



Australian Government

Department of Health and Aged Care

Australian Industrial Chemicals Introduction Scheme

AICIS fees and charges proposal 2024-25

Consultation Paper

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1. Introduction

The Australian Industrial Chemicals Introduction Scheme (AICIS or the Scheme) regulates the importation and manufacture (introduction) of industrial chemicals in Australia. Established under the *Industrial Chemicals Act 2019* (IC Act), AICIS helps protect the health of Australians and the environment by assessing the risks associated with the introduction and use of industrial chemicals and making information available to promote their safe use.

To deliver these responsibilities, AICIS recovers regulatory costs from industry in accordance with the Australian Government Cost Recovery Policy (CRP).

The purpose of this consultation is to provide industry and other interested stakeholders with an opportunity to comment on AICIS's proposed fees and charges for 2024-25. Specifically, we are seeking feedback on the potential impact of the changes prior to seeking approval from Government.

2. Description of AICIS' key activities

To achieve the outcome of protecting human health and the environment, AICIS regulates industrial chemicals through:

- pre- and post-market risk assessments to identify potential risks to human health and/or the environment that may be associated with the introduction and use of industrial chemical(s) in Australia
- publishing assessment/evaluation statements on the AICIS website for use by all stakeholders, including other government regulators, industry, users and the public
- post-market compliance monitoring and enforcement of statutory obligations on industrial chemical introducers under the IC Act
- managing the [Australian Inventory of Industrial Chemicals \(Inventory\)](#) – a database of chemicals available for industrial use in Australia
- maintaining a register of Industrial Chemical Introducers who can lawfully introduce industrial chemicals that are authorised
- meeting Australia's obligations under international agreements for industrial chemicals.

Corporate and other regulatory and scientific practice activities support the efficient, effective, and scientifically robust administration of the scheme. These include:

- managing the Industrial Chemicals Special Account, cost recovery arrangements, and regulatory performance reporting
- communication, stakeholder engagement, and education
- active stewardship of the scheme to ensure AICIS regulations remains contemporary and fit for purpose
- developing and implementing the AICIS Regulatory Science Strategy
- promoting the international harmonisation of regulatory controls or standards for industrial chemicals.

AICIS is designed to make regulatory effort proportionate to the risks posed by industrial chemical introductions, promote innovation and encourage the introduction of lower-risk chemicals. Central to the regulatory design of AICIS is the concept of introduction categories, that are designed to provide introduction and compliance pathways that are proportionate to the indicative risk of a proposed introduction.

a. Introduction categories

Listed introductions are of industrial chemicals already listed on the Inventory. These introductions are already authorised and any party registered with AICIS may introduce a listed chemical in accordance with the terms of listing, which may include things like conditions of introduction (use and volume) and obligations to provide information.

The Scheme permits the introduction of unlisted industrial chemicals, which it does through four other introduction categories: exempted, reported, assessed and commercial evaluation.

Exempted and Reported introductions are of industrial chemicals where the introducer has self-categorised the proposed introduction—in accordance with objective criteria in the Industrial Chemicals (General) Rules 2019 and Categorisation Guidelines—resulting in a Very Low to Low ‘indicative risk’. These introductions attract a lighter regulatory touch without the need for pre-market intervention enabling faster time to market.

Assessed introductions are of industrial chemicals where the introducer’s self-categorisation of the proposed introduction generally results in a medium to high ‘indicative risk’. In these cases, the introducer makes an application to AICIS for an assessment certificate. The AICIS Executive Director has the power not to issue an assessment certificate when not satisfied that identified risks of an introduction and use can be managed.

Commercial Evaluation introductions are of industrial chemicals about which an introducer seeks to evaluate the commercial viability of an industrial chemical. The authority for these introductions is time-bound and tightly controls the introduction and use of the industrial to the commercial evaluation purpose.

The different introduction categories have specific record-keeping and reporting requirements, designed to be proportionate to the risk of introduction and use. AICIS undertakes technology supported screening activities to identify occasions of mis-categorisation and non-compliance.

3. Policy and statutory authority to cost recover the regulatory activity

a. Government policy authority to recover the cost of regulatory activity

The policy authority to fully recover the cost of activities of industrial chemical regulation was provided for in the 1994-95 Budget under the measure “Implementing full cost recovery in 1996–97 for National Industrial Chemicals Notification and Assessment Scheme”.

On 26 May 2015, the Australian Government announced its decision to implement a range of reforms to the regulation of industrial chemicals. These reforms were implemented through the establishment of AICIS, which replaced the National Industrial Chemicals Notification and Assessment Scheme (NICNAS) on 1 July 2020.

The establishment of AICIS did not change the Government’s policy position that the full cost of regulatory activities be recovered through fees and charges paid by regulated entities (introducers of industrial chemicals). Full cost recovery continues to be applied and is considered appropriate because introducers continue to create the need for industrial chemicals in the marketplace to be regulated.

b. Statutory authority to charge

Fees for services are specified in Ministerial rules made under the:

- [Industrial Chemicals Act 2019](#)

Charges are specified in regulations made under the:

- [Industrial Chemicals Charges \(Customs\) Act 2019](#)
- [Industrial Chemicals Charges \(Excise\) Act 2019](#)
- [Industrial Chemicals Charges \(General\) Act 2019](#)

The three charges Acts provide the statutory basis for the registration charge to be based on annual introduction value. As AICIS regulates both the importation and manufacture of industrial chemicals, the registration charge could be legally characterised not only as a tax but also as a duty of customs or a duty of excise requiring three separate Acts.

4. Structure of regulatory charges

The CRP sets out the overarching framework under which Government entities design, implement and review cost recovered activities. Accordingly, AICIS operates on a full cost recovery basis. This includes the application of fees for services and annual charges (levies), payable by introducers of industrial chemicals.

a. Fees for services

The CRP states that cost recovery fees are charged when a good, service or regulation is provided directly to a specific individual or organisation where the activities performed, and their associated costs are driven by a specific need and demand created by the applicant (i.e. an application). Fees are charged for pre-market services performed by AICIS and are designed to recover the underlying cost of providing the service. All regulated entities are charged the same fee for the same service.

b. Annual charges

The CRP states that levy charges are imposed when a good, service or regulation is provided to a group of individuals or organisations (e.g. an industry sector) rather than to a specific individual or organisation. Those entities creating the need for regulation (i.e. industrial chemical introducers) pay the costs. A cost recovery levy is a tax and is imposed via a separate taxation Act. It differs from general taxation as it is 'earmarked' to fund activities provided to the group that pays the levy. In these instances, the level of demand for Government activity or intervention is collectively driven by the industry as a whole rather than a single entity within it.

5. AICIS Reserves as of 30 June 2023

A reserve is used as a risk mitigation measure to allow established charging arrangements to balance and lessen the impact of variable demand on the ongoing delivery of regulatory activities. The AICIS Reserve is fully committed to the following three components, which are maintained to facilitate business continuity requirements, to help fund the ongoing resourcing requirements of AICIS and to allow the Scheme to operate in a sustainable manner:

- Capital investment (49%): Includes costs recovered from regulatory charges where funding for replacement or enhancement to a capital asset has been provided by government. This revenue will be maintained in reserves earmarked to support future replacement or enhancements to capital assets;
- Three months operating reserves (28%); and
- Employee entitlements (22%): Consistent with best practice, the reserve retains employee entitlements such as leave provisions.

Higher than the anticipated number of registrants at the higher registration levels, and revenue from prior year registration level upgrades, due to initial under declarations of introduction value of some registrants, has resulted in an accumulation of prior year revenue. The proposed adjustment in registration level thresholds and associated charges, in addition to the reduction in charges in 2022-23 & 2023-24, is anticipated to address this issue by reducing unbudgeted revenue to deliver a balanced budget preventing further accumulation.

AICIS remains committed to its defined Balance Management Strategy which is applied as a risk mitigation measure to manage the impact of variable demand on the ongoing delivery of regulatory activities while minimising any revenue over and above its cost base. This has been demonstrated over consecutive years through significant price reductions across the levy charge (2022-23: 8% and 2023-24: 11.7%). The proposed levy pricing approach for 2024-25 also seeks to maintain this ongoing commitment through the application of a data-driven approach to regulatory charging.

Existing reserve balances will continue to be maintained for their defined purposes enabling AICIS to continue operating in a sustainable manner including future capital investments, employee entitlements and a 3-month operating reserve. Any supplementary balance accumulated (typically through increased program demand) will be actively monitored, with any impact on pricing outcomes to be communicated through future CRIS publications.

6. Annual review of fees and charges

AICIS reviews its fees and charges annually as part of its ongoing commitment to appropriate charging arrangements in accordance with the CRP. Necessary adjustments to fees and charges are made, after seeking Government approval, by considering known cost increases including any annual wage and other cost movements.

Following AICS fees for services remaining steady in 2022-23 and 2023-24, and levy prices reduced over the same time period by 8% and 11.7% respectively, AICIS considers it necessary to index fees for 2024-25.

An additional key component of ensuring fees and charges are set at the appropriate level is reviewing the following primary cost drivers in estimating the AICIS cost base:

- the **effort** for each business activity,
- the **resources** needed to conduct each business activity, and
- the **annual volume** of each business activity performed.

When AICIS was established in 2020-21, regulatory charging was based on historical effort data from comparable NICNAS activities (where available) in combination with management estimates. It has

since been identified that fundamental differences between the schemes limits the utility of historical data as a wholly reliable proxy of true effort and associated costs for all regulatory activities.

To refine effort and cost estimates, historical data have been adjusted or replaced as actual scheme data become available. AICIS continues to undertake in-depth time capture to validate effort estimates and identify appropriate charging levels.

In response to [stakeholder feedback](#) received from last year's consultation, registration level thresholds are proposed to be adjusted to generally align introduction value with regulatory effort informed through effort data collected to date.

AICIS applies indexation to recognise increases to its cost base driven by inflationary factors. The applied indexation rate is weighted to reflect the relevant proportion of employee costs, recognised through the Wage Price Index (WPI), and supplier costs, recognised through the Consumer Price Index (CPI) or equivalent rate.

7. Proposed changes to fees and charges for 2024-25

The proposed changes to fees and charges are made up of two components.

a. Indexation of fees for services

AICIS's costs to deliver its regulatory functions are subject to inflationary pressures and, therefore, it is appropriate to consider applying the relevant indexation factor to its fees for services to recognise and account for these impacts.

AICIS proposes that all existing fees for services are uplifted by 3.1% in 2024-25. This rate represents a weighted average rate applied to the relevant components of AICIS's cost base that are subject to inflationary impacts relating to employee wages and supplier costs:

- 60% of the increase to employee wages in line with the agreed Department of Health and Aged Care Enterprise Agreement applicable from 2024-25 of 4.0%; and
- 20% of the increase to supplier and non-employee costs in line with the inflation rate applied to government forecasts of 3.5%.

The remaining 20% of AICIS's cost base is excluded from the application of indexation as they are not subject to inflationary pressures including external agency costs and non-cash items.

Other indexation approaches were considered including application of historical Consumer Price Index (CPI). However, this was not considered appropriate to apply to the forecast given historically high inflation. As such, AICIS has applied a more conservative approach to indexation.

No other changes are being proposed to Fees for Services for 2024-25.

b. Adjustment of registration level thresholds (cost recovery levy)

AICIS continuously monitors the Scheme to ensure the ongoing appropriate alignment of fees and charges to relevant costs informed by the best available information at the time. Where there is systemic deviation of cost and revenue, AICIS will seek to realign its charges to maintain a break-even position.

Historically, AICIS has observed higher than forecast revenue contributing to a surplus budget result in prior years resulting from a higher than anticipated number of registrants at the higher registration values, and a higher than anticipated number of upgrades as a result of declarations of introduction values being lower than actual introduction values. In response, AICIS reduced levy price in 2022-23 and 2023-24 by 8% and 11.7%, respectively.

The existing eight-tiered registration model, applied to determine the annual registration charge, is broadly informed by the effort required to undertake relevant leviable activities (e.g. compliance and enforcement, maintenance of the inventory, post-market evaluation and monitoring of chemicals, and regulatory support activities). In line with AICIS's commitment to continuous improvement and ongoing alignment of charges to effort and therefore cost, AICIS proposes an adjustment to the registration level thresholds effective from 2024-25.

These adjustments have been developed applying a set of five design principles established in line with the CRP to ensure charging practices remain efficient, effective and transparent. These are:

1. **Aligning Revenue with cost** - Informed by regulatory effort capture data, seeking to allocate attributable costs to registrant cohorts who have created the demand for AICIS regulation.
2. **Promoting equity and market competition** - Establishing a charging structure which does not act as a barrier to entry for new players into the market, while ensuring that no single user cohort bears a disproportionate level of regulatory burden.
3. **Promoting operational efficiency** - Reducing AICIS's administrative costs through the streamlining of charged prices for low value and low risk introducers.
4. **Reducing regulatory impost** - Streamlining introducer administrative burden by maintaining the known, simple and well understood tier-based levy structure, thereby minimising the impact of proposed changes.
5. **Assuring sustainable recoverability** - Restructuring the introduction tiers aims to reduce annual revenue volatility by broadening AICIS's levy recovery base across additional tiers, while retaining charging equity and fairness

The practical application of these principles when deriving the proposed revised thresholds has been informed by the time-capture exercise undertaken by AICIS applying a data-driven approach. As further data are collected as the scheme continues to mature, AICIS will continuously refine the charging approach and associated pricing outcomes to improve alignment between revenue and cost.

A summary of the proposed revised thresholds is outlined in the table below.

Table 1 – Summary of proposed revised thresholds

Current registration level (prior year introduction value) 2023-24	Proposed registration level (prior year introduction value) 2024-25
Registration – level 1 (\$0 - \$49,999)	Registration – level 1 (\$0 - \$49,999)
Registration – level 2 (\$50,000 - \$74,999)	Registration – level 2 (\$50,000 - \$99,999)
Registration – level 3 (\$75,000 - \$99,999)	Registration – level 3 (\$100,000 - \$249,999)
Registration – level 4 (\$100,000 - \$249,999)	Registration – level 4 (\$250,000 - \$499,999)
Registration – level 5 (\$250,000 - \$499,999)	Registration – level 5 (\$500,000 - \$2,999,999)
Registration – level 6 (\$500,000 - \$2,999,999)	Registration – level 6 (\$3,000,000 - \$4,999,999)
Registration – level 7 (\$3,000,000 - \$4,999,999)	Registration – level 7 (\$5,000,000 - \$14,999,999)
Registration – level 8 (\$5,000,000+)	Registration – level 8 (\$15,000,000+)

Summary of proposed charges

The tables below provide the current and proposed new fees and levy for 2024-25.

Table 2 – AICIS registration fee

Fee for service	Current fee (\$)	Proposed fee (\$)	Forecast volume	Forecast revenue (\$)
Application for registration	75	80	7,194	575,490

Table 3 – Certificate and authorisation fees

Fee for service	Current fee (\$)	Proposed fee (\$)	Forecast volume	Forecast revenue (\$)
Certificate Applications				
Application for a certificate – very low to low risk	7,435	7,670	20	153,400
Application for a certificate – health focus or environment focus	23,375	24,100	17	409,700
Application for a certificate – health and environment focus	34,965	36,050	10	360,500
Application for a certificate - comparable hazard assessment	17,515	18,060	NIL	NIL
Consolidated application	7,015	7,235	NIL	NIL
Application to vary the terms of an existing Assessment Certificate	4,735	4,885	1	4,885
Application to add a certificate holder	1,490	6,695	14	93,730
Application to remove a certificate holder	805	830	NIL	NIL

Application to add a person covered by a certificate	1,490	1,540	3	4,620
Application to remove a person covered by a certificate	805	830	NIL	NIL
Multicomponent Application	2,650	2,735	NIL	NIL
Authorisation Applications				
Application for a Commercial Evaluation Authorisation	6,490	6,695	14	93,730
Application to vary the terms of an authorisation	2,525	2,605	3	7,815
Application to add an authorisation holder	1,490	1,540	4	6,160
Application to remove an authorisation holder	805	830	NIL	NIL
Listing Applications				
Application for listing on the Inventory before 5 years	1,490	1,540	17	26,180
Application for variation of listing	4,735	4,885	2	9,770

Table 4 – Protection of confidential business information

Fee for service	Current fee (\$)	Proposed fee (\$)	Forecast volume	Forecast revenue (\$)
Application for protection of proper name	1,730	1,785	22	39,270
Application for protection of end use	605	625	12	7,500
Application for continued protection	4,565	4,710	9	42,390
Application for protection of confidential business information (CBI) other	1,150	1,190	NIL	NIL
Application to be a confidence holder of CBI for a protected inventory listing	4,100	4,230	NIL	NIL

Table 5 – Import and export of certain industrial chemicals subject to international agreements

Fee for service	Current fee (\$)	Proposed fee (\$)	Forecast volume	Forecast revenue (\$)
Application for Category A export of industrial chemicals out of Australia	2,395	2,470	NIL	NIL
Application for Category B export or import of industrial chemicals into or out of Australia	4,780	4,930	NIL	NIL

Table 6 – AICIS Registration levy

Proposed registration level (prior year introduction value)	Current Charge per registration (\$)	Proposed charge per registration (\$)	Forecast volume	Forecast revenue (\$)
Registration – level 1 (\$0 - \$49,999)	NIL	NIL	2,823	NIL
Registration – level 2 (\$50,000 - \$99,999)	65 (\$50,000 – \$74,999)	65	778	50,601
	80 (\$75,000 - \$99,999)			
Registration – level 3 (\$100,000 - \$249,999)	205	180	1,011	181,982
Registration – level 4 (\$250,000 - \$499,999)	400	350	702	245,604
Registration – level 5 (\$500,000 - \$2,999,999)	2,430	2,100	1,130	2,372,143
Registration – level 6 (\$3,000,000 - \$4,999,999)	4,065	3,750	233	871,977
Registration – level 7 (\$5,000,000 - \$14,999,999)	32,405	24,500	259	6,345,500
Registration – level 8 (\$15,000,000+)		35,000	258	9,030,000

8. Stakeholder Engagement

AICIS engaged the following peak industry associations in December 2023 on the broad concept for AICIS charging proposed for 2024-25:

1. Accord Australasia
2. Australian Chamber of Commerce and Industry (ACCI)
3. Australian Paints Manufacturers
4. Chemistry Australia

Industry associations were generally supportive of AICIS taking an approach of revising the introduction value thresholds for each registration level but raised concerns around potential increases to charges for top tier registrants.

As part of this consultation, AICIS seeks to obtain broader feedback from industry, inviting comments on the proposed 2024-25 fees and charges to inform the final proposal to Government for consideration and decision.

9. Next steps

AICIS invites feedback on the proposed fees and charges for 2024-25. Submissions are welcome through the [AICIS consultation hub](#) from 2 April 2024, until the consultation period closes, 5 pm on 1 May 2024.

AICIS will consider all feedback before seeking approval on a CRIS for the proposed fees and charges for 2024-25 from the Assistant Minister for Health and Aged Care. Subject to Ministerial approval, it is expected that the amendment regulation to give effect to the new fees and charges will be submitted for consideration by the Federal Executive Council in July 2024. This will allow sufficient notice to affected businesses about changes to fees and charges effective from 1 September 2024.

The AICIS Cost Recovery Implementation Statement will be published on the AICIS website before the revised fees and charges take effect. All AICIS fees and charges on the website will also be updated.

Any questions relating to submissions should be made via [Contact us | Australian Industrial Chemicals Introduction Scheme \(AICIS\)](#).