



**Australian Government**  
**Department of Health and Ageing**  
**NICNAS**

# **National Industrial Chemicals Notification and Assessment Scheme**

## **COST RECOVERY IMPACT STATEMENT**

2012-13 to 2015-16

### **AT A GLANCE**

# 1 Purpose

The purpose of the Cost Recovery Impact Statement (CRIS) is to:

- transparently demonstrate compliance with the Cost Recovery Guidelines;
- outline proposed changes to the existing cost recovery arrangements based on review outcomes; and
- set fees and charges for the period of the CRIS (being 2012-13 to 2015-16)

The CRIS looks at the:

- appropriateness of cost recovery for NICNAS activities,
- design of cost recovery charges to minimise any under/over recovery, and
- adequacy of monitoring arrangements.

The CRIS was informed by an Activity Based Costing (ABC) study conducted by independent consultants that provided an up-to-date analysis of the costs associated with the activities undertaken by NICNAS. Stakeholder views obtained through a discussion paper, workshops, and online survey in 2010 were also considered.

## 2 Proposed Changes

It is the Government's policy that NICNAS is fully cost recovered. The key proposed changes to NICNAS's cost recovery arrangements included in the CRIS are:

- better alignment of fees with the costs associated with delivering the services, which includes:
  - the introduction of some new fees for service,
  - the reclassification of some existing fees, and
  - the abolishment of those fees no longer relevant;
- amending the annual registration charge tier structure to provide a more equitable structure; and
- recovering the cost of stage one of the accelerated assessment and prioritisation of existing chemicals.

### *2.1 Better alignment of fees for service*

Only the direct costs associated with the fee for service activities (including the corresponding overheads) were included in the calculations of fee for service activities. This differs from the previous study for the 2005 CRIS, which set the current fees, where activities such as the training required by assessors were included in the fees charged for assessments. It is proposed that costs for activities such as assessor training be recovered through the registration levy.

The proposed fees are based on the removal of any rebates (which currently occur in some New Chemical assessment categories e.g., modular assessments) and thereby represent the actual cost

associated with undertaking the relevant activity. This provides industry with certainty of costs when they are contemplating an application.

It is proposed to remove the fee for Transfer to a Confidential Listing as this is no longer relevant.

## **2.2 New fees**

In addition to the current fee for service activities undertaken by NICNAS a number of other activities are proposed to be cost recovered through a fee for service arrangement, rather than funded from the registration levy. This is consistent with the Cost Recovery Guidelines in that it is desirable to charge for activities directly through fees, as long as they are efficient, cost effective and consistent with the policy objectives of the agency.

### **2.2.1 Group Assessment (was Modular – Secondary Chemical Assessment)**

The Group Assessment (previously know as Modular – Secondary Chemical) fee is applicable if a second chemical is being notified at the same time as a similar primary chemical and for a similar use. Current practice is to rebate approximately 80% of the applicable fee, calculated on a case-by-case basis, based on the amount of effort required to complete the secondary chemical assessment. The ABC study, however, identified that there was a different effort required for a secondary assessment of a Standard (STD) chemical versus a Limited (LTD) chemical. It is therefore proposed that the current rebate system be replaced by two separate fee categories:

- Group Assessment – Standard (STD)
- Group Assessment – Limited (LTD) or Polymer of Low Concern (PLC)

### **2.2.2 Prior Informed Consent Authorisation**

The Rotterdam Convention (which Australia has ratified) places obligations on the importer and exporter of certain hazardous chemicals. Organisations wishing to import or export chemicals listed on the Annex to the Convention must first seek authorisation from NICNAS. It is proposed to introduce the following fee categories:

- PIC – Export Category A (exports to countries whose status regarding the Rotterdam Convention is unambiguous)
- PIC – Export Category B (exports to all other countries)
- PIC – Import

### **2.2.3 Screening fees**

NICNAS proposes to introduce a non-refundable screening fee for all New Chemical applications. The proposed screening fee is 15 per cent of the value of each assessment fee (based on the screening effort). The screening fee would be a component of the overall assessment fee. For example the non-refundable screening fee component of the STD assessment fee in 2012-13 would be \$2,520 (15 per cent of \$16,800), with the remaining \$14,280 returned if the application was rejected.

### ***2.3 Changes to annual registration charge and tier structure***

All commercial introducers of industrial chemicals are required to register with NICNAS for each year in which they import or manufacture industrial chemicals and be placed on the Register of Industrial Chemical Introducers as set in the *Industrial Chemicals (Notification and Assessment) Act, 1989*. The process of registration is covered with a registration fee set to cover the administrative cost of establishing and maintaining the registration. In addition to the fee for service activities, a registration charge (a levy) is imposed on commercial introducers of industrial chemicals with an annual value of introduced industrial chemicals above a set threshold (currently \$500,000). Registration fees and charges are payable at the time of first entry onto the register of chemical introducers, with renewals falling due on or before 31 August each year.

NICNAS proposes to transition to a four tiered annual registration structure from 2013-14, given the timing for legislative amendments required to implement this change. The current tier-1 will be split into two, with applicable introduction values of \$1-\$99,999 and \$100,000-\$499,999, respectively. NICNAS will retain the current three tier registration structure in 2012-13.

### ***2.4 Late payment penalty fees***

The current penalty for late payment of NICNAS registration is 15% of the sum of registration fee and any applicable registration charge.

NICNAS proposes using a penalty fee in 2012-13 of \$100 or 10% of the sum of the registration fee and any applicable charge, whichever is the greater, rounded to the nearest \$5. This would offset costs and act as a reasonable deterrent for introducers to avoid being late with their payment.

### ***2.5 Accelerated Assessment and Prioritisation of Existing Chemicals***

A staged approach will be used to implement the assessment and prioritisation of chemicals on the Australian Inventory of Chemical Substances (AICS). Stage one will focus on a subset of chemicals on the AICS that stakeholders advised should be considered early in the project. It is envisaged that this stage will look at approximately 3000 chemicals, and will include an external review to inform the most appropriate process for addressing the remainder of the chemicals on AICS. Stage one will take four years to complete from 2012-13 to 2015-16.

It is proposed that the costs associated with the accelerated program be recovered through the annual registration levy. Following the Government's Cost Recovery Guidelines, cost recovery of this activity is appropriate because introducers create the need for the activity by having an industrial chemical in the marketplace. Charging via the annual registration levy would be efficient and cost effective as it is administratively simple to collect.

Based on the proposed framework, the amount required to be recovered to undertake stage one of the accelerated assessment and prioritisation of Existing Chemicals is as detailed in the table below. This is the cost of the additional NICNAS resources required and excludes a proportion of existing NICNAS resources that will be used to undertake this work.

**Table 1 – Summary of NICNAS Costs to Undertake Stage One of the Accelerated Assessment and Prioritisation of Existing Chemicals**

	2012-13	2013-14	2014-15	2015-16
Staff and overheads	\$1,395,384	\$1,701,468	\$1,996,837	\$1,971,905
Capital (IT and office fitout)	\$88,269	\$20,000	\$20,000	\$20,000
Suppliers (e.g. computational tools, environmental assessments, legal advice, library services)	\$141,282	\$328,997	\$435,346	\$218,356
Governance (including review) and Stakeholder engagement communication/publications	\$20,034	\$20,034	\$17,534	\$211,034
<i>Total</i>	<b>\$1,644,969</b>	<b>\$2,070,499</b>	<b>\$2,469,717</b>	<b>\$2,421,295</b>

To minimise the impact on small business, companies introducing less than \$100,000 in relevant industrial chemicals will only contribute \$100 in 2012-13 and make no further contribution to the program in subsequent years.

### 3 Summary of Fees and Charges

Attachment A provides a summary of the combined registration fee and charges to cover the costs associated with ongoing activities and stage one of the accelerated assessment and prioritisation of existing chemicals.

Attachment A also provides a summary of the projected changes to NICNAS fees based on an estimated indexation rate. In applying the indexation rate, fees have been rounded to the nearest \$50 (for amounts up to \$1,000) and the nearest \$100 (for amounts of \$1,000 or more).

### 4 Summary of NICNAS Revenue and Expenses

The summary table below shows NICNAS costs and cost recovery revenue over the period of this CRIS. The table demonstrates how cost recovery fees and charges are commensurate with NICNAS costs.

**Table 2 – Summary of NICNAS Revenue and Expenses from 2012-13 to 2015-16**

Activity	2012-13	2013-14	2014-15	2015-16
<b>Revenue</b>				
Fee for Service	\$2,629,500	\$2,814,700	\$2,905,150	\$3,006,500
Registration	\$8,550,230	\$9,424,090	\$10,064,310	\$10,346,110
<b>Total Revenue</b>	<b>\$11,179,730</b>	<b>\$12,238,790</b>	<b>\$12,969,460</b>	<b>\$13,352,610</b>
<b>Expenses</b>				
Fee for Service	\$2,629,500	\$2,814,700	\$2,905,150	\$3,006,500
Registration	\$8,748,507	\$9,396,612	\$10,059,570	\$10,284,383
<b>Total Expenses</b>	<b>\$11,378,007</b>	<b>\$12,211,312</b>	<b>\$12,964,720</b>	<b>\$13,290,883</b>
<b>Difference</b>	<b>-\$198,277</b>	<b>\$27,478</b>	<b>\$4,740</b>	<b>\$61,727</b>

## 5 Stakeholder Consultation

NICNAS has consulted with a range of NICNAS stakeholders over the proposed fee and levy changes through publication of a draft CRIS on the NICNAS website and public meetings. The consultation was advertised through emails to all NICNAS registrants and on the Business Consultation website ([business.gov.au](http://business.gov.au)). Public meetings were held in Melbourne and Sydney and offered in other states based on demand.

Feedback on the Draft CRIS was received from a number of stakeholders ranging from individual companies, industry associations, community representatives and unions. NICNAS received twelve submissions and there were approximately 10-12 attendees at each of the public meetings in Sydney and Melbourne, with no requests for meetings in other states. The submissions and feedback from the meetings will be available on the NICNAS website. Detailed comments against each of the issues raised are at Appendix E of the Final CRIS.

## 6 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>*

**Table A1 – Summary of NICNAS’s Registration Fee and Charges from 2012-13 to 2015-16**

Tier	Applicable Introduction Value	Approx. Number of Companies	2011-12 Current Fee & Charge	2012-13 Proposed Fee & Charge	2013-14 Proposed Fee & Charge	2014-15 Proposed Fee & Charge	2015-16 Proposed Fee & Charge
1	\$1 - \$99,999	2,720	\$395	\$395	\$133	\$138	\$143
2	\$100,000 - \$499,999	750			\$395	\$405	\$415
3	\$500,000 - \$4,999,999	940	\$1,577	\$1,857	\$1,857	\$1,980	\$2,035
4	\$5,000,000+	380	\$9,201	\$14,300	\$18,475	\$19,800	\$20,350
<b>Total amount recovered</b>			<b>\$6,349,410</b>	<b>\$8,550,230</b>	<b>\$9,424,090</b>	<b>\$10,064,310</b>	<b>\$10,346,110</b>

**Table A2 – Summary of NICNAS’s Fees from 2012-13 to 2015-16**

	Method of Recovery	2012-13 proposed fee (\$)	2013-14 proposed fee (\$)	2014-15 proposed fee (\$)	2015-16 proposed fee (\$)
<b>Certificate Applications</b>					
Standard Assessment	Fee for service	16,800	17,400	18,000	18,600
Limited Assessment	Fee for service	12,000	12,400	12,800	13,300
Polymer of Low Concern	Fee for service	5,600	5,800	6,000	6,200
Application for Extension of Assessment Certificate	Fee for service	5,100	5,300	5,500	5,700
<b>Self-assessment Certificate Application</b>					
Self-Assessment Application Non-hazardous chemical	Fee for service	10,400	10,800	11,200	11,600
Self-Assessment Application Non-hazardous polymer	Fee for service	9,700	10,000	10,400	10,800
Polymer of Low Concern (SAPLC) Self-Assessment Application	Fee for service	3,900	4,000	4,100	4,200
<b>Permit Applications</b>					
Commercial Evaluation (CEC) Permit Application	Fee for service	4,000	4,100	4,200	4,400
Low Volume Chemical (LVC) Permit Application	Fee for service	4,000	4,100	4,200	4,400

	Method of Recovery	2012-13 proposed fee (\$)	2013-14 proposed fee (\$)	2014-15 proposed fee (\$)	2015-16 proposed fee (\$)
Controlled Use Permit Application (Export Only)	Fee for service	4,000	4,100	4,200	4,400
Controlled Use Permit Application (Other)	Fee for service	4,000	4,100	4,200	4,400
Application for Early Introduction Permit (EIP)	Fee for service	2,300	2,400	2,500	2,600
Section 30 Permit Application	Fee for service	8,500	8,800	9,100	9,400
<b>Permit Renewal Applications</b>					
Commercial Evaluation (CER) Renewal Application	Fee for service	2,000	2,100	2,200	2,300
Low Volume Chemical (LVCR) Permit Renewal Application	Fee for service	2,000	2,100	2,200	2,300
Controlled Use Permit Renewal Application	Fee for service	2,000	2,100	2,200	2,300
<b>Other Applications</b>					
Secondary notifications of new chemicals, other than a synthetic PLC	Fee for service	9,600	9,900	10,300	10,700
Secondary notifications of a new chemical that is a synthetic PLC	Fee for service	4,200	4,400	4,600	4,800
Alternate State Law Application	Fee for service	10,400	10,800	11,200	11,600
<b>Reduced Fee Options</b>					
Approved Foreign Scheme - STD	Fee for service	12,300	12,700	13,200	13,700
Approved Foreign Scheme - LTD	Fee for service	9,000	9,300	9,600	9,900
Approved Foreign Scheme - PLC	Fee for service	3,500	3,600	3,700	3,800
Assessed by comparable agency – STD (was Modular – STD)	Fee for service	13,400	13,900	14,400	14,900
Assessed by comparable agency – LTD (was Modular – LTD)	Fee for service	9,600	9,900	10,300	10,600
Assessed by comparable agency – PLC (was Modular – PLC)	Fee for service	4,500	4,700	4,900	5,000
NICNAS previously assessed similar chemical – STD (was Modular – STD)	Fee for service	10,100	10,500	10,900	11,300
NICNAS previously assessed similar chemical – LTD (was Modular – LTD)	Fee for service	7,200	7,500	7,800	8,100
NICNAS previously assessed similar chemical – PLC (was Modular – PLC)	Fee for service	3,400	3,500	3,600	3,700
Group Assessment – STD (was Modular - Secondary Chemical)	Fee for service	4,000	4,100	4,200	4,400
Group Assessment – LTD or PLC (was Modular - Secondary Chemical)	Fee for service	2,500	2,600	2,700	2,800
<b>New Chemicals Assessments</b>					
Variation of Schedule Data Requirements	Fee for service	2,600	2,700	2,800	2,900
Nomination of Foreign Scheme	Fee for service	7,100	7,400	7,700	8,000

	Method of Recovery	2012-13 proposed fee (\$)	2013-14 proposed fee (\$)	2014-15 proposed fee (\$)	2015-16 proposed fee (\$)
Exempt Information	Fee for service	1,100	1,100	1,100	1,100
Application to Vary Assessment Report	Fee for service	4,100	4,200	4,400	4,600
Application to Vary Full Public Report	Fee for service	4,100	4,200	4,400	4,600
<b>AICS</b>					
Confidential Listing of a New Industrial Chemical	Fee for service	3,500	3,600	3,700	3,800
Application to Retain Confidential Listing	Fee for service	3,500	3,600	3,700	3,800
Application for Early Non-confidential Listing with fee	Fee for service	750	800	800	850
Application to be a Holder of a Confidence	Fee for service	700	700	750	800
Transfer to Confidential listing	Fee for service	2,100	n/a	n/a	n/a
<b>Prior Informed Consent</b>					
PIC – Export Category A	Fee for service	n/a	750	800	850
PIC – Export Category B	Fee for service	n/a	1,700	1,800	1,900
PIC – Import	Fee for service	n/a	1,700	1,800	1,900