



Australian Government
Department of Health and Ageing
NICNAS

National Industrial Chemicals Notification and Assessment Scheme

ADDENDUM
to the
2005
COST RECOVERY IMPACT STATEMENT

July 2011 – June 2012

Glossary of Terms and Abbreviations

ABC	Activity Based Costing
AICS	Australian Inventory of Chemical Substances – a list of chemical identity data maintained by NICNAS; a legal device that distinguishes new from existing chemicals and lists all industrial chemicals in use in Australia between 1 January 1977 and 28 February 1990; includes new chemicals assessed since February 1990 and corrections as required.
CEC	Commercial Evaluation Category permit
CER	Commercial Evaluation category permit Renewal
COAG	Council of Australian Governments
CRIS	Cost Recovery Impact Statement. A statement documenting compliance with the cost recovery policy. Only those agencies with significant cost recovery arrangements must prepare a CRIS.
DoHA	Department of Health and Ageing
EIP	Early Introduction Permit
EOP	(controlled use) Export Only Permit
<i>IC(NA) Act</i>	<i>Industrial Chemicals (Notification and Assessment) Act 1989</i>
IGCC	Industry Government Consultative Committee (NICNAS) – primary consultative body for industry and government on NICNAS matters; among other things, review the utilisation of resources against NICNAS objectives under the terms of reference set by the Minister
LTD	Limited notification
LVC	Low Volume Chemical permit
LVCR	Low Volume Chemical permit Renewal
New Chemicals	New chemicals are industrial chemicals that are not listed on the Australian Inventory of Chemical Substances (AICS) or chemicals whose importation and/or manufacture are subject to a condition of use.
NICNAS	National Industrial Notification and Assessment Scheme
PLC	Polymer of Low Concern notification
SANHC	Self-Assessment for Non-Hazardous Chemical notification
SANHP	Self-Assessment for Non-Hazardous Polymer notification
SAPLC	Self-Assessment for Polymer of Low Concern notification
STD	Standard notification

1 OVERVIEW

1.1 Purpose

The National Industrial Chemicals Notification and Assessment Scheme (NICNAS) is fully funded through cost recovery with fees and charges prescribed in the *Industrial Chemicals (Notification and Assessment) Act 1989 (IC(NA) Act)* and the Industrial Chemicals (Notification and Assessment) Regulations 1990 made under the *IC(NA) Act*.

The purpose of this Addendum to the NICNAS 2005 Cost Recovery Impact Statement¹ (the 2005 CRIS) is to:

- demonstrate compliance with the Australian Government Cost Recovery Guidelines;
- provide a summary of NICNAS fees and charges for 2011-12; and
- extend NICNAS cost recovery arrangements, as outlined in the 2005 CRIS, for 2011-12.

This Addendum will be effective until the current cost recovery impact assessment is completed in 2011-12.

1.2 Current review of NICNAS cost recovery arrangements

NICNAS is currently undertaking a review of its cost recovery arrangements in accordance with the Government's cost recovery policy and guidelines. With an annual budget of approximately \$9 million, NICNAS cost recovery arrangements are considered "significant" under the Government's cost recovery policy. The policy requires that cost recovery arrangements must be reviewed periodically and no less frequently than every 5 years.

In addition to the existing cost recovery arrangements, the Government has decided that the accelerated assessment of existing industrial chemicals, a program of work agreed by COAG, will be funded through cost recovery arrangements. This program of work arises from the Productivity Commission Research Report on Chemicals and Plastics Regulation 2008 (Recommendation 4.6)².

A structured approach is being used to review the current cost recovery arrangements. Independent consultants were engaged by NICNAS to undertake an Activity Based Costing (ABC) study which provided an up-to-date analysis of the costs associated with the pre-market assessment and regulatory activities of NICNAS.

Concurrently, NICNAS provided a discussion paper to stakeholders in June 2010 regarding its cost recovery activities, to identify concerns with the current arrangements, activities that had changed significantly since the last CRIS and likely changes in activity over the coming years. Face to face stakeholder consultation meetings were held in both Sydney and Melbourne (in addition to on-going consultative processes through NICNAS consultative committees e.g., Industry Government Consultative Committee (IGCC)). An on-line survey was used to complete this phase of the stakeholder consultation process. Individual submissions received are available on the NICNAS website (www.nicnas.gov.au). A summary of the feedback (including the on-line survey) and

¹ Summary available through http://www.nicnas.gov.au/Current_Issues/CRIS.asp

² Productivity Commission Research Report; Chemicals and Plastics Regulation, July 2008

NICNAS responses will be provided in the draft CRIS anticipated to be released in 2011-12 and scheduled to be implemented on 1 July 2012.

1.3 Australian Government Cost Recovery Policy

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 the 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)³.

The policy applies to all *Financial Management and Accountability Act 1997 (FMA Act)* agencies and to relevant *Commonwealth Authorities and Companies Act 1997 (CAC Act)* bodies that have been notified. In line with the policy, individual portfolio ministers are ultimately responsible for ensuring entities' implementation and compliance with the Cost Recovery Guidelines.

2 COST RECOVERY AUTHORITY

2.1 Policy Authority for the Imposition of Charges

Full recovery of the NICNAS costs from industry was provided for in the 1994-95 Budget under "Implementing full cost recovery in 1996-97 for National Industrial Chemicals Notification and Assessment Scheme"⁴. A small appropriation from the Government to subsidise the compliance program to support small to medium enterprises in complying with the Scheme and cover the cost of services to government that relate to the regulation of industrial chemicals was ceased in June 2005, as detailed in the NICNAS 2005 CRIS.

2.2 Legal Requirements for the Imposition of Charges

The legal authority for pre-market fees are detailed in Section 110 of the *IC(NA) Act*, with amounts specified in Regulation 13 and Schedule 2.

Legal authority for the annual levy (registration charge), which is considered a tax, is included in the *Industrial Chemicals (Registration Charges - General) Act 1997*. Section 80S of the *IC(NA) Act* provides for the imposition of a registration charge for excise, customs or taxation purposes. Section 3 of the *Industrial Chemicals (Registration Charges - General) Act 1997* provides for the imposition of the registration charge as a levy. The amount of the registration charge is based on tiers prescribed in Section 80T of the *IC(NA) Act* and is based on the value of industrial chemicals introduced, with the level of charge payable included in Regulation 11AB. The Australian Government solicitor has confirmed that the registration charge has appropriate legislative support in accordance with Section 55 of the Constitution.

³ Australian Government Cost Recovery Guidelines, July 2005

⁴ Portfolio Budget Measures Statements 1994-95, Industrial Relations Portfolio, Budget Initiatives and Significant Changes in Appropriations 1994-95, Budget Related Paper No. 4.11.

3 CHANGES IN NICNAS FEE AND LEVY CHARGES SINCE THE 2005 CRIS

NICNAS fees and charges are determined annually in consultation with the IGCC. The IGCC was established in 1997, when NICNAS cost recovery arrangements were changed to 97% cost recovery of regulatory activities from industry, to ensure that industry has the opportunity to participate in the NICNAS budgetary process. The IGCC provides the opportunity for industry and government input into the NICNAS planning process and provides a forum for discussion on NICNAS performance.

NICNAS fees and charges are indexed by a model agreed by the IGCC in 2004-05. The index model used is comprised of 75% of the December Wage Price Index (WPI), reflecting average wage movements, and 25% of the December Consumer Price Index (CPI). This adjustment is not automatic, but is to be considered annually in full consultation with the IGCC.

Between 2005 and 2011 the New Chemicals fees and charges have increased by the CPI/WPI every year. In contrast, NICNAS registration fees and charges have been indexed on three occasions only. During this period NICNAS has increased its operational efficiencies and absorbed increased costs.

The table below provides a summary of fee increases for new chemical assessments and NICNAS registration since the 2005 CRIS. All NICNAS fees and charges for 2011-12 will be retained at 2010-11 levels, pending the outcome of the current review of NICNAS's cost recovery arrangements.

Table 1 – Summary of increases in New Chemicals and registration fees and charges since the 2005 CRIS

Financial Year	Per Cent Increase From Previous Year	Increase Applied to New Chemicals Fees and Charges	Increase Applied to Registration Fees and Charges
2005-06	3.63	Yes	No
2006-07	3.9	Yes	Yes
2007-08	3.83	Yes	Yes
2008-09	3.9	Yes	No
2009-10	4.15	Yes	No
2010-11	3.6	Yes	Yes
2011-12	0	No	No

4 SUMMARY OF CHARGES FOR 2011-12

The NICNAS registration fees and charges for 2011-12 are shown in table 2. As described in the 2005 CRIS, a registration fee is charged to all introducers of industrial chemicals and a charge is imposed when the value of introduced relevant industrial chemicals is \$500,000 or greater per registration year (tiers 2 and 3). The registration year runs from 1 September to 31 August in the following year.

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Table 2 – 2011-12 Registration Charge (Fee and Levy)

Tier	Applicable Introduction Value ⁽¹⁾	Registration Fee (Fee)	Registration Charge (Levy)	Total Amount Payable
1	\$1 - \$499,999	\$395	\$0	\$395
2	\$500,000 - \$4,999,999	\$395	\$1,182	\$1,577
3	\$5,000,000 or more	\$395	\$8,806	\$9,201

(1) Equals the total value of industrial chemicals imported and / or manufactured each year.

A mandatory late penalty fee (15%) applies to all registration renewals received at NICNAS after 31 August 2011.

As described in the 2005 CRIS, New Chemical assessments are funded on a fee for service basis. Similarly, administrative fees are payable with respect to maintaining confidential listings on the Australian Inventory of Chemical Substances (AICS), varying data requirements for assessment, seeking exemptions from publication of commercial in confidence material in assessment reports, and varying an assessment report.

The list of fees for 2011-12 is shown in table 3 below.

Table 3 – 2011-12 New Chemical Assessment and Administrative Fees

	Fee
Certificate Applications	
Standard Assessment (STD)	\$16,782
Limited Assessment (LTD)	\$14,057
Polymer of Low Concern (PLC)	\$4,735
Application for Extension of Assessment Certificate	\$3,013
Self-Assessment Certificate Applications	
Self-Assessment Application Non-hazardous chemical	\$10,069
Self-Assessment Application Non-hazardous polymer	\$8,433
Polymer of Low Concern (SAPLC) Self-Assessment Application	\$2,841
Permit Applications	
Commercial Evaluation (CEC) Permit Application	\$3,730
Low Volume Chemical (LVC) Permit Application	\$3,730
Controlled Use Permit Application (Export Only)	\$3,730
Controlled Use Permit Application (Other)	\$3,730
Application for Early Introduction Permit (EIP)	\$718
Section 30 Permit Application	\$8,134
Permit Renewal Applications	
Commercial Evaluation Permit Renewal (CER) Application	\$737
Low Volume Chemical Permit Renewal (LVCR) Application	\$737
Controlled Use Permit Renewal (CUPR) Application	\$737
Reassessment of New Chemicals – Secondary Notifications	
Polymer of Low Concern (SN)	\$4,018
Other New Chemicals (SN)	\$9,294

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	Fee
Approved Foreign Scheme - Canada	
Standard Assessment (STD)	\$10,069
Limited Assessment (LTD)	\$8,433
Polymer of Low Concern (PLC)	\$2,841
New Chemical Administrative Applications	
Variation of Schedule Data Requirements	\$1,327
Nomination of Foreign Scheme	\$6,898
Exempt Information	\$737
Application of Vary Assessment Report	\$737
Application to Vary Full Public Report	\$737
AICS	
Confidential Listing of a New Industrial Chemical	\$1,475
Application to Retain Confidential Listing	\$1,988
Application for Early Non-confidential Listing with fee	\$737
Application to be a Holder of a Confidence	\$662
Transfer to Confidential listing	\$1,977
Other	
Alternate State Law Application*	\$10,040

*Whilst fees have been set for this application, at present there are no Alternate State Laws in Australia.

5 ONGOING MONITORING

5.1 Monitoring Mechanisms

NICNAS has developed an ABC model to support cost recovery objectives. NICNAS is reviewing the assumptions incorporated into this model as part of the current review of cost recovery arrangements to ensure that fees and charges are aligned with costs.

One mechanism used to monitor NICNAS activities, performance and costs is the NICNAS IGCC. The IGCC is the primary consultative body for industry and government on certain NICNAS matters as set out in its Terms of Reference, which among other things, reviews the utilisation of resources against NICNAS objectives under terms of reference set by the Minister. The IGCC meets at least twice a year as per the Terms of Reference for the group.

Details of NICNAS cost recovery arrangements are also available in financial statements (NICNAS Annual Reports, Department of Health and Ageing Annual Reports, and Portfolio Budget Statements - Health and Ageing Portfolio).

5.2 Stakeholder consultation

The IGCC was consulted on the draft 2005 CRIS in March 2005.

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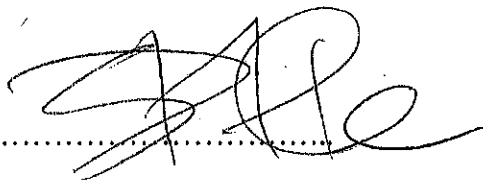
NICNAS will consult with the industrial chemical industry and other NICNAS stakeholders on the current review of its cost recovery arrangements via a draft CRIS. This will be published on the NICNAS website and several mechanisms will be identified to provide feedback on any proposed changes.

5.3 Periodic Review

This Addendum will be effective until the current cost recovery review is completed in 2011-12. The new CRIS will take effect in July 2012.

6 CERTIFICATION

I certify that this Addendum to the 2005 CRIS complies with the Australian Government Cost Recovery Guidelines.



Secretary

Department of Health and Ageing

Date: 15/11/11

7 COST RECOVERY LINKS

The Australian Government Cost Recovery Guidelines and the accompanying Finance Circular can be found at: <http://www.finance.gov.au/financial-framework/financial-management-policy-guidance/cost-recovery.html>

For proposals that involve regulation or amendment to regulation that affects business, a Regulation Impact Statement is required. Contact the Office of Best Practice Regulation for further information below: <http://www.finance.gov.au/obpr/index.html>