



Plastics and Chemicals Industries Association INC A.R.B.N. 063 335 615

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29 August 2007

Mr Paul Belin  
Assistant Commissioner  
Productivity Commission  
Locked Bag 2  
Collins Street East  
Melbourne VIC 8003

Dear Mr Belin,

### **Productivity Commission Study into Chemicals and Plastics Regulation**

PACIA greatly appreciated the opportunity to meet with Commissioners Mike Woods and Angela MacRae, Associate Commissioner Siobhan McKenna and yourself, as well as Greg Murtough and Anna Williams on Thursday 23<sup>rd</sup> August.

PACIA is the peak national body for the Australian chemicals and plastics sectors. It represents some 250 members across all sectors of the chemicals and plastics supply chain, including manufacturers, processors, importers, distributors and transport and storage operators. Chemicals and plastics producers had a combined turnover of \$30.5 billion in 2004-05, and directly employed more than 82,400 Australians. They represent roughly 10 percent of all national manufacturing output and employment. PACIA actively supports its members in their efforts to ensure that the plastics and chemicals industries are leaders in health, safety, security and environmental performance improvement through the implementation of the Responsible Care® and Plascare™ programs.

As you are aware, PACIA works actively and closely with governments in the development of legislation impacting on our industry. PACIA strongly supports the Council of Australian Governments (COAG) Principles and Guidelines for National Standard Setting and Regulatory Action by Ministerial Councils and Standard Setting Bodies (COAG Principles) and promotes that they should be rigorously applied in the consideration of any regulatory response.

These Principles state that regulatory solutions should:

- be the minimum required to achieve the stated objectives;
- adopt a risk management approach to forming and administering regulation;
- minimize the impact of competition;
- be compatible with international standards and practices;
- cause no restriction to international trade;
- be developed in consultation with the groups most affected and be subject to regular review;
- be flexible, not prescriptive and be compatible with the business operating environment
- standardize the exercise of bureaucratic discretion; and
- have a clear delineation of regulatory responsibilities and effective and transparent accountability mechanisms.

At our meeting last Thursday, you requested that we provide you with some existing submissions PACIA has made to various Government agencies and enquiries, in order to highlight for you some of PACIA's concerns regarding the regulatory framework governing the chemicals and plastics sector.

We hope the material and links to PACIA submissions below will be of some assistance:

- **Chemicals and Plastics Leadership Group (CPLG), final report to the Australian Government on the Plastics and Chemicals Action Agenda - August 2004**

The CPLG adopted the vision for the chemicals and plastics industry “to be a sustainable, dynamic and innovative industry underpinning Australia’s industrial growth and capturing significant domestic and export markets”. The multi-party, industry-based taskforce identified priority initiatives in the areas of Regulatory Reform, Investment, Innovation and Exports, and Education and Training recognised as progressing beyond current state and enabling the achievement of this vision. The Regulatory Reform recommendations are very relevant to this Productivity Commission Study and are highlighted in the submission below.

Link to submission:

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_finalreport\\_cplg\\_august04.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_finalreport_cplg_august04.pdf)

- **Regulation Taskforce (Reducing the Regulatory Burden on Industry)**

PACIA welcomed this review of regulation as a means of emphasising the need for regulation to be introduced and maintained on the basis of sound principles, and of identifying and addressing areas where regulation is unnecessarily burdensome and/or complex. PACIA also endorsed the government's intention to introduce an annual review process and identify a red tape reduction agenda.

PACIA’s submission addressed the following:

- Co-regulation: Responsible Care® and Plascare™ - voluntary industry initiatives which complement the legislative framework of the chemicals and plastics sectors, and form an integral part of PACIA's support to members;
- The cost, complexity and timeliness of industry specific regulatory requirements; and
- Globalisation: increasingly, the approach to chemicals management is a global issue, and there is an imperative for consistency and uniformity of regulation, and cross-jurisdictional acceptance of testing and certification procedures.

PACIA and other industry associations, including ACCORD, have been advocating for a considerable period for an integrated control framework for chemicals. From PACIA’s perspective, it is disappointing that key decisions in relation to regulatory controls take a considerable time – the delayed response to the Action Agenda and to the ‘Galbally’ review are key examples. At the same time, new regulations continue to be introduced, with little regard for the need – clearly identified by industry – of a more systematic, consistent and structured approach to regulation.

Recent industry experience in relation to three important areas of government responsibility – security, major hazard facilities and illicit drug precursors – has highlighted the significant difficulties in achieving a consistent, effective and workable regulatory regime, even where the desired outcomes of such a regime are agreed. These three case studies are included in our submission.

Link to submission -

[http://pacia.org.au/uploaditems/docs/2.paciasub\\_regulationtaskforce\\_25nov05.pdf](http://pacia.org.au/uploaditems/docs/2.paciasub_regulationtaskforce_25nov05.pdf)

- **Queensland and NSW Government Reviews of regulation Hotspots 2006**

In both Queensland and NSW, PACIA has a significant member base of manufacturers, importers, and supply chain businesses, across the range of Small and Medium Enterprises to large, multinational corporations. The burden of regulation is experienced by these businesses in many areas, including:

- chemicals and pesticides regulation
- environmental protection and pollution control (including waste regulation)
- explosive and dangerous goods regulation
- Fair Trading – consumer protection regulation
- Industrial relations regulation
- Industry codes of practice
- Local government regulation (including planning and development)
- Occupational health and safety requirements
- Planning and assessment regulation
- State taxation provisions
- Water management regulation
- Workers' compensation requirements

In addition, the structure of Government in Queensland for regulating the chemicals industry is particularly fragmented which adds to the burden on industry in that state. To elaborate,

- Major Hazard Facilities and Dangerous Goods legislation is under CHEM Services in the Department of Emergency Services
- Class 3 Dangerous Goods (Flammable Liquids) licensing is carried out by local government
- Hazardous Substances are regulated by Workplace Health and Safety in the Department of Employment and Industrial Relations
- Explosives and security sensitive ammonium nitrate are regulated by the Department of Natural Resources, Mines and Energy
- Transport of Dangerous Goods is regulated through Queensland Transport.

It must be noted that in several other states, e.g. Victoria through WorkSafe Victoria, these areas are all regulated through one Department.

In Queensland, in addition to these agencies dealing with health and safety, the chemical industry is also regulated through the Department of Health for drugs and poisons, the EPA for environmentally relevant activities and hazardous waste management, QLD Police for drug misuse legislation (dealing with diversion of legitimate industrial chemicals into illicit drug manufacture) and the Department of Primary Industries and Fisheries for agricultural and veterinary chemicals.

The complexity and burden of this breadth of administration must be recognised and addressed.

Regulatory review was under discussion at the Federal level ('Reducing the Regulatory Burden on Industry') and in NSW ('Investigation into the burden of Regulation in NSW and improving Regulatory Efficiency'). PACIA welcomed the reviews in both NSW and Queensland.

Link to Queensland submission:

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_qld\\_reghotspots\\_april06.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_qld_reghotspots_april06.pdf)

Link to NSW submission:

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_nsw\\_regburden\\_march06.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_nsw_regburden_march06.pdf)

- **Annual Review of Regulatory Burdens on business – Primary Sector – June 2007**

PACIA drew the attention of the Productivity Commission to a matter of duplication of regulation between requirements of the Australian Pesticides and Veterinary Medicines Authority (APVMA) and the *Draft National Code of Practice for the Labelling of Workplace Hazardous Chemicals*, developed by the Australian Safety and Compensation Council (ASCC) with regard to the labelling of agricultural and veterinary chemicals. There are also flow-on effects from the current proposals to end-users through State and Territory legislation and regulations.

Link to submission:

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_regulatoryburden\\_business\\_june2007.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_regulatoryburden_business_june2007.pdf)

- **NChEM**

PACIA welcomed the NChEM review as a means of emphasising the need for uniform regulation to be introduced and maintained on the basis of sound principles, and of identifying and addressing areas where regulation is unnecessarily burdensome and/or complex from the lack of communications amongst all levels of government.

PACIA believes the current failures in existing regulatory structures are not due to the lack of powers or systems. They are due to deficiencies and failings to best use existing powers resulting from poor implementation and/or a lack of commitment to effective communication within government agencies. We believe in the past, there has been little federal coordination role played by the Department of Environment and Water Resources (unlike the role played by NDPSC and ASCC for public health and OH&S) and little communication between the state and territory environment agencies.

PACIA strongly supported the proposal to develop a national framework for improved administrative arrangements to manage potential environmental effects of chemicals. However we strongly recommended the action taken on environmental regulation and management **not be finalised until the outcomes of the COAG Ministerial Taskforce/PC Study into Chemicals and Plastics Regulation were completed.**

Link to submission: [http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_nchem\\_may07.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_nchem_may07.pdf) and

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_nchem\\_feb07.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_nchem_feb07.pdf)

- **Australian Dangerous Goods Code 7<sup>th</sup> Edition (ADG7)**

PACIA worked very actively with member companies and liaised with other industry organisations and emergency services throughout the consultation process for ADG7. There were a range of issues PACIA believed were of significance with the draft ADG7 and related documentation (e.g. insurance, the significant growth of the Model Subordinate Law, consistency in cross-referencing, powers afforded to authorized officers, transitional arrangements, and others).

PACIA understands the decision to move away from producing template legislation in this most recent review, was a decision taken by the Competent Authorities Panel, made up of the jurisdictional representatives. This was not a matter on which industry views were sought. It is PACIA's view is that the model used for the development of ADG6 in 1997 with template Commonwealth legislation (Road Transport Reform (Dangerous Goods) Act 1995 and Road Transport Reform (Dangerous Goods) Regulations 1997) associated with incentives for the jurisdictions to promptly adopt the legislation was most effective in driving consistent adoption.

Link to submission:

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_nationaltranscomm\\_oct06.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_nationaltranscomm_oct06.pdf)

- **Various Submissions to NICNAS**

PACIA has made a number of submissions to NICNAS which focus on the importance of not extending NICNAS's regulatory powers and duplicating legislative powers which exist already under state and territory legislation. PACIA is concerned that this will merely add to the complexity of the existing regulatory environment. These are seen as critical matters for the Productivity Commission to consider.

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_variations\\_aics\\_lead\\_july2007.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_variations_aics_lead_july2007.pdf)

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_nicnas\\_existingchem\\_june06.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_nicnas_existingchem_june06.pdf) and

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_phthalates\\_pecs\\_feb06.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_phthalates_pecs_feb06.pdf)

In our meeting of the 23<sup>rd</sup> August, we mentioned industry issues with the unanticipated industry burden associated with the LRCC reforms. The joint submission below from PACIA and ACCORD highlight some of the early concerns regarding unanticipated consequences. Furthermore, the submission highlights some areas where Australia was proposing to be more stringent than approaches overseas. Clearly, for our later submission to the Issues Paper, we will plan to do a detailed Case Study on the issues with the LRCC reforms.

Link to submission:

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_accord\\_nicnasreporting\\_aug05.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_accord_nicnasreporting_aug05.pdf)

- **Chemicals of Security Concern and Security Sensitive Ammonium Nitrate**

The chemical industry is committed to achieving enhanced levels of security and control over all aspects of the chemical supply chain to minimise the risk of legitimate industrial products being diverted for illicit use. PACIA and its member companies have a long history of working very closely with both federal and state agencies to achieve enhanced security controls. This work has historically focused on areas of chemical weapon precursors, chemical precursors, illicit drug precursors, explosives and in recent years, security sensitive ammonium nitrate (SSAN).

PACIA has been very pleased over the last four years to proactively develop specific industry guidance on security issues. In 2003, PACIA developed the first Edition of its Responsible Care Site and Supply Chain Security Guidance to assist the industry. PACIA is currently updating and reviewing the document to publish the fourth Edition.

In addition, prior to the June 2004 COAG decisions regarding SSAN, PACIA developed a draft industry Code of Practice for Secure Distribution of Security Sensitive Ammonium Nitrate which subsequently was largely adopted into the national SSAN Transport Guidelines.

The three policy aims of the COAG Principles on SSAN, set out below, were strongly supported by industry:

- A nationally-consistent, effective and integrated approach to control access to security sensitive ammonium nitrate to those with legitimate need
- To ensure accountability at all stages of the ammonium nitrate supply chain, in order to address security and safety concerns
- To establish a framework for control which may be applicable for other materials of security concern

Sadly, those policy aims were not met in the regulation and administration of SSAN.

From an industry perspective, there have been a number of issues:

- There have been delays in making this priority security legislation
- There are significant inconsistencies between the states, eg
  - o Terminology
  - o Licence Requirements
  - o Mutual Recognition
  - o Different approaches to control
- This has been a very inefficient process for all stakeholders.

The National Security Division of the Department of the Prime Minister and Cabinet, in September 2006, requested PACIA's advice on details regarding industry's difficulties in implementing SSAN requirements in the different jurisdictions across Australia. PACIA's response, which was developed with the Australian Explosives Industry and Safety Group can be accessed below:

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_regs\\_ssan\\_%20sept06.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_regs_ssan_%20sept06.pdf)

PACIA has greatly valued the opportunity to continue working closely with the National Security Division over the last 12 months in the development of the broader framework over chemicals of security concern. Our submission on the Discussion Paper can be accessed below.

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_chemicals\\_securityconcern\\_1mar07.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_chemicals_securityconcern_1mar07.pdf)

The issues associated when one State proposes to go in a completely different direction on security can be seen in these submissions to the Victorian Department of Justice below. A successful outcome was achieved with this legislative proposal as a result of intervention by the Minister for Police, following correspondence from PACIA. The final legislation is consistent with the priorities and approaches being developed through the COAG work on Hazardous Materials.

[http://www.pacia.org.au/uploaditems/docs/2.terrorism\\_cpccps\\_regsfeb05.pdf](http://www.pacia.org.au/uploaditems/docs/2.terrorism_cpccps_regsfeb05.pdf)

- **Globally Harmonised System of Classification and Labelling of Chemicals**

PACIA and our members have a critical interest in Australia's approach to the implementation of GHS across the various chemicals sectors. Given Australia's existing developed and sophisticated regulatory regimes for chemicals, the contribution of the GHS to Australia's national interest will be best served through trade facilitation and efficiencies. As you can see from the submissions below, PACIA is focussed on the need to pause in our current developments, so that we may align our approach in terms of timing, scope, transitional arrangements, and approaches in different sectors, to that of our key trading partners in order to optimise trade benefits to offset the very significant costs of this new system.

PACIA has recommended that advice needs to be sought from the Department of Foreign Affairs and Trade on our trends in trade and on which trading partner/s we need to align in order to optimise benefits.

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_ascc\\_march2007.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_ascc_march2007.pdf) and

[http://www.pacia.org.au/uploaditems/docs/2.paciacomment\\_pics\\_ghs\\_aug06.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciacomment_pics_ghs_aug06.pdf)

- **Variation to the National Environment Protection (National Pollutant Inventory) Measure**

PACIA and our members were very concerned regarding aspects of the Draft NPI NEPM Variation. A major concern for PACIA was the inclusion of transfers both on and off site. Furthermore, a Technical Advisory Panel of nine members was established by the Department of Environment and Heritage to provide technical and scientific advice on specified matters. There was no chemical industry representative on the Panel. As a result, the variation document was written with very little chemical industry consultation. PACIA believes the NPI NEPM Variation process could have been

improved by allowing chemical experts to sit on the Technical Advisory Panel. This would remove many of the current perceptions created by a lack of knowledge and involvement of the process behind the development of the NEPM.

PACIA strongly opposed the proposal to include transfers in the reporting requirements for the NPI on the grounds that it will result in significant costs to industry and government and will not contribute any real meaningful information to the knowledge base and may also result in confusion due to lack of understanding by users of the data. PACIA believes substances from the reporting list which were included in the transfers do not enter the environment in the transfer process and depending on the purpose of the transfer may never enter the environment.

Link to submission:

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_national\\_envprot\\_sept06.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_national_envprot_sept06.pdf)

- **National Environment Protection Council Act Review – Issues Paper**

The NEPC Act seeks to develop nationally consistent approaches for environmental management in Australia; an approach which PACIA strongly agrees with and endorses. PACIA represents companies with activities in all states and territories of Australia and encourages the development of nationally consistent guidance and regulation by all state and territory governments. However, our experience suggests that outcomes of the NEPC process have not been as effective or efficient as intended. This has much to do with the nature of the legislation and the fact that a NEPM's development is devolved to a state agency and that ultimate enforcement is left to the States and Territories. As a result, development processes can vary and implementation, particularly for some NEPMs, has been fragmented. The variation in approach and timing by States and Territories in implementing the underpinning co-regulatory measures within the National Packaging Covenant highlights this deficiency.

Link to submission: [http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_ephc\\_sept06.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_ephc_sept06.pdf)

- **Proposals for introduction of Approved emergency responders for dangerous goods transport in WA under the Dangerous Goods Safety Act 2004.**

PACIA is very concerned that this policy position, which was endorsed by the Western Australian Cabinet on 17 May 2004, was not put forward by the WA representative into Australia's national forum for considering dangerous goods transport issues for possible inclusion in ADG7. PACIA believed it is of great importance for the whole of ACTDG to have considered and reviewed the proposed initiative for adoption or rejection nationally. PACIA was concerned that the proposal lacked any information on quantifiable costs and benefits. PACIA believes DOCEP must now make a thorough assessment of the likely costs and benefits to all stakeholders of the proposal before it is further progressed. It can be anticipated, if this proposal were to be introduced only in Western Australia, the costs on industry transporting in Western Australia would create a significant burden.

Link to submission:

[http://www.pacia.org.au/uploaditems/docs/2.paciacomment\\_watransport\\_aug06.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciacomment_watransport_aug06.pdf)

- **Productivity Commission Draft Report into Waste Generation and Resource Efficiency**

PACIA and its members have considerable experience with resource efficiency and waste management and significant interest in improving product and process efficiencies and reducing waste levels. Producing waste is recognized as incurring costs through its disposal, and regarded as lost product and therefore lost profit. PACIA and its members are also conscious of the community license to operate and acknowledge the concerns within communities from time to time regarding how resource efficiency, waste generation and waste management are viewed and understood.

To assist industry planning in these areas, PACIA has strategic partnerships with a range of government agencies and other groups. These include a Sustainability Covenant with EPA Victoria, partnership projects with Sustainability Victoria, a product stewardship agreement with the

Department of Environment and Heritage and the National Packaging Covenant – all of which assist in achieving resource efficiency and waste management improvements within our sectors and supply chains.

Link to submission:

[http://www.pacia.org.au/uploaditems/docs/2.pacia\\_response\\_pc\\_draftwaste\\_july06.pdf](http://www.pacia.org.au/uploaditems/docs/2.pacia_response_pc_draftwaste_july06.pdf)

- **PACIA Submission to the Prime Minister's Task Group on Emissions Trading**

The Prime Minister established a Task Group comprising business and government representatives to investigate the design of a workable global emissions trading and for relevant domestic emissions trading options. PACIA supports the introduction of an appropriate designed domestic emissions trading scheme that recognises the challenges facing the industry. The Chemicals and Plastics industries are trade exposed and emission intensive industries. They produce many greenhouse and more broadly environmentally beneficial products. Uniquely, the industry uses hydrocarbons as feedstocks for conversion to product where no emissions are associated the use of those hydrocarbons other than through process emissions. The submission addresses these and other relevant issues.

Link to submissions:

[http://www.pacia.org.au/uploaditems/docs/2.pacia\\_submission\\_to\\_pmgroupon\\_et\\_mar07.pdf](http://www.pacia.org.au/uploaditems/docs/2.pacia_submission_to_pmgroupon_et_mar07.pdf)

and

[http://www.pacia.org.au/uploaditems/docs/2.gh\\_energysub\\_oct2006.pdf](http://www.pacia.org.au/uploaditems/docs/2.gh_energysub_oct2006.pdf)

- **PACIA Submission on the HNS Convention Regulation Impact Statement**

The Australian Government is investigating the option to ratify the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea (HNS), 1996. The Convention establishes a global fund that can be instantly accessed should there be a shipping incident where defined chemicals are carried. While PACIA recognises that there could be significant benefit to such a fund, early ratification by Australia could have severe trade implications for Australian industry where it would carry an inequitable share of the burden. The fund is structured in such a way that the potential costs of an incident, at least in the early phases, are unknown but would most likely be significant. The submission addresses these concerns and responds directly to the Regulation Impact Statement.

Link to submission:

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_hnsconvention\\_ris\\_july2006.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_hnsconvention_ris_july2006.pdf)

- **Productivity Commission Issues Paper on Standards and Accreditation**

PACIA and our members have been, and continue to be involved as representatives on many Standards Committees, providing insight and understanding of the standard setting process. As a contributor towards as well as a user of Standards, we believed the review was limited in its scope by focusing only on the importance of standards and conformance in relation to Trade and Commercial matters. This neglected what we felt was an equally important role of community protection through its impact on trades practices, safety and environmental legislation/regulation. Without this greater context PACIA felt that some matters were overlooked and opportunities for improvement not explored.

Link to submission: [http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_standards\\_april06.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_standards_april06.pdf)

- **Productivity Commission Inquiry into Workers Compensation and Occupational Health and Safety Frameworks (2003)**

While this inquiry is now dated, many of the points made by PACIA remain very pertinent. PACIA supported the following core principles to the inquiry into Workers Compensation and Occupational Health and Safety Frameworks:



- A nationally consistent workers' compensation scheme across all aspects particularly premium setting, benefits structures and insurance regulations.
- A nationally consistent OHS regulatory framework underpinned by practical guidance materials developed in conjunction with industry
- The need for regulatory frameworks and systems to be administered and interpreted in a nationally consistent manner
- A regulatory approach which seeks to raise awareness, to inform and to educate where compliance and enforcement are a last resort not the first step
- A culture of Governments (State and Federal), employees and employers working together with mutual responsibilities to ensure the core principles are met.

PACIA proposed that an **existing successful model** which should be closely examined was the legislative approach taken to the transport of Dangerous Goods by road and rail. In this area, the publication of the ADG Code (which incorporates the ADG Code, the Rail (Dangerous Goods) Rules and the Commonwealth Road Transport Reform (Dangerous Goods) Regulations) is **approved** by the Ministerial Council for Road Transport and **endorsed** by the Australian Transport Council.

Subsequent to national endorsement, several jurisdictions adopt the ADG Code and other legislation directly by **template legislation**, and others adopt consistently. There are also ongoing processes involving for example the Competent Authorities Panel to support **consistent interpretation and administration** of this legislation.

PACIA also noted in its submission that the process for **development and use of Australian Standards** as a tool to provide detailed technical guidance in the workplace was flawed and in need of urgent review. Standards Australia is currently the only provider of detailed technical guidance in many areas like dangerous goods and plant. These standards are vital communication tools which need to be accessible in large and small workplaces, to technical and non technical people, to both managers and employees. Yet language is often complex, standards are often very long and cross refer to many other standards, and they are expensive to purchase.

There is currently no formal impact assessment of the Standards or consideration of the costs and benefits – yet many standards have a major impact on Australian industry. A case study was provided in our submission to the review process of AS1940 – The Storage and Handling of Flammable and Combustible Liquids. This is one of the most widely referenced of all the dangerous goods standards.

Link to submission: [http://www.pacia.org.au/uploaditems/docs/2.2003june\\_subpc.pdf](http://www.pacia.org.au/uploaditems/docs/2.2003june_subpc.pdf)

- **A New Scheduling Model for Chemicals and Medicines**

PACIA, on behalf of its member companies, has a specific and direct interest in chemicals and medicines scheduling. Industry's competitiveness and capacity to maintain local production into the future is heavily dependent on reducing the regulatory burden Australian businesses face. Industry believes that implementation of the Galbally Review's Recommendation 7 provides an opportunity for the Department of Health and Ageing to not only deliver a streamlined approach for the assessment and scheduling of chemicals in Australia but could also provide for an improved approach to a national, integrated control framework for the management of chemicals.

PACIA identified a range of concerns with the Consultation Documents, and provided 11 priority recommendations which we believe would greatly improve the proposed arrangements and are consistent with regulatory best practice to ensure transparency, accountability, efficiency and effectiveness. It is very disappointing in 2007 to find the Government has only partially accepted one of the 11 recommendations made two years earlier.

Link to submission in 2005:

[http://www.pacia.org.au/uploaditems/docs/2.sub\\_schedtga\\_sept2005.pdf](http://www.pacia.org.au/uploaditems/docs/2.sub_schedtga_sept2005.pdf)

Link to submission in 2007:

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_chemicals\\_scheduling\\_24aug07.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_chemicals_scheduling_24aug07.pdf)

- **Co-regulatory Frameworks for Product Stewardship**

In PACIA's view, the industry-wide and supply chain based voluntary approach is the most appropriate mechanism for achieving positive outcomes for end of life materials and products. Product Stewardship covers all stages of a product's life and is intended to prevent misuse, mishandling or other activities that might result in harm to people or the environment. We encouraged the Department of Environment to implement programs of ongoing national uniformity. One example: the National Packaging Covenant has been set up as the national instrument to manage packaging waste in Australia, and is considered by PACIA as one example of product stewardship. It is a self-regulatory agreement between industries in the packaging chain and all spheres of government, based on the principles of shared responsibility through product stewardship, and applied throughout the packaging chain, from raw material suppliers to retailers, and the ultimate disposal of waste packaging. Changes have occurred to product packaging as well as other initiatives, which have been stimulated by the Covenant.

Link to submission:

[http://www.pacia.org.au/uploaditems/docs/2.sub\\_dehcoreg\\_frameworks\\_ps\\_14march2005.pdf](http://www.pacia.org.au/uploaditems/docs/2.sub_dehcoreg_frameworks_ps_14march2005.pdf)

- **PACIA submission to the Senate Environment, Communications, Information Technology and the Arts Committee: Inquiry into Plastics Bag Levy (Assessment and Collection) Bill 2002 and Plastic Bag (Minimisation of Usage) Education Fund Bill 2002 – June 2003.**

"The bills" proposed to collect 25 cents per prescribed plastic bag to educate people about or effecting minimisation of the damage and pollution caused to environment and wildlife.

PACIA opposed the proposed levy, considering it inappropriate. The agreed environmental issues regarding plastic bags had been clearly recognised as litter and were being managed by a broad and very active stakeholder group under the agreed principles of the National Packaging Covenant (NPC) in addition to a range of State litter initiatives. The NPC has been signed by key industry bodies and companies, the Federal Government and State Governments. Community, industry and governments have the expectation that this voluntary agreement will be the method to bring about changes necessary to reduce plastic bag litter. Rather than introducing legislation with its attendant costs, complexities and liabilities, the significant work already in place by the Covenant Council should be further developed and allowed to continue delivering improvements.

Link to submission

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_senate\\_environment\\_june2003.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_senate_environment_june2003.pdf)

- **PACIA Submission to the EPHC Consultation RIS – Investigation of options to reduce the environmental impact of plastic bags - March, 2007**

PACIA recognised that the Consultation RIS provided general direction for the development of ideas and options to reduce environmental impacts of plastic bags and noted the focus on litter. PACIA strongly supported proposals to deal with all litter rather than focusing on single items such as plastic bags (1% of total litter). PACIA recognised that a national strategy for the improved management of litter and littering would be a more efficient and cost effective method of reducing plastic bag litter. The approach has the benefits of making the best use of existing commitments and allows a focused solution targeting causes of all litter rather than symptoms. The National Packaging Covenant has experience in progressing complex issues using a high level, multi party approach basing its process and outcomes on sound science and community engagement.

Link to submission:

[http://www.pacia.org.au/uploaditems/docs/2.plasticbag\\_ris\\_final\\_march07.pdf](http://www.pacia.org.au/uploaditems/docs/2.plasticbag_ris_final_march07.pdf)

- **Major Hazard Facilities Inconsistencies**

The PACIA submission to the Banks Regulation Taskforce provided a Case Study highlighting the very significant delays in implementing the 1996 NOHSC National Standard for Control of MHF. Currently we still only have two states on shore – Victoria and Queensland – which have regulated to implement the National Standard. (The National Offshore Petroleum Safety Authority (NOPSA) has implemented a Safety Case regime for the offshore oil and gas fields,) Clearly the failure to make regulations in many states has safety implications – and creates very considerable inconsistencies between obligations and cost burden on these facilities in different states.

Link to submission -

[http://pacia.org.au/uploaditems/docs/2.paciasub\\_regulationtaskforce\\_25nov05.pdf](http://pacia.org.au/uploaditems/docs/2.paciasub_regulationtaskforce_25nov05.pdf)

Currently PACIA is dealing with very specific different fee proposals for proposed new MHF regimes in NSW and WA. PACIA has been very actively working with the two state governments and relevant Ministers in an effort to drive some parity between licensing costs in the two states with existing regulations, and the two new proposed regimes.

PACIA has collected real cost information from some of our New South Wales members that have operations across other states. This information highlights the huge and uncompetitive fees that NSW is proposing to impose on industry, as compared with other jurisdictions.

PACIA Member Company	Cost over 5 years in QLD	Cost over 5 years in VIC (1 <sup>st</sup> licence)	Cost over 5 years in VIC (ROUND 2)	Proposed cost over 5 years in NSW	Comment
A	\$0	\$35,000		\$ 400,000	
B	\$0	\$34,187		\$350,000	
C	\$0	\$36,000	\$30,000	\$440,000	Note – only 3 materials & AQR close to 1 – yet \$440,000!
D		\$52,000		\$440,000	
E		\$52,000	\$39,000	\$400,000	Note – VIC facility is much larger & more complex than the NSW facility
F	\$0	\$52,000		\$440,000	
G		\$50,000	\$25,951	\$400,000	

Discussions are continuing with both States at present – but submissions are provided to highlight the issues faced by industry.

Link to submissions:

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_nsw\\_mhffees\\_13june07.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_nsw_mhffees_13june07.pdf) and

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_dgreform\\_feescharges\\_march07.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_dgreform_feescharges_march07.pdf)

- **Illicit Drugs Issues**

PACIA is committed to preventing the diversion of legitimate industrial precursor chemicals into illicit drug manufacture. PACIA and Science Industry Australia, in conjunction with law enforcers, first developed the National Code of Practice for Supply Diversion into Illicit Drug Manufacture back in 1995, and PACIA works closely with law enforcers to update the code regularly. PACIA is an active member of the National Working Group on Prevention of Diversion of Chemicals. PACIA has been active in promoting through the media and in various forums the development and implementation of nationally consistent, workable, cost effective controls focused on preventing diversion of legitimate industrial chemicals into illicit drug manufacture in all states.

Sadly we are seeing significant and continuing issues emerging in this area of drug precursor controls. Our submission to the Banks Regulation Taskforce provided a Case Study highlighting the significant cost burden and operational difficulties caused by the WA Police implementing regulations without any Regulatory Impact Statement, and which changed the Category of Ammonia gas – from Category 2 in the PACIA Code to a Category 1 in the WA Regulations.

The lack of any cost benefit considerations – either at federal or state level – is creating more concern for industry.

In addition, the lack of coordination within government of security controls and illicit drug controls – both of which are dealing with illegal activity – has the potential for even greater complexity for the chemical industry into the future.

Some relevant submissions are below:

[http://pacia.org.au/uploaditems/docs/2.paciasub\\_regulationtaskforce\\_25nov05.pdf](http://pacia.org.au/uploaditems/docs/2.paciasub_regulationtaskforce_25nov05.pdf)

[http://www.pacia.org.au/uploaditems/docs/2.paciacomments\\_draft\\_allensreport\\_july07.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciacomments_draft_allensreport_july07.pdf)

[http://www.pacia.org.au/uploaditems/docs/2.paciacomment\\_nsw\\_drugmisuse\\_traffickingregs\\_24july06.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciacomment_nsw_drugmisuse_traffickingregs_24july06.pdf)

- **Land Use Planning Issues**

PACIA was interested to note in our meeting with the Commissioners on the 23<sup>rd</sup> August, the comment made that land use planning controls around major hazard facilities is seen as essential regulation. PACIA would agree that sound land use planning controls are essential – both to prevent inappropriate chemical developments and also to prevent inappropriate encroachment of residential developments onto existing industrial estates.

Unfortunately, PACIA is not aware of any state that has a sound land use planning framework in place – certainly, none appear to deal satisfactorily with the issue of residential encroachment.

A number of submissions are attached to highlight the issues for you.

[http://www.pacia.org.au/uploaditems/docs/2.paciaresponse\\_portofgeelong\\_draft\\_13July07.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciaresponse_portofgeelong_draft_13July07.pdf)

[http://www.pacia.org.au/uploaditems/docs/2.paciasub\\_statedevelopment\\_qld\\_oct06.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciasub_statedevelopment_qld_oct06.pdf)

[http://www.pacia.org.au/uploaditems/docs/2.paciacomment\\_portenvirons\\_sept2006.pdf](http://www.pacia.org.au/uploaditems/docs/2.paciacomment_portenvirons_sept2006.pdf)

## **PACIA Sustainability Covenant with EPA Victoria**

At our meeting with you on 23<sup>rd</sup> August, you requested further information on the operation of the Sustainability Covenant between PACIA and EPA Victoria.

Initial information on PACIA's sustainability program may be accessed via the links below:

- [The first PACIA/EPA Victoria Sustainability Covenant](#)
- [Review of first PACIA/EPA Victoria Sustainability Covenant](#)

The new Covenant is in draft form only and is not able to be made public. It can be provided as a confidential document to the Commission if required. It is expected to be finalised and made public within the next month.

- Rewards case studies
  - [Qenos: Support For Wax Material Diversion From Prescribed Industrial Waste Landfill](#)

- [Marplex: Nylon 6,6,6 and Polypropylene Post Industrial Recycling](#)
- [Dulux Powder Coating 'Recovery and Recycling Program'](#)
  
- [PACIA Sustainability web page](#)
- [Liquid Futures web page](#)

We would be very happy to provide further detailed information if that would assist, and look forward to working closely with the Productivity Commission staff throughout this important Study.

Any queries regarding this letter may be directed to me (03-9426 3812 or [mcatchpole@pacia.org.au](mailto:mcatchpole@pacia.org.au)) or to Margaret Donnan (03-9426 3805 or [mdonnan@pacia.org.au](mailto:mdonnan@pacia.org.au)).

Sincerely

*Unsigned for electronic transmission*

**Michael Catchpole**  
**Chief Executive**