.
   Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable salary' includes the following:
   (a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
   (b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits);
   (c) exempt foreign employment income; and
   (d) salary sacrificed benefits.
3. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to other highly paid staff in that reportable remuneration band during the reporting period.
4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on the individuals payment summaries.
5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

Note 12: Remuneration of Auditors

	2014 $'000	2013 $'000
Financial statement audit services are provided free of charge to the agency.		
The fair value of the services provided was:		
Audit of the financial statements for the year ended 30 June 2014	**36**	35
	36	35

No other services were provided by the auditors of the financial statements.

Note 13: Financial Instruments

	2014 $'000	2013 $'000
13A: Categories of financial instruments		
Financial Assets		
Loans and receivables financial assets		
Cash and cash equivalents	**13 633**	15 490
Trade & other receivables	**438**	104
Carrying amount of financial assets	**14 071**	15 594
Financial Liabilities		
Other Liabilities		
Trade creditors and accruals	**3 900**	3 105
Other payables	**1 642**	1 496
Carrying amount of financial liabilities	**5 542**	4 601

13B: Net Income and Expense from Financial Liabilities

	2014 $'000	2013 $'000
Other Liabilities		
Lease incentive amortisation	**39**	40
Lease liability increase	**(76)**	(69)
Net gain/(loss) from financial assets	**(37)**	(29)

13C: Fair value of financial instruments

The net fair values of cash and cash equivalents, trade receivables and other receivables approximate their carrying amounts.

The net fair values for trade creditors and other liabilities are approximated by their carrying amounts.

Note 13: Financial Instruments (continued)

13D: Credit risk

The APVMA is exposed to minimal credit risk as loans and receivables are cash, trade receivables and other receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total of trade and other debtors (2014: $743 000 and 2013: $409 000).

To aid the APVMA to manage its credit risk, there are internal policies and procedures that guide employees on debt recovery techniques that are to be applied.

The APVMA has assessed the risk of default on payment and has allocated $305 000 in 2014 (2013: $305 000) to the impairment allowance account for trade receivables.

The APVMA holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired 2014 $'000	Not Past Due Nor Impaired 2013 $'000	**Past due or impaired 2014 $'000**	Past due or impaired 2013 $'000
Loans and receivables				
Cash and cash equivalents	**13 633**	15 490	**-**	-
Trade & other receivables	**134**	64	**609**	345
Total	**13 767**	15 554	**609**	345

Ageing of financial assets that are past due but not impaired for 2014

	0 to 30 days $'000	**31 to 60 days $'000**	**61 to 90 days $'000**	**90+ days $'000**	**Total $'000**
Loans and receivables					
Trade & other receivables	**304**	**-**	**-**	**305**	**609**
Total	**304**	**-**	**-**	**305**	**609**

Ageing of financial assets that are past due but not impaired for 2013

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90+ days $'000	Total $'000
Loans and receivables					
Trade & other receivables	250	-	-	95	345
Total	250	-	-	95	345

Note 13: Financial Instruments (continued)

13E: Liquidity risk

The APVMA's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the APVMA will encounter difficulty in meeting its obligations associated with financial liabilities.

This is highly unlikely due to the level of funds held in reserve as well as funding mechanisms available to the APVMA (Advance from the Finance Minister). The APVMA manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the APVMA has policies in place to ensure timely payments are made when due and has no past experience of default.

Maturities for non-derivative financial liabilities 2014

	On demand 2014 $'000	within 1 year 2014 $'000	**1 to 5 years 2014 $'000**	> 5 years 2014 $'000	Total 2014 $'000
Other liabilities					
Trade creditors and accruals	**-**	3 900	**-**	-	3 900
Other payables	**-**	771	**519**	352	1 642
Total	**-**	4 671	**519**	352	5 542

Maturities for non-derivative financial liabilities 2013

	On demand 2014 $'000	within 1 year 2014 $'000	1 to 5 years 2014 $'000	> 5 years 2014 $'000	Total 2014 $'000
Other liabilities					
Trade creditors and accruals	-	3 105	-	-	3 105
Other payables	-	616	322	558	1 496
Total	-	3 721	322	558	4 601

13F: Market risk

The APVMA holds basic financial instruments that do not expose the Agency to market risks. The APVMA is not exposed to 'Currency risk', Interest rate risk' or Other price risk'.

Note 14: Financial Asset Reconciliation

	Notes	**2014 $'000**	2013 $'000
Financial Assets			
Total financial assets as per statement of financial position		**14 196**	17 893
Less: non-financial instrument components			
Appropriation receivable	5B	**-**	2 145
Other receivables (GST receivable)	5B	**125**	154
Total other non-financial assets		**125**	2 299
Total financial assets as per financial instruments note		**14 071**	15 594

Note 15: Income Administered on Behalf of Government

	2014 $'000	2013 $'000
Revenue		
Note 15A: Industry contributions		
Levies	**17 059**	20 154
Annual fee	**4 793**	4 452
Product application fees	**5 087**	3 416
Good manufacturing practice (GMP) licence fee	**1 252**	53
Permits, actives and other fees	**779**	801
Industry funds returned to the budget	**(2 000)**	-
Total industry contributions	**26 970**	28 876

Note 16: Assets Administered on Behalf of Government

	2014 $'000	2013 $'000
Note 16A: Cash and cash equivalents		
Special Accounts	**5 155**	4 847
Total cash and cash equivalents	**5 155**	4 847

Note 17: Liabilities Administered on Behalf of Government

	2014 $'000	2013 $'000
Note 17A: Other payables		
Unearned annual fee	**4 875**	4 683
Unearned application fee	**244**	155
Unearned levies	**36**	9
Total other payables	**5 155**	4 847

Total other payables are expected to be settled within 12 months:

Note 18: Administered Financial Instruments

	2014 $'000	2013 $'000
18A: Categories of financial instruments		
Financial Assets		
Loans and receivables financial assets		
Cash and cash equivalents	**5 155**	4 847
Carrying amount of financial assets	**5 155**	4 847
Financial Liabilities		
Other Liabilities		
Other payables	**5 155**	4 847
Carrying amount of financial liabilities	**5 155**	4 847

18B: Fair value of financial instruments

The net fair values of cash and cash equivalents approximate their carrying amounts.

The net fair values for trade creditors and other liabilities are approximated by their carrying amounts.

18C: Credit risk

The administered activites of the APVMA are not exposed to credit risk as the only administered financial asset is cash held in the APVMA Special Account.

The APVMA holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired 2014 $'000	Not Past Due Nor Impaired 2013 $'000	**Past due or impaired 2014 $'000**	Past due or impaired 2013 $'000
Loans and receivables				
Cash and cash equivalents	**5 155**	4 847	**-**	-
Total	**5 155**	4 847	**-**	-

18D: Liquidity risk

The APVMA's administered financial liabilities are payables. The exposure to liquidity risk is based on the notion that the APVMA will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to the level of funds held in reserve as well as funding mechanisms available to the APVMA (Advance from the Finance Minister). Internal policies and procedures have been put in place to ensure there are appropriate resources to meet its financial obligations.

The APVMA manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the APVMA has policies in place to ensure timely payments are made when due and has no past experience of default.

Note 18: Administered Financial Instruments

18D: Liquidity risk (continued)

Maturities for non-derivative financial liabilities 2013

	On demand 2014 $'000	within 1 year 2014 $'000	1 to 5 years 2014 $'000	> 5 years 2014 $'000	Total 2014 $'000
Other liabilities					
Other payables	-	5 155	-	-	5 155
Total	-	5 155	-	-	5 155

Maturities for non-derivative financial liabilities 2012

	On demand 2014 $'000	within 1 year 2014 $'000	1 to 5 years 2014 $'000	> 5 years 2014 $'000	Total 2014 $'000
Other liabilities					
Other payables	-	4 847	-	-	4 847
Total	-	4 847	-	-	4 847

18E: Market risk

The APVMA holds basic financial instruments that do not expose the Agency to market risks. The APVMA is not exposed to 'Currency risk', Interest rate risk' or Other price risk'.

Note 19: Administered Financial Asset Reconciliation

	2014 $'000	2013 $'000
Financial Assets		
Total financial assets as per administered schedule of assets and liabilities	**5 155**	4 847
Less: non-financial instrument components		
Other receivables	**-**	-
Total other non-financial assets	**-**	-
Total financial assets as per financial instruments note	**5 155**	4 847

Note 20: Appropriations

Table A: Annual Appropriation ('Recoverable GST exclusive')

	2014 Appropriation						
	Appropriation Act		*FMA Act*				
	Annual Appropriation $'000	Appropriations reduced[1] $'000	Section 30 $'000	Section 31 $'000	Total appropriation $'000	Appropriation applied in 2014 (current and prior years) $'000	Variance[2] $'000
DEPARTMENTAL							
Ordinary annual service	**981**	**-**	**2**	**276**	**1 259**	**3 404**	**(2 145)**
Other services							
Equity	-	-	-	-	-	-	-
Total Departmental	**981**	**-**	**2**	**276**	**1 259**	**3 404**	**(2 145)**
ADMINISTERED							
Ordinary annual service	-	-	-	-	-	-	-
Other services	-	-	-	-	-	-	-
Total Administered	-	-	-	-	-	-	-

Notes:

1 Appropriations reduced under Appropriation Acts (No. 1,3,5) 2012–13: sections 10, 11, 12 and 15 and under Appropriation Acts (No. 2,4,6) 2012–13: sections 12, 13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In 2014 there was no reduction in departmental appropriations.

2 These variances are due to unspent Departmental Annual Appropriations (refer Table C).

Note 19: Appropriations (continued)

Table A: Annual Appropriation ('Recoverable GST exclusive') (Continued)

	2013 Appropriation						
	Appropriation Act		*FMA Act*				
	Annual Appropriation $'000	Appropriations reduced[1] $'000	Section 30 $'000	Section 31 $'000	Total appropriation $'000	Appropriation applied in 2014 (current and prior years) $'000	Variance[2] $'000
DEPARTMENTAL							
Ordinary annual service	1 009	(6)	18	372	1 393	4 198	(2 805)
Other services							
Equity	-	-	-	-	-	373	(372)
Total Departmental	1 009	(6)	18	372	1 393	4 571	(3 178)
ADMINISTERED							
Ordinary annual service	-	-	-	-	-	-	-
Other services	-	-	-	-	-	-	-
Total Administered	-	-	-	-	-	-	-

Notes:

1 Appropriations reduced under Appropriation Acts (No. 1,3,5) 2011–12: sections 10, 11, 12 and 15 and under Appropriation Acts (No. 2,4,6) 2011–12: sections 12, 13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In 2013 there was a reduction in departmental appropriations of $6,000.

2 These variances are due to unspent Departmental Annual Appropriations (refer Table C) and unspent Ordinary annual service—Departmental Capital Budget (refer Table B)

Note 20: Appropriations (continued)

Table B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive')

	2014 Capital Budget Appropriations				Capital Budget Appropriations applied in 2014			
	Appropriation Act		*FMA Act*					
	Annual Capital Budget $'000	Appropriations reduced[2] $'000	Section 32 $'000	Total Capital Budget Appropriations $'000	Payment for non-financial assets[3] $'000	Payment for other purposes $'000	Total payments $'000	Variance $'000
DEPARTMENTAL								
Ordinary annual service—Departmental Capital Budget[1]	-	-	-	-	-		-	-

Notes:

1 Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.

2 Appropriations reduced under Appropriation Acts (No. 1, 3, 5) 2012–13: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

3 Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Note 20: Appropriations (continued)

Table B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive') (continued)

	2013 Capital Budget Appropriations				Capital Budget Appropriations applied in 2013			
	Appropriation Act		*FMA Act*					
	Annual Capital Budget $'000	Appropriations reduced[2] $'000	Section 32 $'000	Total Capital Budget Appropriations $'000	Payment for non-financial assets[3] $'000	Payment for other purposes $'000	Total payments $'000	Variance $'000
DEPARTMENTAL								
Ordinary annual service—Departmental Capital Budget[1]	-	-	-	-	-	373	-	373

Notes:

1 Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.

2 Appropriations reduced under Appropriation Acts (No. 1, 3, 5) 2011–12: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

3 Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Note 20: Appropriations (continued)

Table C: Unspent Departmental Annual Appropriation ('Recoverable GST exclusive')

Authority	2014 $'000	2013 $'000
Appropriation Act (No. 1) 2012–13	-	245
Appropriation Act (No. 1) 2011–12	-	1 900
Total	-	2 145

1 The 2014 variance amount of $2 145 000 recorded in Table A is the difference between the unspent appropriation at 30 June 2014 ($ nil) and the unspent appropriation at 30 June 2013 ($2 145 000).

Table D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied 2014 $'000	2013 $'000
Agricultural and Veterinary Chemicals (Administration) Act 1992; Section 58	Unlimited Amount	(a) to pay or discharge the costs, expenses or other obligations incurred by the APVMA in the performance of its functions; (b) payment of any remuneration and allowances payable to any person under this Act; and (c) in making any other payments that the APVMA is authorised or required to make.	**26 713**	28 786
Total			**26 713**	28 786

Note 21: Special Accounts

	APVMA Special Account[1]	
	2014 $'000	2013 $'000
Balance carried from previous period	**20 104**	18 927
Increases:		
Levies, fees and charges (Administered)	**29 313**	29 166
Other receipts	**14**	26
Total increases	**29 327**	29 192
Available for payments:	**49 431**	48 119
Decreases:		
Refunds of levies, fees and charges (Administered)	**(2 299)**	(155)
Payments made to employees	**(18 398)**	(17 393)
Payments made to suppliers	**(10 155)**	(10 467)
Total decreases	**(30 852)**	(28 015)
Balance carried to next period and represented by:	**18 579**	20 104
Departmental Special Account balance	**13 424**	15 257
Administered Special Account balance	**5 155**	4 847
Total balance carried to the next period	**18 579**	20 104

1. Appropriation: *Financial Management and Accountability Act 1997*; section 21
   Establishing Instrument: *Agricultural and Veterinary Chemicals (Administration) Act 1992*; Section 58

   Purpose: Amounts standing to the credit of the Account may be debited for the following purposes:

   (a) to pay or discharge the costs, expenses or other obligations incurred by the APVMA in the performance of its functions;

   (b) in payment of any remuneration and allowances payable to any person under this Act;

   (c) in making any other payments that the APVMA is authorised or required to make by or under this Act or any other law of the Commonwealth or any law of a State or Territory that is expressed to confer functions or powers on the APVMA.

Note 22: Reporting of Outcomes

The APVMA has a single Outcome

Note 22A: Net Cost of Outcome Delivery

	Outcome 1	
	2014 $'000	2013 $'000
Departmental		
Expenses	**(31 997)**	(31 304)
Own source income	**324**	533
Administered		
Expenses	**-**	-
Own source income	**26 970**	28 876
Net (cost)/contribution of outcome delivery	**(4 703)**	(1 895)

Note 22B: Major Classes of Departmental Expenses, Income, Assets and Liabilities by Outcomes

	Outcome 1	
	2014 $'000	2013 $'000
Departmental Expenses		
Employee benefits	**21 441**	21 028
Suppliers	**9 691**	8 888
Depreciation and amortisation	**841**	675
Finance costs	**16**	11
Write-down and impairment of assets	**—**	694
Losses from asset sales	**8**	8
Total	**31 997**	31 304
Departmental Income		
Income from government	**27 951**	29 879
Other	**324**	533
Total	**28 275**	30 412
Departmental Assets		
Cash and cash equivalents	**13 633**	15 490
Trade and other receivables	**563**	2 403
Land and buildings	**2 121**	2 367
Infrastucture, plant and equipment	**845**	653
Intangibles	**3 062**	1 721
Other non-financial assets	**306**	345
Total	**20 530**	22 979

Note 22: Reporting of Outcomes (continued)

Note 22B: Major Classes of Departmental Expenses, Income, Assets and Liabilities by Outcomes (continued)

	Outcome 1	
	2014 $'000	2013 $'000
Departmental Liabilities		
Suppliers	**3 900**	3 105
Other payables	**1 642**	1 496
Employee provisions	**5 752**	5 436
Other provisions	**438**	422
Total	**11 732**	10 459

Outcomes 1 is described in Note 1.1.

Note 22C: Major Classes of Administered Expenses, Income, Assets and Liabilities by Outcomes

	Outcome 1	
	2014 $'000	2013 $'000
Administered Income		
Activities subject to cost recovery	**26 970**	28 876
Total	**26 970**	28 876
Administered Assets		
Cash and cash equivalents	**5 155**	4 847
Total	**5 155**	4 847
Administered Liabilities		
Other payables	**5 155**	4 847
Total	**5 155**	4 847

Outcomes 1 is described in Note 1.1.

Note 23: Compliance With Statutory Conditions for Payments from the Consolidated Revenue Fund

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. The Department of Finance provided information to all agencies in 2011 regarding the need to conduct risk assessments in relation to compliance with the statutory conditions on payments from special appropriations, including special accounts. Non compliance with statutory conditions on payments may constitute a breach of section 83 of the Constitution.

On 2 July 2013 the APVMA received further advice from the Department of Finance in relation to possible breaches of section 83 of the Constitution for what it called certain "generic" payments. These are payments made by agencies pursuant to the *Remuneration Tribunal Act 1973*, the *Long Service Leave (Commonwealth Employees) Act 1976* and section 30A of the *Financial Management and Accountability Act 1997*.

The APVMA undertook a risk assessment for the 2013-14 financial year. No breaches of Section 83 were identified and the overall risk of a breach was considered low.

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth [2014] HCA 23*, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.