

# NICNAS Cost Recovery Review

ACTU/VTHC/QCU Comment\*

30 November, 2011

The ACTU<sup>1</sup> welcomes the opportunity to provide comment to NICNAS Draft Cost Recovery Impact Statement for 2012-13 to 2015-16.

In general, the ACTU supports the proposals made in the Draft CRIS. NICNAS undertook a very thorough consultation process in the development of the Draft CRIS which allowed all relevant stakeholders, including union, NGOs and industry to provide input, express their views and consider various options.

The consultation process involved the release of a discussion paper, workshops in various cities and submissions invited. In addition an online survey was run by NICNAS, the results of which also informed the draft CRIS.

We also note that the CRIS was informed by the Activity Based Costing (ABC) study which was conducted for NICNAS by independent consultants. This provided an accurate and up-to-date analysis of the costs associated with all the activities undertaken by NICNAS. Consequently, the proposals contained in the CRIS are based on justifiable arguments and solid reasoning.

NICNAS as the assessment and registration regulator of industrial chemicals must be properly funded to be able to carry out these functions as expected by the community in general and workers in particular.

The ACTU has made several representations to government regarding the crucial need to undertake a much overdue review of the approximately 38,000 existing chemicals listed on AICS, the vast majority of which have had little or no assessment. There is inadequate information on quantities and use of these chemicals, and Australian workers are potentially being exposed to chemicals which should either be taken out of use, or have restrictions placed on them.

There is a community and union expectation that this process be done following extensive consultation undertaken by NICNAS which commenced in 2006. There followed much work (through the tripartite NICNAS ISG) regarding implementation of recommendations from the public consultation process and the review of the existing chemicals was confirmed by the Productivity Commission report Recommendation 4.6 "that NICNAS should implement a program to greatly

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<sup>1</sup> This comment has been prepared by Renata Musolino, VTHC OHS Information and Website Officer, and Pamela Grassick, QCU, ACTU representatives on the NICNAS CEF. It is being submitted as joint VTHC/ACTU comment

accelerate the assessment of existing chemicals that: screens all existing chemicals to develop a list of high-priority chemicals for assessment."

However, as it is a long-standing Government policy that all of NICNAS activities must be done on a full cost recovery basis, although the PC recommended that the screening of chemicals be funded by the Australian Government, this was not agreed to by government, and consequently, full cost recovery of NICNAS activities is a given. Thus it is crucial that the CRIS proposals be accepted to ensure that NICNAS will have the necessary funds to initiate the prioritisation of the existing chemicals.

It is our view that the proposed changes to the funding levels and model will ensure better alignment of fees to the costs, and are fair and able to be sustained by industry. The amendments suggested to the 'tiers' for the annual registration fee are also fair and although it is expected that some sectors will suggest that one or other sector is benefitting, in our view the proposal has been designed to deliver the best and fairest outcome.

However, as noted, the CRIS is narrowly focussed on current registration and assessment activities and the 'extra' funding to facilitate the prioritisation project. The union movement has a number of overarching concerns with regard to the registration, assessment and use of not only 'industrial chemicals' (as currently defined in our regulatory system), but all chemicals used *in Australian workplaces*. These concerns will be explored in the ACTU submission to the BRMP. This may impact on how NICNAS is funded and may necessitate a broader consideration and definition of the work NICNAS undertakes and how this will be achieved within this cost recovery model for regulation.

It is important to align the role of NICNAS as a regulator with the expectations of the public and the commitments made by Australia as a signatory to number of International Conventions related to the safe and sustainable use of industrial chemicals here in Australia and globally. The Prioritisation of the AICS is but one overdue aspect of this work.

Some of the work initiated over the past few years, such as consultation and engagement with the community and stakeholders, the establishment of databases for critical volume and use information and the identification of downstream users of industrial chemicals, and major reform work such as the Low Regulatory Concern Chemicals Review (LRCC) are critical works that NICNAS must be funded to continue.

The Australian government must regulate chemicals for the long term safety and protection of Australian workers, the community and the environment.