

Tri-tech Chemicals

29 November 2011

Firstly, thanks for the time you, Marion and Roshina(?) made on November 14 in Melbourne for stakeholder feedback on the proposed fees.

As a result of that meeting my views have changed a little. In my earlier responses to you I suggested that companies introducing new chemicals should be paying a larger fee so that the registration fee could be reduced. I think now that the balance is reasonable.

I stick to my fundamental view that the fee structure as it currently stands is very regressive because smaller companies pay a much higher percentage of their turnover than larger companies. I know my view reflects my interests but the fee structure is even more onerous on companies that are smaller than us. I also feel that smaller companies have not represented themselves very well. There isn't really an industry association that can represent them well – the issue is too specific for the Australian Industry Group, and PACIA membership fees are so high that usually only larger companies belong to that association.

One of the suggestions was to charge a fee that is directly proportional to the value of introduced chemicals, and this was discounted because it would add to the administrative burden of both NICNAS and registrants. I still believe that this is the fairest model however I reluctantly accept that this may not be the most practical fee model.

If we are therefore left with a tiered registration fee structure then my view is that the structure should be as equitable as possible. Of the models presented it seems to me that the fifth model is the most equitable. Admittedly we would probably see a big drop in our fee because our total turnover (which includes chemicals we blend rather than react) is only just over \$10M. I do however favor a more complex tiered structure, and believe that even adding a few more tiers might be much simpler than a strictly proportional system (model D1). The fifth model also gives too much of a break to companies of around our size – I think \$1410 is too cheap for a company of our size - the \$5-\$10M bracket should have been retained.

If you adopt the view that taxation should be fair rather than pandering to the wealthier parts of the business world then I believe it would be worth your while to draw a graph of fee paid/\$M introduced value (vertical axis) versus \$M introduced value (horizontal axis). I believe that the average fee paid per \$M introduced value is around \$240 (i.e. 0.024% of \$1M from model D1). It would be interesting to see if the models could be tweaked so that the smaller companies are closer this figure of \$240. If you like I could do this for you.

Regards,

Greg Weston
Managing Director
Tri-Tech Chemical Co. P/L