RACI National Congress 2026: Industry Perspective on Chemical Regulation in Australia

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Snapshot: The Australian Business of Chemicals

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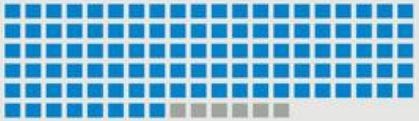

Supplies **108** of Australia's **114** industries

Delivers **$48 billion** to Australia's GDP

One of Australia's **largest manufacturing** sectors

Directly employs more than **69,000 people** in highly skilled jobs

The industry underpins **240,000 jobs** in related supply chains

Chemistry Australia and its responsible members

3.3X safer from serious Injuries (LTI) compared to the total manufacturing Industry Sector

2.5X safer from serious Injuries (LTI) compared to the total Chemical Industry Sector

Four primary industry sectors perform better in terms of serious injuries - such as, Financial services, Professional; Scientific and Technical services; media and telecommunications, etc.

Based on 2024 H&S survey data

Chemistry Australia members in H&S performance

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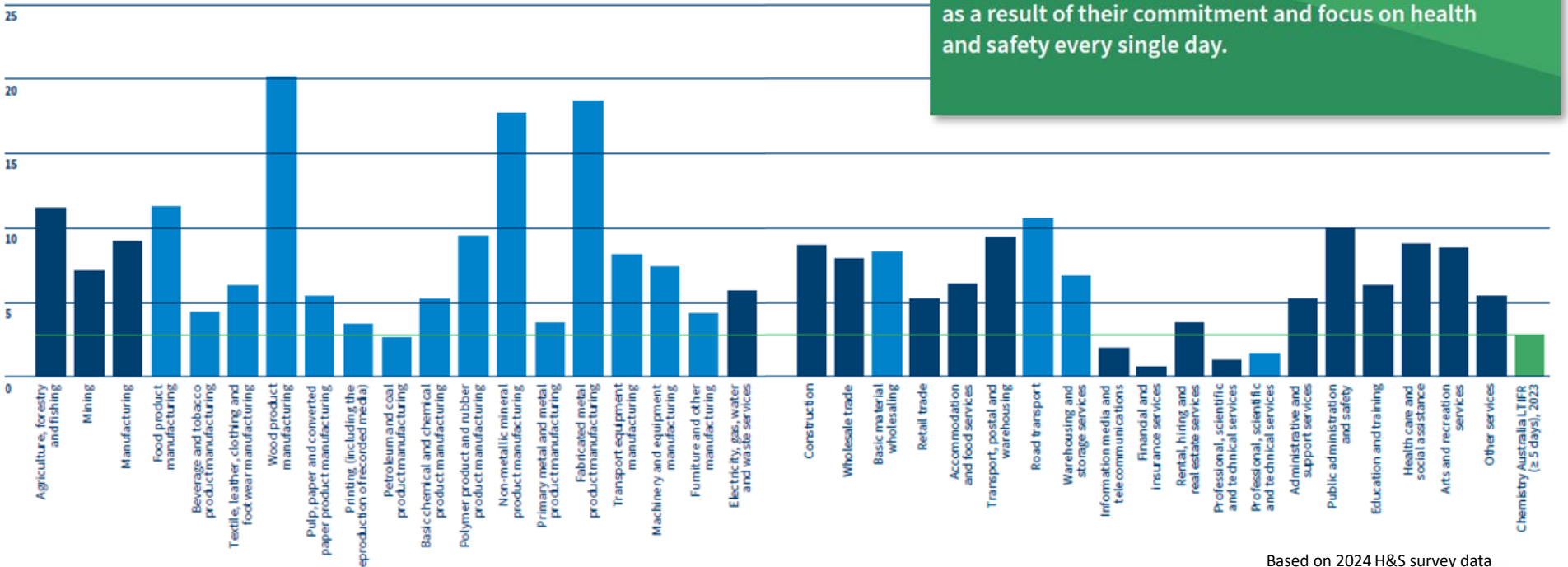
Chemistry Australia members continue to represent one of the safest groups in the Australian economy, as a result of their commitment and focus on health and safety every single day.



Based on 2024 H&S survey data

Overview

Chemical Regulation In Australia

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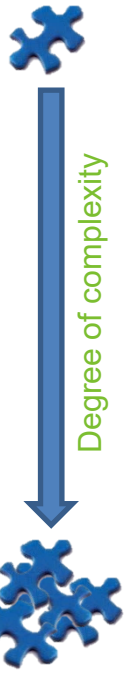
Background: Australia's Chemical Regulatory Framework

Level of Government	General Role and Responsibilities	Examples of Regulators
Commonwealth	**Predominately pre-market** assessment of chemicals and border controls: • Registration (companies/products) • Hazard and risk assessment of chemicals and chemical products • Implement international agreements and regulate international trade • Import and Export controls • Transport of dangerous goods by sea and air	• AICIS • APVMA • TGA • FSANZ • ACCC • Customs • Office of Drug Control • AMSA
States and Territories	**Risk management of chemical safety** including: • Control of use, i.e. Precursor chemicals • Protection of public health • Work health and safety • Transport (by road and rail) and storage of dangerous goods • Environmental protection (emissions and disposal)	• WorkSafe Departments • EPA's • Health Departments • State Police
Local	Planning and waste disposal • from powers given to local governments by the relevant state	• Local councils



General Scorecard of Australia's Chemical framework

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OECD findings

- Highly fragmented
- Administratively duplicative
- Inconsistently applied across jurisdictions
- Slow to reform

Key takeaway:

Australia operates as one economy, but chemicals are often regulated as eight separate markets.

OECD (2019), OECD Environmental Performance Reviews: Australia 2019, OECD Environmental Performance Reviews, OECD Publishing, Paris, https://doi.org/10.1787/9789264310452-en

The scrambled egg effect between jurisdictional laws

- ❑ Differing nomenclature used within states and territories laws.
- ❑ Governments having differing priorities.
- ❑ Differing business demographic.
- ❑ Lack of buy-in within the model Laws.
- ❑ No national model laws to support harmonisation, such as, EPA laws. (slow improvement with introduction of IChEMS)
- ❑ Differing compliance issues encountered by regulators.

Industry Impact:

- ✓ Increased compliance costs
- ✓ Operational complexity
- ✓ Increased risk of non-compliance
- ✓ Competitive disadvantage for smaller enterprises that do not have the same resourcing to manage variations
- ✓ Time spent on managing fragmentation versus investing in operational improvements
- ✓ Reduces workforce mobility and movement of skilled people across borders
- ✓ Lower international competitiveness

Example of the regulatory efforts on ‘one chemical’

Industrial Sulfuric acid in Australia is mainly legislated under **a number of laws**:

- ❑ AICIS (national)
- ❑ Worker safety laws (x8)
- ❑ Dangerous goods transport laws (x8)
- ❑ Environmental protection laws (x8)
- ❑ Security / precursor chemical laws (x8)
- ❑ Consumer sale & labelling laws (x8)
- ❑ Water treatment regulation (x8)

While Regulation is important, it is just important that laws are balanced, easy to understand, harmonised across Australia, and remain efficient and effective.

Poor regulation can hinder compliance and deter investment.

~6,000 to 15,000+ pages equivalent of regulatory material

AI Estimation: 130 working days (8 hrs/day); **6 months full-time**

If Laws were better harmonised, the effort could be reduced to ~6,000 pages

Some sound principles for good chemical regulation?

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Protects people and the environment Minimises risks to workers, communities, consumers, and ecosystems from chemical manufacture, transport, use, and disposal.

Risk-based and proportionate Regulatory requirements are scaled to the level of hazard and exposure, focusing effort where risk is highest. *A chemical may be very hazardous but, if nothing is exposed to it, then the risk is low.*

Clear and consistent requirements Rules are easy to understand, with clear expectations for compliance across jurisdictions and agencies.

Science- and evidence-based Decisions are grounded in robust scientific data, toxicology, exposure assessment, and risk analysis.

Supports innovation and competitiveness Enables development and adoption of safer chemicals, new technologies, and sustainable solutions without unnecessary barriers.

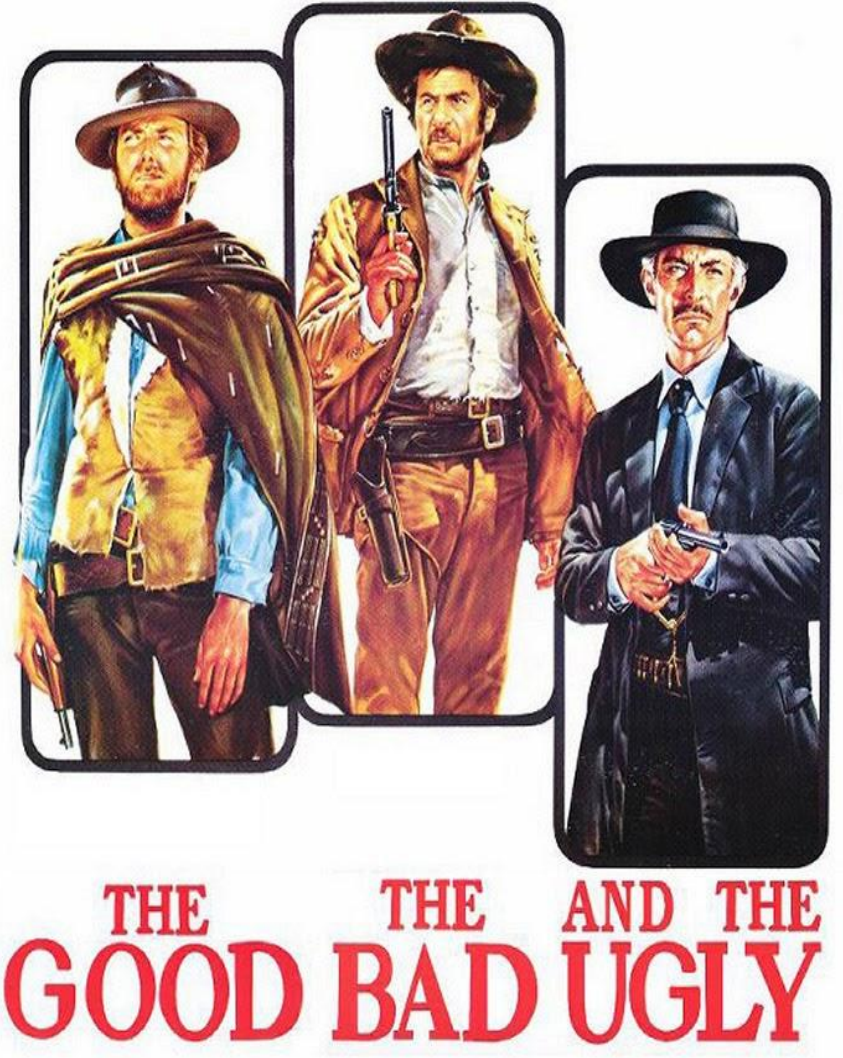
Avoids unnecessary regulatory burden Minimises duplication, overlapping approvals, and administrative complexity for industry.

Harmonised in Australia and with international frameworks To support better compliance outcomes, one-market and seamless trade

Cost effective in its approach Avoids unnecessary compliance costs that do not improve safety outcomes

OIA
The Office of Impact Analysis

Case studies



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The Australian Industrial Chemical Introduction Scheme Reforms

The old scheme (NICNAS)

Australia was missing out with the introduction of new chemistries – lacking risk to chemical assessments and underpinned by poor mechanisms.

Key issues

- ❑ Low Risk Chemicals needed to jump through the same hoops, as Higher Risk chemicals
- ❑ Cost of introduction was not proportionate.
  - ✓ Australia being a small economy it was subject to bypass if the cost of introduction did not achieve the return on capital of investment.
- ❑ It had limited recognition of international assessments.
- ❑ It was slow in responding to new information with existing chemicals.

The Australian Industrial Chemical Introduction Scheme Reforms

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The Reform

A proportionate risk-based scheme that betters supports innovation in Australia.

Some key benefits

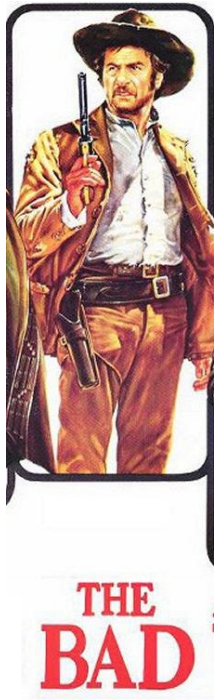
- ❑ Faster pathways to introduce low risk chemicals and encourages low risk chemistry.
- ❑ Lighter touch on low–risk chemistries by the regulator.
- ❑ Allows the regulator to spend more time and effort on riskier chemicals.
- ❑ Greater recognition of trusted overseas and international assessment bodies- thus reducing red-tape in reassessments and faster access of new chemistries.
- ❑ More reactive to existing chemical assessments through a high throughput process - ensures our risk management decision making on chemicals is not lagging.

A scheme which is fundamentally fit for purpose for the Australian Market, however, improvement opportunities still exist.

Australian divergence from international practices with Dangerous Goods transportation

The ADG code (Transport Code) is fundamental in supporting movement of goods in Australia

- All codes used in transport need to be aligned to support seamless trade of goods.
- All transport codes are based on the UN Model Regulations, in terms of what is considered Dangerous Goods, Labelling, etc.
- The Australian Dangerous Goods Code for transport of Road and Rail mirrors the UN model Regulation to a large part.



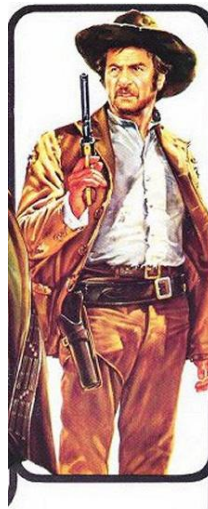
Issue

- IBC labelling is not harmonized with the UN Model Regulations and with other intermodal codes such as, the shipping code (IMDG).
- We have an ‘Australianism’ in IBC labelling and uses Emergency Information Panels to label IBCs - not part of the UN Model Regulation
- Australia is the only country that is out of international alignment with IBC labelling.

Australian divergence from international practices with Dangerous Goods transportation

Impact

- **Relabelling of IBC costs industry >$180M per anum**.
- The **UN Model Regulation of Labels** has all the information to identify the goods.
- Emergency Information Panels are large and **often require industry to add another plate on a rigid IBC** to support labelling requirements of other regulations, such as, GHS.
- **Difficult to relabel on flexi-IBCs** and can cover some other important information.
- Dangerous Goods communication is about labelling the most outer package. Vehicles are the most outer package in transport and would **remain to have EIP labelling** on vehicles communicating the risk to emergency services.
- **Having large "000" emergency numbers on IBCs in the EIP can undermine export competitiveness**. In markets such as New Zealand - Australia's largest trading partner - 000 is not the relevant emergency contact, resulting in **misleading information and reduced product suitability for international trade**.



Where are we today with Reforms?

- Under Review. While the National Transport Commission supports Reforms - **the ADG code is underpinned by poor governance** and requires 100% agreement from all jurisdictional ministers to transition any reform.

'This basically means if one state/territory does not agree, reforms are susceptible to fall-over'

Real case scenario on supply impediment facing industry

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Manufactured in Egypt

Import into Australia

Geisum PortTerminal

> 17,000Km
40 days

Australian Port

<20km
30min

CUSTOMER

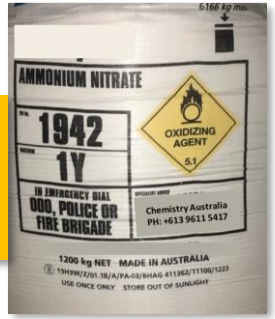
IBC labelled with UNMR

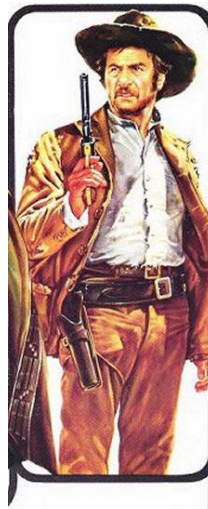
IBC labelled with UNMR under the IMDG requirements as loose shipment to meet short supply demand (not containerised)

Enters Australia Port and needs to be relabelled with Australian EIP

Bags opened & consolidated in bulk

Difficult to relabel at Port, as it does not have the facilities to support such matters. Creates new risk to workers involved.





THE BAD

Harmonisation issues in States and Territories

Lack of harmonisation creates difficulties for companies operating Australia wide

Precursor Chemicals for illicit drugs

- Jurisdictional Responsibilities
- Chemicals scheduled 100+; can include analogues and derivatives (1000+)
- Includes common chemicals
- Industry needs to manage transactions against suspicious supply chains or transactions.

However:

- List are not harmonised
- Some apply it differently - Substances versus Mixtures
- No cut-off for mixtures, so trace amounts in products need to managed in some jusridictions.
- The national approach to ensuring harmonisation has been disbanded

Poison scheduling Decisions

- Jurisdictional have risk management responsibilities.
- List are harmonised, as it takes national decisions.

However:

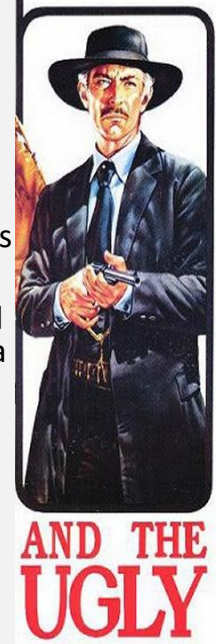
- Differing licence obligations can apply when a chemical in Schedule 7
- Differing storage and handling obligations can apply
- Schedule 7 can apply to hundreds to thousands because many entries cover: salts, isomers, derivatives of the listed chemical
- No unique identifier, such as, cas# to simplify obligations
- No recognition of licencing between jurisdictions.

Work Health and Safety

- Each Jurisdiction has its own laws and should apply the model laws

However:

- Some juridictions have not adopted the WHS model Laws.
- Differing definition of hazardous substances.
- Differing schedules on chemical cut-offs on what is considered a MHF.
- Differing risk management obligations with chemicals.
- Model Law introduces ‘Australianisms’ to the GHS requirements for labels, which creates re-labelling challenges for industry.



Harvest Opportunities for the Chemical Industry

- **Establish clear ownership of the ADG Code or better governance in approvals**
  The code is adopted by all Jurisdictions into their Laws. Assign formal ownership of the National Transport Commission (NTC) as the central decision-maker and custodian of the ADG Code or improve the governance. Current ownership is fragmented across jurisdictions, which can result in water-down outcomes and slow reforms.
- **Develop a Memorandum of Understanding (MoU) for model law adoptions**
  Create an MoU between jurisdictions committing to adopt model laws in full, with any amendments or deviations managed through a national standard-setting body to maintain consistency.
- **Introduce independent verification of impact assessments**
  Require regulatory and policy decisions to undergo impact analysis by an independent third-party audit to ensure decisions are evidence-based, transparent, and proportionate.
- **Re-introduce a National Advisory Group** so that precursor chemicals can be mitigated through a harmonised platform.

Next steps: Chemistry Australia will be engaging with governments going forward on these issues.

Thank you and Questions

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