

4 August 2010

CRIS
NICNAS
GPO Box 58
SYDNEY NSW 2001

SUBMISSION IN RESPONSE TO NICNAS COST RECOVERY IMPACT STATEMENT DISCUSSION PAPER, JUNE 2010

The APMF is the peak industry body for local surface coatings manufacturers (paint and ink). Our Federation also includes companies that provide inputs such as raw materials into our industry. Our mission is to represent and advance the interests of our members to ensure the sustainability of our local industry.

APMF objectives include reducing our members' environmental impact and improving the safety of our industry, whilst reducing unnecessary burdens to surface coatings manufacturing in Australia.

The APMF, therefore, is keen to work with Government and National Industrial Chemicals Notification and Assessment Scheme (NICNAS) to achieve a safe and prosperous Australian paint manufacturing industry.

This submission addresses the four objectives of the NICNAS Cost Recovery Impact Statement (CRIS) consultation objectives:

- Identify and understand any issues with the current cost recovery framework;
- Obtain a clear understanding of how NICNAS activities have changed since the last CRIS in 2004-05;
- Prioritise the major issues of stakeholder concern regarding the efficiency and effectiveness of NICNAS operations; and
- Explore mechanisms to cost recover the implementation of recommendation 4.6 of the Productivity Commission (PC) report.

CURRENT COST RECOVERY FRAMEWORK

The APMF accepts that for normal activities, NICNAS should abide by the Australian Government Cost Recovery Guidelines.

It is also noted that since 2004, NICNAS has moved from partial cost recovery to full recovery of costs.

The APMF does not support the cross subsidisation of activities.

NICNAS CHANGED ACTIVITIES

The APMF understands that since 2004, the number of NICNAS Registered Companies has increased five-fold to around 5,000. Of note, NICNAS has broadened its activities in areas such as industry outreach, community engagement and activities to increase compliance.

In the important area of new chemicals assessments, my members strongly support the use of international assessments to increase NICNAS efficiency and our industry's overall competitiveness.

PRIORITISE THE MAJOR ISSUES OF STAKEHOLDER CONCERN

The overriding issue of importance to the APMF is to facilitate the early acceptance of overseas chemicals assessments from the USA, Canada and the European Union. The full implementation of the LRCC reforms is another priority for APMF members. Further NICNAS work into compliance would be welcomed by APMF members.

EXPLORE MECHANISMS TO COST RECOVER THE REVIEW OF EXISTING CHEMICALS

The current projected NICNAS cost of the Review into Existing Chemicals is in the region of \$20 m-\$28 m over 6-7 years. There is a consensus among industry groups that the cost to industry to provide the necessary data to NICNAS is estimated to be double the direct NICNAS costs, or in the region of \$40 m-\$56 m.

The total cost of the proposed Review into Existing Chemicals could therefore be in the region of \$60 m-\$86 m. This cost is particularly concerning as my members are still feeling the impacts of the GFC and the slow-down in the housing construction industry. My members are also experiencing strong competition from overseas manufacturers, particularly Asia, where there is a capability to produce low cost products based primarily on lower wages. Our calculations are that the total cost impact on our members would be in the range of \$20 m-\$35 m over the period in question.

A strong capacity for innovation and the development of new materials technology are recognised as important factors in maintaining the sustainability and success of manufacturing in Australia. The above costs could undermine our future capacity for innovation and the introduction of new, safer technologies. The APMF therefore supports the PC finding with regard to the Government meeting the project costs for the Review (as occurred in Canada).

A policy to accept the outcomes of overseas assessments from the USA, EU and Canada would be in step with NICNAS goal to be efficient and greatly reduce the significant costs currently being projected to undertake this Review. This approach is also consistent with the risk model within the ICANA Act 1989.

Government support is a key factor in fostering a sustainable and competitive paint and chemicals manufacturing sector, combined with the provision of a strong business environment that allows manufacturing firms to grow with minimal intervention and unnecessary costs. Therefore, the APMF will seek to have this matter re-considered by the incoming Government after the August 2010 Federal election.

Yours sincerely

*Original signed
and mailed*

Richard Phillips
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