

AUSTRALIAN PESTICIDES AND VETERINARY MEDICINES AUTHORITY

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AUSTRALIAN PESTICIDES AND VETERINARY MEDICINES AUTHORITY

Section 1: Overview

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

In addition to establishing the APVMA, the Administration Act confers powers to administer the National Registration Scheme.

The Code Act makes provision for the APVMA to:

- evaluate, approve and control the supply of active constituents for proposed or existing agricultural or veterinary chemical products
- evaluate, register and control the manufacture and supply of agricultural and veterinary chemical products.

The legislation also presents criteria that are at the core of decision making whenever the Authority approves active constituents, registers products or reviews existing chemicals.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the APVMA (outputs, products and services) that contribute to achievement of its outcome are summarised in Table 1.1.

Table 1.1: Contribution to outcomes

Outcome	Output group
Outcome	
Given the need to use pesticides and veterinary medicines for pest and disease control, the work of the APVMA protects the health and safety of people, animals and the environment. In respect of food and fibre production, APVMA activities support Australian agricultural and livestock industries.	Efficient and effective systems of regulation of pesticides and veterinary medicines up to, and including, the point of retail sale.

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the APVMA's total resources from all origins for 2007–08, including appropriations.

The total appropriation for the APVMA in the 2007–08 Budget is \$0.227 million.

Table 2.1: Total resources, 2007–08

Source	Total resources \$'000
Funds from industry sources	
– Levies; renewal fees; application, permit and licence fees; certificates of export	22,793
Funds from Australian Government	
– Minor Use Appropriation	133
– Fedlink Supplement	94
Funds from other sources	
– Interest	630
– Other	32
Total resources	23,682

Table 2.2 provides details of other resources available to be used by the Authority. These resources are approved for use and are included in Table 2.1.

Table 2.2: Other resources available to be used

Source	Estimated resources 2006–07 \$'000	Budget estimate 2007–08 \$'000
Interest	600	630
Other	115	32
Total resources	715	662
	2006–07	2007–08
Average staffing level (number)	134	136

2.2 BUDGET MEASURES, 2007–08

The APVMA is not affected by any 2007–08 Budget measure.

2.3 OTHER RESOURCE INFORMATION

At the time of writing the APVMA has no administered funds, special appropriations or special accounts. However, the corporate governance arrangements are likely to change as a result of the Review of Corporate Governance of Statutory Agencies and Office Holders (the Uhrig review) in 2007–08.

Section 3: Outcomes

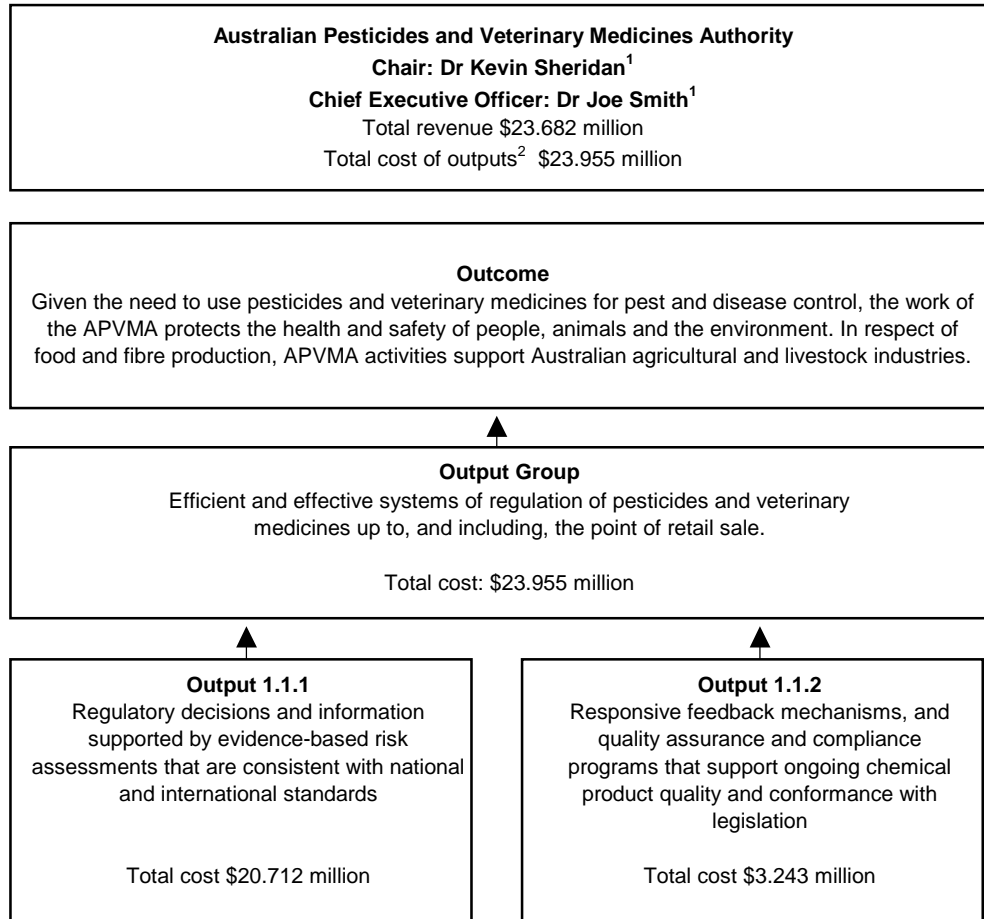
This section summarises how the resources identified in Section 2 will be used to contribute to the outcome of the APVMA. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

There has been no change to the APVMA's outcome since the Authority's last Portfolio Budget Statement. However, the output has been revised to better reflect the Authority's key outputs as outlined in detail in the Authority's Operational Plan.

The relationship between activities of the APVMA and the single outcome is summarised in Figure 1.

Figure 1: Contributions to outcomes



- 1 This represents the APVMA's current structure. Changes to governance are currently being pursued, with adoption intended from 1 July 2007 to implement the new governance framework.
- 2 Total cost is shown rather than total price because the agency is primarily funded through industry fees and levies rather than funded on the basis of the price of their outputs.

3.2 OUTCOME PERFORMANCE INFORMATION

3.2.1 Contributions to achievement of Outcome

Through the development of a world-class registration scheme for pesticides and veterinary medicines, the APVMA protects the health and safety of people, animals and the environment and supports Australian primary industry.

The APVMA has developed a performance framework that links its legislative objectives to an outcome–outputs model. This framework involves a detailed planning and reporting process incorporating the Portfolio Budget Statement, Corporate Plan, Annual Operational Plan and Annual Report.

3.2.2 Performance information for the Outcome

Performance information for individual outputs and output groups relating to the APVMA are summarised in Table 3.1.

Table 3.1: Performance information for Outcome

Effectiveness—overall achievement of Outcome	
Outcome	Performance indicators
Protection of the health and safety of people, animals and the environment and support of Australia's primary industries.	<p>A range of surveys and monitoring for chemical residues, air and water quality, worker safety and public health, undertaken by other Commonwealth and state agencies, gives confidence that the National Registration Scheme is effective and contributes to the productivity of Australia's primary industries.</p> <p>Through its state/territory partners in the National Registration Scheme and its own activities, the APVMA receives feedback on surveys and monitoring activities and this helps assess the overall effectiveness of regulatory activities.</p>
Performance information by output	
Output	Performance indicators
Output 1.1.1: Regulatory decisions and information	
<p>Timeframe performance and evaluation standards maintained</p> <p>Appropriate regulation provided to meet minor and emergency use needs and to encourage reduced-risk chemicals</p> <p>Increased use of contemporary science and international collaboration in risk assessments</p> <p>A more harmonised and integrated approach to agvet chemical regulation and risk management throughout Australia through policies that have APVMA input</p>	<p>Regulatory decisions made within statutory timeframes. Appropriate standards of scientific evaluation maintained.</p> <p>Reduction in the regulatory process burden consistent with the risk posed by introducing reforms to decrease process. Existing chemicals reviewed in a timely manner on the basis of risk.</p> <p>Efficiencies gained and international consistency strengthened through increased international collaboration.</p> <p>National regulatory policy framework informed by relevant APVMA input.</p> <p>Price: \$20.712 million</p>
Output 1.1.2: Responsive feedback mechanisms	
<p>Effective management of emerging regulatory issues</p> <p>Effective industry compliance with legislation</p>	<p>Regulation of new technologies developed and adopted as needed. Improved adverse experience feedback received. Enhanced stakeholder consultation and feedback mechanics.</p> <p>Industry compliance with legislation strengthened. Improved stakeholder awareness of, and confidence in, APVMA regulatory actions.</p> <p>Price: \$3.243 million</p>

3.2.3 Evaluations for Outcome

The Authority uses a balanced scorecard methodology in its strategic planning and performance monitoring processes to facilitate ongoing evaluation of programme delivery.

The adverse experience reporting programmes for pesticide and veterinary medicine products also provide ongoing feedback on the effectiveness of the registration processes.

APVMA Budget Statement: Outcomes

An Australian National Audit Office (ANAO) Performance Audit of the APVMA was completed during 2006-07. The Authority is working to implement all six recommendations of the ANAO to further improve the effectiveness of delivery of its regulatory functions.

The report acknowledges various initiatives that the APVMA has introduced in recent years to improve the effectiveness of its operations. However the report provides valuable recommendations for further improvements.

Agreeing to all of the recommendations, the APVMA will:

- strengthen existing conflict of interest provisions for external service providers and consultative committees
- improve recording, monitoring and reporting of registration timeframes
- periodically identify, and inform industry, of types of defects in registration applications
- review arrangements for seeking scientific advice from other Australian government agencies
- further improve auditing processes for the Manufacturing Licensing Scheme
- review the Chemical Review Programme to assess the adequacy of the current approach and increase communications of progress of reviews.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

Agencies may need to provide resources to other general government sector bodies, for example in payment for services rendered or as part of cross-agency initiatives. Consequently, the sum of amounts in agency resourcing tables in Budget Paper No. 4, and in the resourcing tables in this document, will not equal total resourcing at the whole-of-government level (as reproduced in Budget Paper No. 1).

This section summarises significant transactions between government sector agencies that are not consolidated or reported at the whole-of-government level.

Cross-agency overview

The Authority has purchaser–provider relationships with the Department of the Environment and Water Resources and the Office of Chemical Safety, Department of Health and Ageing, for the provision of scientific assessment services.

The services are provided in accordance with service level agreements (SLAs) between each agency and the APVMA.

The Department of the Environment and Water Resources provides recommendations on the environmental impacts of new and existing agvet chemical products and/or active constituents, and provides advice and participates in meetings relating to environmental matters.

The Office of Chemical Safety is part of the Health and Ageing portfolio. The office makes recommendations on toxicological and occupational health and safety impacts of new and existing agvet chemical products and/or active constituents. It also advises on and participates in meetings relating to toxicology and occupational health and safety.

Responsibility

The responsibilities of all parties are detailed in each SLA.

Control arrangements

The SLAs outline the costs and define the services the Authority can expect from the agencies. A quarterly meeting is held with each agency to monitor the progress of the SLA.

Resourcing

The Authority makes payments to the agencies based on a fee-for-service arrangement, which is outlined in the SLA schedules.

Performance against outcomes of purchased outputs

The SLA performance outcomes and outputs for the services provided to the Authority are outlined in the schedules that form part of the SLA.

4.2 COST RECOVERY ARRANGEMENTS

During 2007–08, a review of the Authority’s cost recovery framework will be conducted as part of the scheduled review of the Agriculture, Fisheries and Forestry portfolio as outlined in the government’s cost recovery policy.

Costs are recovered via a range of fees and charges, including levies on agvet chemical sales, annual fees and application fees.

All fees and charges collected by the Authority will be reviewed.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

The APVMA has no indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Income statement

In 2007–08, the total revenue for the APVMA is budgeted to be \$23.7 million, a decrease of \$1.8 million compared to the estimated actual for 2006–07. This decrease is predominantly due to the levy rate reduction outlined in the previous year's Portfolio Budget Statement, which will affect the Authority's levy income from 1 July 2007, as well as reduced agvet chemical sales as a result of the continuing drought.

Total expenditure in 2007–08 is budgeted to increase by \$1.1 million to \$24.0 million. This increase compared to estimated actual 2006–07 is mainly due to:

- estimated salary increases in accordance with the Authority's new collective agreement due to be renegotiated during the period
- a number of new initiatives.

As the Authority's income is not fixed, but varies from year to year according to agvet chemical sales and application rates, periodic adjustments to the levy rates are required.

The Board of the Authority monitors both income and equity and recommends adjustments to the levy rate as appropriate.

The budgeted decrease in revenue and increase in expenses will result in a loss for the 2007–08 financial year. Similarly, losses are budgeted for each of the three out-years. These losses will be funded from equity and will result in lowering the Authority's equity level closer to its targeted reserve level.

Balance sheet

The APVMA's budgeted total asset position of \$18.7 million at 30 June 2008 is steady compared to the estimated actual balance at 30 June 2007. The most significant variation between these years is the decrease in cash balance and increase in receivables. These movements are due to the expected establishment of a special account and subsequent cash movements following the Authority's anticipated transition to an FMA Act agency.

Total liabilities at 30 June 2008 are budgeted to increase slightly from the 2006–07 estimated balance of \$9.9 million. This increase is primarily due to higher employee provisions.

APVMA Budget Statement: Budgeted financial statements

As indicated above, the APVMA's revenue can vary significantly from year to year according to fluctuations in agvet chemical sales. For this reason, the Authority maintains a financial reserve (which forms part of its equity) that allows revenue fluctuations to be managed. Without the financial reserve, the Authority would risk periods in which its liabilities would exceed its assets (negative equity).

The financial reserve provides a responsible and prudent form of protection against fluctuations in sales and variations in revenue.

The financial reserve is currently set at \$4.5 million, which represents approximately three months operating expenses. The levy rate is adjusted periodically to ensure that the Authority's equity remains at appropriate levels.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	24,777	23,020	23,378	23,817	24,623
Interest	600	630	640	650	650
Other	115	32	24	25	25
Total income	25,492	23,682	24,042	24,492	25,298
EXPENSE					
Employees	12,975	14,424	14,856	15,321	15,886
Suppliers	9,315	8,885	9,220	9,617	9,801
Depreciation and amortisation	546	646	544	551	511
Total expenses	22,836	23,955	24,620	25,489	26,198
Surplus (deficit) attributable to the Australian Government	2,656	(273)	(578)	(997)	(900)

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	14,835	500	500	500	500
Trade and other receivables	494	15,028	15,032	14,593	14,457
Other	64	-	-	-	-
Total financial assets	15,393	15,528	15,532	15,093	14,957
Non-financial assets					
Infrastructure, plant and equipment	2,609	2,488	2,368	2,250	2,008
Intangibles	557	563	559	546	573
Other	200	200	200	200	200
Total non-financial assets	3,366	3,251	3,127	2,996	2,781
Total assets	18,759	18,779	18,659	18,089	17,738
LIABILITIES					
Provisions					
Employees	3,966	4,278	4,603	4,943	5,283
Other	400	400	400	400	400
Total provisions	4,366	4,678	5,003	5,343	5,683
Payables					
Suppliers	2,284	2,367	2,462	2,549	2,620
Other	3,241	3,139	3,177	3,177	3,315
Total payables	5,525	5,506	5,639	5,726	5,935
Total liabilities	9,891	10,184	10,642	11,069	11,618
Net assets	8,868	8,595	8,017	7,020	6,120
EQUITY^a					
Parent entity interest					
Contributed equity	-	-	-	-	-
Reserves	30	30	30	30	30
Retained surpluses or accumulated deficits	8,838	8,565	7,987	6,990	6,090
Total equity	8,868	8,595	8,017	7,020	6,120
Current assets	15,273	15,437	15,469	15,057	14,949
Non-current assets	3,486	3,342	3,190	3,032	2,789
Current liabilities	7,014	7,241	7,591	7,901	8,333
Non-current liabilities	2,877	2,943	3,051	3,168	3,285

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

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	25,512	22,676	23,480	24,324	25,089
Interest	590	704	640	650	650
Other	115	80	24	25	25
Total cash received	26,217	23,460	24,144	24,999	25,764
Cash used					
Employees	12,337	13,452	13,985	14,535	15,084
Suppliers	11,376	9,355	9,739	10,044	10,260
Total cash used	23,713	22,807	23,724	24,579	25,344
Net cash from or (used by) operating activities	2,504	653	420	420	420
INVESTING ACTIVITIES					
Cash received					
Investments	6,028	-	-	-	-
Total cash received	6,028	-	-	-	-
Cash used					
Purchase of financial instruments	2,100	420	420	420	420
Other	-	14,568	-	-	-
Total cash used	2,100	14,988	420	420	420
Net cash from or (used by) investing activities	3,928	(14,988)	(420)	(420)	(420)
Net increase or (decrease) in cash held	6,432	(14,335)	-	-	-
Cash at the beginning of the reporting period	8,403	14,835	500	500	500
Cash at the end of the reporting period	14,835	500	500	500	500

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	8,838	30	-	-	8,868
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	8,838	30	-	-	8,868
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	(273)	-	-	-	(273)
Total income and expenses recognised directly in equity	(273)	-	-	-	(273)
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	8,565	30	-	-	8,595

Table 5.5: Departmental capital budget statement

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	2,100	420	420	420	420
Total	2,100	420	420	420	420

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	Other infrastructure plant and equipment \$'000	Purchased computer software \$'000	Internally developed computer software \$'000	Total \$'000
As at 1 July 2007				
Gross book value	3,763	1,248	871	5,882
Accumulated depreciation	(1,154)	(1,053)	(509)	(2,716)
Opening net book value	2,609	195	362	3,166
Additions:				
by purchase	250	-	70	320
internally developed	-	100	-	100
Depreciation/amortisation expense	(371)	(54)	(110)	(535)
Other movements	-	-	-	-
Disposals:				
from disposal of entities or operations (including restructuring)	-	-	-	-
other disposals	-	-	-	-
As at 30 June 2008				
Gross book value	4,013	1,348	941	6,302
Accumulated depreciation	(1,525)	(1,107)	(619)	(3,251)
Estimated closing net book value	2,488	241	322	3,051