

NATIONAL INDUSTRIAL CHEMICALS NOTIFICATION AND ASSESSMENT SCHEME (NICNAS)

REVIEW OF COST RECOVERY ARRANGEMENTS TERMS OF REFERENCE

(Revised for clarification 13 May 2010)

Objectives

The aims of the review are to:

- Ensure compliance with the Government's policy and guidelines for cost recovery for regulatory activities undertaken by NICNAS;
- Identify all costs and make sure an appropriate mechanism to recover these costs is established;
- Enable NICNAS to have the resources for efficient and effective operation;
- Ensure NICNAS has the ability to provide high quality regulatory science;
- Establish a reserve amount that allows for the continuation of business in the event there is an unexpected shortfall in estimated income;
- Develop a single cost recovery policy reference document; and
- Develop a mechanism to cost recover funds to implement recommendation 4.6 from the Productivity Commission 2008, *Chemicals and Plastics Regulation*, Research Report, Melbourne.

Background

In December 2002 the Australian Government adopted a formal cost recovery policy to improve the consistency, transparency and accountability of its cost recovery arrangements and promote the efficient allocation of resources. The underlying principle of the policy is that entities should set charges to recover all costs of products or services where it is efficient and effective to do so, where the beneficiaries are a narrow and identifiable group and where charging is consistent with Australian Government policy objectives. Cost recovery policy is administered by the Department of Finance and Deregulation and outlined in the *Australian Government Cost Recovery Guidelines (Cost Recovery Guidelines)*.

The Cost Recovery Guidelines stipulate those agencies where total cost recovery receipts equal \$5 million or more per annum must review all cost recovery arrangements periodically, but no less frequently than every five years. The last cost recovery review for NICNAS was undertaken in 2004/05 as part of the TGA group of regulators.

Expected Outcomes

- A report on compliance with the Government's cost recovery policy for regulatory agencies;
- All costs are identified and an appropriate mechanism to recover these costs is established;
- NICNAS has the ability to continue business in the event there is an unexpected shortfall in estimated income;
- NICNAS can maintain a high quality in regulatory science and promote excellence in the workforce;
- Creation of a single cost recovery policy reference document; and
- A mechanism to cost recover funds to implement recommendation 4.6 from the Productivity Commission 2008, *Chemicals and Plastics Regulation*.

Timeframe

To commence November 2009 and be completed late 2010.