CHAPTER 1
REPORT OF OPERATIONS

CORPORATE PROFILE

Purpose

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

The APVMA is responsible for administering and managing the National Registration Scheme for Agricultural and Veterinary Chemicals, which sets out the regulatory framework for the management of pesticides and veterinary medicines in Australia. The APVMA administers the scheme's legislation in partnership with state and territory governments and with the active involvement of other Australian government agencies.

The role of the APVMA is to independently evaluate the safety and performance of pesticides and veterinary medicines intended for sale, ensuring that the health and safety of people, animals and crops, the environment and trade are protected. All registered products must be shown to work and be safe for people and the environment. Registered products must also not unduly jeopardise Australia's trade with other nations.

To ensure that only those products that meet the APVMA's requirements are actually supplied, the authority constantly monitors the market for compliance. The APVMA also reviews registered chemical products to ensure that they continue to meet contemporary high standards.

The states and territories are responsible for regulating and managing the use of pesticides and veterinary medicines once they are sold.

Responsible Minister

The Australian Pesticides and Veterinary Medicines Authority is in the portfolio of the Minister for Agriculture, Fisheries and Forestry, the Hon. Tony Burke MP, who has had direct responsibility for the authority since the change of government in November 2007. During 2007–08 the APVMA was also in the portfolio of the previous Minister with responsibility for Agriculture, Fisheries and Forestry, the Hon. Peter McGauran MP. Under the previous government, the Hon. Sussan Ley MP, the Parliamentary Secretary to the then Minister for Agriculture, Fisheries and Forestry, had direct responsibility for the APVMA.

Vision

To be recognised nationally and internationally as a best-practice regulator of pesticides and veterinary medicines that has the respect and confidence of governments, the community, the rural sector, chemical users and the chemicals industry.

Mission

To protect the health and safety of people, animals and crops, the environment and trade, and support Australian primary industries, through evidence-based, effective and efficient regulation of pesticides and veterinary medicines.

Governing legislation

The APVMA operates according to its governing legislation, the *Agricultural and Veterinary Chemicals (Administration) Act 1992* (the Administration Act) and the Agricultural and Veterinary Chemicals Code (the Agvet Code) scheduled to the *Agricultural and Veterinary Chemicals Code Act 1994*.

The Administration Act sets out the APVMA's role as an independent statutory authority to undertake the responsibilities conferred on it by the states and territories under the National Registration Scheme. The Agvet Code lists operational provisions for approving active constituents, registering chemical products and approving labels.

Stakeholders

In undertaking its role, the APVMA consults with a range of stakeholders including:

- APVMA staff
- the community
- the chemicals industry
- Australian, state and territory governments
- farmers and farm workers
- other users of agricultural and veterinary medicines
- other national and international regulators.

Funding arrangements

The APVMA's operations are funded through cost recovery, in line with the Australian Government's cost recovery policy adopted in 2005. This policy was put in place to improve consistency, transparency and accountability of cost recovery arrangements and to promote the efficient allocation of resources.

The majority of the APVMA's operational income is collected from registrants of pesticides and veterinary medicines. Registrants pay application fees to register and renew the registration of products.

Levies are also paid annually according to the level of sales and other disposals of registered products. In 2007–08, industry contributions were 94 per cent of total revenue, compared with 96 per cent in 2006–07.

The APVMA's income for 2007–08 was $22.46 million, a decrease of $2.87 million (11.31 per cent) from 2006–07. The decrease in revenue is primarily due to lower levy revenue.

CHIEF EXECUTIVE OFFICER'S REPORT

The past year has been an extraordinary year for the APVMA as the organisation responded to a series of major external and internal events.

Principal among these was the change to governance arrangements prompted by the government decision that the APVMA would become an authority administered under the *Financial Management and Accountability Act 1997* (FMA Act) from 1 July 2007. This decision led to many changes as it required the APVMA to adopt an executive model of governance. The governing Board, for example, was dissolved and its powers were transferred to the Chief Executive Officer (CEO). A new Advisory Board was created to provide advice and Employment of staff was transferred to the *Australian Public Service Act 1999*.

This realignment of governance arrangements was implemented during a period of significant internal change. Following the transfer of CEO, Dr Joe Smith, to the Department of Human Services prior to June 2007, Dr Eva Bennet-Jenkins (previously Program Manager, Pesticides) was appointed acting CEO before being formally appointed to the position in January 2008. In August 2007 the APVMA was restructured to ensure alignment of management responsibility and resource allocation with the new executive model of governance.

Related staff changes and transfers led to the appointment of new senior executive staff: Dr Raj Bhula (Program Manager, Pesticides), Mrs Joanne Mitchell (Program Manager, Corporate Services) and Mr Neville Matthew as leader of the new Regulatory Strategy and Compliance Program. Key priorities of the executive team have been bedding down the new governance arrangements and setting up new delegations, reporting and monitoring systems.

Within this context of extraordinary change, we maintained high outputs in our registration, quality assurance and compliance programs, with regulatory decisions underpinned by rigorous, evidence-based risk assessments. We have focussed on increasing the transparency of regulatory decisions and expanded stakeholder engagement and involvement. We also actively contributed to policy and the ongoing reform agenda.

Stakeholder confidence

We are committed to building and maintaining the confidence of our stakeholders. During the financial year we undertook a range of activities designed to inform, consult and engage stakeholders. Enhanced processes were implemented to communicate the outcome of regulatory decisions particularly on chemical reviews. We increased our responsiveness to issues reported in the media and reviewed our compliance activities specifically to build confidence in the regulatory system.

The APVMA continues to actively engage stakeholder groups. During the year we maintained our formal consultative arrangements through the Community Consultative Committee (CCC), the Registration Liaison Committee (RLC), the Industry Liaison Committee (ILC) and the Industry Technical Committee (ITC). The quality of our engagement with these committees was enhanced through the creation of a specialised secretariat unit within the Public Affairs team that has led to greater consistency and transparency in relationship and process.

Beyond these formal opportunities for engagement, we held meetings with regulatory affairs experts and industry associations to inform and set priorities for the operational reform agenda and met with grower groups, researchers and other experts to inform the risk assessment process with on-the-ground knowledge and expertise. We participated in workshops and made presentations at national and international

conferences and forums. Field trips and site visits were made to many locations across Australia. In June 2008 we held a highly regarded two-day 'Back to Basics' Registration Seminar in Canberra.

Strengthening international collaboration was another important feature of our activity in 2007–08. We participated in Organisation for Economic Cooperation and Development (OECD) meetings on pesticide, biopesticide and biocide issues including registration and risk reduction, taking a leading role on working groups particularly in the area of minor use. We have also maintained an active role in the work of the trilateral (EU/Japan/Australia) International Committee for the Harmonisation of Veterinary Drug Registration Requirements (VICH) and the Codex Alimentarius Commission of the United Nations (Codex) focussing on work towards common standards for determining residue limits in food and risk management in relation to antimicrobial resistance.

Operational excellence

Throughout the year the APVMA maintained its strong commitment to operational excellence. Tackling high workloads and registration timeframes was a priority. The restructure of the organisation therefore also sought to address workload and workflow issues and focussed on using the authority's resources in the best possible way. As a result additional resources were channelled into the operational areas and workflow management.

To facilitate recruitment, training and retention of staff the APVMA developed a number of initiatives to enhance the quality of staff training and development. A customised learning and development competency-based framework was developed and implemented. Key elements of this framework include on-line learning materials and assessment tools, a workplace mentor program, a train-the-trainer program and competency-based training. We have also established links with universities to facilitate continuous learning and development opportunities in key areas.

Maintaining regulatory science quality is a priority for the APVMA. In 2007–08 the APVMA embarked on a number of initiatives to improve and expand regulatory science quality programs. These included further support for the Science Fellows Program and progress on the establishment of an expert advisory group of Science Fellows who provide advice on difficult regulatory issues. We also engaged an international pesticide chemistry expert to help with a review of our pesticide chemistry assessment framework.

During 2007–2008 the APVMA released a greatly expanded version of our Electronic Application Registration System (EARS). This is a major efficiency reform for applicants and the APVMA providing the facility to submit and track 90 per cent of the range of applications electronically. This second version also delivered enhanced functionality in other areas. It contains, for example, an access management module that provides registrants with the capability to authorise consultants to deal with the APVMA on their behalf.

Our international engagement with regulators on joint reviews and work-share activities has generated positive outcomes. Through this process, the APVMA shares the evaluation of a chemical with regulators in other countries. In 2007–2008 the first of these joint reviews was completed while another is in its final stages. That the APVMA is involved in this activity is a significant achievement signifying an international recognition of the high standards of Australian assessments. These joint reviews create significant efficiencies for both chemical companies and regulators and, once completed, facilitate timely access to new chemistry.

During the year we concluded a number of challenging chemical reviews. The review nominations list was also rationalised, re-prioritised and publicised on our website. A specialised area for review on the APVMA's website and the

publication, on this site, of regular updates of information for high profile reviews also enhanced the transparency of the review process.

As a number of competing priorities emerged from the significant changes that took place last year, two initiatives—labelling reform and compliance reform—received little attention. These will be addressed in 2008–09.

Informing policy

The APVMA is a service delivery organisation and works within an Australian Government policy framework, principally through the Department of Agriculture, Fisheries and Forestry (DAFF). While the APVMA does not set policy, it plays an important role in informing the policy development process because of its unique knowledge of agvet chemical registration.

Throughout the year we played a very active role in informing policy. We provided significant input into two of the Productivity Commission's annual reviews of regulatory burdens on business and the Commission's separate study on chemicals and plastics regulation as well as the COAG Ministerial Taskforce on Chemicals and Plastics Regulatory Reform. We also provided input into the considerations of the Council of Australian Governments (COAG) that led to the development of the Security Sensitive Chemicals framework by the Department of Prime Minister and Cabinet and contributed to the consideration of the adoption of the Globally Harmonised System for Classification and Labelling (GHS).

Additional contributions were made to DAFF on minor use and the Product Safety and Integrity Committee (PSIC) high-risk chemical framework, scope of regulation and low regulatory risk framework and to Food Standards Australia and New Zealand (FSANZ) on the alignment of maximum residue limit (MRL) processes.

The future

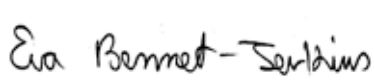
The APVMA is proud of its achievements in what has been a challenging year of responses to internal and external change. We also face some key challenges in the financial year ahead. We need to improve our timeframe performance by focusing on areas where issues remain and to build on initiatives such as project management and timeshift of applications. We need to complete reform projects already begun such as labelling and compliance reform.

Beyond these issues, the way forward for 2008–2009 will include consolidating the organisational restructure and the new governance arrangements. Other key priorities are securing our future effectiveness through the cost-recovery review, addressing new and emerging science issues, such as nanotechnology, and raising standards of service, engagement, transparency and accountability.

We also look forward to continuing to actively contribute to the government's regulatory reform agenda and to focus our own reforms on transparency and the predictability of regulatory decision timeframes.

The achievements of this extraordinary year also reflect the talents and commitment of APVMA staff who, in many cases, had to respond to new and demanding circumstances under a period of some uncertainty until the direction of the organisation was set. I am indebted to staff for their contributions and also to the Advisory Board for their wise counsel throughout the year.

Those achievements provide us with a solid foundation for the year ahead and we look forward, confident in our ability to deliver on our ambitious program for 2008–2009.



Dr Eva Bennet-Jenkins
Chief Executive Officer

PERFORMANCE FRAMEWORK 2007–08

The APVMA's corporate objectives

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. The APVMA's activities related to food and fibre production also support Australian agriculture and livestock industries.

The authority 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.

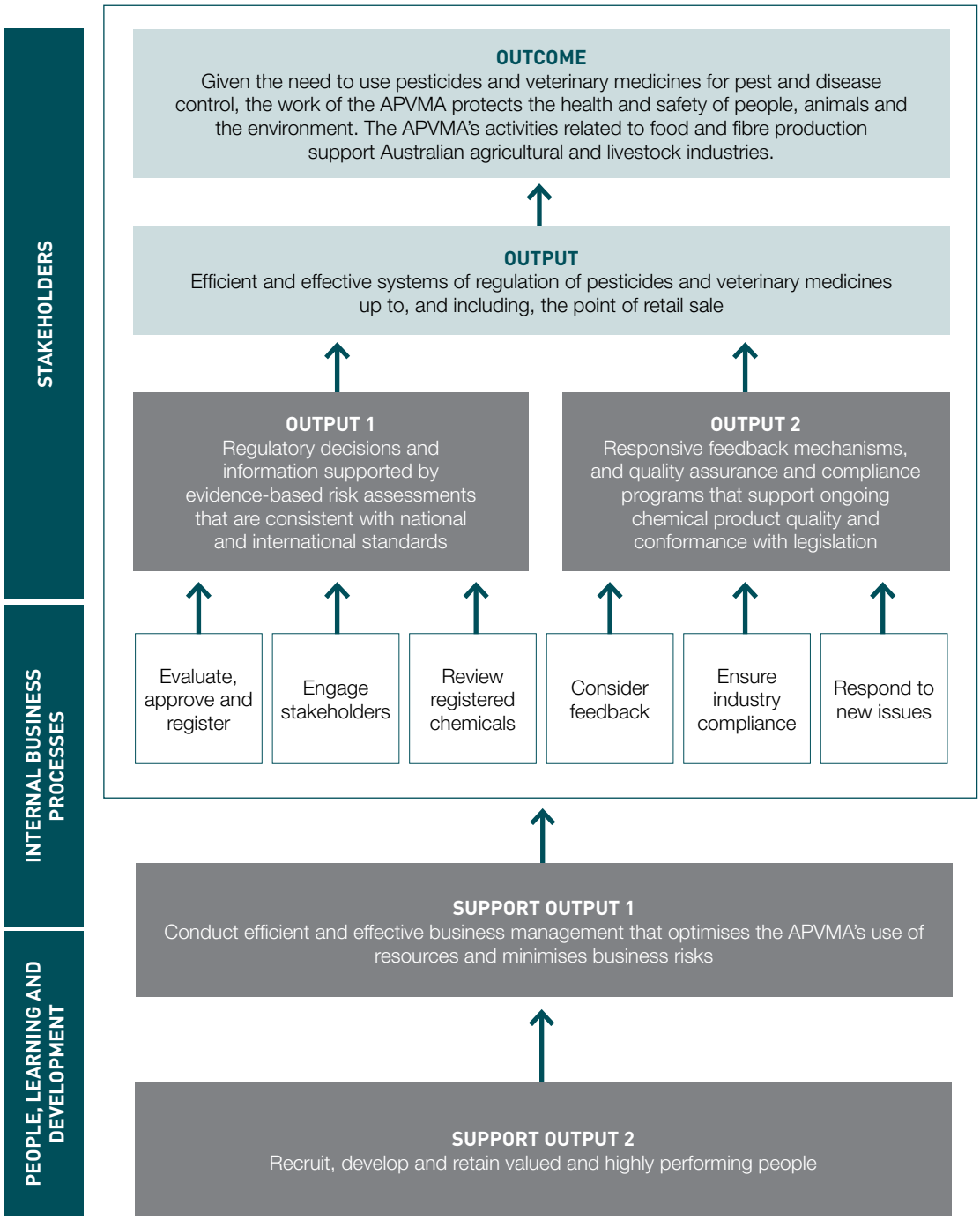
The outcome, outputs and related performance indicators in the APVMA's component of DAFF's Portfolio Budget Statements for 2007–08 are reflected in the APVMA's *Annual Operational Plan 2007–08*.

The *Corporate Plan 2006–07 to 2008–09:*

- outlines the APVMA's corporate objectives and sets its strategic direction.
- defines the APVMA's strategic framework (Figure 1), which helps focus the agency's activity and enables staff to understand its purpose and to deliver best-practice accountability to the APVMA's stakeholders.
- presents the single high-level outcome and key output, as outlined in the Portfolio Budget Statements, supported by two operational outputs and two support outputs.
- provides the framework for reporting on the APVMA's performance for 2007–08. Progress is reported based on performance indicators as well as other major achievements.

The *Corporate Plan 2006–07 to 2008–09* was approved in June 2006 and the annual *Operational Plan 2007–08* in June 2007.

Figure 1 Strategic framework structure



OUTCOMES AND OUTPUTS STRUCTURE FOR 2007–08 REPORTING

Output

Efficient and effective regulation systems for pesticides and veterinary medicines up to, and including the point of retail sale

OUTPUT GROUP 1 REGULATORY DECISIONS AND INFORMATION	
Regulatory decisions and information supported by evidence-based risk assessments that are consistent with national and international standards	
STRATEGIES	**KEY PERFORMANCE INDICATORS**
Evaluate and consider applications to approve active constituents, register chemicals, approve labels and provide regulatory consents such as permits following scientific evaluation	*Timeframe performance and evaluation standards maintained* • Regulatory decisions made within statutory timeframes • Appropriate standards of scientific evaluation maintained *Appropriate regulation provided to meet minor and emergency use needs and to encourage reduced risk chemicals* • 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 *Increased use of contemporary science and international collaboration in risk assessments* • Efficiencies gained and international consistency strengthened through increased international collaboration
Engage stakeholders to improve awareness and inform policy development and to optimise the regulatory framework within which the APVMA operates	*A more harmonised and integrated approach to Agvet chemical regulation and risk management throughout Australia through policies that have APVMA input* • National regulatory policy framework informed by relevant APVMA input
Review registered chemicals on the basis of their risk	*Increased use of contemporary science and international collaboration in risk assessments* • Efficiencies gained and international consistency strengthened through increased international collaboration

OUTPUT GROUP 2 RESPONSIVE FEEDBACK MECHANISMS

Responsive feedback mechanisms and quality assurance and compliance programs that support ongoing chemical product quality and conformance with legislation

STRATEGIES	KEY PERFORMANCE INDICATORS
Consider stakeholder feedback including adverse experience reporting	*Effective industry compliance with legislation* • Industry compliance with legislation strengthened
Ensure industry compliance with the legislation, including maintenance of quality assurance programs	• Improved stakeholder awareness of, and confidence in, the APVMA's regulatory actions • Improved adverse experience feedback received • Enhanced stakeholder consultation and feedback mechanisms
Respond to and manage emerging regulatory issues	*Effective management of emerging regulatory issues* • Regulation of new technologies developed and adopted as needed

SUPPORT OUTPUT	KEY PERFORMANCE INDICATORS
Conduct efficient and effective business management that optimises our use of resources and minimises business risks	• No significant audit findings • No successful challenges as a result of non-compliance with legislation • Business risks identified and resources appropriately allocated • Successful implementation of new policy and regulatory reform initiatives
Recruit, develop and retain valued and high performing people	• Staff satisfaction • Trained staff • Low staff turnover

APVMA CORPORATE ACHIEVEMENTS 2007–08

Output 1

Regulatory decisions and information supported by evidence-based risk assessments that are consistent with national and international standards

OUTPUT GROUP 1 REGULATORY DECISIONS AND INFORMATION	
Regulatory decisions and information supported by evidence-based risk assessments that are consistent with national and international standards	
STRATEGIES	**PERFORMANCE**
Evaluate and consider applications to approve active constituents, register chemicals, approve labels and provide regulatory consents such as permits following scientific evaluation	• Finalised 1549 applications for registration, variation to registration or label approval for pesticide products (83% within the statutory timeframe) • Finalised 572 permit applications for pesticides products (83% within the statutory timeframe) • Finalised 789 applications for registration, variation to registration or label approval for veterinary medicines (91% within the statutory timeframe) • Finalised 186 permit applications for veterinary medicines (93% within the statutory timeframe) • Continued strengthening the quality of the APVMA's regulatory science through the Standard of Good Regulatory Science Practice and the Science Fellows Program
Evaluate and consider applications to approve active constituents, register chemicals, approve labels and provide regulatory consents such as permits following scientific evaluation	• Continued registration process reforms aimed at reducing the elapsed time for applications • Continued progress on a major reform agenda for minor use including increased international engagement • Implemented stage 2 of the Electronic Application and Registration System (EARS), extending the scope of EARS to include application categories 7, 8, 10, 12, 13 and 14 • Provided information on 23 agricultural chemicals and three veterinary medicines to the Japanese Ministry of Health, Labour and Welfare (MHLW), to assist the MHLW to set maximum residue limits • Ongoing collaboration with FSANZ to streamline MRL promulgation into the Food Standards Code • Evaluated residue data for 51 applications for product registration and 92 applications for permits, producing 516 amendments to the MRL Standard • Finalised 60% of 101 active approval applications within the statutory timeframe • Completed two work-sharing projects with other international regulators to jointly assess new chemicals

STRATEGIES	PERFORMANCE
Engage stakeholders to improve awareness and inform policy development and to optimise the regulatory framework within which the APVMA operates	• Delivered 44 presentations at targeted conferences and seminars on topics related to the NRS • Participated in key international forums, including the OECD, Codex, FAO and VICH • Hosted regular meetings of the APVMA Community Consultative Committee (CCC), the Registration Liaison Committee (RLC), the Industry Liaison Committee (ILC) and the Industry Technical Committee (ITC) • Managed all media interest • Hosted several issues-focused meetings and seminars for the APVMA's stakeholders • Provided information materials to key national and international stakeholders • Implemented a strategy to improve the use of the APVMA's website for consultation on polices, processes and reviews • Commenced development of a Stakeholder Engagement Strategy
Review registered chemicals on the basis of their risk	• Conducted or continued reviews of 32 chemicals • Finalised two reviews (atrazine and 1080) and released one Preliminary Review Findings report (dichlorvos) • Managed the removal of some bifenthrin products from the market so that they could not be used in the domestic and home garden market • Revised the procedures for conducting reviews to allow better targeting of requests for data from registrants and specific consideration of international assessments • Published the Priority Candidate Review List and expanded the information about review chemicals on the APVMA website • Published an information document on pest management in schools • Over 100 products grandfathered at the time that the APVMA started had their labels updated or registrations cancelled

OUTPUT GROUP 2 RESPONSIVE FEEDBACK MECHANISMS

Responsive feedback mechanisms, quality assurance and compliance programs that support ongoing chemical product quality and comply with legislation

STRATEGIES	PERFORMANCE
Consider stakeholder feedback including adverse experience reporting	• Continued to implement online reporting for adverse experiences with agricultural and veterinary medicines • Assessed 1718 veterinary product adverse experience reports and 98 pesticide product adverse experience reports • Established links with the Poisons Information Centre as an alternative source of feedback about safety of agricultural and veterinary medicines
Ensure industry compliance with legislation, including maintenance of quality assurance programs	• Continued to test products and review data on the quality of marketed agricultural chemicals • Continued implementation of updated Manufacturing Principles and Australian Code of Good Manufacturing Practice for Veterinary medicines
Respond to and manage emerging regulatory issues	• Continued implementation of Australian National Audit Office recommendations from comprehensive ANAO performance audit in 2006 • Took part in developing a whole-of-government strategy for regulation of nanoscale technology • Provided significant input to external reviews and studies including the Productivity Commissions Annual Review of Regulatory Burdens on Business (Primary Sector, as well as Manufacturing and Distributive Trades), the Productivity Commission Study of Chemicals and Plastics Regulation, as well as contributing to the consideration of the adoption of the Globally Harmonised System (GHS) for labelling in Australia

SUPPORT OUTPUT	KEY PERFORMANCE INDICATORS
Conduct efficient and effective business management that optimises our use of resources and minimises business risks	• Continued International Organization for Standardization (ISO) accreditation of the APVMA's Quality Management System • Successfully implemented stage two of EARS that now accepts 90% of application categories online • Underwent internal and external audits of financial operations with no adverse findings • Ensure compliance to the FMA Act and relevant directions post-Australian Public Service (APS) transition, 1 July 2007 • Business risks were identified and resources allocated appropriately. The Risk Management Plan was revised and will be implemented in 2008–09 • Achieved an unqualified audit result on the 2007–08 financial statements • Substantially completed Activity-based Costing project • Began the Cost Recovery Impact Statement (CRIS) review
Recruit, develop and retain valued and highly performing people	• Finalised a new Collective Agreement in June 2008 • Ensured compliance with the *Australian Public Service Act 1999* and relevant directions post-APS transition from 1 July 2007 • Began implementation of a comprehensive Learning and Development Framework • Implemented a Graduate Program • Undertook an organisational restructure to enhance organisational objectives • Staff achieved their training point targets • The separation rate of 12.46% is within acceptable parameters • Surveys indicate high levels of overall staff satisfaction

Financial performance

This section provides a summary of the APVMA's financial performance for 2007–08. Detailed results are shown in the audited statements included in this report.

The 2007–08 Financial Statements were signed by the Auditor General without qualification. The results of the audit reflect the sound financial management framework in place in the authority.

Operational Income

The APVMA's activities are principally funded through cost recovery, except for minor budgetary appropriation. Most operational revenue is collected from registrants of pesticides and veterinary medicines. Registrants pay fees to register products and an annual fee to maintain products on the register. Levies are also paid annually based on the level of sales of registered products. In 2007–08 industry contributions were 94 per cent of total revenue, compared with 96 per cent in 2006–07.

The APVMA's total income for 2007–08 was $22.46 million, a decrease of $2.87 million (11.31 per cent) from 2006–07 (see Table 1 and Figure 2). This decrease is primarily due to lower levy income.

Levy income can fluctuate from year to year as a result of variations in agvet chemical sales. Sales in 2006–07 flowed through to levy income in 2007–08. It remains uncertain when rural activity and agvet chemical sales will recover to pre-drought levels.

The APVMA actively monitors sales forecasts and seeks to adjust levy rates where necessary.

Table 1 APVMA income 2007–08

	$	%
Receipts from industry:		
Application fees	2 734 780	12.17
Levies	14 564 000	64.83
Annual fees (renewal fees)	3 249 870	14.47
Other receipts from industry	669 085	2.98
Parliamentary appropriation	857 000	3.82
Other revenue	388 640	1.73
Total income	**22 463 375**	**100.00**

Figure 2 APVMA revenue 2007–08

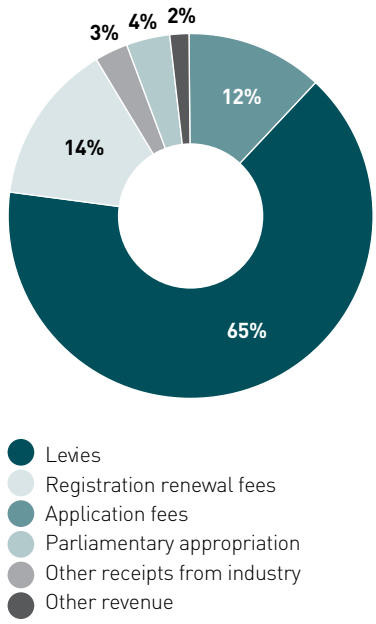


Table 2 APVMA expenditure 2007–08

	$	%
Employee expenses	14 045 199	56.52
Scientific assessment services other government agencies	4 989 582	20.08
Asset depreciation, write down and impairment	527 318	2.12
Rent	955 616	3.84
State compliance services	188 659	0.76
Other expenses	4 144 430	16.68
Total expenditure	**24 850 804**	**100.00**

Operational Expenditure

Total operating expenses for the year ended 30 June 2008 were $24.85 million (see Table 2 and Figure 3), an increase $1.61 million (6.92 per cent) from 2006–07.

The net operating deficit of $2.39 million for 2007–08 resulted in equity decreasing to $5.91 million. The levy rate is adjusted periodically to ensure that the APVMA's equity remains at appropriate levels (three months' operating costs).

Table 3 APVMA expenditure by output 2007–08

	$	%
Output 1: Regulatory decisions and information	20 709 524	83.34
Output 2: Chemical product quality	4 141 280	16.66
Total	**24 850 804**	**100.00**

Figure 3 APVMA expenditure 2007–08

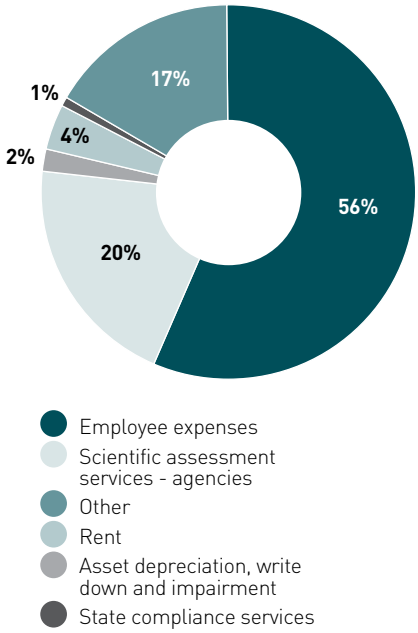


Figure 4 APVMA expenditure by output 2007–08

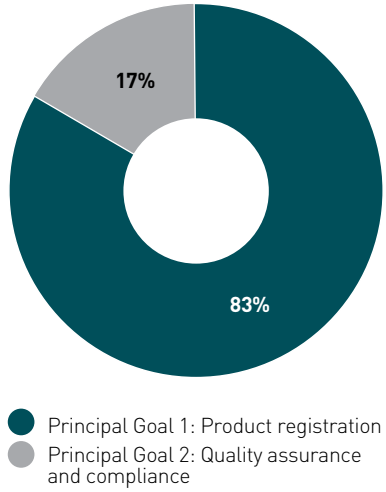


Figure 5 The APVMA outcome–output expenditure (budget versus actual)

AUSTRALIAN PESTICIDES AND VETERINARY MEDICINES AUTHORITY

OUTCOME

A national registration scheme for pesticides and veterinary medicines that protects the safety of people, animals and the environment

Budgeted cost of output (PBS) $24.35 million

Actual cost of output $24.85 million

OUTPUT 1

Regulatory decisions and information

Budgeted cost (PBS) $20.712 million

Actual cost $20.71 million

OUTPUT 2

Chemical product quality

Budgeted cost (PBS) $3.243 million

Actual cost $4.14 million

Purchasing

Each program within the APVMA is responsible for its own purchasing, but programs are subject to Chief Executive Instruction (CEI) 12 'Procurement' and Finance Procedure 4 'Purchasing'. CEIs and finance procedures complement the *Commonwealth Procurement Guidelines* and purchasing policies.

Finance Procedure 4 details the process for the purchasing of goods and services including outlining the key principles of purchasing: Value for Money, Efficient and Effective use of Monies, Accountability and Transparency, and Ethics.

Purchases of up to $2000 require one quote (verbal or written), between $2001 and $10 000 require two written quotes, and between $10 001 and $30 000 require three written quotes. Purchases over $30 000 require a tender (select or open). Exemptions to these requirements may be approved in some circumstances. Purchases of $80 000 or more are subject to public tender.

The APVMA publishes its annual procurement plan on Austender by 1 July each year to advertise potential opportunities.

The APVMA's financial reserve

The APVMA's revenue streams are not guaranteed and revenue can vary from year to year according to fluctuations in agricultural and veterinary medicine product sales. Sales decline during periods of below average rainfall. When this occurs, there is a corresponding drop in levy revenue. For this reason, the APVMA maintains a financial reserve that allows revenue fluctuations to be managed.

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

For a number of years the financial reserve was held at $4.5 million. On 4 May 2007 the then APVMA Board increased the financial reserve to $6 million effective from 1 July 2007. The increase will restore the financial reserve to approximately three months' operating expenses.