9 December 2011

CRIS
NICNAS
PO Box 58
SYDNEY NSW 2001

DRAFT COST RECOVERY IMPACT STATEMENT (CRIS) 2012-13 TO 2015-16

The Australian Paint Manufacturers' Federation Council considered the issue of the draft CRIS at its November Meeting. APMF representatives also attended the November 2011 Sydney Information Session.

The surface coatings industry relies on innovation for the development of new and safer products. Much of the research and development into new products now comes from overseas (see attachment). As well, the surface coating industry, as part of the chemical industry, is very much dominated by global organisations. This allows Australia to have the best global technology, if it has no cost impediments or timing implications. Particularly in the Industrial and automotive segments, there is a drive to convert, over the next 5-10 years, from solvent to waterborne coatings. This is very likely to have major chemical registration issues, as they will all be highly similar and be, in majority, costly limited notifications (@ A$14,057), based on experience with the introduction of new automotive/industry end-use technology.

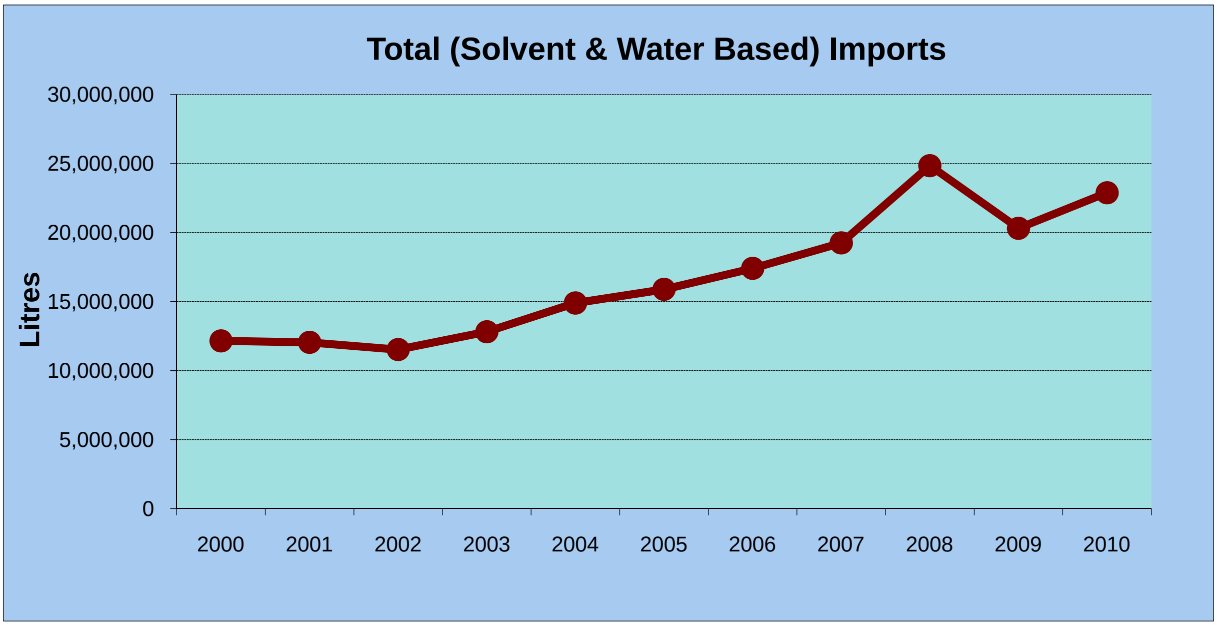
Feedback from APMF members indicates a strong view that NICNAS charges, on the whole, now limit the industry's ability to introduce better and safer products. The impact of timing to achieve registration also is significant, particularly if you are part of a global project or product release.

The APMF, therefore, supports all the key recommendations already contained with the Plastics and Chemicals Industry Association response to the NICNAS CRIS.

In particular, the APMF has concerns with:

- proposed increases of up to 181% for NICNAS services;
- lack of attention to reduce the cost burdens on industry through increased efficiencies;
- the proposal for automatic indexation of fees and charges;
- a cost recovery mechanism which does not meet the Government's objective of reducing regulatory burden which unduly stifles completion and industry innovation; and,
- the timing in achieving registration which limits impact and efficiency.

In recent years, the APMF has witnessed a growing trend of importing finished product, rather than manufacturing the same products in Australia. See table below.



Along with other relevant Government Agencies, NICNAS and its changing mechanisms play an important role in either enabling or prohibiting the introduction of new products and chemicals, and determining if they can be made profitably locally. EPA controls, required by NICNAS, are now amongst the toughest in the world. Whilst NICNAS and other Australian regulators emphasise their technical independence and Australian systems, there is a growing imperative for finding ways to use or accept the outcomes of overseas assessments. In an age of globalisation, the current approaches will only undermine the viability of our local chemical industry manufacturing base. An example would be that a global manufacturing component (could be anything from a wind farm generator, rail cars, to a truck or an implement) needs a specific product to meet the needs of the end use. Having won the contract, the coatings manufacturer cannot support the repair of that component in Australia due to cost and timing impacts of NICNAS Registration.

A key APMF Strategic Objective is for NICNAS to find ways to better accept credible overseas assessments, for both new and existing chemicals, to reduce the cost burdens of the Australian industry, whilst protecting the public interest. NICNAS is strongly encouraged to deliver increased reductions in charges through the increased acceptance of overseas assessments.

Finally, the APMF will also be responding to the NICNAS Better Regulations Review.

Thank you for this opportunity to comment on the CRIS.

For further information, please do not hesitate to contact me directly on (02) 9868-1766 or by emailing richard.phillips@apmf.asn.au.

Yours sincerely

Richard Phillips
Executive Director

ATTACHMENT TO APMF LETTER RE NICNAS

TYPICAL EXAMPLE OF NICNAS BEING OUT OF STEP WITH AUSTRALIA MARKET VOLUMES

Australia is only a small market and to bring in the best technology chemicals and resins we are either limited to a small volume of 100-500 LITRES under LVE, depending on the concentration of the unregistered ingredient (in this example from 100% to 20%). When paying registration fees and preparations costs of almost equivalent magnitude to sell, ie, for a PLC which is one of the lowest fees this would be A$4,735 plus preparation A$4,500 , thus total cost = A$9,235. Assuming a better than average profit margin of 10% the total sale of product would need to be A$92,350 and be greater than 3,000 litres.

A solution would be to increase the LVE to 500Kg maybe 600 Kg.