

AUSTRALIAN PESTICIDES AND VETERINARY MEDICINES AUTHORITY

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AUSTRALIAN PESTICIDES AND VETERINARY MEDICINES AUTHORITY

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

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

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

APVMA has three key corporate strategies:

- Continue to be a world-class leader in agvet chemical regulation.
- Deliver high-quality decision making that is timely, science based and proportionate to risk.
- Improve regulatory delivery and feedback systems.

Operational and technological improvements at APVMA aim to improve regulatory efficiency for clients and stakeholders while delivering a service that is open, transparent, and provides opportunity for stakeholder feedback.

In the 2018-19 Budget, APVMA received digital transformation funding of \$10.1 million over three years to upgrade and enhance its information technology capability. The Enabling Technologies Program will continue to be delivered throughout 2020-21 and will stabilise and transform the agency's ICT environment, enhancing the agency's capacity and business operations.

Australian Pesticides and Veterinary Medicines Authority Budget Statements

A key component of the Enabling Technologies Program is the Applications Transformation Project, which will provide APVMA staff and stakeholders with integrated, end-to-end core business systems. These enhancements will enable the ICT environment to grow with business and legislative changes and produce a system that meets the needs of APVMA and its stakeholders.

Further details of the objectives and performance evaluation mechanisms attached to this strategy are detailed in Section 2 of this document.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4: Agency Resourcing*.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Australian Pesticides and Veterinary Medicines Authority – Resource Statement – Budget Estimates for 2020–21 as at Budget October 2020

	2019–20 Estimated actual \$'000	2020–21 Estimate \$'000
Opening balance/cash reserves at 1 July	8,918	1,736
Funds from Government		
Annual appropriations – ordinary annual services^(a)		
Outcome 1	5,695	4,400
<i>Appropriation Act (No. 5) 2019–20</i>	17,735	-
Total annual appropriations	23,430	4,400
Amounts received from related entities		
Amounts from portfolio department ^(b)	133	135
Total amounts received from related entities	133	135
Total funds from Government	23,563	4,535
Special appropriations^(c)		
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992 – s. 58 (6) amount payable to the APVMA</i>	32,717	34,998
Total special appropriations	32,717	34,998
Total funds from Government	56,280	39,533
Funds from industry sources		
Levies, fees and charges ^(d)	32,717	34,998
<i>less amounts paid to the CRF</i>	(32,717)	(34,998)
Total funds from industry sources	-	-
Funds from other sources		
Interest	21	50
Other	9	264
Total funds from other sources	30	314
Total net resourcing for APVMA	65,228	41,583
	2019–20	2020–21
Average staffing level (number)	167	187

(a) Appropriation Bill (No. 1) 2020–21. Appropriation is provided through the Department of Agriculture, Water and the Environment (DAWE) and is specified within the Annual Appropriation Bills as a payment to the Australian Pesticides and Veterinary Medicines Authority (APVMA).

(b) Funding provided by the portfolio department that is not specified within the Annual Appropriation Bills as a payment to that corporate entity (for example, a grant awarded to a corporate entity from one of its portfolio department's administered programs).

(c) APVMA's special appropriation is not directly appropriated as it is a corporate Commonwealth entity under the PGPA Act. Appropriations are made to DAWE and are then paid to APVMA and are considered departmental for all purposes.

Continued on following page

Table 1.1: Australian Pesticides and Veterinary Medicines Authority – Resource Statement – Budget Estimates for 2020–21 as at Budget October 2020 (continued)

(d) These charges are imposed by the *Agricultural and Veterinary Chemicals Code Act 1994* and the *Agricultural and Veterinary Chemical Products (Collection of Levy) Act 1994*. They are collected by APVMA and transferred to the CRF. These amounts are then drawn down by the department as a Special Appropriation under the Administration Act.

CRF – Consolidated Revenue Fund.

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

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

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Australian Pesticides and Veterinary Medicines Authority are detailed in *Budget Paper No. 2: Budget Measures 2020–21* and are summarised below.

**Table 1.2: Australian Pesticides and Veterinary Medicines Authority – 2020–21
Budget measures – Measures announced after the Economic and Fiscal Update
July 2020**

APVMA does not have any 2020–21 Budget measures.

Section 2: Outcomes and planned performance

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

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

Note:

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

APVMA's most recent corporate plan can be found at:

<https://apvma.gov.au/node/69251>.

APVMA's most recent annual performance statement can be found at:

<https://apvma.gov.au/node/55871> in chapter 3.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

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

2.1.1: Linked programs

Department of Agriculture, Water and the Environment

Program 3.10: Agricultural Resources

Contribution to Outcome 1 made by linked programs:

The Australian Pesticides and Veterinary Medicines Authority and the Department of Agriculture, Water and the Environment work together to ensure the protection of the health and safety of humans, animals and the environment.

2.2.1: Budgeted expenses for Outcome 1

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Protection of the health and safety of people, animals, the environment, and agricultural and livestock industries through regulation of pesticides and veterinary medicines.					
	2019–20	2020–21	2021–22	2022–23	2023–24
	Estimated	Budget	Forward	Forward	Forward
	actual		estimate	estimate	estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
Program 1.1: Australian Pesticides and Veterinary Medicines Authority					
Revenue from Government					
Ordinary annual services (Appropriation Bill (No. 1)) ^(a)	5,695	4,400	1,917	1,645	1,651
Payment from related entities	133	135	136	137	137
Special appropriations					
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992 – s. 58 (6)</i> amount payable to the APVMA	33,809	35,713	36,665	36,665	36,665
Revenues from other independent sources	84	374	374	374	374
Expenses not requiring appropriation in the Budget year	1,433	301	248	193	136
Total expenses for program 1.1	41,154	40,923	39,340	39,014	38,963
Outcome 1 totals by resource type					
Revenue from Government					
Ordinary annual services (Appropriation Bill (No. 1)) ^(a)	5,695	4,400	1,917	1,645	1,651
Payment from related entities	133	135	136	137	137
Special appropriations	33,809	35,713	36,665	36,665	36,665
Revenues from other independent sources	84	374	374	374	374
Expenses not requiring appropriation in the Budget year	1,433	301	248	193	136
Total expenses for Outcome 1	41,154	40,923	39,340	39,014	38,963
	2019–20	2020–21			
Average staffing level (number)	167	187			

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

(b) Expenses not requiring appropriation in the Budget year are made up of make good expenses, audit fees, and can include depreciation / amortisation expenses not requiring an appropriation.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Prepared on Australian Accounting Standards basis.

2.3.1: Performance criteria for Outcome 1

Table 2.3.1 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2020–21 Budget measures have created new programs or materially changed existing programs.

Outcome 1: Protection of the health and safety of people, animals, the environment, and agricultural and livestock industries through regulation of pesticides and veterinary medicines.		
Program 1.1: Australian Pesticides and Veterinary Medicines Authority		
Objective	The APVMA regulates agricultural and veterinary chemicals up to and including at the point of sale to protect the health and safety of people, animals and crops, the environment and trade and support Australian primary industries.	
Delivery	Regulation of agricultural and veterinary chemicals is delivered through four mechanisms: <ul style="list-style-type: none"> • Risk-based assessment and registration of pesticides and veterinary chemicals; • Identification and resolution of non-compliance up to and including the point of retail sale; • Licence and audit veterinary manufacturers; and • Identification and review of the safety of existing chemicals of regulatory concern. 	
Performance information		
Year	Performance criteria	2019–20 Actual Achievement/Targets
2019–20	Registered chemicals are available for: <ul style="list-style-type: none"> a. Product registrations; b. Actives; and c. Permits. 	89 per cent of applications were completed within timeframes.
2020–21	As per 2019–20.	100 per cent of applications were completed within timeframes.
2021–22 and beyond	As per 2019–20.	As per 2020–21.
Purpose	Regulate the production of agricultural and veterinary chemicals to ensure they are safe for Australian people, animals and the environment.	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for 2020–21, including the impact of 2020–21 Budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1: Differences between entity resourcing and financial statements

The resourcing statement is prepared on a cash basis. The financial statements are prepared on an accrual basis. Differences between the resourcing and financial statements represent timing differences between revenue recognition and cash received.

3.2.1: Explanatory notes and analysis of budgeted financial statements

A new Cost Recovery Implementation Statement (CRIS) was approved by the Minister for Agriculture, Drought and Emergency Management in April 2020, and came in to effect on 1 July 2020.

The Government made available an additional \$17.7 million to the APVMA through *Appropriation Act (No. 5) 2019–20* in response to the COVID-19 pandemic, to ensure funding was available in the event of a fall in cost recovered revenue from industry. This appropriation was recorded as revenue in 2019–20 but has not yet been drawn down.

The APVMA has not covered its cost of operations over recent financial years, resulting in the erosion of its equity reserves. This situation has been ameliorated with the implementation of the new CRIS.

The implementation of a new accounting standard has required that APVMA's office leases now be recognised on the balance sheet as a right of use asset, and a corresponding liability representing the future lease payments. These balances can be seen to reduce over the forward estimates as the leases progress.

3.2 BUDGETED FINANCIAL STATEMENTS

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

	2019–20 Estimated actual \$'000	2020–21 Budget \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000	2023–24 Forward estimate \$'000
EXPENSES					
Employee benefits	23,691	23,753	24,466	25,201	25,705
Suppliers	13,736	13,432	11,188	11,709	11,169
Depreciation and amortisation	3,520	3,537	3,498	1,929	1,929
Borrowing costs	207	201	188	175	160
Total expenses	41,154	40,923	39,340	39,014	38,963
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Interest	21	50	50	50	50
Other	196	459	460	461	461
Total own-source revenue	217	509	510	511	511
Gains					
Sale of assets	9	-	-	-	-
Total Gains	9	-	-	-	-
Total own-source income	226	509	510	511	511
Net cost of (contribution by) services	40,928	40,414	38,830	38,503	38,452
Revenue from Government					
Commonwealth contribution	23,430	4,400	1,917	1,645	1,651
Industry contributions	33,809	35,713	36,665	36,665	36,665
Total revenue from Government	57,239	40,113	38,582	38,310	38,316
Surplus/(deficit) attributable to the Australian Government	16,311	(301)	(248)	(193)	(136)
Total comprehensive income/(loss) attributable to the Australian Government	16,311	(301)	(248)	(193)	(136)
Note: Impact of net cash appropriation arrangements					
	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000	2022–23 \$'000	2023–24 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations, depreciation on ROU, principal repayments on leased assets	16,635	-	-	-	-
less depreciation/amortisation expenses for ROU ^(a)	1,079	1,301	1,301	1,301	1,301
add principal repayments on leased assets ^(a)	755	1,000	1,053	1,108	1,165
Total comprehensive income/(loss) – as per the Statement of comprehensive income	16,311	(301)	(248)	(193)	(136)

(a) Applies to leases under AASB 16 Leases. Right of Use (ROU).

Prepared on Australian Accounting Standards basis.

Australian Pesticides and Veterinary Medicines Authority Budget Statements

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

	2019–20 Estimated actual \$'000	2020–21 Budget \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000	2023–24 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	1,736	1,696	1,745	1,552	1,842
Trade and other receivables	30,498	31,213	32,000	31,567	30,605
Total financial assets	32,234	32,909	33,745	33,119	32,447
Non-financial assets					
Land and buildings	18,333	16,862	15,491	14,120	12,749
Property, plant and equipment	1,089	1,931	2,673	3,415	4,157
Intangibles	3,177	1,569	-	-	-
Other	419	419	419	419	419
Total non-financial assets	23,018	20,781	18,583	17,954	17,325
Total assets	55,252	53,690	52,328	51,073	49,772
LIABILITIES					
Payables					
Suppliers	743	460	399	447	447
Other payables	910	910	910	880	880
Total payables	1,653	1,370	1,309	1,327	1,327
Interest bearing liabilities					
Leases	15,466	14,466	13,413	12,305	11,140
Total interest bearing liabilities	15,466	14,466	13,413	12,305	11,140
Provisions					
Employee provisions	4,825	4,847	4,847	4,875	4,875
Total provisions	4,825	4,847	4,847	4,875	4,875
Total liabilities	21,944	20,683	19,569	18,507	17,342
Net assets	33,308	33,007	32,759	32,566	32,430
EQUITY*					
Parent entity interest					
Contributed equity	6,675	6,675	6,675	6,675	6,675
Reserves	281	281	281	281	281
Retained surplus (accumulated deficit)	26,352	26,051	25,803	25,610	25,474
Total parent entity interest	33,308	33,007	32,759	32,566	32,430
Total equity	33,308	33,007	32,759	32,566	32,430

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

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2020–21)

	Retained earnings	Asset revaluation reserve	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2020				
Balance carried forward from previous period	26,352	281	6,675	33,308
Adjusted opening balance	26,352	281	6,675	33,308
Comprehensive income				
Surplus (deficit) for the period	(301)	-	-	(301)
Total comprehensive income	(301)	-	-	(301)
Estimated closing balance as at 30 June 2021	26,051	281	6,675	33,007
Closing balance attributable to the Australian Government	26,051	281	6,675	33,007

Prepared on Australian Accounting Standards basis.

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

	2019–20 Estimated actual \$'000	2020–21 Budget \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000	2023–24 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Grants received from Portfolio Department	38,536	39,537	37,931	38,880	39,415
Net GST received	76	1,578	1,354	1,414	1,365
Interest receipts	21	50	50	50	50
Other	9	264	264	264	264
Total cash received	38,642	41,429	39,599	40,608	41,094
Cash used					
Employees	27,527	23,731	24,466	25,173	25,705
Suppliers	14,513	15,237	12,543	13,045	12,474
Lease liability – interest payments	202	201	188	175	160
Other	1,509	-	-	-	-
Total cash used	43,751	39,169	37,197	38,393	38,339
Net cash from (used by) operating activities	(5,109)	2,260	2,402	2,215	2,755
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	9	-	-	-	-
Total cash received	9	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,327	1,300	1,300	1,300	1,300
Total cash used	1,327	1,300	1,300	1,300	1,300
Net cash from (used by) investing activities	(1,318)	(1,300)	(1,300)	(1,300)	(1,300)
FINANCING ACTIVITIES					
Cash used					
Lease liability – principal payments	755	1,000	1,053	1,108	1,165
Total cash used	755	1,000	1,053	1,108	1,165
Net cash from (used by) financing activities	(755)	(1,000)	(1,053)	(1,108)	(1,165)
Net increase (decrease) in cash held	(7,182)	(40)	49	(193)	290
Cash and cash equivalents at the beginning of the reporting period	8,918	1,736	1,696	1,745	1,552
Cash and cash equivalents at the end of the reporting period	1,736	1,696	1,745	1,552	1,842

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2019–20 Estimated actual \$'000	2020–21 Budget \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000	2023–24 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources ^(a)	1,300	1,300	1,300	1,300	1,300
TOTAL	1,300	1,300	1,300	1,300	1,300
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,300	1,300	1,300	1,300	1,300
Total cash used to acquire assets	1,300	1,300	1,300	1,300	1,300

(a) Includes the following sources of funding:

- annual and prior year appropriations;
- internally developed assets;
- section 74 External Revenue; and
- proceeds from the sale of assets.

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

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2020–21)

	Building	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2020				
Gross book value	3,119	1,089	9,441	13,649
Gross book value – ROU ^(a)	16,293	-	-	16,293
Accumulated depreciation/amortisation and impairment	-	-	(6,264)	(6,264)
Accumulated depreciation/amortisation and impairment – ROU ^(a)	(1,079)	-	-	(1,079)
Opening net book balance	18,333	1,089	3,177	22,599
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase – appropriation equity ^(b)	-	1,300	-	1,300
Total additions	-	1,300	-	1,300
Other movements				
Depreciation/amortisation expense	(170)	(458)	(1,608)	(2,236)
Depreciation/amortisation expense – ROU ^(a)	(1,301)	-	-	(1,301)
Total other movements	(1,471)	(458)	(1,608)	(3,537)
As at 30 June 2021				
Gross book value	3,119	2,389	9,441	14,949
Gross book value – ROU ^(a)	16,293	-	-	16,293
Accumulated depreciation/amortisation and impairment	(170)	(458)	(7,872)	(8,500)
Accumulated depreciation/amortisation and impairment – ROU ^(a)	(2,380)	-	-	(2,380)
Closing net book balance	16,862	1,931	1,569	20,362

(a) Applies to leases under AASB 16 Leases. Right of Use (ROU).

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2020–21 for depreciation / amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.