

Productivity Commission
Regulation of Australian Agriculture Review

Email: agriculture@pc.gov.au

Dear Madam/Sir

Accord is pleased to provide the following comments to the Productivity Commission, *Regulation of Australian Agriculture*, Draft Report (July 2016).

Accord Australasia is the peak national industry association representing the manufacturers and marketers of formulated hygiene, cosmetic and specialty products, their raw material suppliers, and service providers. Accord Members market fast-moving consumer and commercial goods primarily in Australia and New Zealand. Member companies include large global consumer product manufacturers as well as small dynamic Australian-owned businesses with 80 percent¹ of members operating as small to medium businesses (<200 employees). *A full members' list is attached.*

The formulated chemical products sector is heavily regulated. This has resulted in an overly complex system made all the more difficult through the duplication of roles and responsibilities for chemical management between Commonwealth entities, state and territory governments as well as some local government bodies. Governments have recognised the complexity of the regulatory system and the chemicals and plastics sector has been the focus of multiple reform efforts including the Productivity Commission (PC) study into chemicals and plastics regulation, July 2008. The PC study found that the sector could benefit from greater national consistency in its regulation and a governance framework that enhances national uniformity.

A quarter of our members have dealings with the Australian Pesticides and Veterinary Medicines Authority (APVMA), the majority of which are small to medium enterprises operating in low margin businesses that are susceptible to input cost-pressures. Our members' agvet products are largely fast moving low risk consumer goods or low risk, well characterised products which represent a low regulatory burden on the agvet sector and are not the core focus of the APVMA's regulatory activities. As such we will be limiting our comments to Draft Recommendation 6.2.

Accord agrees that the APVMA should make greater use of international evidence from trusted comparable regulators in its assessments of agvet products. Recommendation 6.2 also states that reforms currently underway should be expedited. Accord supports this recommendation. However, the work Accord has seen from the APVMA such as its consultation draft, *APVMA's Approach to the Use of International Data, Assessments, Standards and Decisions* leads us to believe that little of tangible benefit for our members' products may come of this work. The APVMA has already indicated that it will not accept a decision from an overseas regulator as the sole justification for registering certain products.

The APVMA has been working towards the development of a risk based assessment framework. The framework is only in its initial stages of development. If finalized, this tool should be able to allow for more appropriate and proportionate risk profiling. Low risk products would appear to be the ideal candidates for self-assessment and notification utilizing the overseas regulator's decision upon which to base the self-assessment. However, in our experience, the APVMA is a relatively risk averse

¹ Data obtained from Accord Industry Size and Scale Survey 2016

regulator and overly conservative when it comes to making decisions regarding low risk well characterized products, as we have found in our work on dairy cleansers and sanitizers. Most of the tangible reform work to date has come as a result of the Department pushing for greater reform opportunities.

Of direct relevance to farmers and hence the PC inquiry, Accord's main activity in the agvet space has been in the area of encouraging a streamlined approach to low risk fast moving consumer goods such as household pesticides, as well as reform to the regulation of on-farm dairy cleansers and sanitizers. Accord provided a submission to the PC inquiry into the *Relative Costs of doing Business in Australia: Dairy Products Manufacturing in 2014*.

We highlighted an area where we believe a reduction in regulatory compliance costs and policy action and implementation through the adoption of a deregulatory approach to on-farm dairy cleansers and sanitisers will deliver benefits to Accord members operating in this area. This action will complement the recommendations of the National Commission of Audit to streamline the activities of regulatory agencies with a greater focus on high risk products.

Time and money are the costs associated with registering on-farm dairy cleansers for use as hard surface cleaners. For example something as simple as a label change can take up to four months to complete. Registrants are unable to quickly respond to market conditions, for example, there has been a concerted push by the dairy industry to have quaternary ammonium compounds removed from cleaning and sanitising products due to residue issues in finished dairy products (mainly infant formulae) in some European markets. An Accord member advised that it was unable to meet a customer's need within a timely manner to repack a product for farmers to use which is "quat free" to meet the new demands placed on them not from regulatory agencies, but upstream dairy manufacturers. Off-farm cleansers are not subjected to the same regulatory requirements and hence manufacturers of these products are better placed to meet changing market demands and/or regulatory conditions. Accord members supply into the both markets, i.e. on and off-farm with similar products but with very different regulatory requirements.

Accord has been in discussions with the APVMA since 2010 (having first raised this in 2005) to accept a regulatory model for low risk dairy cleansers and sanitisers such that their regulatory treatment by the APVMA is comparable to that of their regulatory treatment by Food Standards Australia New Zealand (FSANZ) and similar to the way New Zealand regulates these products. Despite years of discussion, there has been little progress because of an overly conservative regulatory attitude which has been unable to adequately distinguish between high, medium and low risk and apply more proportionate categorisations and controls. We believe that a streamlined regulatory approach for these products would result in more innovative products available for use by Australian farmers. Presumably as the costs of regulation are reduced, this could result in lower product costs.

The PC has sought information (Information Request 6.1) about the institutional arrangements and regulatory objectives underpinning the OGTR and APVMA and if these are appropriate and up to date and if improvements can be made?

Accord has a keen interest in the current COAG review of Commonwealth chemical assessment functions. This review is being conducted by the Department of Industry, Innovation and Science on behalf of COAG. In October 2014, COAG agreed to consider changes to the regulatory framework governing chemicals to improve its efficiency under its standing item on deregulation. The report is expected to develop options for reform pathways for COAG consideration. This should include a cost-benefit analysis to inform serious consideration of streamlining Commonwealth chemical assessment

functions, and investigate how greater efficiencies can be achieved to minimise red tape and regulatory burden for industry to bring safe and effective products to the Australian market sooner.

The consultancy will:

- identify the costs and benefits of structural change to Commonwealth chemical assessment functions and any subsequent impacts on the chemicals regulatory framework;
- investigate how to improve responsiveness of agencies at all levels of government in setting appropriate controls on the use, transport and storage of chemicals following their assessment;
- explore opportunities to improve interactions between regulators across jurisdictions; and
- identify opportunities for greater efficiency and cost savings in the operation of the framework.

This work was expected to have been already completed, but the timelines have been extended and the final report is expected to inform and guide future decision-making.

Chemicals and chemical products have their risks assessed in five broad categories at a national level, depending on their use in industrial, agricultural and veterinary, therapeutic, cosmetic or food applications. These different regulatory requirements are administered by various agencies including the National Industrial Chemicals Notification and Assessment Scheme (NICNAS), the APVMA, the Therapeutic Goods Administration (TGA), FSANZ and the Australian Competition and Consumer Commission (ACCC). These agencies all perform some risk assessment for chemicals and there are complementary regulatory and administrative functions where synergies could be better leveraged.

While Accord is a supporter of this COAG-initiated work, we would appreciate greater transparency and stakeholder consultation. To date there has been limited involvement with industry yet it is industry which bears the cost of the regulatory system through cost recovery and an overly complicated regulatory system for products which in our sector, have for the most part been fully imported from a comparable economy and/or subjected to similar regulatory processes and controls. Some elements of Australia's complex regulatory system can be viewed as a technical barrier to trade, particularly when the regulators refuse to accept regulatory decisions from comparable regulators with which they have long standing relationships through international fora such as the OECD, WHO and UN.

Accord believes there are fundamental synergies in the regulation of agvet and industrial chemicals which could benefit by streamlining the regulatory systems to form a revised chemical assessment entity. This is consistent with the findings of the National Commission of Audit to streamline the activities of regulatory agencies, and is also consistent with the PC's original finding that the role of NICNAS should be fundamentally changed.

The contact officer for this submission is Ms Dusanka Sabic, Accord's Director Regulatory reform. Should you have any questions in relation to the matters raised please do not hesitate to contact

Yours sincerely

Bronwyn Capanna
Executive Director
22 August 2016

Members

Consumer, Cosmetic and Personal Care

Advanced Skin Technology Pty Ltd	KAO Australia Pty Ltd
Amway of Australia Pty Ltd	Keune Australia
AVON Products Pty Limited	Kimberly-Clark Australia
Beiersdorf Australia Ltd	La Biosthetique Australia
BrandPoint Pty Ltd	La Prairie Group
Chanel Australia	L'OCCITANE Australia Pty Ltd
Clarins Group/Trimex Pty Ltd	L'Oréal Australia Pty Ltd
Clorox Australia Pty Ltd	LVMH Perfumes and Cosmetics
Colgate-Palmolive Pty Ltd	Mary Kay Cosmetics Pty Ltd
Combe Asia-Pacific Pty Ltd	Muk Haircare Pty Ltd
Cosimer Pty Ltd	Natural Australian Kulture Pty Ltd
Cosmax Prestige Brands Australia Pty Ltd	Nutrimecs Australia
Coty Australia Pty Limited	NYX Pty Ltd
De Lorenzo Hair & Cosmetic Research Pty Ltd	Pacific SMM Pty Ltd
Edgewell Personal Care	Panamex Group
Elizabeth Arden Australia	Procter & Gamble Australia Pty Ltd
Emeis Cosmetics Pty Ltd	PZ Cussons Australia Pty Ltd
Estée Lauder Australia	Reckitt Benckiser
Frostbland Pty Ltd	Revlon Australia
GlaxoSmithKline Consumer Healthcare	SC Johnson & Son Pty Ltd
Hairjamm Pty Ltd	Scental Pacific Pty Ltd
Helios Health & Beauty Pty Ltd	Skin Health Pty Ltd
Henkel Australia Pty Ltd	Syndet Works Pty Ltd
Hypred SAS	The Heat Group Pty Ltd
Inglot Cosmetics Pty Ltd	Ultraceuticals
iNova Pharmaceuticals – A Valeant Company	Unilever Australasia
Integria Healthcare (Aus) Pty Ltd	Vitafive
International Beauty Supplies Pty Ltd	Weleda Australia Pty Ltd
Johnson & Johnson Pacific	

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Albright & Wilson (Aust) Ltd	Novozymes Australia Pty Ltd
BP Castrol Australia Pty Ltd	Nowra Chemical Manufacturers Pty Ltd
Brenntag Australia Pty Ltd	Peerless JAL Pty Ltd
Castle Chemicals Pty Ltd	Recochem Inc
Chemetall (Australasia) Pty Ltd	Rohm and Haas Australia Pty Ltd
Clariant (Australia) Pty Ltd	Schulke Australia Pty Ltd
Crisp Solutions	Solvay Interox Pty Ltd
Deb Australia Pty Ltd	Sopura Australia Pty Ltd
Dominant (Australia) Pty Ltd	Symbio Australia Pty Ltd
Ecolab Pty Limited	Tasman Chemicals Pty Ltd
E.D. Oates Pty Ltd	Thor Specialties Pty Limited
Huntsman Corporation Australia Pty Ltd	True Blue Chemicals Pty Ltd
Jet Technologies Australia Pty Ltd	Whiteley Corporation Pty Ltd

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Specialist Laboratories and Testing

Dermatest Pty Ltd

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