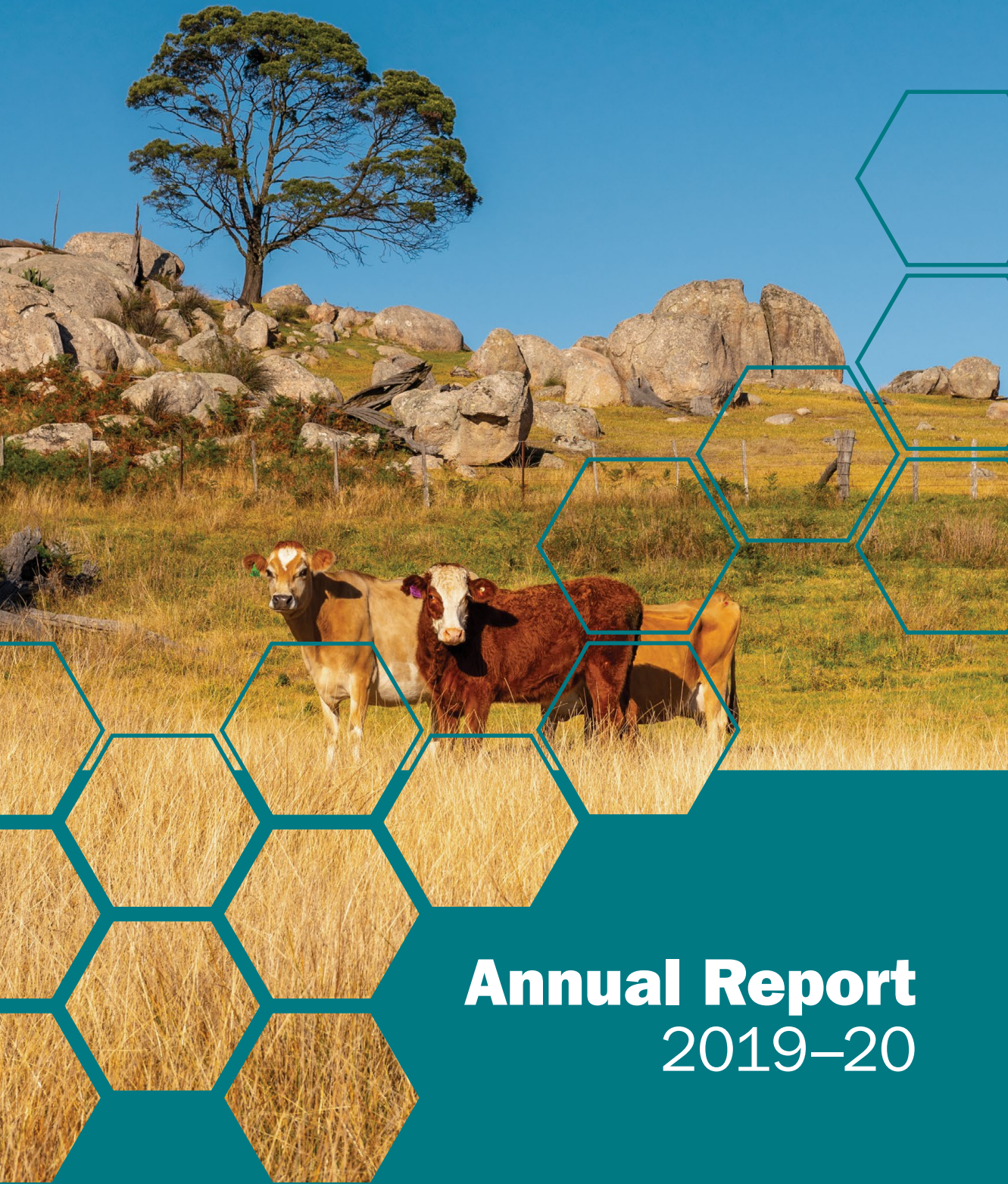




Australian Government  
Australian Pesticides and  
Veterinary Medicines Authority



# Annual Report 2019–20

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**Australian Government**

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**Australian Pesticides and  
Veterinary Medicines Authority**

16 September 2020

The Hon. David Littleproud MP  
Minister for Agriculture, Drought and Emergency Management  
Parliament House  
Canberra ACT 2600

Dear Minister

I am pleased to submit the Australian Pesticides and Veterinary Medicines Authority (APVMA) Annual Report 2019–20 for the year ending 30 June 2020.

The report has been prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Subsection 46(1) of the PGPA Act requires an annual report be provided to the responsible minister for presentation to the Parliament. The report also includes the particulars required by section 61 of the *Agricultural and Veterinary Chemicals (Administration) Act 1992*.

The report reflects the mandatory requirements as prescribed by the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) and includes the APVMA's audited financial statements, as required by subsection 43(4) of the PGPA Act, and the APVMA's annual performance statements, as required by section 39 of the PGPA Act.

In accordance with the requirements of section 10 of the PGPA Rule, I certify the APVMA has in place reasonable and appropriate measures, mechanisms and programs to prevent, detect, investigate, record and confidentially report suspected fraud and corruption.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lisa Croft'.

Ms Lisa Croft  
Acting Chief Executive Officer

# Contents

## CHAPTER 1

Summary and outlook.....	1
Regulatory performance.....	2
Revised cost recovery arrangements.....	2
Enabling Technologies Program.....	3
Positive outlook.....	3

## CHAPTER 2

Organisation overview.....	5
Corporate profile and purpose.....	6
Responsible minister.....	6
Enabling legislation.....	6
Functions and powers.....	7
Executive management and structure.....	8
Funding.....	11
Staff profile.....	12
Ministerial directions and government policy orders.....	18
Significant activities and changes.....	18

## CHAPTER 3

Annual performance statement.....	21
Strategic framework and reporting.....	22
Measuring our performance.....	23
Strategy 1: Continue to be a world-class agvet chemical regulator.....	24
Strategy 2: Deliver high-quality decision making that is timely, science-based and proportionate.....	29
Strategy 3: Improve regulatory delivery and feedback systems.....	32

## **CHAPTER 4**

Corporate governance and management.....	37
Corporate and operational plans .....	38
Governance .....	38
Consultation and collaboration .....	43
Accountability .....	47
Judicial decisions and reviews by outside bodies.....	51

## **CHAPTER 5**

Financial performance.....	53
Summary of financial performance .....	54
ANAO letter.....	58
Statement by the Accountable Authority and the Chief Finance Officer.....	60
Financial statements.....	61
Acronyms and abbreviations.....	96
Glossary.....	98
Compliance index.....	100
Index.....	102

# List of Figures

Figure 1: APVMA strategies.....	22
---------------------------------	----

## List of tables

Table 1: APVMA organisation structure as at 30 June 2020.....	8
Table 2: APVMA employees substantive positions as at 30 June 2020 .....	12
Table 3: Ongoing APS employees employed at APVMA during the current reporting period .....	13
Table 4: Ongoing APS employees employed at APVMA during the previous reporting period .....	13
Table 5: Non-ongoing APS employees employed at APVMA during the current reporting period .....	14
Table 6: Non-ongoing APS employees employed at APVMA during the previous reporting period .....	14
Table 7: Key management personnel.....	15
Table 8: Summary of key management personnel remuneration.....	15
Table 9: Key management personnel remuneration .....	17
Table 10: Details of the APVMA's Accountable Authority in 2019–20.....	39
Table 11: APVMA governance committees .....	40
Table 12: 2019–20 Audit Committee membership and attendance .....	42
Table 13: Related entity transactions .....	42
Table 14: APVMA participation in international forums.....	44
Table 15: APVMA engagement with visiting international delegations.....	46
Table 16: Activities related to APVMA regulatory decisions.....	48
Table 17: APVMA income, 2019–20.....	54
Table 18: Agency Resourcing Statement, 2019–20 .....	55
Table 19: APVMA expenditure, 2019–20 (including comparison with PBS) .....	55
Table 20: Expenses for Outcome 1.....	56
Table 21: Purchasing—number of quotes required.....	57

## PURPOSE

We provide a regulatory service for the supply of safe and effective agricultural and veterinary (agvet) chemicals in Australia.

## VISION

To be a world leader in agvet chemical regulation, that uses the best science and attracts strong investment to register safe products that advance Australia's agricultural productivity and animal health.

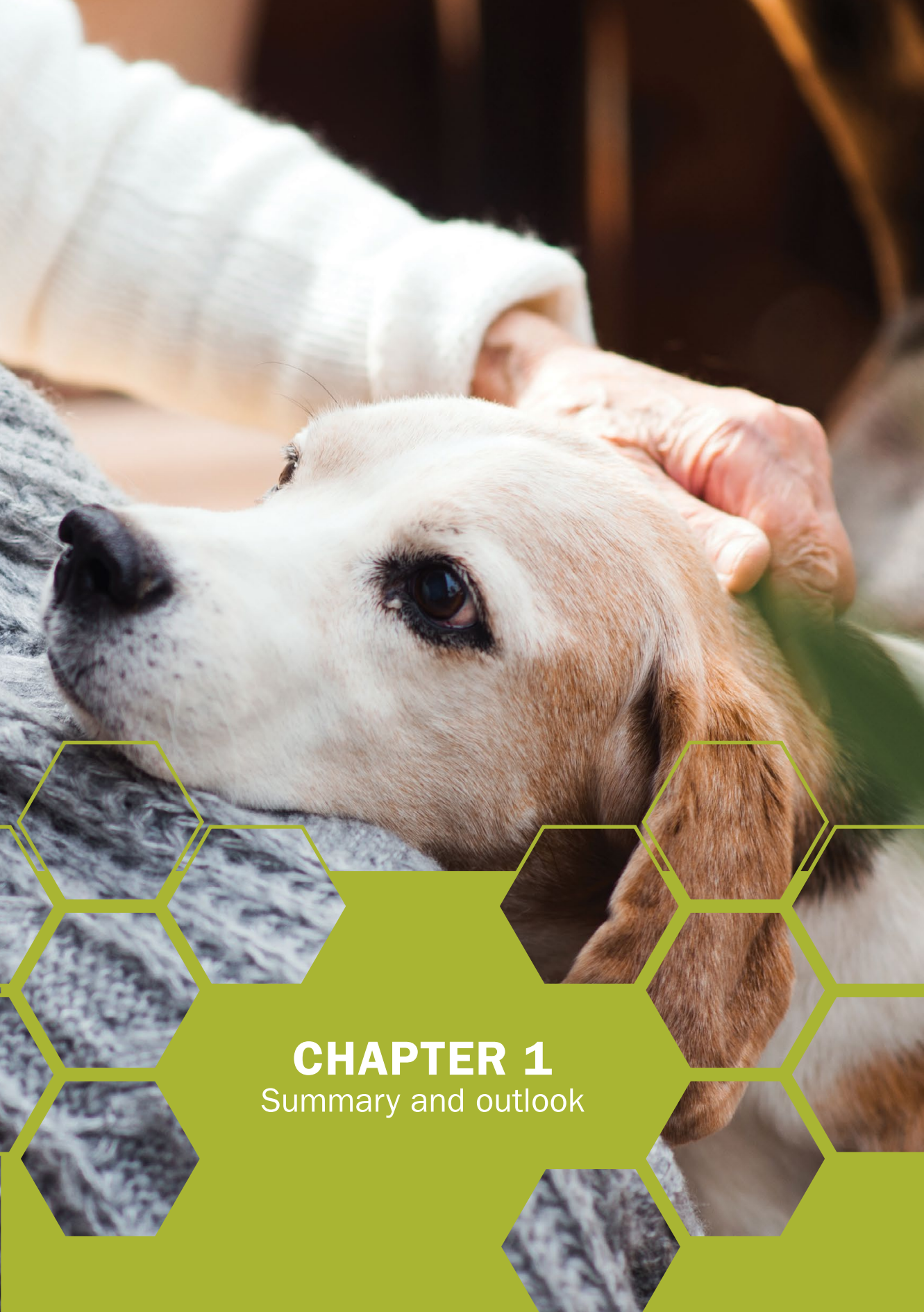
## MISSION

We place our clients at the centre of our business, invest in our people and embrace technology to define how we regulate—ensuring our decisions are risk-based and transparent.









# **CHAPTER 1**

Summary and outlook

# Summary and outlook

In 2019–20, the Australian Pesticides and Veterinary Medicines Authority's (APVMA) continued focus has been on maintaining the quality and timeliness of our regulatory decisions, stabilising our financial position, and modernising our information and communications technology (ICT) environment.

## Regulatory performance

---

This year we delivered successive improvements in regulatory performance. On-time assessment of agricultural and veterinary chemical products, permits and active applications increased from 85 per cent in 2018–19 to 89 per cent in 2019–20. This included an increase in pesticide applications processed within timeframe with a completion rate of 93 per cent, up from 85 per cent in 2018–19. The number of veterinary medicines applications completed within timeframe also increased to 89 per cent, up from 81 per cent in 2018–19.

We continued our important work in chemical review, commencing a review of neonicotinoids, finalising the reconsiderations of methiocarb, carbofuran and methidathion, and progressing our reviews of chlorpyrifos and 2,4-D.

The APVMA also achieved a number of world-first approvals for agricultural chemistry, providing users with more options for safe and effective agvet chemical products and advancing Australia's agricultural productivity:

- ◇ Overwatch Herbicide, containing the new active ingredient bixlozone: A new mode of action for annual ryegrass control in wheat, barley and canola.
- ◇ Spiropidion: A new active ingredient for use in agricultural chemicals.
- ◇ Vedira Granular Ant Bait, containing the new active ingredient broflanilide and other associated products: For control of ants, flies, cockroaches and termites.
- ◇ Voraxor Herbicide, containing the new active ingredient trifludimoxazin, in combination with the existing active ingredient saflufenacil: A new mode of action for burndown of grass weeds.

## Revised cost recovery arrangements

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Following consultation with stakeholders, our revised Cost Recovery Implementation Statement (CRIS) was approved with effect from 1 July 2020 and provides for a staged increase in the registration renewal fee and an increase in some Item and Module application fees.

The implementation of this revised fee structure was important to ensuring the full cost recovery of the regulatory services the APVMA provides to the agvet chemical sector.

The new CRIS will improve the APVMA's budget position and ensure our important work of regulating agricultural and veterinary chemicals is resourced in an appropriate, sustainable and transparent way.

# Enabling Technologies Program

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Throughout 2019–20 we have continued to implement the deliverables of our Enabling Technologies Program, to stabilise and transform our ICT environment. Our systems have been migrated to cloud-based infrastructure, improving workflow and resource management functions.

We have commenced the Applications Transformation Project, which will provide APVMA staff and stakeholders with integrated, end-to-end core business systems. These enhancements will enable our ICT environment to grow with business and legislative changes and produce a system that meets the needs of our stakeholders.

## Positive outlook

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APVMA staff have worked tirelessly this past year to implement improvements to our core business which leave the APVMA in a stronger position to provide world-class chemical regulation.

At 30 June 2020, the APVMA had 174 staff working across our Armidale and Canberra sites as one APVMA to deliver what the community and industry expect of us: timely and safe regulation of agvet chemicals using robust science.

Our timeframe performance has continued to improve, and we've delivered efficient, science-based regulatory decisions to support Australia's agricultural productivity and protect trade and the safety of people, animals and the environment.

The finalisation of the CRIS in 2020 has ensured the costs of the APVMA's operations are appropriately reflected in our fees, levies and charges, stabilising the budget position of the agency by ensuring full cost recovery of the services we provide to industry.

The APVMA's Enabling Technologies Program is moving the agency to a modern business system and process model, and our enhanced ICT environment will transform the way we do business for both staff and stakeholders.

I am pleased to present this Annual Report for 2019–20, and I would like to thank our staff on the job they do to support the APVMA, our obligations and objectives.

**Ms Lisa Croft**

Acting Chief Executive Officer  
September 2020





## **CHAPTER 2**

Organisation overview

# Organisation overview

## Corporate profile and purpose

---

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

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

## Responsible minister

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The APVMA is within the portfolio of the Hon David Littleproud MP, who was appointed Minister for Agriculture, Drought and Emergency Management on 6 February 2020. Prior to this date, Senator the Hon Bridget McKenzie served as the responsible minister.

## Enabling legislation

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The APVMA is established under the *Agricultural and Veterinary Chemicals (Administration) Act 1992* (Administration Act). The Administration Act sets out the APVMA's role to administer the National Registration Scheme for Agricultural and Veterinary Chemicals in partnership with state and territory governments, and the scheme's legislation.

Functions and powers are conferred on the APVMA by the Administration Act, the Agricultural and Veterinary Chemicals Code (Agvet Code) scheduled to the *Agricultural and Veterinary Chemicals Code Act 1994*, the Agricultural and Veterinary Chemicals Code Regulations 1995 (Agvet Code Regulations), and the Agvet Codes and Agvet Regulations of each state or participating territory.

The APVMA is a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013*. A corporate Commonwealth entity is a corporate body that is legally separate from the Commonwealth.

## Functions and powers

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The APVMA operates under an intergovernmental agreement between the Australian Government and all states and territories. Under this agreement, the APVMA is responsible for regulating agvet chemicals up to and including the point of sale. The states and territories are responsible for regulating agvet chemicals after they are sold, a process which is known as 'control of use'.

The key functions of the APVMA, which are set out in section 7 of the Administration Act, are to:

- assess the suitability for sale in Australia of active constituents for proposed or existing chemical products, registered chemical products and labels for containers for chemical products
- ensure that approvals and registrations for active constituents for chemical products, and chemical products and labels for containers for chemical products comply with the Agvet Code and the Agvet Code Regulations
- provide information to the Australian Government and its agencies, and the states and territories, about approved active constituents for proposed or existing chemical products, registered chemical products and approved labels for such products, and cooperate with the Australian Government and its agencies on matters relating to the management and control of chemical products
- collect and publish relevant information and statistics on approvals and registrations granted, and permits and licences issued under the Agvet Code
- with the Australian Government and its agencies, and the states and participating territories, facilitate a consistent approach to the assessment and control of agvet chemicals
- exchange information relating to chemical products and their use, with overseas and international bodies that have similar functions to those of the APVMA
- report to or advise the minister on matters relating to the performance of the APVMA's functions.

# Executive management and structure

The APVMA's organisation structure (Table 1) supports effective operation, communication and strategic understanding at all levels of the organisation.

Table 1: APVMA organisation structure as at 30 June 2020

<b>Chief Executive Officer</b>	Office of the Chief Executive Officer	
<b>Deputy Chief Executive Officer</b>	Communications	Infrastructure
	Finance and procurement	Parliamentary processes
	Governance	Post-market and reform functions
	Human resources and development	Regulatory functions
	Information and communications technology	
<b>Executive Director, Risk Assessment Capability</b>	Chemistry and manufacture	Health
	Efficacy and safety	Residues and trade
	Environment	
<b>Executive Director, Registration Management and Evaluation</b>	Case management and administration	Pesticides
	Minor use	Pre-evaluation and quality
		Veterinary medicines
<b>Executive Director, Service Improvement and Integration</b>	Enabling technologies	
<b>Chief Regulatory Scientist</b>	Adverse experience reporting	International coordination
	Chemical review	Learning and development
	Compliance and monitoring	Levy audits
	Coordination of regulatory reform	Manufacturing quality and licensing
	Hormonal Growth Promotant supplier licensing	Science quality
<b>General Counsel</b>	Legal	



The APVMA Executive is responsible for business performance and managing agency compliance with legislative requirements. It oversees the development of key corporate plans and strategies, monitors and reviews organisational performance and risk, and ensures we meet our regulatory obligations. The APVMA Executive and staff use their collective skills and experience to develop and consider strategic initiatives and operational issues.



## **Dr Chris Parker**

### *Chief Executive Officer*

The Chief Executive Officer (CEO) is the Accountable Authority responsible for APVMA governance and management, including the exercise of the APVMA's powers and functions. The CEO consults with key stakeholders to set the organisation's vision, objectives and strategies to meet its legislative responsibilities. The CEO approves the APVMA's corporate and operational plans and budgets, monitors financial and operational performance, and oversees program performance. The CEO leads the authority's engagement efforts, particularly its engagement with key international agencies.



## **Ms Lisa Croft**

### *Deputy Chief Executive Officer*

The Deputy CEO provides strategic advice to the CEO and executive oversight of corporate services and the regulatory science, post-market and reform functions of the APVMA. Key responsibilities include overseeing the APVMA business operating model; preparing financial plans, budgets and strategies that enable the APVMA to deliver quality services with the funds available, and managing people services, risk management, stakeholder engagement, records management, and physical and personnel security.



## **Dr Jason Lutze**

### *Executive Director, Risk Assessment Capability*

The Executive Director (ED) Risk Assessment Capability manages the expert assessment areas of the APVMA, including chemistry and manufacture, efficacy and safety, environment, health, and residues and trade assessment.



## **Mr Alan Norden**

### *Executive Director, Registration Management and Evaluation*

The ED Registration Management and Evaluation manages the assessment process for agricultural chemicals and veterinary medicines. Responsibilities include managing pre-application assistance, preliminary assessment and evaluation of product registration, permits, export certificates and import consents.



## **Mr Bob Smith**

### *Executive Director, Service Improvement and Integration*

The ED Service Improvement and Integration is responsible for ensuring the objectives of the APVMA Digital Strategy are met to modernise our ICT environment. Responsibilities include the delivery of the Enabling Technologies Program, management of the architectural aspects of systems migration to new platforms, IT security, and the development of IT disaster recovery and security plans.



## **Dr Maggie Hardy**

### *Chief Regulatory Scientist*

The Chief Regulatory Scientist ensures the continued high quality of the APVMA's scientific decision making through two functions: science quality (responsible for the Learning and Development Framework and knowledge management) and post-market activities (including the Adverse Experience Reporting Program, chemical review, compliance and monitoring, and manufacturing quality and licensing). Responsibilities also include providing the CEO and senior staff with independent, expert advice on regulatory decisions and scientific aspects of the APVMA's regulatory framework, and coordinating regulatory reform and international engagement.



## Ms Susan Hynes

### *General Counsel*

The General Counsel provides and oversees the provision of legal advice and assistance, providing support to the CEO, Executive and staff on all aspects of the APVMA's administrative and regulatory requirements. Responsibilities include providing high-level and strategic legal advice, particularly on significant issues that may have agency-wide implications.

## Funding

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The APVMA is a cost-recovered agency. Registrants pay application fees to register new products and active constituents, amend a current registration or apply for a permit. An annual fee is payable to renew the registration of a product. Product owners also pay an annual levy based on the sales of their registered products.

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

## Financial performance

The APVMA's total income for 2019–20 was \$57.465 million. This includes:

- industry fees and charges of \$33.809 million
- government appropriation of \$23.430 million
- own-source income of \$226,000.

Total industry income derived from fees and charges of \$33.809 million, government appropriated funding of \$1.606 million, and own-source income of \$226,000 (including \$54,000 of resources received free of charge and a grant of \$133,000 from the Department of Agriculture, Water and the Environment for minor use) was available to fund the APVMA's business-as-usual activities. Normal business operational activities excludes specific appropriated funding of \$21.824 million.

The specific appropriation funding of \$21.824 million was assigned to relocation (\$2.455 million), Enabling Technologies (\$1.634 million) and undrawn funds (\$17.735 million) relating to *Appropriation Act (No. 5) 2019–2020* which is to ensure the ongoing financial viability of the APVMA in the event of severe economic impacts from the COVID-19 pandemic.

Multi-year contracts and commitments have necessitated carry-overs of \$0.908 million for relocation activities and \$4.197 million for Enabling Technologies. The \$17.735 million for *Appropriation Act (No. 5) 2019–2020* has not been drawn down in 2019–20, but raised

as a receivable from government. It is likely these funds will not be fully drawn down, with the potential for a large reduction in income in subsequent years when the receivable is reversed.

The net cost of APVMA services for 2019–20 was \$40.928 million. The cost of the APVMA's industry-related expenses for 2019–20 was \$33.843 million.

The final comprehensive income position was \$15.754 million. The equity balance of \$33.308 million is \$24.308 million above the APVMA's targeted equity position of \$9 million; however, it includes \$5.104 million in carry-forward funding for the projects described above and \$17.735 million of receivable from government.

## Compliance with finance law

Section 19 of the PGPA Act requires, among other things, that agencies notify their responsible minister and the Finance Minister, as soon as practicable, of any significant issue that has affected the entity. There were no significant instances of non-compliance with the finance law in 2019–20.

## Staff profile

Table 2 provides details of Australian Public Service (APS) employees employed at the APVMA under the *Public Service Act 1999* in 2019–20.

**Table 2: APVMA employees substantive positions as at 30 June 2020**

Classification	Full-time (ongoing)	Part-time (ongoing)	Non-ongoing and casual	Total
CEO	0	0	1	1
Senior Executive Officer	4	0	1	5
EL2	16	0	4	20
EL1	38	6	3	47
APS 6	48	3	2	53
APS 5	24	3	4	31
APS 4	6	2	2	10
APS 3	2	1	4	7
APS 2	0	0	0	0
Trainee	0	0	0	0
<b>Total</b>	<b>138</b>	<b>15</b>	<b>21</b>	<b>174</b>

APS = Australian Public Service; CEO = Chief Executive Officer; EL = Executive Level

Table 3 provides additional detail about all ongoing APS employees employed at the APVMA in 2019–20.

**Table 3: Ongoing APS employees employed at APVMA during the current reporting period**

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	42	0	42	58	11	69	0	0	0	111
ACT	19	2	21	19	2	21	0	0	0	42
<b>Total</b>	<b>61</b>	<b>2</b>	<b>63</b>	<b>77</b>	<b>13</b>	<b>90</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>153*</b>

\* 35 employees accepted a voluntary redundancy on 1 July 2019 due to the relocation of the APVMA from Canberra to Armidale. These employees are not included in Table 3.

Table 4 provides additional detail about all ongoing APS employees employed at the APVMA during the previous reporting period, 2018–19.

**Table 4: Ongoing APS employees employed at APVMA during the previous reporting period**

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	35	0	35	58	7	65	0	0	0	100
ACT	35	2	37	37	8	45	0	0	0	82
<b>Total</b>	<b>70</b>	<b>2</b>	<b>72</b>	<b>95</b>	<b>15</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>182</b>

Table 5 provides additional detail about all non-ongoing APS employees employed at the APVMA in 2019–20.

**Table 5: Non-ongoing APS employees employed at APVMA during the current reporting period**

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Indeterminate Total	
NSW	9	0	9	5	2	7	0	0	0	16
ACT	4	0	4	0	1	1	0	0	0	5
<b>Total</b>	<b>13</b>	<b>0</b>	<b>13</b>	<b>5</b>	<b>3</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21</b>

Table 6 provides additional detail about all non-ongoing APS employees employed at the APVMA during the previous reporting period, 2018–19.

**Table 6: Non-ongoing APS employees employed at APVMA during the previous reporting period**

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Indeterminate Total	
NSW	2	0	2	2	1	3	0	0	0	5
ACT	14	1	15	9	2	11	0	0	0	26
<b>Total</b>	<b>16</b>	<b>1</b>	<b>17</b>	<b>11</b>	<b>3</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31</b>

## Key management personnel

During the reporting period, the APVMA had the following executives who meet the definition of key management personnel (KMP). Their names and length of term as KMP are summarised in Table 7. Their remuneration is shown in Tables 8 and 9.

Table 7: Key management personnel

Name	Position	Term as key management personnel
Dr C Parker	Chief Executive Officer (CEO)	Full year
Ms L Croft	Deputy CEO	Full year
Dr M Hardy	Chief Regulatory Scientist	Full year
Mr A Norden	Executive Director, Registration Management and Evaluation	Full year
Dr J Lutze	Executive Director, Risk Assessment Capability	Full year
Mr R Smith	Executive Director, Service Improvement and Integration	Term ended 30 June 2020
Mr K Lockyer	Director, Corporate Services	Full year
Dr P Reeves	Chief Scientist, Canberra	Retired 1 July 2019
Mr H Dawick	Acting Executive Director, Registration Management and Evaluation	Acting during 2019–20
Mr P Macleod	Acting Executive Director, Registration Management and Evaluation	Acting during 2019–20
Dr R Chay	Acting Executive Director, Registration Management and Evaluation	Acting during 2019–20
Dr S Logan	Acting Executive Director, Risk Assessment Capability	Acting during 2019–20

Table 8: Summary of key management personnel remuneration

	2019–20 \$	2018–19 \$
<b>Short-term employee benefits:</b>		
Base salary	1 928 875	1 695 666
Bonuses	64 360	27 778
Other benefits and allowances	24 180	94 547
<b>Total short-term employee benefits:</b>	<b>2 017 415</b>	<b>1 817 991</b>
Superannuation	285 752	285 853
<b>Total post-employment benefits:</b>	<b>285 752</b>	<b>285 853</b>
Long-service leave accrued	44 299	40 472
<b>Total other long-term employee benefits:</b>	<b>44 299</b>	<b>40 472</b>
Terminations	182 047	–
<b>Total key management personnel remuneration</b>	<b>2 529 513</b>	<b>2 144 316</b>

## **Senior Executive personnel**

The APVMA had no Senior Executive staff earning more than \$220,000 this financial year, not included above.

## **Other highly paid staff**

The APVMA had no other highly paid staff earning more than \$225,000 this financial year.

## **Senior Executive Remuneration Policy**

### **Chief Executive Officer**

As a statutory officer, the APVMA CEO is remunerated in accordance with determinations decided by the independent Remuneration Tribunal under the *Remuneration Tribunal Act 1973*.

### **Senior Executive Officers**

The terms and conditions of employment for the APVMA's Senior Executives are established under subsection 24(1) of the *Public Service Act 1999*, and outlined in the respective employee's determination. Factors used by the CEO to determine the relevant remuneration are experience and level of responsibility, taking comparable salaries for senior executives across the Australian Public Service into consideration. The APVMA Enterprise Bargaining Agreement is also considered.



Table 9: Key management personnel remuneration

Name	Position title	Short-term benefits			Other long-term benefits	Termination benefits	Total remuneration	
		Base Salary	Bonuses	Other benefits and allowances				
		Post-employment benefits	Superannuation contributions	Long Service Leave				
Dr C Parker	Chief Executive Officer (CEO)	371 688	–	14 040	54 426	8 456	–	448 610
Ms L Croft	Deputy CEO	267 627	–	–	35 615	6 129	–	309 371
Dr M Hardy	Chief Regulatory Scientist	225 043	–	–	30 261	5 154	–	260 458
Mr A Norden	Executive Director, Registration Management and Evaluation	243 037	22 392	10 140	42 779	5 567	–	323 915
Dr J Lutze	Executive Director, Risk Assessment Capability	224 220	20 734	–	38 873	5 135	–	288 962
Mr R Smith	Executive Director, Service Improvement and Integration	236 692	–	–	42 034	5 421	–	284 147
Mr K Lockyer	Director, Corporate Services	172 910	1 449	–	22 934	3 960	–	201 252
Dr P Reeves	Chief Scientist, Canberra	759	19 785	–	(286)	–	182 047	202 305
Mr H Dawick	Acting Executive Director, Registration Management and Evaluation	69 975	–	–	6 790	1 635	–	78 400
Mr P Macleod	Acting Executive Director, Registration Management and Evaluation	69 658	–	–	7 466	1 627	–	78 752

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits	Termination benefits	Total remuneration
		Base Salary	Bonuses	Other benefits and allowances				
Dr R Chay	Acting Executive Director, Registration Management and Evaluation	34 429	–	–	3 690	804	–	38 923
Dr S Logan	Acting Executive Director, Risk Assessment Capability	12 837	–	–	1 170	411	–	14 418
<b>Total</b>		<b>1 928 875</b>	<b>64 360</b>	<b>24 180</b>	<b>285 752</b>	<b>44 299</b>	<b>182 047</b>	<b>2 529 513</b>

## Ministerial directions and government policy orders

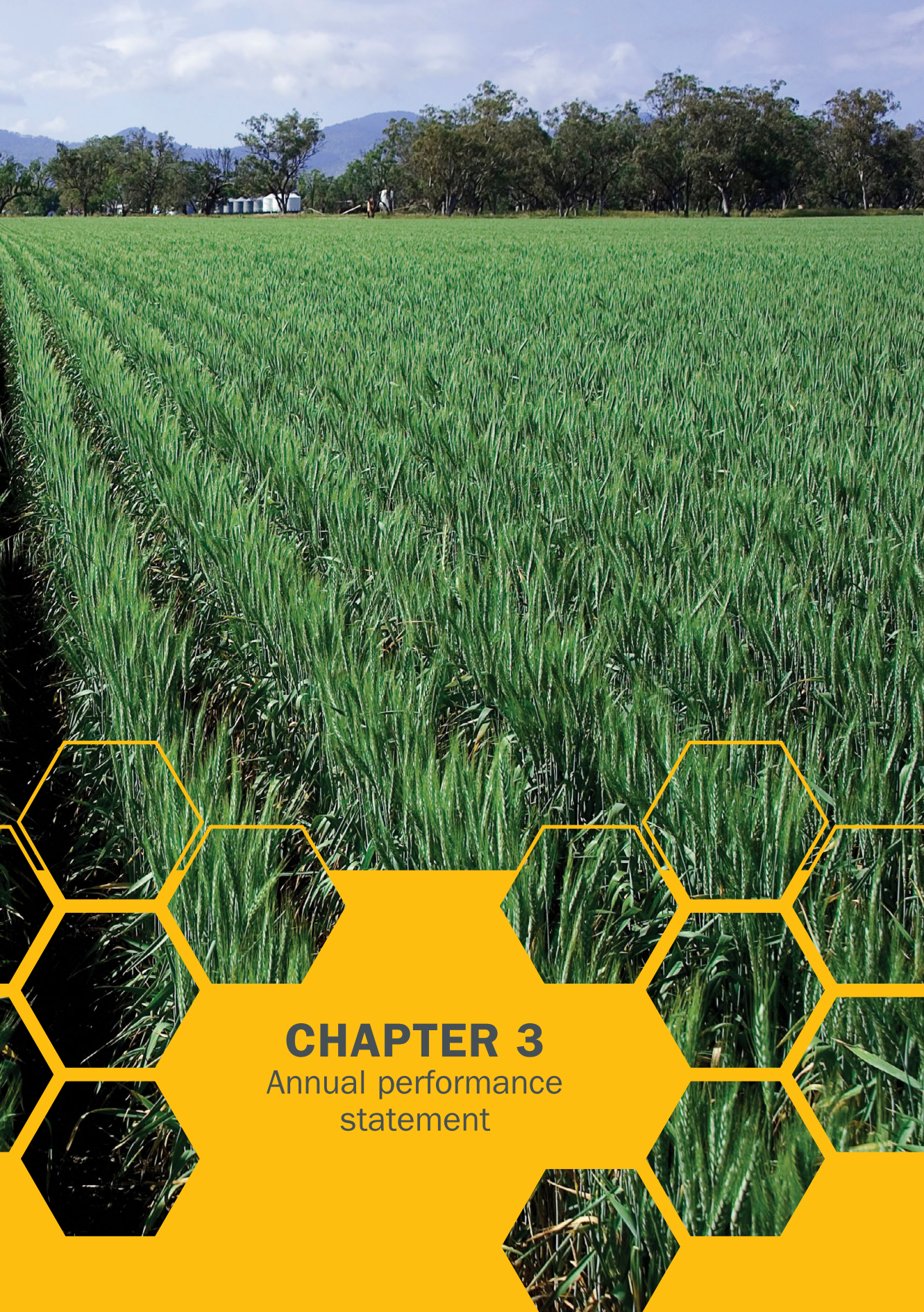
There were no ministerial directions or government policy orders issued during 2019–20.

## Significant activities and changes

There were no significant activities and changes that affected the operations or structure of the APVMA during 2019–20.







**CHAPTER 3**  
Annual performance  
statement

# Annual performance statement

## Strategic framework and reporting

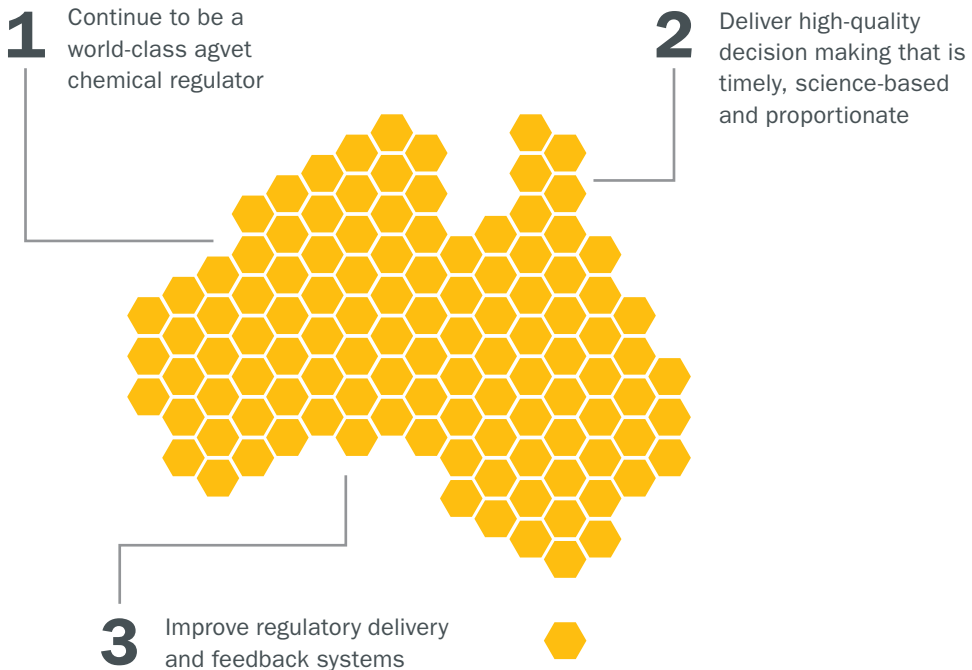
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The APVMA Corporate Plan 2019–20 and Operational Plan 2019–20 established three strategies to help the agency achieve its vision and mission (Figure 1):

- **Strategy 1:** Continue to be a world-class agvet chemical regulator.
- **Strategy 2:** Deliver high-quality decision making that is timely, science-based and proportionate.
- **Strategy 3:** Improve regulatory delivery and feedback systems.

Our corporate strategies are interconnected, and successful delivery in one strategic area will reinforce and build success in all.

**Figure 1: APVMA strategies**



# Measuring our performance

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Each of the three strategies have associated activities and performance measures to ensure:

- our business continues to transform with industry, science and environmental factors, and makes evidence-based regulatory decisions to protect the health and safety of people, animals and the environment
- we maintain the quality and timeliness of our decisions, while applying our scientific expertise to align the effort of regulatory intervention with the risks being managed
- we enable our operations to deliver effective regulatory evaluation and registration of agvet chemical products.

## Results against performance criterion

This chapter provides the results of our performance against the:

- APVMA Portfolio Budget Statement (PBS)
- measures listed in the APVMA Corporate Plan 2019–20
- nine activities listed in the APVMA Operational Plan 2019–20.

The APVMA Operational Plan 2019–20 details performance measures for each strategy. Results against these measures are presented in this Annual Report in tables, with one table for each strategy. A summary and explanation of the performance is provided at the beginning of each strategy section.

## Variation from the APVMA Portfolio Budget Statement

There were no variations made to the APVMA PBS in 2019–20.

## Statement of preparation by the Chief Executive Officer

I, as the Accountable Authority of the APVMA, present the 2019–20 annual performance statement of the APVMA, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity and comply with subsection 39(2) of the PGPA Act.

Ms Lisa Croft  
Acting Chief Executive Officer  
16 September 2020

# Strategy 1: Continue to be a world-class agvet chemical regulator

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## Summary and explanation of performance

We have continued our collaboration with international and domestic regulatory partners, to transform with the agvet industry and newly available science, and support the APVMA to make evidence-based regulatory decisions that protect the health and safety of people, animals and the environment. This has been achieved through our expanded participation in expert working groups, stakeholder forums and meetings, and the completion of Memoranda of Understanding (MoUs). We have conducted and completed reviews of critical risk assessments, work instructions and guidelines, to ensure their alignment with legislative and regulatory changes.

## Focus areas and activities

- Ensure risk assessment procedures align with international standards
- Make decisions that are based on the most current scientific evidence
- Maintain robust and independent compliance and monitoring activities in line with international best practices
- Participate in and lead global reviews
- Enhance collaboration with international and domestic partners
- Proactively engage with internal and external stakeholders



## Results against corporate performance measures

Performance measure	Source	Result
<b>Activity 1. Continue and enhance collaboration and information sharing with international and domestic partners</b>		
Participation in expert working groups of the Organisation for Economic Co-operation and Development (OECD), International Cooperation on Harmonisation of Technical Requirements for Registration of Veterinary Medicinal Products (VICH), Food and Agriculture Organization of the United Nations (FAO) and World Health Organization (WHO) expert activities.	Operational Plan 2019–20	<p>We expanded our involvement in the OECD Meeting of the Expert Group on BioPesticides (EGBP) and 3 VICH electronic working groups, diversifying the APVMA's international involvement and expanding our knowledge base.</p> <p>The APVMA was represented at international meetings including the OECD Working Group on Pesticides (WGP) meeting, the OECD Network on Illegal Trade of Pesticides (ONIP) and the Expert Group on the Electronic Exchange of Pesticide Data (EGEPPD).</p> <p>We also participated in expert groups under the OECD, FAO/WHO and VICH frameworks, and continued our role as Chairs of the OECD Residues Chemistry Expert Group and Expert Group on Minor Uses.</p> <p>Although many international face-to-face meetings were cancelled or postponed as a result of the COVID-19 pandemic, we continued our participation via virtual meetings which allowed increased numbers of staff from across the APVMA to participate in varying capacities, including observing, contributing and presenting.</p>

Performance measure	Source	Result
Collaboration to support the ongoing operation of the National Registration Scheme.	Operational Plan 2019–20	<p>The APVMA continued engagement with stakeholders during the reporting period, and we participated in forums and meetings including:</p> <ul style="list-style-type: none"> <li>⦿ AgQuip and Henty Agricultural Field Days</li> <li>⦿ Australasian Veterinary Boards Council</li> <li>⦿ Australian Strategic Technical Advisory Group (ASTAG) on Antimicrobial Resistance (AMR)</li> <li>⦿ Biologicals Consultative Group</li> <li>⦿ Department of Agriculture, Water and the Environment</li> <li>⦿ Harmonised Agvet Chemicals Control of Use Task Group (HACCUT) SDWG meeting</li> <li>⦿ Northern Downs Spray Forum</li> <li>⦿ NSW EPA Regulators spray application workshop</li> <li>⦿ NSW Vertebrate Pesticide Training Committee.</li> </ul> <p>The Grains Research and Development Corporation (GRDC) hosted a series of science seminars in early 2020. We presented at the GRDC seminars in Dubbo, Nyngan, Goondiwindi and Barellan, which covered the APVMA's work in registering products, with a particular focus on our scientific assessments.</p>
Completion of MoUs with international and domestic partners.	Operational Plan 2019–20	<p>In 2019–20 we finalised Memoranda of Understanding (MoUs) between the APVMA and:</p> <ul style="list-style-type: none"> <li>⦿ Australian Sports Anti-Doping Authority</li> <li>⦿ Department for Environment, Food &amp; Rural Affairs (United Kingdom)</li> <li>⦿ Ministry for Primary Industries (New Zealand)</li> <li>⦿ State of Victoria through the Racing Integrity Commissioner.</li> </ul>

Performance measure	Source	Result
<h2>Activity 2. Continuous improvement of risk assessment processes and data guidelines</h2>		
Develop schedule for review of critical risk assessments, instruction material and data guidelines.	Operational Plan 2019–20	<p>During 2019–20 we conducted a comprehensive review of our enterprise risk management system. We developed a new Enterprise Risk Management Policy and Framework, including updates to our Risk Appetite and Tolerance Statement, which incorporates the 9 elements of the Commonwealth Risk Management Policy and better aligns with the international standard on Risk Management—ISO 31000:2018.</p> <p>As part of our focus on improving the integration of our enterprise risk management and Quality Management System, we held a series of workshops to review our critical risk assessment processes. These critical process points have been documented, and will be incorporated into the product to be delivered as part of the APVMA's Applications Transformation Project.</p>
Work instructions periodically reviewed and aligned with codes, legislative and regulatory changes.	Operational Plan 2019–20	<p>Periodic reviews were conducted for all work instructions, policies, procedures and other supporting material as scheduled within the 2019–20 reporting period. 80 per cent of the documents have completed the review cycle and were deemed suitable for use or updated as required, to ensure alignment with codes, legislative and regulatory changes. The remaining documents are in the final stages of the review cycle and are undergoing consultation and approval.</p> <p>We have implemented a process of regular reporting to the Executive Leadership Team to ensure the APVMA maintains currency of instructional material.</p>

Performance measure	Source	Result
Published guidelines periodically reviewed and aligned with international standards.	Operational Plan 2019–20	<p>In consultation with key stakeholders, the APVMA updated and published the following guidelines on our website during 2019–20:</p> <ul style="list-style-type: none"> <li>🔍 Aquatic exposure estimates in Australian pesticide environmental assessments <a href="http://apvma.gov.au/node/65936">apvma.gov.au/node/65936</a></li> <li>🔍 Chemistry and manufacture of veterinary active constituents (Part 2) <a href="http://apvma.gov.au/node/473">apvma.gov.au/node/473</a></li> <li>🔍 Guideline for the transfer of a manufacturing site for immunobiological products <a href="http://apvma.gov.au/node/66166">apvma.gov.au/node/66166</a></li> <li>🔍 Risk Assessment Manual, Environment—Appendix B—Aquatic Species <a href="http://apvma.gov.au/node/46416">apvma.gov.au/node/46416</a></li> </ul> <p>Ongoing implementation of our new Quality Management System (see activity 4) continues to inform development and improvement opportunities for our published guidelines.</p>

# Strategy 2: Deliver high-quality decision making that is timely, science-based and proportionate

## Summary and explanation of performance

In 2019–20 we demonstrated further improvements in on-time performance. We finalised around 3000 applications and completed 89 per cent of product, active and permit applications within statutory timeframes. We finished implementation of all recommendations from a 2018 report to improve the timeliness of our decisions and assessment processes, and developed a new Quality Management System that further supports consistent decision making within the APVMA. We delivered key training programs to support the development of all staff.

## Focus areas and activities

- Improve timeliness of regulatory decisions
- Continue to support and develop our people to enhance a high-performing workplace and culture
- Enhance quality management frameworks
- Focus on improving data governance and work flow management

## Results against corporate performance measures

Performance measure	Source	Result
<b>Activity 3. Monitor progress and timeframe performance of decisions</b>		
75% of regulatory decisions completed within statutory timeframes.	Operational Plan 2019–20	We completed 89% of regulatory decisions within timeframe during the 2019–20 reporting period, increasing from 85% in 2018–19.
60% of emergency permits finalised within 14 days, and 95% finalised within 28 days.	Operational Plan 2019–20	We received 91 applications for emergency permits during the 2019–20 reporting period.  Of the emergency permit applications received, 41% were finalised within 14 days, and 50% were finalised within 28 days.  These results were driven by a 32% increase in applications from 2018–19, including 41 to assist with the outbreak in northern Australia of the serious agricultural pest, fall armyworm.

Performance measure	Source	Result
<b>Activity 4. Ensure high-quality decision making</b>		
Progressive implementation of external performance assessment reports.	Operational Plan 2019–20	<p>The 2018 Independent Review of Assessment Performance report provided by the Reason Group identified 10 recommendations to improve the timeliness of our decisions and assessment processes.</p> <p>In 2019–20, the APVMA completed the implementation of the remaining recommendations outlined in the report.</p> <p>Key activities conducted this reporting period include:</p> <ul style="list-style-type: none"> <li>○ establishing a team of dedicated risk managers to review applications early, to ensure the appropriate assessment modules have been applied</li> <li>○ development and implementation of a new Quality Management System, including a dedicated team to manage and oversee the system</li> <li>○ establishing the Applications Transformation Project to deliver a new application submission assessment platform.</li> </ul>
Progressive implementation of the Quality Management Framework.	Operational Plan 2019–20	<p>During 2019–20 we continued to implement a Quality Management Framework that aligns with the international quality management standard—ISO 9001:2015.</p> <p>A new Quality Management System (QMS) was developed that further supports consistent decision making.</p> <p>Working closely with APVMA staff, the policies, processes and instructional documents that aligned with or support the QMS were reviewed and updated.</p>
Maintaining a low number of regulatory decisions which are overturned by external bodies such as the Administrative Appeals Tribunal.	Operational Plan 2019–20	No relevant cases were heard by the Administrative Appeals Tribunal in 2019–20.

Performance measure	Source	Result
<h2>Activity 5. Build on capabilities through competency-based training</h2>		
Core competencies mapped and delivered within 6 months.	Operational Plan 2019–20	<p>A key objective of the APVMA workforce management plan is to ensure the right people with the right skills are matched to suitable roles within the agency.</p> <p>To assist staff in addressing the leadership, management and technical expertise required for different roles within our agency, we have drafted the APVMA Competency Framework, adapted from the Australian Public Service Commission’s Integrated Leadership System and tailored to the regulatory environment of the APVMA.</p>
Training programs developed and rolled out within 6 to 12 months.	Operational Plan 2019–20	<p>In 2019–20 we established our Learning and Development Framework, which covers Australian Public Service core knowledge, foundational work skills, regulatory science training, management training and leadership development.</p> <p>We delivered in-house training activities for staff and partnership-events (including seminars and field trips) throughout the reporting period.</p> <p>We launched our Core Training Policy to ensure all staff and contractors complete or refresh core training modules by the conclusion of the 2020–21 reporting period.</p> <p>As part of our commitment to building an effective, high-performing and empowering leadership culture, we developed and implemented the APVMA Leadership Development Program (LDP) for all Executive Level 2 (EL2) staff. The LDP is a six-module integrated, action learning-based organisational development program focusing on bringing about cultural and organisational change through the development of key management and leadership skills. Participants receive an Advanced Diploma in Leadership and Management upon successful completion of the program.</p>

# Strategy 3: Improve regulatory delivery and feedback systems

## Summary and explanation of performance

We finalised our Managed Services and Cloud-Based Infrastructure projects, with services now transitioned to new providers, and commenced the Applications Transformation Project to provide stakeholders with a modernised system that better supports our regulatory services. We finalised implementation of our revised Cost Recovery Implementation Statement (CRIS), which will ensure full cost recovery of the regulatory functions we provide to industry, and undertook a review of the APVMA operating model.

## Focus areas and activities

- Embed and enhance the business operating model
- Implement outcomes from the Cost Recovery Implementation Statement (CRIS)
- Continue to implement our information and communications technology (ICT) applications and delivery of the Enabling Technologies Program in line with our Digital Strategy
- Increase industry and community awareness of regulatory requirements

## Results against corporate performance measures

Performance measure	Source	Result
<b>Activity 6. Embedding APVMA operating model</b>		
Progressive implementation of the operating model.	Operational Plan 2019–20	We completed our review of the APVMA's operating model.
Model reviewed within 6 months.	Operational Plan 2019–20	The model, adopted in 2018, established a medium-term horizon to develop efficiencies with a focus on client management and use of technology.

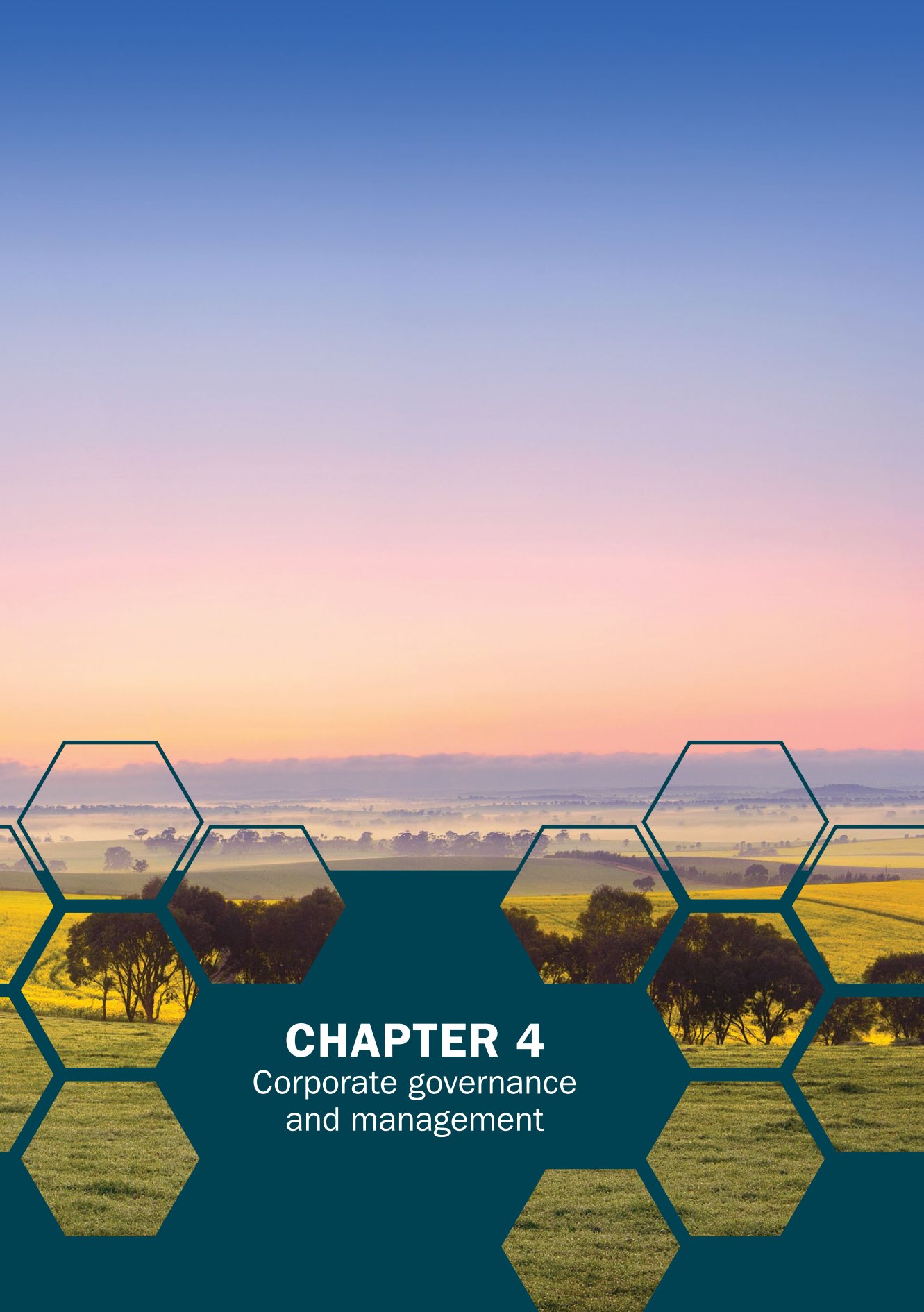


Performance measure	Source	Result
<b>Activity 7. Implementation of a data management program</b>		
Activities aligned with data management program are completed within 12 months.	Operational Plan 2019–20	<p>With the commencement of the Applications Transformation Project (ATP), project deliverables including our data management program (data cleansing, migration, storage, retrieval, and reporting) were incorporated into the project. This will ensure the current and future data requirements are supported, and that information is available and aligned to the needs of our internal and external users.</p> <p>We completed the final stage of the migration of the in-house data centre to a cloud-based provider. This migration ensures the APVMA's data holding are maintained in a cost-effective, flexible and secure environment, and positions us to better support and transition to a new operational platform with the ATP.</p> <p>The digitisation of our analogue and hardcopy records continues, with progress ahead of schedule at 30 June 2020. During the 2019–20 reporting period 88 902 files were digitised and migrated to our eDRM. As at 30 June 2020, over 75% of the APVMA's analogue and hardcopy records have been digitised.</p>
<b>Activity 8. Delivery of Cost Recovery Implementation Statement (CRIS)</b>		
New CRIS implementation.	Operational Plan 2019–20	Following consultation with stakeholders, our revised CRIS was approved with effect from 1 July 2020.
Costs of our operations are appropriately reflected in our fees, levies and charges.	Operational Plan 2019–20	The CRIS, which provides for a staged increase in the registration renewal fee and an increase in some Item and Module application fees, will ensure full cost recovery of all regulatory functions we provide to industry and stabilise the APVMA's financial position.

Performance measure	Source	Result
<b>Activity 9. Progress delivery of Enabling Technologies Program</b>		
Develop ICT road map for future technology solutions within 6 months.	Operational Plan 2019–20	In August 2019 we commenced the Applications Transformation Project, which will provide APVMA staff and stakeholders with a modern, integrated ICT platform that supports our regulatory activities.
Implement technology capability as per road map.	Operational Plan 2019–20	<p>Throughout 2019–20 we have continued to implement the final elements of our Enabling Technologies Program, to stabilise and transform our ICT environment.</p> <p>We finalised our Managed Services Project, with all IT-managed services transitioned to our service provider. We completed the Cloud-Based Infrastructure project with all APVMA IT infrastructure now transitioned to, and managed by, a cloud-based provider, and implemented robust operational monitoring and reporting and security management of all services within the tenancy.</p> <p>End-user migration to Office 365 on Azure cloud was completed, including mobile device management transition, enabling greater flexibility and mobility of our services. We upgraded our eDRM capability to improve accessibility and useability of our records management capabilities with cloud-based architecture for internal and external users.</p> <p>In March 2020, we completed the move to smaller premises and decommissioned our infrastructure in Canberra, in the former Symonston office.</p>







**CHAPTER 4**  
Corporate governance  
and management

# Corporate governance and management

## Corporate and operational plans

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The APVMA's planning and reporting requirements are set out in *Public Governance, Performance and Accountability Act 2013* and the *Agricultural and Veterinary Chemicals (Administration) Act 1992*.

Our primary planning document is the APVMA Corporate Plan, which defines the principal objectives of the APVMA and outlines the strategies to achieve these objectives. The Corporate Plan aligns with the APVMA Regulator Performance Framework, which outlines our key performance measures.

In addition, each year we develop an Operational Plan which sets out the actions needed to achieve the objectives in the Corporate Plan. We measure our operational effectiveness annually through the performance indicators in the Operational Plan and the Portfolio Budget Statement (PBS).

## Governance

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As a corporate Commonwealth entity under the PGPA Act, the APVMA is a body corporate with a separate legal personality from the Commonwealth, and can act in its own right exercising certain legal rights such as entering into contracts and owning property. The APVMA CEO is the Accountable Authority for purposes of the PGPA Act and is appointed as a statutory officer by the minister.

Table 10 provides the details of the APVMA's Accountable Authority during the reporting period.

**Table 10: Details of the APVMA's Accountable Authority in 2019–20**

<b>Name</b>	Dr Chris Parker
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>○ Bachelor of Science, Murdoch University</li> <li>○ Bachelor of Veterinary Medicine and Surgery, Murdoch University</li> </ul>
<b>Experience</b>	<p>Dr Chris Parker was appointed Chief Executive Officer of the Australian Pesticides and Veterinary Medicines Authority on 15 November 2017, following his appointment as the interim CEO on 1 June.</p> <p>Dr Parker has extensive experience in the agricultural sector and has held a number of senior executive positions in agricultural policy divisions.</p> <p>Dr Parker studied as a veterinarian and worked for a number of years in mixed practice in rural Western Australia and South Australia. He then moved to Melbourne to take up a role as a technical services manager with a large agriculture and veterinary chemical company. Dr Parker has also managed and operated a large family farming and grazing property in South Australia. He served on a number of farmer representative organisation committees and boards. His representative roles have included serving as the state representative on WoolProducers Aust Ltd and chairing the South Australian Farmers Federation Livestock Section. Dr Parker is a past member and chair of the South Australian Wool and Fibre Industry Development Board and past member of state and national Ovine Johnes Disease management committees.</p> <p>In early 2006 Dr Parker moved to the Department of Agriculture Fisheries and Forestry where he held a number of roles dealing with biosecurity service delivery, regulatory policy and operational delivery, and broader departmental policy. Most recently Dr Parker was part of the senior executive at the Department of Agriculture and Water Resources leading work to regulate plant exports and improve access for plant exports through reducing technical barriers to trade. Previous roles within the department include 4 years as the agricultural minister counsellor in the United States where he was instrumental in negotiating significant market access gains for horticulture products and animal products. Prior to that he led the multilateral trade branch coordinating the department's interests at the WTO, FAO, OECD and G20.</p>
<b>Position title</b>	Chief Executive Officer (CEO)
<b>Date of commencement</b>	15 November 2017
<b>Date of cessation</b>	12 November 2020* *Resigned effective 16 August 2020
<b>Number of meetings of Accountable Authority attended</b>	11/11

The CEO is responsible for the governance and management of the APVMA, with the support of the Executive (see Chapter 2) and the Audit Committee (see Table 12). The CEO is also responsible for delivering against the performance measures within the Regulator Performance Framework.

The APVMA governance structure aligns accountabilities to ensure decision making delivers best-practice scientific assessment and operational effectiveness.

## Governance committees

The APVMA governance committees adhere to the principles of public sector governance to provide accountability, transparency, integrity, stewardship, efficiency and leadership, and are listed in Table 11.

**Table 11: APVMA governance committees**

Committee	Description
Executive Leadership Team	The Executive Leadership Team comprises the Senior Executive and is chaired by the CEO. The team provides strategic direction relevant to decision making, risk, and performance management of the APVMA's operations and performance.
Senior Leadership Team	The Senior Leadership Team provides a forum for the senior operational managers in the agency to identify opportunities for cross-agency collaboration, innovation and performance improvement, and to develop leadership.
Audit Committee	The Audit Committee reports to the CEO and assists the agency to discharge its responsibilities under the <i>Public Governance, Performance and Accountability Act 2013</i> and the <i>Agricultural and Veterinary Chemicals (Administration) Act 1992</i> regarding financial reporting, performance reporting, risk oversight and management, internal control and compliance with relevant laws and policies.
Science Quality Committee	The subcommittee reports to the Executive Leadership Team. It advises and provides recommendations on matters of science and science quality relevant to the functions of the APVMA.
Enforcement Advisory Group	The subcommittee reports to the Executive Leadership Team. It oversees the potential and actual use of coercive powers.
Change Management Committee	The committee provides project management oversight and ensures cross-project opportunities and issues are identified and addressed.
Business Systems and Technology Committee	The subcommittee reports to the Change Management Committee (CMC) providing oversight of all Business System Change Requests. The committee reviews and approves the small to medium requests and makes recommendations on larger requests to the CMC.
Staff Consultative Committee	The committee provides a framework to allow employees to be consulted on significant decisions that affect their working lives.
Work Health and Safety Committee	The committee ensures that workers are consulted on significant work, health and safety decisions.



## Staff guidance

We develop and publish guidance material to support operational effectiveness and help APVMA staff adhere to the public sector values to be impartial, committed to service, respectful, accountable and ethical.

Guidance material includes policies relating to security, appropriate management of confidential information, financial and procurement practices, use of social media, conflicts of interest, travel, performance management and workplace safety. These policies operate in line with, and in addition to, requirements under the APS Code of Conduct and legislative framework governing the conduct of APS employees. The APVMA undertakes corporate risk management with regular review by executive staff.

## APVMA Audit Committee

The APVMA Audit Committee is part of the APVMA governance and risk framework, and provides independent assurance and advice to the CEO on our accountability and control framework—particularly those aspects concerning performance and financial reporting and systems relating to risk and control.

The Audit Committee Charter is available on our website, [apvma.gov.au/node/9526](https://apvma.gov.au/node/9526).

### *Meetings and attendance*

The Audit Committee met four times in 2019–20.

In 2019–20 the Audit Committee had two external members (including the independent Chair), and a member of the APVMA Executive. Committee observers and advisers can include representatives from the Australian National Audit Office (ANAO), the internal auditor, the APVMA CEO, and other management representatives.

Table 12 provides detail about Audit Committee members during the 2019–20 reporting period.

Table 12: 2019–20 Audit Committee membership and attendance

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended/total number of meetings	Total annual remuneration
Peter Hoefler (Chair, independent member)	Masters in Business Systems and Fellow with the following bodies: CPA Australia, Australian Institute of Company Directors and the Australian Computer Society.  Management consulting experience across regulatory agencies and cost recovery, financial management, risk management, ICT and corporate and business systems.	4 of 4	\$9 830
Narelle Sheppard (independent member)	Qualified accountant, Certification in Risk Management Assurance, over 15 years' experience in the public sector including internal audit experience and risk management.	4 of 4	\$13 440
Lisa Croft (Deputy Chair, DCEO APVMA)	DCEO APVMA.	4 of 4	\$0

## Related entity transactions

The APVMA procured goods and services from the related entities listed in Table 13 during 2019–20.

Table 13: Related entity transactions

Related entity	No. of transactions	Total amount (\$)
Department of Environment and Energy	3	132 510
Comcare	1	117 632
Comcover	1	76 982
Department of Defence	13	49 654
Digital Transformation Agency	1	40 504
Australian Government Solicitor	13	27 050
Australian Public Service Commission	6	24 506
Department of Finance	3	23 730

Related entity	No. of transactions	Total amount (\$)
Department of Foreign Affairs and Trade	22	22 067
Comsuper	1	19 322
Australia Post	12	13 729
Department of Communications and the Arts	1	2 961
Australian Federal Police	13	2 184
Department of Infrastructure, Transport and Regional Development	1	1 591
<b>Total</b>	<b>91</b>	<b>554 422</b>

## Consultation and collaboration

Effective consultation with our stakeholders is an essential component in achieving our corporate objectives. It guides our work to support Australia's National Registration Scheme and ensure the safety of people, animals and the environment. We collaborate with stakeholders from the agvet industry, government and the community, and encourage transparent and timely consultation to facilitate their feedback in our decision-making process.

In December 2019 we released our draft Stakeholder Engagement Framework for public consultation. The framework outlines our engagement strategy for the 2020–23 period, to support the APVMA in achieving our strategic objectives.

In March 2020 we introduced real-time email notifications for our stakeholders, replacing the APVMA's fortnightly Regulatory Update newsletter, to ensure stakeholders are provided with timely notice of important APVMA updates and consultation opportunities. Stakeholders can subscribe to receive email notifications when updates including media releases, recall notices, public consultations and the APVMA Gazette are published on our website.

We also introduced our first tailored e-newsletter, for the veterinary medicines industry, in June 2020. The objective of the newsletter was to establish a more tailored communication stream for stakeholders, to include updates and information relevant to specific industry groups. We expect to roll out tailored newsletters for additional industry groups in 2020–21.

At the conclusion of the 2019–20 reporting period we had conducted 49 public consultations, on a range of topics including chemical product and registration approvals, Trade Advice Notices, Public Release Summaries and chemical reviews.

## International engagement

The APVMA continued its program of international engagement in 2019–20, including participating in key international scientific and regulatory forums (see Table 14) and welcoming international visitors to the APVMA (see Table 15).

**Table 14: APVMA participation in international forums**

Meeting	Contribution	Date	Participants
OECD Working Group on Pesticides (virtual meeting)	Presenter Participants The APVMA was Chair of 2 expert groups and participated in several others.	11–12 June 2020	ED Registration Management, ED Risk Assessment Capability, Chief Regulatory Scientist, 8 x EL2
Joint Meeting on Pesticide Specifications (JMPS) Administered by FAO/WHO (virtual meeting)	Expert	9–12 June 2020, ongoing participation	1 x EL2
OECD Expert Group on Bio Pesticides Meeting (virtual meeting)	Observer	9–10 June 2020	ED Registration Management, 1 x EL2
OECD Network on Illegal Trade of Pesticides (virtual meeting)	Australian Representatives Presenter	8 June 2020	Chief Regulatory Scientist, 1 x EL2, 2 x EL1
Risk21 Summit and Risk21 Scientific Advisory Board (Washington DC, USA)	APVMA Representative Presenter Session Chair	18–20 February 2020	1 x EL2
ASEAN EWG MRL Meeting (Yangon, Myanmar)	Australian Representatives Presenter	4–6 February 2020	1 x EL2
VICH 12th Outreach Forum (Tokyo, Japan)	Observer	19–20 November 2019	ED Registration Management
VICH 38th Steering Committee Meeting (Tokyo, Japan)	Observer	18–21 November 2019	ED Registration Management
Joint FAO/WHO Meeting on Pesticide Residues	Expert	12–26 September 2019 (including 12–16 September FAO panel preliminary meeting), ongoing participation	3 x EL2, 2 x APS staff
Agcarm Conference, New Zealand	Invited Participant	25 July 2019	CEO
Codex Committee on Pesticide Residues and its electronic working groups	Australian Representatives	Ongoing participation	ED Risk Assessment Capability, 1 x EL2

Meeting	Contribution	Date	Participants
Codex Committee on Residues of Veterinary Drugs in Foods and its electronic working groups	Australian Representatives	Ongoing participation	1 x EL2
OECD Residues Chemistry Expert Group	Chair	Ongoing participation	ED Risk Assessment Capability
Working Group of the National Coordinators of the Test Guidelines Programme (WNT)	Nominated Experts	Ongoing participation	1 x EL2, 2 x APS staff
Meeting of the Expert Groups (EG) on the Developmental Neurotoxicity Testing (DNT)	Expert	Ongoing participation	1 x EL2
OECD WGP RCEG Working Group on the Definition of Residues	Member	Ongoing participation	ED Risk Assessment Capability, 2 x EL2
OECD WGP RCEG Working Group on Pesticide Residues in Honey	Member	Ongoing participation	1 x EL2
OECD WGP RCEG Working Group on Test Guidelines 509 Crop Field Trials	Member	Ongoing participation	1 x EL2
OECD Ad Hoc Expert Group on RNAi-based Pesticides EWG	Member	Ongoing participation	1 x APS staff
OECD Expert Group on Integrated Pest Management (EGIPM)	Member	Ongoing participation	1 x EL2
OECD WGP Network of Experts on Spray Drift	Member	Ongoing participation	1 x EL2
VICH Pharmacovigilance EWG	Expert Advisor	Ongoing participation	1 x APS staff
VICH Combination products GLs EWG	Member	Ongoing participation	1 x EL1
VICH Biologicals EWG	Expert	Ongoing participation	1 x EL2
VICH Safety EWG	Expert	Ongoing participation	1 x EL2
VICH Anthelmintic Working Group	Member	Ongoing participation	1 x APS staff
VICH Medicated Premixes Taskforce	Expert	Ongoing participation	1 x APS staff

Meeting	Contribution	Date	Participants
OECD Expert Group on Electronic Exchange of Pesticide Data	Participant	Ongoing participation	1 x EL2
OECD Expert Group on Minor Uses	Chair	Ongoing participation	ED Registration Management, 1 x EL2
OECD WGP Drones Sub Group	Member	Ongoing participation	1 x EL1
PETA/US EPA ReCAPP carcinogenesis waiving statement project	Member	Ongoing participation	1 x EL2
US EPA/HESI kinetically derived maximum dose project	Member	Ongoing participation	1 x EL2
HESI PBPK Framework project	Member	Ongoing participation	1 x EL2
US NTP/US NIEHS Dermal Absorption Triple Pack retrospective project	Member	Ongoing participation	1 x EL2
US EPA project on developmental neurotoxicity testing	Member	Ongoing participation	1 x EL2
OECD Working Party on Exposure Assessment	Member	Ongoing participation	1 x EL2

APS = Australian Public Service; ED = Executive Director; EL1 = Executive Level 1; EL2 = Executive Level 2; FAO = Food and Agriculture Organization of the United Nations; OECD = Organisation for Economic Co-operation and Development; VICH = International Cooperation on Harmonisation of Technical Requirements for Registration of Veterinary Medicinal Products; WHO = World Health Organization

**Table 15: APVMA engagement with visiting international delegations**

Meeting	Date	Participants
Veterinary Medicines Directorate, United Kingdom (Armidale)	3–5 December 2019	Numerous staff across the APVMA
Rural Development Administration, South Korea (Armidale)	26 November 2019	2 x EL2, 1 x EL1, 1 x APS staff

APS = Australian Public Service; EL1 = Executive Level 1; EL2 = Executive Level 2

## Advertising and market research

The APVMA did not undertake any advertising or market research in 2019–20.

## Obtaining information from subsidiaries

The APVMA has no subsidiaries.

## Accountability

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### Corporate risk management

The APVMA Risk Management Framework and Policy was updated in 2020 and details how the APVMA engages with and manages risk to support our role as the regulator of agricultural and veterinary chemicals in Australia.

The Risk Management Framework and Policy has been developed to meet the requirements of section 16(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and the Commonwealth Risk Management Policy issued by the Department of Finance. It follows the international standard on Risk Management—ISO 31000:2018.

The APVMA Risk Appetite and Tolerance Statement, updated in 2020, describes our attitude towards risk taking and details the level of risk we are willing to accept per individual risk. In conjunction with the Risk Management Framework and Policy, this statement supports the effective engagement with risk and ensures all staff understand what constitutes acceptable risk taking in both our day-to-day work and in achieving our strategic priorities.

### Fraud control

The APVMA has a fraud risk assessment and a fraud control plan that complies with the Commonwealth Fraud Control Guidelines. The plan includes fraud prevention, detection, investigation, reporting and data collection procedures.

### Reporting

The APVMA Gazette lists all APVMA notices and decisions as required under the Agvet Code, including registrations, reviews and changes to registration status. The Gazette is published fortnightly and is available on our website at [apvma.gov.au/news-and-publications/publications/gazette](http://apvma.gov.au/news-and-publications/publications/gazette).

We publish regular reports which assess our performance in meeting regulatory timeframes, and present a range of statistics, including:

- registration of chemical products
- approval of active ingredients
- issuance of permits
- licensing and audit of veterinary manufacturers
- preliminary assessment and pre-application assistance.

The reports include:

- the number of applications started and finalised

- the proportion of applications finalised within legislative timeframes
- work in progress at the end of the period.

APVMA performance reports can be accessed on our website, [apvma.gov.au/node/26876](https://apvma.gov.au/node/26876).

Table 16 provides an overview of activities related to APVMA regulatory decisions within the 2019–20 reporting period.

**Table 16: Activities related to APVMA regulatory decisions**

Types of regulatory decisions	Commenced	Finalised/issued	In progress
Pre-application assistance	271	326	34
Product registration—pesticides	1 275	1 204	522
Product registration—veterinary medicines	821	855	268
Actives	298	315	186
Permits	629	589	289
Items 8L, 8M, 8P	747	761	32
Item 25	10	10	8
Notifiable variations	1 163	1 139	24
Import consents	597	584	0
Certificates of export	340	341	27

A description of these regulatory decisions (application types) is available on our website, [apvma.gov.au/node/71496](https://apvma.gov.au/node/71496).

## Chemical review

The APVMA has powers under Part 2, Division 4 of the *Agricultural and Veterinary Chemicals Code Act 1994* (the Agvet Code) to conduct reviews of registered chemicals. In 2019–20 we commenced a review of neonicotinoids and published a notice of reconsideration in November 2019. A public consultation, seeking stakeholder feedback on the reconsideration, ran from November 2019 to February 2020.

The APVMA concluded three chemical reviews in 2019–20:

- In August 2019 we published the final regulatory decision for methiocarb. The decision affirmed active constituent approvals and product registrations and varied the affirmed labels.
- In December 2019 we concluded the reconsideration of carbofuran. No products containing carbofuran remain registered.
- In February 2020 we concluded the reconsideration of methidathion. No products containing methidathion remain registered.



Our reviews of chlorpyrifos and 2,4-D continued to progress throughout 2019–20:

- In September 2019 chlorpyrifos products for home garden and domestic use, and certain non-agricultural uses, were cancelled. The registrations for combination chlorpyrifos products (with agricultural and home garden or domestic uses on their labels) were suspended for one year. Products were cancelled at the end of the suspension period if an application was not made to remove cancelled uses.
- In October 2019, in response to continued risk of spray drift associated with 2,4-D, product labels were suspended for an additional 12 months. In addition, label instructions identical to those issued in October 2018 were issued to reduce the risk of spray drift. We also published the Proposed Regulatory Decision report for 2,4-D, for a public consultation period of three months.

## Adverse Experience Reporting Program

The Adverse Experience Reporting Program (AERP) is a post-registration program that assesses reports of adverse experiences associated with the use of a registered veterinary medicine or agricultural chemical.

The APVMA records, assesses and classifies adverse experiences to detect uncommon events not evident during the initial registration process of a product. The program provides a means of facilitating regulatory action that may be necessary to assure the continued safety, quality and effectiveness of registered products.

Anyone can report an adverse experience to the AERP—for example, farmers, pet owners, gardeners, veterinarians or the general public. One adverse incident may be reported multiple times (for example, the vet, pet owner and registrant may all report the same incident).

In 2019–20 the APVMA processed more than 8470 adverse experience reports. The total number of reports received includes duplicate reports, reports classified as unrelated to the registered product, and non-serious reports.

Of the serious reports received, 957 have been classified as relating to:

- animal health—51 per cent
- efficacy—41.8 per cent
- human health—5.1 per cent
- crop health—1.3 per cent
- environment—0.8 per cent.

AERP data was used to inform registration and permit applications, compliance matters and chemical review processes. The APVMA identified trends involving two active constituents and worked with holders of the approvals to ensure that registered products continue to meet the legislative requirements.

## Standards

During the 2019–20 reporting period, there were no standards made or varied by the APVMA under section 6E of the Schedule to the *Agricultural and Veterinary Chemicals Code Act 1994*.

## Ecologically sustainable development and environmental performance

We have introduced a number of key measures to encourage environmental sustainability within our offices.

In 2019–20 the APVMA's ECONet group, a voluntary network of staff who encourage and promote environmentally friendly office practices, implemented a waste recycling program and use of recycled paper towels in our office kitchens to reduce landfill.

Rainwater tanks were installed and connected to toilet facilities in our Armidale office to reduce our dependency on local water supply in a region impacted by drought and water restrictions.

We strive to be a 'paperless office' and use an electronic document and records management system to reduce the amount of paper and printer consumables used within our offices.

Our office buildings are also installed with low-power LED motion-activated lighting to improve energy efficiency and meeting rooms are equipped with videoconferencing capabilities to minimise travel.

## Privacy

The APVMA adheres to the *Privacy Act 1988* and our Privacy Policy is published on our website at [apvma.gov.au/node/59876](https://apvma.gov.au/node/59876). Our operations were not subject to any report or determinations by the Privacy Commissioner in 2019–20.

## Indemnities and insurance premiums

The APVMA's insurance with Comcover includes liability cover up to \$150 million for general liability, professional indemnity, and directors' and officers' liability. The insurance premium paid to cover the 2019–20 financial year was \$76,981.76 (including GST).

## Judicial decisions and reviews by outside bodies

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### **Parliamentary committees and other reviews**

No reports relevant to the APVMA's operations were tabled by a Parliamentary committee or other review during the reporting period.

### **Auditor-General's reports**

The Australian National Audit Office performed the following audits for the APVMA in 2019–20:

- APVMA 2019–20 Financial Statements.

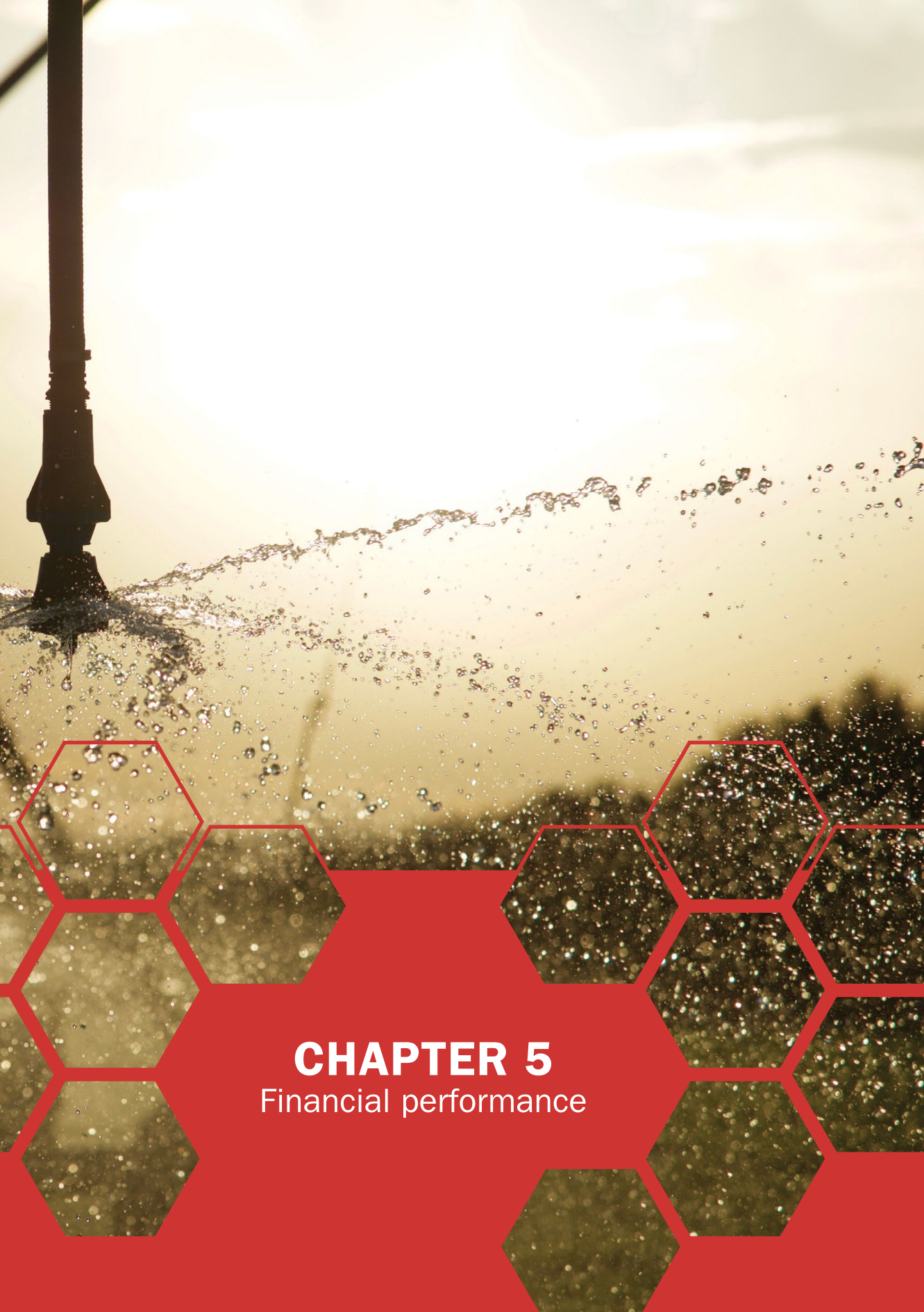
### **Administrative Appeals Tribunal**

No cases were heard before the Administrative Appeals Tribunal in 2019–20.

### **Federal Court**

A party applied to the Federal Court challenging the issue and execution of a search warrant obtained by the APVMA. In relation to the seven grounds of appeal relied upon by the applicant, the APVMA successfully defended five and was unsuccessful on two.





**CHAPTER 5**  
Financial performance

# Financial performance

## Summary of financial performance

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Tables 17–20 provide an overview of the APVMA's financial performance for 2019–20. Full details are in the audited financial statements on the following pages.

### Income

The APVMA's total income for 2019–20 was \$57.465 million (Table 17) and incorporates relocation and Enabling Technologies funding, and also includes \$17.735 million relating to *Appropriation Act (No. 5) 2019–2020* which has not yet been drawn down.

Table 17: APVMA income, 2019–20

Income source	Income (\$'000)	%
<i>Receipts from industry</i>		
Levies	18 553	32.29%
Application fees	6 489	11.29%
Annual fees (renewal fees)	6 009	10.46%
Other receipts from industry	2 758	4.80%
Parliamentary appropriation	23 430	40.77%
Other revenue	226	0.39%
<b>Total income</b>	<b>57 465</b>	<b>100.00%</b>

Table 18: Agency Resourcing Statement, 2019–20

Resourcing description	Actual available appropriation for 2019–20 (\$'000)	Payments made in 2019–20 (\$'000)	Balance remaining in 2019–20 (\$'000)
Ordinary annual service department expenses			
Previous year unspent ordinary appropriations	8 918	8 918	0
Departmental appropriations	23 430	3 959	19 471
Revenue from independent sources	226	226	-
<b>Total departmental appropriations</b>	<b>32 574</b>	<b>13 103</b>	<b>19 471</b>
Special appropriations			
Unspent special appropriations from previous years	11 128	11 128	0
Special appropriations collected	33 809	21 580	12 229
<b>Total special appropriations</b>	<b>44 937</b>	<b>32 708</b>	<b>12 229</b>
<b>Total resourcing and payments</b>	<b>77 511</b>	<b>45 811</b>	<b>31 700</b>

## Expenditure

Total operating expenses for 2019–20 were \$41.154 million (Tables 19 and 20).

Table 19: APVMA expenditure, 2019–20 (including comparison with PBS)

Individual lines of expenditure	2019–20 actual expenditure (\$'000)	% of expenditure	2019–20 budget (per PBS) (\$'000)
Employee benefits	23 691	57.57%	23 884
Supplier expenses	13 736	33.38%	8 949
Depreciation, amortisation and impairment of assets	3 520	8.55%	1 690
Other	207	0.50%	0
<b>Total expenditure</b>	<b>41 154</b>	<b>100.00%</b>	<b>34 523</b>

Table 20: 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			2018–19
	Budget (\$'000)	Actual (\$'000)	Variance (\$'000)	Actual (\$'000)
<b>Program 1.1 (APVMA)</b>				
<b>Department expenses</b>				
Ordinary annual service (Appropriation Bill 1)	23 430	23 430	0	24 902
Revenue from independent sources	25	226	(201)	374
Special appropriation	11 068	17 498	(6 430)	22 061
<b>Total expenses for Outcome 1</b>	<b>34 523</b>	<b>41 154</b>	<b>(6 631)</b>	<b>47 337</b>

## Equity

The APVMA recorded a net operating surplus of \$16.311 million for 2019–20, resulting in an equity balance at 30 June 2020 of \$33.308 million.

## Audit results

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

## Financial reserve

The APVMA's revenue is primarily received as levy payments in December and June, and registration payments in May. Subsequently, the APVMA receives the majority of its revenue at three times during the year. Cash holding can exceed \$9 million at various stages through the financial year.

To manage this, the APVMA monitors daily cash balances to ensure that cash is available to pay creditor expenses, particularly during times when the cash balances are reducing in the months when income is not anticipated.

The APVMA operates to keep the cash level above \$9 million as an operating reserve (an equity position of \$9 million is equivalent to three months' operating expenses).



## Consultancies

In 2019–20, the APVMA entered in to eight new consultancy contracts totalling \$0.346 million (including GST), of which \$0.110 million was expended. The consultancies related to governance services, the Armidale relocation and Enabling Technologies Program.

No ongoing consultancy contracts from previous years were active.

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 was used. In these situations, the APVMA obtained multiple quotes, the number which was determined by the value of the procurement.

APVMA Finance Procedure 4, 'Purchasing', outlines the number of quotes required (see Table 21). Exemptions to these requirements may be approved in some circumstances.

APVMA 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.

**Table 21: Purchasing—number of quotes required**

Purchase limit for goods/services	Quotes required
to \$2 000	1 quote
\$2 001 to \$10 000	2 written quotes
\$10 001 to \$100 000	3 written quotes
\$100 001 to \$400 000	High-value procurement procedures
\$400 000 and over	Tender



## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Agriculture, Drought and Emergency Management

#### Opinion

In my opinion, the financial statements of the Australian Pesticides and Veterinary Medicines Authority ('the Entity') for the year ended 30 June 2020:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2020 and for the year then ended:

- Statement by the Accountable Authority and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Notes to the financial statements, comprising an Overview, Summary of Significant Accounting Policies and other explanatory information.

#### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

### **Auditor's responsibilities for the audit of the financial statements**

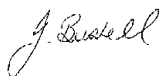
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Josephine Bushell  
Senior Director

Delegate of the Auditor-General

Canberra  
7 September 2020

# Statement by the Accountable Authority and the Chief Finance Officer

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**Australian Government**  
**Australian Pesticides and  
Veterinary Medicines Authority**

## STATEMENT BY THE ACCOUNTABLE AUTHORITY AND THE CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Pesticides and Veterinary Medicines Authority (APVMA) will be able to pay its debts as and when they fall due.

Signed  .....

Lisa Croft  
Acting Chief Executive Officer

7 September 2020

Signed  .....

Keith Lockyer  
Chief Finance Officer

7 September 2020

## Australian Pesticides and Veterinary Medicines Authority

### STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget 2020 \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	23 691	30 816	23 884
Suppliers	1.1B	13 736	14 412	8 949
Depreciation and amortisation	2.2A	3 520	2 017	1 690
Impairments	2.2A	-	49	-
Finance costs	1.1C	207	41	-
Losses from asset disposals		-	2	-
<b>Total expenses</b>		<b>41 154</b>	<b>47 337</b>	<b>34 523</b>
<b>Own-Source Income</b>				
<b>Own-source revenue</b>				
Other revenue	1.2A	217	374	25
<b>Total own-source revenue</b>		<b>217</b>	<b>374</b>	<b>25</b>
<b>Gains</b>				
Gains from sale of assets		9	-	-
<b>Total gains</b>		<b>9</b>	<b>-</b>	<b>-</b>
<b>Total own-source income</b>		<b>226</b>	<b>374</b>	<b>25</b>
<b>Net cost of services</b>		<b>40 928</b>	<b>46 963</b>	<b>34 498</b>
Revenue from government	1.2B	57 239	56 994	34 498
<b>Surplus/(Deficit)</b>		<b>16 311</b>	<b>10 031</b>	<b>-</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to profit and loss</b>				
Impairment of assets offset against asset revaluation surplus	2.2A	-	( 48)	-
Change in asset revaluation surplus		( 557)	-	-
<b>Total other comprehensive income</b>		<b>( 557)</b>	<b>( 48)</b>	<b>-</b>
<b>Total Comprehensive income/(loss)</b>		<b>15 754</b>	<b>9 983</b>	<b>-</b>

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

## Australian Pesticides and Veterinary Medicines Authority

### STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2020

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#### **Budget Variance Commentary:**

Commentary is provided for major variances between the actual amounts and the original budget. Variances are considered to be 'major' (or significant) where:

- (a) for items in the Statement of Financial Position, the variance between budget and actual is greater than +/-10% of the budget and greater than \$250,000 for the line item
- (b) for items in the Statement of Comprehensive Income, the variance between budget and actual is greater than +/-2% of expenses.

Variance explanations are also provided where major changes to business activities may not be numerically material, but by their very nature will assist users in understanding underlying business changes that have occurred since the original budget was released.

Where a revised budget has been presented to parliament, the APVMA may include variance explanations of major variances between the revised budget and actual amounts where they are considered relevant to an assessment of the discharge of accountability and to an analysis of the APVMA's performance.

#### **Statement of Comprehensive Income**

Supplier expenses are \$4.787 million (53.49%) over budget as reported in the Portfolio Budget Statements. The variation is mainly due to the expenditure for the Enabling Technologies projects relating to the relocation of the agency from Canberra to Armidale. The timing of the payments has resulted in this variance.

Depreciation and amortisation reflects the implementation of AASB16 and the depreciation of the right-of-use assets created in relation to leases, along with the change in accounting estimate, resulting in the accelerated amortisation of the software assets that will be replaced by the outcomes of the Enabling Technologies funded project.

Revenue from government was \$22.741 million (65.92%) over budget, due to the following reasons:

- (a) higher than budgeted fees and levies
- (b) appropriation of administered funds under *Appropriation Act (No. 5) 2019-2020* of \$17.735 million which has not been drawn down but brought to account as revenue and a receivable from Government.

It is likely that the \$17.735 million under *Appropriation Act (No. 5) 2019-2020* will not be fully drawn down, with the potential of a large reduction in income in subsequent years when the receivable is reversed.

## Australian Pesticides and Veterinary Medicines Authority

### STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget 2020 \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.1A	1 736	8 918	4 483
Trade and other receivables	2.1B	30 498	11 738	6 822
<b>Total financial assets</b>		<b>32 234</b>	<b>20 656</b>	<b>11 305</b>
<b>Non-financial assets</b>				
Leasehold improvements <sup>1</sup>	2.2A	18 333	2 858	100
Property, plant and equipment	2.2A	1 089	1 297	938
Intangibles	2.2A	3 177	4 786	3 448
Other non-financial assets	2.2B	419	408	271
<b>Total non-financial assets</b>		<b>23 018</b>	<b>9 349</b>	<b>4 757</b>
<b>Total assets</b>		<b>55 252</b>	<b>30 005</b>	<b>16 062</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	2.3A	1 653	2 633	3 172
Other payables	2.3B	527	6 474	1 530
<b>Total payables</b>		<b>2 180</b>	<b>9 107</b>	<b>4 702</b>
<b>Interest bearing liabilities</b>				
Leases	2.4A	15 466	-	-
<b>Total interest bearing liabilities</b>		<b>15 466</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>				
Employee provisions	4.1A	4 298	3 852	6 350
Other provisions	2.5A	-	645	624
<b>Total provisions</b>		<b>4 298</b>	<b>4 497</b>	<b>6 974</b>
<b>Total liabilities</b>		<b>21 944</b>	<b>13 604</b>	<b>11 676</b>
<b>Net assets</b>		<b>33 308</b>	<b>16 401</b>	<b>4 386</b>
<b>EQUITY</b>				
Contributed equity		6 675	6 675	6 675
Retained surplus		26 352	8 888	(3 175)
Reserves		281	838	886
<b>Total equity</b>		<b>33 308</b>	<b>16 401</b>	<b>4 386</b>

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

## Australian Pesticides and Veterinary Medicines Authority

### STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

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1. Right-of-use assets are included in Leasehold Improvements.

#### **Budget Variance Commentary:**

#### **Statement of Financial Position**

Cash and cash equivalents are below budget due to timing of payments to creditors and drawdown of special appropriation leading up to 30 June 2020.

Trade and other receivables are above budget due to the appropriation of administered funds under *Appropriation Act (No. 5) 2019-2020* which has not been drawn down but brought to account as revenue and a receivable from government, in addition to higher than anticipated industry contributions.

The Leasehold Improvements are significantly higher than budgeted due to the creation of the right-of-use assets in relation to the implementation of AASB16, Leases.

The value of intangibles are less than budgeted due to the change in accounting estimate, resulting in the accelerated amortisation of the software assets that will be replaced by the outcomes of the Enabling Technologies funded project.

Suppliers and other payables are under budget due to the payment of a large number of suppliers prior to 30 June 2020 and the write back of the onerous lease provision due to the termination of Wormald Street, Symonston, Canberra lease.

The lease liability due to AASB 16 was not included in the original Portfolio Budget Statements.

Employee provisions are below budget due to long standing public service employee separations following the relocation to Armidale, and the recruitment of new applicants into the public service in Armidale.

Retained surplus is higher than anticipated due to the recognition of the appropriation revenue related to Appropriation Act No. 5 2019-20.



## Australian Pesticides and Veterinary Medicines Authority

### STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

		2020	2019	Original Budget
	Notes	\$'000	\$'000	2020
				\$'000
<b>CONTRIBUTED EQUITY</b>				
<b>Opening balance</b>				
Balance brought forward from previous period		6 675	6 675	6 675
<b>Adjusted opening balance</b>		<u>6 675</u>	<u>6 675</u>	<u>6 675</u>
<b>Closing balance as at 30 June</b>		<u>6 675</u>	<u>6 675</u>	<u>6 675</u>
<b>RETAINED SURPLUS</b>				
<b>Opening balance</b>				
Balance brought forward from previous period		8 888	( 1 143)	( 3 175)
Adjustment on initial application of AASB 16		315	-	-
<b>Adjusted opening balance</b>		<u>9 203</u>	<u>( 1 143)</u>	<u>( 3 175)</u>
<b>Comprehensive income</b>				
Surplus/(Deficit) for the period		16 311	10 031	-
Asset revaluation reserve - no longer required		838	-	-
<b>Total comprehensive income</b>		<u>17 149</u>	<u>10 031</u>	<u>-</u>
<b>Closing balance as at 30 June</b>		<u>26 352</u>	<u>8 888</u>	<u>( 3 175)</u>
<b>ASSET REVALUATION RESERVE</b>				
<b>Opening balance</b>				
Balance brought forward from previous period		838	886	886
<b>Adjusted opening balance</b>		<u>838</u>	<u>886</u>	<u>886</u>
<b>Comprehensive income</b>				
Other comprehensive income		( 557)	( 48)	-
<b>Total comprehensive income</b>		<u>( 557)</u>	<u>( 48)</u>	<u>-</u>
<b>Closing balance as at 30 June</b>	2.2A	<u>281</u>	<u>838</u>	<u>886</u>
<b>TOTAL EQUITY</b>				
<b>Opening balance</b>				
Balance brought forward from previous period		16 401	6 418	4 386
Adjustment on initial application of AASB 16		315	-	-
<b>Adjusted opening balance</b>		<u>16 716</u>	<u>6 418</u>	<u>4 386</u>
<b>Comprehensive income</b>				
Surplus/(Deficit) for the period		16 311	10 031	-
Other comprehensive income		281	( 48)	-
<b>Total comprehensive income</b>		<u>16 592</u>	<u>9 983</u>	<u>-</u>
<b>Closing balance as at 30 June</b>		<u>33 308</u>	<u>16 401</u>	<u>4 386</u>

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

## Australian Pesticides and Veterinary Medicines Authority

### STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

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#### Accounting Policy

##### Equity Injections

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

##### Other Distributions to Owners

The Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR) requires that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

#### Budget Variance Commentary:

##### Statement of Change in Equity

The APVMA received New Policy Proposal (NPP) funding in the May 2018 budget for its information technology (IT) environment over three years and had continuing Relocation NPP funding. The majority of the IT environment funding was appropriated in the 2018-19 financial year whilst a significant portion of the relocation NPP was also appropriated in 2018-19. Whilst the appropriated funds are committed, the cash outflow for these funds (particularly for the IT environment) will occur over the coming financial years as the commitments are realised. This contributed to the opening balance being a major variance to the budget.

Surplus for the period is higher than anticipated due to the recognition of the appropriation revenue related to *Appropriation Act (No. 5) 2019-2020*.

## Australian Pesticides and Veterinary Medicines Authority

### CASH FLOW STATEMENT

for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget 2020 \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
<i>Agricultural and Veterinary Chemicals (Administration)</i>				
Act 1992 contribution		32 708	27 824	30 499
Corporate Commonwealth entity payment item		5 695	24 902	5 868
Net GST received		1 963	1 427	( 3)
Interest received		21	48	15
Other cash received		196	305	6
<b>Total cash received</b>		<b>40 583</b>	<b>54 506</b>	<b>36 385</b>
<b>Cash used</b>				
Employees		27 635	27 846	23 708
Suppliers		18 569	16 752	9 026
Interest on lease liabilities		202	-	-
<b>Total cash used</b>		<b>46 406</b>	<b>44 598</b>	<b>32 734</b>
<b>Net cash flows from operating activities</b>		<b>(5 823)</b>	<b>9 908</b>	<b>3 651</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash used</b>				
Purchase of property, plant and equipment		604	3 644	1 290
Purchase of intangibles		-	115	-
<b>Total cash used</b>		<b>604</b>	<b>3 759</b>	<b>1 290</b>
<b>Net cash flows from or (used by) investing activities</b>		<b>( 604)</b>	<b>(3 759)</b>	<b>(1 290)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity		-	500	-
<b>Total cash received</b>		<b>-</b>	<b>500</b>	<b>-</b>
<b>Cash used</b>				
Principal payments of lease liabilities		755	-	-
<b>Total cash used</b>		<b>755</b>	<b>-</b>	<b>-</b>
<b>Net cash flows from or (used by) financing activities</b>		<b>( 755)</b>	<b>500</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>		<b>(7 182)</b>	<b>6 649</b>	<b>2 361</b>
Cash and cash equivalents at the beginning of the reporting period		8 918	2 269	2 122
<b>Cash and cash equivalents at the end of the reporting period</b>	2.1A	<b>1 736</b>	<b>8 918</b>	<b>4 483</b>

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

## Australian Pesticides and Veterinary Medicines Authority

### CASH FLOW STATEMENT

*for the year ended 30 June 2020*

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#### **Budget Variance Commentary:**

The APVMA received higher than budgeted fees and levies.

The APVMA received New Policy Proposal (NPP) funding in the May 2018 budget for its information technology (IT) environment over three financial years, commencing 2018-2019. The majority of this funding was appropriated in the 2018-19 financial year. A two-pass tender process and successful vendor negotiations took significant time however, whilst the appropriated funds are drawn down and fully committed, the main cash outflow for these funds will occur over the remaining financial years as the commitments are realised.

The APVMA also had a large cash outflow in the first week of the 2019-20 financial year associated with terminating employee payments. Whilst the cash supports the equity balance at 30 June 2019, it was already committed to its original purpose.

The cash used is shown as employee benefits and supplier expenses in the statement of comprehensive income.

Investment activities have been restricted mainly to the acquisition of new fit-out, furniture and computer hardware for the new Canberra office.

## Australian Pesticides and Veterinary Medicines Authority

### OVERVIEW

#### Objectives of the Australian Pesticides and Veterinary Medicines Authority

The Australian Pesticides and Veterinary Medicines Authority (APVMA) is an Australian Government controlled not-for-profit corporate entity. The APVMA is responsible for the assessment and registration of pesticides and veterinary medicines and for their regulation up to 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 along 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, ensuring that the health and safety of people, animals and the environment are protected.

The APVMA was established under the *Agricultural and Veterinary Chemicals (Administration) Act 1992*. Following the introduction of the *Public Governance, Performance and Accountability Act 2013* on 1 July 2014, the APVMA was reclassified as a corporate Commonwealth entity.

#### Basis of Preparation of the Financial Report

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements and notes have been prepared in accordance with:

- a) Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR); and
- b) Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements, issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The APVMA 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.

## Australian Pesticides and Veterinary Medicines Authority

### OVERVIEW

#### New Australian Accounting Standards

All other new standards, revised standards, interpretations or amending standards that have been issued by the Australian Accounting Standards Board prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on the APVMA's financial statements.

Standard/Interpretation	Nature of impending changes in accounting policy and likely impact on initial application
<p>AASB 15 Revenue from Contracts with Customers</p>	<p>AASB 15, AASB 2016-8 and AASB 1058 became effective 1 July 2019.</p> <p>AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit provisions of AASB 1004.</p> <p>The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p> <p>The new revenue standards have no impact on the APVMA's current procedures for recognising appropriation income.</p>
<p>AASB 16 Leases</p>	<p>AASB 16 became effective 1 July 2019.</p> <p>This new standard has replaced AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases - incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.</p> <p>AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in relevant notes to the financial statements.</p>

The APVMA currently records appropriations as income on receipt, on the basis that the APVMA receive appropriations which are not dependent on expenditure; the incurrence of obligations; or the completion of agreed outputs, or services or facilities.

The characteristics of the appropriation process has not changed. In the absence of any contract liabilities, equity contributions, other liabilities, or a decrease in assets, the APVMA can continue to recognise appropriation income immediately on receipt. The new revenue standards therefore have no impact on the APVMA's current procedures for recognising appropriation income.

AASB 15 has not had a material impact upon APVMA's other forms of revenue.

The APVMA adopted AASB 16 using the modified retrospective approach, under which the cumulative effect if initial application is recognised in retained earnings at 1 July 2019.

The APVMA used hindsight to assess one of its leases as a short term lease under AASB 16 which was terminated in March 2020.

On adoption of AASB 16, the APVMA recognised right-of-use assets and lease liabilities in relation to leases of office space which had previously been classified as operating leases.

## Australian Pesticides and Veterinary Medicines Authority

### OVERVIEW

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Entity's incremental borrowing rate as at 1 July 2019. The Entity's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 1.34%.

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

### Impact on transition

On transition to AASB 16, the Entity recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	<i>1 July 2019</i>
Right-of-use Assets - PP&E	14 720
Lease liabilities	14 648
Prepayments	72

The following table reconciles the minimum lease commitments disclosed in the entity's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	<i>1 July 2019</i>
Minimum operating lease commitment at 30 June 2019	18 248
Less: short-term leases not recognised under AASB 16	<u>( 1 911)</u>
<b>Undiscounted lease payments</b>	<b>16 337</b>
Less: effect of discounting using the incremental	<u>( 1 689)</u>
<b>Lease liabilities recognised at 1 July 2019</b>	<b><u>14 648</u></b>

### Taxation

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

### Events After the Reporting Period

There were no subsequent events between balance date and signing of the financial statements that had the potential to significantly affect the ongoing structure and financial activities of the APVMA.

## Australian Pesticides and Veterinary Medicines Authority

FINANCIAL PERFORMANCE - This section analyses the financial performance of the Australian Pesticides and Veterinary Medicines Authority for the year ended 30 June 2020

### 1.1: Expenses

	2020 \$'000	2019 \$'000
<b>1.1A: Employee benefits</b>		
Wages and salaries	17 691	20 590
Superannuation:		
Defined contribution plans	961	2 416
Defined benefit plans	1 886	1 380
Leave and other entitlements	2 044	2 043
Separation and redundancies	326	2 790
Other employee benefits	783	1 597
<b>Total employee benefits</b>	<b>23 691</b>	<b>30 816</b>

#### Accounting Policy

Accounting policies for employee related expenses is contained in the people and relationships section.

#### Note

There were 35 staff separations on 1 July 2019, with all costs accrued in 2019 and recorded under "Separations and redundancies".

Major expenses comprising "Other employee benefits" include increased staff recruitments, costs associated with staff recruitments, and learning and development costs.

### 1.1B: Suppliers

#### Goods and services supplied or rendered

Consultants	781	1 646
Contractors	8 606	7 102
Travel	349	625
IT services	2 456	1 833
Other	2 011	1 469
<b>Total goods and services supplied or rendered</b>	<b>14 203</b>	<b>12 675</b>

#### Note

"Other" supplier expenses has increased in 2018-19 due to the digitisation of paper files as the APVMA moves to a paperless office environment.

Goods supplied	359	782
Services rendered	13 844	11 893
<b>Total goods and services supplied or rendered</b>	<b>14 203</b>	<b>12 675</b>

#### Other supplier expenses

Operating lease rentals <sup>1</sup>	( 575)	1 602
Workers compensation premiums	108	135
<b>Total other supplier expenses</b>	<b>( 467)</b>	<b>1 737</b>
<b>Total supplier expenses</b>	<b>13 736</b>	<b>14 412</b>



## Australian Pesticides and Veterinary Medicines Authority

FINANCIAL PERFORMANCE - This section analyses the financial performance of the Australian Pesticides and Veterinary Medicines Authority for the year ended 30 June 2020

### 1.1: Expenses

	2020	2019
	\$'000	\$'000

#### Note

1. The APVMA has applied AASB using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

#### 1.1C: Finance Costs

Interest on lease liabilities	202	-
Unwinding of discount	5	41
<b>Total finance costs</b>	<b>207</b>	<b>41</b>

#### Accounting Policy

All borrowing costs are expensed as incurred.

#### Leasing Commitments

The lease at 18 Wormald Street, Symonston, Canberra, was terminated early, in March 2020. The reduced occupancy from 3 June 2019 resulted in a provision for onerous property lease payments of \$1.355 million being created which due to the classification as a short term lease under AASB 16 has been written back against rent expense.

## Australian Pesticides and Veterinary Medicines Authority

FINANCIAL PERFORMANCE - This section analyses the financial performance of the Australian Pesticides and Veterinary Medicines Authority for the year ended 30 June 2020

### 1.2: Own-Source Revenue, Gains and Revenue from Government

	2020	2019
	\$'000	\$'000
<b>OWN-SOURCE REVENUE</b>		
<b>1.2A: Other revenue</b>		
Resources received free of charge		
Remuneration of auditors	54	46
Other revenue	163	328
<b>Total other revenue</b>	<b>217</b>	<b>374</b>

#### Accounting Policy

##### Resources Received Free of Charge

Resources received free of charge are recognised as revenue when fair value can be reliably determined and the donated services would have been purchased. 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.

##### Other Revenue

Revenue relating to services to the portfolio department is recognised as income under AASB 1058 when APVMA obtains controls of the cash.

Revenue from the sale of goods is recognised when control has been transferred to the buyer.

Interest revenue is recognised using the effective interest method.

"Other revenue" is predominantly made up of specific services to the portfolio department throughout the 2019-20 financial year.

## Australian Pesticides and Veterinary Medicines Authority

FINANCIAL PERFORMANCE - This section analyses the financial performance of the Australian Pesticides and Veterinary Medicines Authority for the year ended 30 June 2020

### 1.2: Own-Source Revenue, Gains and Revenue from Government

	2020	2019
	\$'000	\$'000
<b>REVENUE FROM GOVERNMENT</b>		
<b><u>1.2B: Revenue from government</u></b>		
Corporate Commonwealth entity payment item <sup>1</sup>	23 430	24 902
Department of Agriculture contribution <i>Agricultural and Veterinary Chemicals (Administration) Act 1992</i> (refer below)	33 809	32 092
<b>Total revenue from government</b>	<b>57 239</b>	<b>56 994</b>

#### Note

1. \$17.735 million of administered funds under Appropriation Bill No. 5 2019-20 was not drawn down but brought to account as revenue and a receivable from government.

Department of Agriculture, Water and the Environment contribution is equal to the following fees and charges paid by industry:

Levies	18 553	18 453
Annual renewal fee	6 009	5 222
Product application fees	6 489	5 911
Good manufacturing practice (GMP) licence fees	1 123	1 029
Permits, actives and other fees	1 566	1 393
Penalties and infringements	69	84
<b>Total industry contributions</b>	<b>33 809</b>	<b>32 092</b>

#### Accounting Policy

##### Revenue from government

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment) is recognised as revenue from government by the corporate Commonwealth entity unless the funding is in the nature of an equity injection or a loan.

##### Fees and Levies

Fees and levies are recognised as income when they are received.

## Australian Pesticides and Veterinary Medicines Authority

**FINANCIAL POSITION** - This section analyses Australian Pesticides and Veterinary Medicines Authority's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 2.1: Financial Assets

	2020 \$'000	2019 \$'000
<b>2.1A: Cash and cash equivalents</b>		
Cash at bank	1 736	8 918
<b>Total cash and cash equivalents</b>	<b>1 736</b>	<b>8 918</b>

#### Accounting Policy

Cash is recognised at its nominal amount.

### 2.1B: Trade and other receivables

#### Contribution receivable

Department of Agriculture, Water and the Environment	12 229	11 128
<b>Total contribution receivable</b>	<b>12 229</b>	<b>11 128</b>

#### Other receivable

GST receivable from the Australian Taxation Office	320	396
Undrawn appropriations from Department of Finance	17 735	-
Suspense holding account - leave transfers	214	214
<b>Total other receivables</b>	<b>18 269</b>	<b>610</b>
<b>Total trade and other receivables (gross)</b>	<b>30 498</b>	<b>11 738</b>

#### Less impairment allowance account:

Goods and services	-	-
<b>Total impairment allowance account</b>	<b>-</b>	<b>-</b>
<b>Total trade and other receivables (net)</b>	<b>30 498</b>	<b>11 738</b>

Credit terms for goods and services were within 30 days.

#### Accounting Policy

##### Trade and Other Receivables

Trade and other receivables that have fixed or determinable payments, and are not quoted in an active market, are classified as 'receivables'. Receivables are measured at amortised cost using the effective interest method less impairment.

##### Impairment

Trade and Other Receivables are assessed for impairment at the end of each reporting period.

## Australian Pesticides and Veterinary Medicines Authority

**FINANCIAL POSITION** - This section analyses Australian Pesticides and Veterinary Medicines Authority's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 2.2: Non-Financial Assets

#### 2.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

##### Reconciliation of the opening and closing balances for 2020

	Leasehold Improvements <sup>1</sup> \$'000	Other P P & E \$'000	Computer Software <sup>2</sup> \$'000	Total \$'000
<b>As at 1 July 2019</b>				
Gross book value	4 465	1 839	9 441	15 745
Accumulated depreciation and impairment	( 1 607)	( 542)	( 4 655)	( 6 804)
<b>Total as at 1 July 2019</b>	<b>2 858</b>	<b>1 297</b>	<b>4 786</b>	<b>8 941</b>
Recognition of right-of-use asset on initial application of AASB 16	14 721	-	-	14 721
<b>Adjusted total as at 1 July 2019</b>	<b>17 579</b>	<b>1 297</b>	<b>4 786</b>	<b>23 662</b>
Additions:				
Purchase	357	247	-	604
Right-of-use assets	1 572	-	-	1 572
Revaluation recognised in other comprehensive income	182	99	-	281
Depreciation and amortisation expense	( 1 553)	( 358)	( 1 609)	( 3 520)
Transfers	196	( 196)	-	-
Disposals:				
Disposal	( 1 759)	( 272)	-	( 2 031)
Accumulated depreciation of disposed assets	1 759	272	-	2 031
<b>Total as at 30 June 2020</b>	<b>18 333</b>	<b>1 089</b>	<b>3 177</b>	<b>22 599</b>
<b>Total as of 30 June 2020 represented by:</b>				
Gross book value	19 412	1 089	9 441	29 942
Accumulated depreciation and impairment	( 1 079)	-	( 6 264)	( 7 343)
<b>Total as of 30 June 2020 represented by:</b>	<b>18 333</b>	<b>1 089</b>	<b>3 177</b>	<b>22 599</b>
<b>Carrying amount of right-of-use assets</b>	<b>15 214</b>	<b>-</b>	<b>-</b>	<b>15 214</b>

## Australian Pesticides and Veterinary Medicines Authority

**FINANCIAL POSITION** - This section analyses Australian Pesticides and Veterinary Medicines Authority's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

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### 2.2: Non-Financial Assets

#### Notes

1. The carrying amount of right-of-use assets included in leasehold improvements is \$15.214 million. The depreciation expense on right-of-use assets during the 2019-20 year was \$1.079 million.

The Wormald Street, Symonston, Canberra lease was terminated in March 2020 and as a result leasehold improvements and property, plant and equipment were disposed of. With the commencement of the new lease for Faulding Street, Canberra new assets were purchased to fit out the new office space.

2. The carrying amount of computer software includes \$0.290 million purchased software and \$2.887 million internally generated software.

#### Revaluations of Non-Financial Assets

On 30 June 2020, an independent valuer conducted the revaluation of non-financial assets. Revaluation increments were credited to equity under the heading of revaluation reserve and decrements were recognised directly through the operating result. The previous revaluation reserve was reversed as the assets relating to the reserve were disposed of during the 2019-20 financial year.

## Australian Pesticides and Veterinary Medicines Authority

**FINANCIAL POSITION** - This section analyses Australian Pesticides and Veterinary Medicines Authority's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 2.2: Non-Financial Assets

#### Accounting Policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in an exchange and any 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 income at their fair value at the date of acquisition, unless acquired as a consequence of a 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's accounts immediately prior to the restructuring.

#### 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, 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 'make good' 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 'make good'.

#### Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 the APVMA has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, GGS and whole of government financial statements.

## Australian Pesticides and Veterinary Medicines Authority

**FINANCIAL POSITION** - This section analyses Australian Pesticides and Veterinary Medicines Authority's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 2.2: Non-Financial Assets

#### Non-Financial Asset Revaluations

All non-financial assets are initially recognised at cost. Property, plant and equipment are then carried at fair value once they have been revalued in accordance with policy. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values at reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. Assets are presently revalued on a three year cycle.

All assets (except for intangibles) were revalued as at 30 June 2020 by an independent valuer.

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 the operating result. Revaluation decrements for a class of assets are recognised directly through the 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:

	2020	2019
Leasehold improvements	Shorter of lease term or useful life	Shorter of lease term or useful life
Property, plant and equipment	3 to 15 years	3 to 15 years

#### Impairment

Where indications for 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.

APVMA commenced work from its new Canberra office in March 2020. Assets from the old Canberra office have been disposed of due to obsolescence or disrepair.

All assets were assessed for impairment at 30 June 2020.



## Australian Pesticides and Veterinary Medicines Authority

**FINANCIAL POSITION** - This section analyses Australian Pesticides and Veterinary Medicines Authority's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 2.2: Non-Financial Assets

#### 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.

Dependent on the outcome of management's assessment of Canberra office space, some items of property, plant and equipment may be sold or disposed of within the next 12 months, but are not material in value.

#### 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 (2019: 3 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2020.

The APVMA currently has a project underway to replace its internally developed software with a cloud-based solution. As a result the existing software has a change to accounting estimate with a shortened useful life to 30 June 2022.

## Australian Pesticides and Veterinary Medicines Authority

**FINANCIAL POSITION** - This section analyses Australian Pesticides and Veterinary Medicines Authority's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 2.2: Non-Financial Assets

	2020 \$'000	2019 \$'000
<b>2.2B: Other non-financial assets</b>		
Prepayments	419	408
<b>Total other non-financial assets</b>	<b>419</b>	<b>408</b>

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

### 2.3: Payables

	2020 \$'000	2019 \$'000
<b>2.3A: Suppliers</b>		
Trade creditors and accruals	1 653	2 633
<b>Total supplier payables</b>	<b>1 653</b>	<b>2 633</b>

Settlement is usually made within 30 days.

#### Accounting Policy

##### Suppliers

Supplier payables are measured at their nominal amounts.

### 2.3B: Other payables

Salaries and wages	518	4 775
Superannuation	9	34
Lease incentive	-	11
Lease liability	-	1 654
<b>Total other payables</b>	<b>527</b>	<b>6 474</b>

### 2.4: Interest Bearing Liabilities

	2020 \$'000	2019 \$'000
<b>2.4A: Leases</b>		
Lease liabilities		
Leasehold improvements	15 466	-
<b>Total leases</b>	<b>15 466</b>	<b>-</b>

Total cash outflow for leases for the year ended 30 June 2020 was \$0.889 million.

#### Accounting Policy

Refer Overview section for accounting policy on leases.

## Australian Pesticides and Veterinary Medicines Authority

**FINANCIAL POSITION** - This section analyses Australian Pesticides and Veterinary Medicines Authority's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 2.5: Other Provisions

	2020	2019
	\$'000	\$'000
<b>2.5A: Other provisions</b>		
Provision for restoration obligations	-	645
<b>Total other provisions</b>	<u>-</u>	<u>645</u>
<b>Carrying amount 1 July 2019</b>	645	604
Restoration obligation provision utilised	( 650)	-
Unwinding of discount or change in discount rate	5	41
<b>Closing balance 30 June 2020</b>	<u>-</u>	<u>645</u>

The APVMA had an agreement for the leasing of the Canberra office which had a provision requiring the APVMA to restore the premises to their original condition at the conclusion of the lease. The APVMA has vacated the premises and made good on termination of the lease.

The agreement for the leasing of the newly-occupied premises in Armidale and Canberra have no such provision. Therefore no provision for make-good is required.

## Australian Pesticides and Veterinary Medicines Authority

**FUNDING - This section identifies the Australian Pesticides and Veterinary Medicine's funding structure**

### 3.1: Regulatory Charging Summary

#### 3.1A: Regulatory Charging Summary

The APVMA does not generally receive material funding from the government, but is funded through fees, levies and other charges imposed under various sections of legislation.

The only change to this is when the government funds specific projects to improve and/or enhance the APVMA's ability to perform its legislated functions such as the relocation to Armidale, NSW and the information technology environment refresh.

These fees, levies and charges are credited to a special appropriation created under s 58 (6) of the *Agricultural and Veterinary Chemicals (Administration) Act 1992*, which is held and managed by the Department of Agriculture, Water and the Environment for and on behalf of the APVMA.

The purpose of this special appropriation is:

- (a) to pay or discharge the costs, expenses or other obligations incurred by the APVMA in the performance of its functions
- (b) to make payment of any remuneration and allowances payable to any person under this Act
- (c) to make 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.

The balance on this account is recorded as a receivable from the Department at Note 2.1B: Trade and other receivables - Contributions receivable.

	2020 \$'000	2019 \$'000
Balance carried from previous period	11 128	6 860
<b>External revenue:</b>		
Levies, fees and charges	34 401	32 768
<b>Available for payments:</b>	<b>45 529</b>	<b>39 628</b>
<b>Amounts applied (Drawn down)</b>	<b>(33 300)</b>	<b>(28 500)</b>
<b>Balance carried to next period and represented by:</b>	<b>12 229</b>	<b>11 128</b>

Documentation (Cost Recovery Implementation Statement) for the above activities is available at : [apvma.gov.au/node/4161](http://apvma.gov.au/node/4161)

The APVMA has implemented a new Cost Recovery Implementation Statement effective 1 July 2020.

## Australian Pesticides and Veterinary Medicines Authority

**PEOPLE AND RELATIONSHIPS - This section describes a range of employment and post employment benefits provided to our people and our relationship with key people.**

### 4.1: Employee Provisions

	2020	2019
	\$'000	\$'000
<b>4.1A: Employee provisions</b>		
Annual leave	1 690	1 365
Long service leave	<u>2 608</u>	<u>2 487</u>
<b>Total employee provisions</b>	<u><u>4 298</u></u>	<u><u>3 852</u></u>
Employee provisions are expected to be settled in:		
No more than 12 months	1 624	492
More than 12 months	<u>2 674</u>	<u>3 360</u>
<b>Total employee provisions</b>	<u><u>4 298</u></u>	<u><u>3 852</u></u>

#### Accounting Policy

Liabilities for short-term employee benefits and termination benefits expected within 12 months of the end of the reporting period are measured at their nominal amounts, and reported in Note 2.3B Other payables.

#### Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity'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 Resource Management Guide No. 125 - Commonwealth Entities Financial Statements Guide as at 30 June 2020. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation and is discounted using the 10 year bond rate at 30 June 2020.

#### Separation and Redundancy

Provision was made for separation and redundancy benefit payments at 30 June 2019. The entity recognised a provision for termination when it developed a detailed formal plan for the termination of employees during the year. A total of 35 employees accepted redundancies for payment on 1 July 2019.

#### Superannuation

The APVMA's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation funds held outside the Australian Government.

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 in the Department of Finance's administered schedules and notes.

The entity makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the government. The entity accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2020 represents outstanding contributions.

## Australian Pesticides and Veterinary Medicines Authority

**PEOPLE AND RELATIONSHIPS - This section describes a range of employment and post employment benefits provided to our people and our relationship with key people.**

### 4.2: Key Management Personnel Remuneration

Key management personnel (KMP) are those persons who comprise the Executive Leadership Team (ELT) at anytime throughout the year in either a permanent or acting capacity. The ELT has the authority and responsibility for planning, directing and controlling the activities of the APVMA, recognising that ultimate responsibility resides with the Chief Executive Officer (CEO) who is in turn responsible for the APVMA's performance to the relevant Portfolio Minister.

Key management personnel remuneration for the reporting period	2020	2019
	\$	\$
Short-term employee benefits	2 017 415	1 817 991
Post-employment benefits	285 752	285 853
Other long-term employee benefits:	44 299	40 472
Terminations	182 047	-
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>2 529 513</b>	<b>2 144 316</b>

The total number of key management personnel included in the above table is 12 (2018-19: 15 staff members).

Of these 12 staff, five individuals held positions for only part of the year (2018-19: nine individuals were in this category). One of these five staff took a voluntary redundancy on 1 July 2019.

The Chief Executive Officer's remuneration and other benefits are determined by the Remuneration Tribunal, and paid by the APVMA.

The balance of the ELT remuneration and other benefits are determined by the CEO, under s2 4 of the *Public Service Act 1999*.

#### Note

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

## Australian Pesticides and Veterinary Medicines Authority

**PEOPLE AND RELATIONSHIPS - This section describes a range of employment and post employment benefits provided to our people and our relationship with key people.**

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### 4.3: Related Party Disclosures

The APVMA is an Australian Government controlled entity, and is part of the Department of Agriculture, Water and the Environment portfolio. Related parties to this entity are relevant Federal Government Ministers including the Portfolio Minister, the Executive Leadership Team, comprising the Chief Executive Officer, the Deputy Chief Executive Officer, three Executive Directors, the Chief Regulatory Scientist, and other Commonwealth Government entities.

**Transactions with related parties:**

Given the breadth of government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

All transactions with other Commonwealth Government entities have been made under normal terms and conditions and, therefore have not been disclosed separately.

There have been no transactions with related parties this year. All APVMA staff, including the Executive Leadership Team, are required to sign an annual conflict of interest declaration.

## Australian Pesticides and Veterinary Medicines Authority

MANAGING UNCERTAINTIES - This section analyses how the Australian Pesticides and Veterinary Medicines Authority manages financial risks within its operating environment

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### 5.1: Contingent Assets and Liabilities

#### Quantifiable contingencies

The APVMA has no quantifiable contingent liabilities relating to litigation costs. (2018-19: nil)

#### Unquantifiable contingencies

The APVMA had no unquantifiable contingencies. (2018-19: nil)

#### Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the 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.



## Australian Pesticides and Veterinary Medicines Authority

MANAGING UNCERTAINTIES - This section analyses how the Australian Pesticides and Veterinary Medicines Authority manages financial risks within its operating environment

### 5.2: Financial Instruments

	2020 \$'000	2019 \$'000
<b>5.2A: Categories of financial instruments</b>		
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	1 736	8 918
Other sundry debtors	214	214
<b>Total Financial assets at amortised cost</b>	<b>1 950</b>	<b>9 132</b>
<b>Total Financial assets</b>	<b>1 950</b>	<b>9 132</b>
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Other liabilities		
Trade creditors and accruals	1 653	2 633
Other payables	527	6 463
Lease liabilities	15 466	-
<b>Total financial liabilities measured at amortised cost</b>	<b>17 646</b>	<b>9 096</b>
<b>Total financial liabilities</b>	<b>17 646</b>	<b>9 096</b>
<b>5.2B: Net gains or losses on financial assets</b>		
<b>Financial assets at amortised cost</b>		
Interest revenue	21	48
<b>Net gain/(loss) from financial assets</b>	<b>21</b>	<b>48</b>
<b>5.2C: Net gains and losses on financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Interest expense	202	-
<b>Net gain/(loss) from financial assets</b>	<b>202</b>	<b>-</b>

## Australian Pesticides and Veterinary Medicines Authority

MANAGING UNCERTAINTIES - This section analyses how the Australian Pesticides and Veterinary Medicines Authority manages financial risks within its operating environment

### 5.2: Financial Instruments

#### 5.2D: 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.

AASB 9 contains the requirement for interest revenue to be calculated using the effective interest rate method. Interest revenue recognised by the APVMA is interest received on its bank account. The change in relevant standards and definitions do not have an impact on interest revenue recognised by the APVMA.

#### Accounting Policy

##### Financial Assets

With the implementation of AASB 9 Financial Instruments for the first time in 2019, the entity classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

##### Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

##### Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

##### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write off directly reduces the gross carrying amount of the financial asset.

## Australian Pesticides and Veterinary Medicines Authority

MANAGING UNCERTAINTIES - This section analyses how the Australian Pesticides and Veterinary Medicines Authority manages financial risks within its operating environment

### 5.2: Financial Instruments

#### **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.

#### Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

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).

## Australian Pesticides and Veterinary Medicines Authority

MANAGING UNCERTAINTIES - This section analyses how the Australian Pesticides and Veterinary Medicines Authority manages financial risks within its operating environment

### 5.3: Fair Value Measurements

#### Accounting Policy

##### Non-financial assets

###### Initial recognition

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in an exchange and any 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 income at their fair value at the date of acquisition, unless acquired as a consequence of a 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's accounts immediately prior to the restructuring.

###### Revaluations

Property, plant and equipment are then carried at fair value once they have been revalued in accordance with policy. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values at reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. Assets are presently revalued on a three year cycle. If there are any major impacts on any asset group, the effect is assessed and the asset's valuation will be adjusted. As the asset groups are quite stable, any impacts are minimal.

All assets (except for intangibles) were revalued as at 30 April 2020 by an independent valuer.

		2020	2019
	Valuation method	\$'000	\$'000
<b>Non-financial assets</b>			
Leasehold improvements	Depreciated replacement cost adjusted for impairment	3 119	2 858
Property, plant and equipment	Depreciated replacement cost adjusted for impairment	1 089	1 297
		<b>4 208</b>	<b>4 155</b>

## Australian Pesticides and Veterinary Medicines Authority

### OTHER INFORMATION

#### 6.1 Aggregate Assets and Liabilities

	2020 \$'000	2019 \$'000
<b>Assets expected to be recovered in:</b>		
No more than 12 months	32 653	21 064
More than 12 months	22 599	8 941
<b>Total assets</b>	<b>55 252</b>	<b>30 005</b>
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	4 480	10 308
More than 12 months	17 464	3 296
<b>Total liabilities</b>	<b>21 944</b>	<b>13 604</b>





Acronyms and abbreviations  
Glossary  
Compliance index  
Index

# Acronyms and abbreviations

Abbreviation	Full term
Administration Act	<i>Agricultural and Veterinary Chemicals (Administration) Act 1992</i>
AERP	Adverse Experience Reporting Program
Agvet	Agricultural and veterinary
Agvet Code	<i>Agricultural and Veterinary Chemicals Code Act 1994</i> , schedule to the Agricultural and Veterinary Chemicals Code
Agvet Code Regulations	Agricultural and Veterinary Chemicals Code Regulations 1995
ANAO	Australian National Audit Office
APS	Australian Public Service
APVMA	Australian Pesticides and Veterinary Medicines Authority
ATP	Applications Transformation Project
CEO	Chief Executive Officer
CMC	Change Management Committee
CRIS	Cost Recovery Implementation Statement
DCEO	Deputy Chief Executive Officer
ED	Executive Director
EGBP	OECD Meeting of the Expert Group on BioPesticides
EGEEDD	Expert Group on the Electronic Exchange of Pesticide Data
EL	Executive Level
ELT	Executive Leadership Team
FAO	Food and Agriculture Organization of the United Nations
GRDC	Grains Research and Development Corporation
HACCUT	Harmonised Agvet Chemicals Control of Use Task Group
ICT	Information and communications technology
KMP	Key management personnel



Abbreviation	Full term
LDP	APVMA Leadership Development Program
MoU	Memorandum of Understanding
OECD	Organisation for Economic Co-operation and Development
ONIP	OECD Network on Illegal Trade of Pesticides
PBS	Portfolio Budget Statement
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
QMS	Quality Management System
VICH	International Cooperation on Harmonisation of Technical Requirements for Registration of Veterinary Medicinal Products
WGP	OECD Working Group on Pesticides
WHO	World Health Organization

# Glossary

active constituent	The component of a pesticide or veterinary medicine product that is responsible for its physiological or pharmacological action.
adverse experience	Any undesirable experience arising from the use of a chemical; adverse experiences may affect human or animal health, the environment or other factors.
applicant	A person or company who applies to the APVMA to register a pesticide or veterinary chemical for use in Australia.
approved label	The market product label that carries text approved and published by the APVMA.
compliance	Compliance with any applicable agvet law. <i>See also</i> non-compliance.
cost recovery	Fees and charges relating to the provision of government goods and services (including regulation) to the private and other nongovernment sectors of the economy.
good manufacturing practice	Standards that ensure products are consistently manufactured to the quality standards appropriate for their intended use and in accord with their registration specifications.
licence	Authority to manufacture pesticides or veterinary medicines according to s 123 of the Agvet Code.
minor use	A use that would not produce sufficient economic return to an applicant to meet the cost of registering the product for that use.
non-compliance	Non-compliance with any applicable agvet law. Non-compliance may include the sale and use of unregistered products, supply of restricted products to unauthorised users, unapproved labels, unfounded claims in advertising or other media, or active constituents that do not conform to APVMA standards.
pesticides	Substances or mixtures of substances intended for preventing, destroying, repelling or mitigating any pest; also known as agricultural chemical products.
registrant	A person or company who registers a pesticide or veterinary medicine product for use in Australia.

registration	Official recognition that a pesticide or veterinary medicine is safe and will work when used according to the label. Before an agricultural or veterinary chemical product can be legally supplied, sold or used in Australia, it must be registered by the APVMA.
statutory time	The legislatively prescribed timeframe in which the APVMA must process applications for registration.
this year; 2019–20	1 July 2019 to 30 June 2020.
veterinary medicines	Substances or mixtures of substances intended for treating diseases or conditions in animals.

# Compliance index

PGPA Rule Reference	Description	Page
17BE(a)	Details of the legislation establishing the body	6
17BE(b)(i)	A summary of the objects and functions of the entity as set out in legislation	6, 7
17BE(b)(ii)	The purposes of the entity as included in the entity's corporate plan for the reporting period	vii, 6
17BE(c)	The names of the persons holding the position of responsible minister or responsible ministers during the reporting period, and the titles of those responsible ministers	6
17BE(d)	Directions given to the entity by the minister under an Act or instrument during the reporting period	18
17BE(e)	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	18
17BE(f)	Particulars of non-compliance with: (a) a direction given to the entity by the minister under an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	Not applicable
17BE(g)	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule	22–34
17BE(h), 17BE(i)	A statement of significant issues reported to the minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance	12
17BE(j)	Information on the Accountable Authority, or each member of the Accountable Authority, of the entity during the reporting period	9, 23, 39
17BE(k)	Outline of the organisational structure of the entity (including any subsidiaries of the entity)	8
17BE(ka)	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender; (d) statistics on staff location	12–14
17BE(l)	Outline of the location (whether or not in Australia) of major activities or facilities of the entity	3, 13, 14
17BE(m)	Information relating to the main corporate governance practices used by the entity during the reporting period	38–51

PGPA Rule Reference	Description	Page
17BE(n), 17BE(o)	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): (a) the decision-making process undertaken by the Accountable Authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions	42–43
17BE(p)	Any significant activities and changes that affected the operation or structure of the entity during the reporting period	18
17BE(q)	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity	51
17BE(r)	Particulars of any reports on the entity given by: (a) the Auditor-General (other than a report under section 43 of the Act); or (b) a Parliamentary Committee; or (c) the Commonwealth Ombudsman; or (d) the Office of the Australian Information Commissioner	51
17BE(s)	An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report	Not applicable
17BE(t)	Details of any indemnity that applied during the reporting period to the accountable authority, any member of the Accountable Authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs)	50
17BE(taa)	The following information about the audit committee for the entity: (a) a direct electronic address of the charter determining the functions of the audit committee; (b) the name of each member of the audit committee; (c) the qualifications, knowledge, skills or experience of each member of the audit committee; (d) information about each member's attendance at meetings of the audit committee; (e) the remuneration of each member of the audit committee	41–42
17BE(ta)	Information about executive remuneration	14–18

# Index

## A

---

- abbreviations and acronyms, 96
- accountability, 47–50
- accountable authority, 9, 23, 38, 39, 58, 59, 60
- address and contact details for APVMA, ii
- Administrative Appeals Tribunal, 30, 51
- Advanced Diploma in Leadership and Management, 31
- Adverse Experience Reporting Program (AERP), 8, 10, 49
- advertising and market research, 46
- agency resourcing statement, 55
- Agricultural and Veterinary Chemical Products (Collection of Levy) Act 1994*, 11
- Agricultural and Veterinary Chemical Products Levy Imposition (Customs) Act 1994*, 11
- Agricultural and Veterinary Chemical Products Levy Imposition (Excise) Act 1994*, 11
- Agricultural and Veterinary Chemical Products Levy Imposition (General) Act 1994*, 11
- agricultural and veterinary chemicals see chemicals (agvet)
- Agricultural and Veterinary Chemicals (Administration) Act 1992*, iii, 6, 38, 40
- Agricultural and Veterinary Chemicals Code, 6
- Agricultural and Veterinary Chemicals Code Act 1994*, 6, 48, 49
- Agricultural and Veterinary Chemicals Code Regulations 1995, 6
- agricultural pest (fall armyworm), 29
- agvet chemicals see chemicals (agvet)
- Agvet Code see Agricultural and Veterinary Chemicals Code
- annual performance statement see performance report
- ants, flies, cockroaches and termites, control of, 2
- applications
  - AERP data used in informing, 49
  - fees, 2, 11, 33, 54
  - reporting obligations, 47–48
  - timeliness of processing, 2, 23, 29, 30, 48
- Applications Transformation Project, 3, 27, 30, 32, 33, 34
- Appropriation Act (No. 5) 2019–2020*, 11, 54
- approvals of chemicals, 2, 7, 43, 47, 48, 49
- APS Code of Conduct, 41
- APS Values, 41
- APVMA see Australian Pesticides and Veterinary Medicines Authority
- APVMA Gazette*, 43, 47
- Audit Committee, 40, 41–42
- Audit Committee Charter, 41
- Auditor-General’s reports, 51
- audits of APVMA
  - auditor’s report, 58–59
  - financial statements, 51, 58–59
- AusTender, 57
- Australian National Audit Office, 41, 51, 58–59
- Australian Pesticides and Veterinary Medicines Authority (APVMA)
  - Corporate Commonwealth Entity, 6, 38
  - corporate plan, 22, 23, 38
  - enabling legislation, 6
  - executive management, 9–11
  - functions and powers, 6, 7
  - organisation structure, 8
  - purpose, vii, 6
  - significant activities and changes, 18

## B

---

business systems, 3, 40  
Business Systems and  
Technology Committee, 40

## C

---

carbofuran (pesticide), 2, 48  
Change Management Committee, 40  
charter, Audit Committee, 41  
chemical regulator *see* regulatory  
role; regulatory service  
chemicals (agvet), vii  
    adverse experiences  
    associated with use of, 49  
    Agricultural and Veterinary  
    Chemicals Code, 6  
    approvals of, 2, 43  
    APVMA regulatory performance,  
    2, 3, 22, 23, 24–34  
    APVMA regulatory role, 6, 47  
    ‘control of use’, 7  
    National Registration  
    Scheme for, 6, 26, 43  
    review of, 2, 48–49  
    *see also* applications;  
    permits; products  
Chief Executive Officer, 8,  
9, 15, 16, 17, 23, 39  
    accountable authority,  
    9, 23, 38, 39, 60  
    remuneration, 16, 17  
    summary and outlook, 2–3  
Chief Finance Officer, 60  
Chief Regulatory Scientist,  
8, 10, 15, 17, 44  
chlorpyrifos (insecticide), 2, 49  
client management approach, vii, 32  
Cloud-Based Infrastructure project, 32, 34  
Code of Conduct, 41  
collaboration *see* consultative processes  
Comcover, 42, 50  
committees, 40, 41–42, 51

Commonwealth Risk  
Management Policy, 27, 47  
community and industry awareness  
of regulatory requirements, 32  
Competency Framework, 31  
compliance index, 100  
consultancies, 57  
consultative processes, 43–46  
    *see also* international engagement;  
    stakeholder engagement  
contact details for APVMA, ii  
contracts, 11, 57  
‘control of use’, 7  
Core Training Policy, 31  
Corporate Commonwealth Entity  
status of APVMA, 6, 38  
corporate governance, 38–51  
corporate plan, 38  
    performance against, 22, 23,  
    24–28, 29–31, 32–34  
corporate risk management  
*see* risk management  
corporate strategies *see* strategies  
cost recovery arrangements, 2, 3, 32, 33  
Cost Recovery Implementation  
Statement (CRIS), 2, 32, 33  
court decisions, 51  
Croft, Lisa, iii, 3, 9, 15, 17, 23, 42, 60  
    *see also* Deputy Chief Executive Officer

## D

---

data guidelines, 27–28  
data management program, 33  
decision making, 10, 22,  
24, 29–31, 40, 43  
Department of Agriculture, Water  
and the Environment, 11, 26  
Deputy Chief Executive  
Officer, 8, 9, 15, 17, 42  
Digital Strategy, 10, 32  
directions from minister, 18  
domestic regulatory partners, 24, 25–26

## E

---

e-newsletter for the Veterinary Medicines industry, 43  
ecologically sustainable development, 50  
ECONet group, 50  
EL2 (Executive Level 2) staff, 12, 31, 44–46  
email notifications for stakeholders, 43  
emergency permits, 29  
employees *see* staff  
enabling legislation, 6  
Enabling Technologies Program, 3, 10, 11, 32, 34, 57  
Enforcement Advisory Group, 40  
enterprise agreement, 16  
Enterprise Risk Management Policy and Framework, 27  
environmental performance, 50  
equity balance, 12, 56  
ethical standards, 41  
Executive Directors, 8, 9, 10, 15, 17–18, 46  
Executive Leadership Team, 27, 40  
executive management and structure, 9–11  
expenditure, 55–56

## F

---

fall armyworm (agricultural pest), 29  
Federal Court, 51  
feedback, 22, 32, 43, 48  
fees and levies  
    cost recovery, 2, 3, 33  
    income from, 11, 54  
finance law compliance, 12  
Finance Minister, 12  
financial performance, 11–12, 54–57  
financial reserve, 56  
financial statements, 61–93  
Food and Agriculture Organization of the United Nations (FAO), 25, 46  
forums

    international, 44–46  
    stakeholder engagement, 9, 43  
fraud control, 47  
functions and powers of APVMA, 6, 7  
funding, 11–12  
    *see also* income

## G

---

*Gazette (APVMA)*, 43, 47  
General Counsel, 8, 11  
glossary, 98–99  
governance, 38–51  
government policy orders, 18  
grass weeds burndown, 2  
guidance material for staff, 27, 41  
    *see also* training and development for staff

## H

---

Hardy, Maggie, 10, 15, 17  
    *see also* Chief Regulatory Scientist  
herbicides *see* chemicals, review of  
Hoefer, Peter, 42  
human resources *see* staff  
Hynes, Susan, 11  
    *see also* General Counsel

## I

---

ICT (information and communications technology), 2, 3, 10, 32, 34  
income, 11–12, 54–55  
indemnities, 50  
Independent Review of Assessment Performance (2018), 30  
industry  
    collaboration with stakeholders from, 43  
    expectations of, 3  
    income from, 11, 32, 54  
    regulatory requirements, 32



information and communications technology (ICT), 2, 3, 10, 32, 34  
insecticides *see* chemicals, review of  
insurance premiums, 50  
intergovernmental agreement, 7  
International Cooperation on Harmonisation of Technical Requirements for Registration of Veterinary Medicinal Products (VICH), 25, 44–46  
international engagement, 10, 24, 25–26, 43–46  
international standard on Risk Management, 27, 47

## J

---

judicial decisions, 51

## K

---

key management personnel, 14–18

## L

---

Leadership Development Program, 31  
Learning and Development Framework, 10, 31  
legislative framework, 6  
letter of transmittal, iii  
levies *see* fees and levies  
Littleproud, Hon. David, iii, 6  
location of staff, 3, 13, 14  
Lockyer, Keith, 15, 17, 60  
looking forward, 3  
Lutze, Jason, 9, 15, 17  
*see also* Executive Directors

## M

---

Managed Services project, 32, 34  
management and accountability  
*see* accountability  
market research, 46  
McKenzie, Hon. Bridget, 6

Memoranda of Understanding (MoUs), 24, 26  
methidathion (insecticide), 2, 48  
methiocarb (pesticide), 2, 48  
minister, iii, 6, 7, 12, 38, 58  
Minister for Agriculture, Drought and Emergency Management, iii, 6, 58  
ministerial directions, 18  
mission statement, vii

## N

---

National Registration Scheme for Agricultural and Veterinary Chemicals, 6, 26, 43  
neonicotinoids (insecticides), 2, 48  
Norden, Alan, 10, 15, 17  
*see also* Executive Directors

## O

---

operating model, 9, 32  
operational plan, 38  
    performance against, 22, 23, 25–28, 29–31, 32–34  
Organisation for Economic Co-operation and Development (OECD), 25  
organisation structure, 8  
outlook, 3  
Overwatch Herbicide, 2

## P

---

Parker, Chris, 9, 15, 17, 39  
*see also* Chief Executive Officer  
parliamentary committees, 51  
performance report, 2  
    accountable authority statement, 23  
    performance criterion, 23  
    Strategy 1: Continue to be a world-class agvet chemical regulator, 22, 24–28  
    Strategy 2: Deliver high-quality decision making that is timely, science-based and proportionate, 22, 29–31

Strategy 3: Improve regulatory delivery and feedback systems, 22, 32–34  
 see *also* financial performance

permits  
 assessment of, 2  
 emergency permits, 29  
 reporting obligations, 47  
 use of AERP data, 49

personnel see staff

pesticides see chemicals, review of

pests, agricultural, 29

plans and planning, 22, 23, 38

policy orders, government, 18

Portfolio Budget Statement, 38  
 performance against, 23

powers of APVMA, 6, 7

*Privacy Act 1988*, 50

Privacy Policy, 50

products  
 applications for, 29  
 approvals for, 2  
 evaluation of, 6, 23  
 reconsideration of, 48–49  
 registration of, 11, 23, 47  
 safe products, vii  
 suitability for sale, 7

public consultation see consultative processes; stakeholder engagement

*Public Governance, Performance and Accountability Act 2013*, iii, 6, 23, 38, 40, 47, 58, 60

Public Governance, Performance and Accountability Rule 2014, iii

*Public Service Act 1999*, 12, 16  
 subsection 24(1) determinations, 16

publications, 43, 47–48

purchasing, 57

purpose statement, vii

## Q

---

Quality Management System, 27, 28, 29, 30

## R

---

reconsideration of chemicals, 2, 48–49

recycling, 50

registration  
 of agvet chemicals, 6, 7, 10, 11, 23, 43, 47, 48, 49  
 national scheme, 6, 43  
 payments, 11, 56  
 post-registration program, 49  
 of products, 7, 10, 11, 23, 43, 47, 48, 49  
 reporting obligations, 47  
 see *also* applications; permits

Regulator Performance Framework, 38, 40

regulatory role of APVMA, 6, 47

regulatory service, vii  
 chemical regulator, 22, 24–28  
 decision making, 10, 22, 24, 29–31, 40, 43  
 delivery and feedback, 22, 32–34

Regulatory Update, 43

related entity transactions, 42–43

relocation of agency, 11, 13, 54, 57

remuneration  
 key management personnel, 14–18  
 senior executives, 16

Remuneration Tribunal, 16

*Remuneration Tribunal Act 1973*, 16

reporting obligations, 47–48

resourcing statement, 55

retention of staff see staff

revenue, 54, 55, 56

Risk Appetite and Tolerance Statement, 27, 47

risk management, corporate, 9, 27, 41, 47

Risk Management Framework and Policy, 47

road map (ICT), 34

roles and functions  
 APVMA, 6–7  
 CEO, 9  
 Executive management, 9–11

ryegrass control in wheat, barley and canola, 2

## S

---

Science Quality Committee, 40  
scientific evidence, 24  
search warrant, 51  
senior executive officers, 12, 16  
Senior Leadership Team, 40  
senior management committees, 40  
Sheppard, Narelle, 42  
significant activities and changes, 18  
Smith, Bob, 10, 15, 17  
    *see also* Executive Directors  
Spiropidion, 2  
staff  
    ethical standards, 41  
    executive level, 12, 31, 46  
    key management personnel, 14–18  
    location of, 3, 13, 14  
    profile, 12–18  
    remuneration, 14–18  
    senior executive officers, 12, 16  
    training and development, 27, 29, 30, 31, 41  
    workforce management, 31  
Staff Consultative Committee, 40  
stakeholder engagement  
    on cost recovery arrangements, 2, 33  
    doing business with APVMA, 3, 9, 32, 43  
    forums, 24, 26  
    on guidelines, 28  
    ICT platform for, 34  
    on reviews of registered chemicals, 48  
Stakeholder Engagement Framework, 43  
standards, 49  
states and territories  
    intergovernmental agreement with Australian Government, 7  
    and national registration scheme for agvet chemicals, 6  
statistics  
    reports, 47  
    staff, 12–18

strategies, 22

Strategy 1: Continue to be a world-class agvet chemical regulator, 22, 24–28

Strategy 2: Deliver high-quality decision making that is timely, science-based and proportionate, 22, 29–31

Strategy 3: Improve regulatory delivery and feedback systems, 22, 32–34

*see also* plans and planning

subsidiaries, 47

suitability for sale, products, 7

## T

---

technology capability *see* information and communications technology

timeframes and timeliness, 2, 3, 23, 29, 30, 47, 48

training and development for staff, 27, 29, 30, 31, 41

2,4-D (herbicide), 2, 49

## V

---

values, 41

Vedira Granular Ant Bait, 2

veterinary chemicals *see* chemicals (agvet)

veterinary medicines *see* chemicals (agvet)

veterinary medicines industry, 43

vision statement, vii

Voraxor Herbicide, 2

## W

---

water management in offices, 50

website, ii, 28, 41, 43, 47, 48, 50

Work Health and Safety Committee, 40

work instructions *see* guidance material for staff

workforce *see* staff

World Health Organization (WHO), 25, 46



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