

NICNAS -removing Australian jobs!

Australia's New Industrial Chemical Notification & Assessment Scheme (NICNAS) has since its inception contributed enormously to the "dumbing down" of much of our manufacturing industries and to the shifting of many jobs overseas. The future of the Australian economy is in grave danger of collapse due to the burden that NICNAS places on it in general & specifically on the manufacturing sector.

NICNAS was established initially at the behest of the Arts & Heritage people in the Federal sphere. It was suggested that the health of workers, consumers & the environment were at risk if Australia did not introduce its own regulatory scheme over new substances (mainly industrial chemicals). Australia already had (& continues to have) its own regulatory schemes covering agricultural & pharmaceutical substances.

Users, manufacturers & importers of such substances (industrial) are required to pay an annual fee to NICNAS based on the turnover of their organisation. Further any Company wishing to "introduce" (ie manufacture or import) a new substance must pay a fee to NICNAS plus provide an enormous amount of data plus contend with delays while that substance is accredited by NICNAS. This process is required regardless of accreditation or accepted use by a number of overseas organisations operating with the same ideals as NICNAS in Europe, Japan, USA, Canada etc. A number of Australian Companies suggest that aside from NICNAS fees it costs somewhere between A\$150,000 & A\$250,000 per substance to obtain NICNAS accreditation.

Obviously any such costs must be recovered but in so many cases the volumes are such that this is not possible-hence new substances are not introduced meaning that Australian Companies are denied access to the latest raw materials and must either move off shore or continue to struggle on using old technology. It is plainly ridiculous that Australia should have its own special accreditation scheme especially when you consider that the Australian Inventory of Chemical Substances (AICS-the list of substances that can be used in Australia) contains around 41,000 substances (around 3,000 have actually been accredited by NICNAS with the remainder "allowed" because they were listed around the time that NICNAS was created) but the European system lists over 110,000 substances! How can Australian consumers of substances-our manufacturers-survive let alone compete in international markets. (some examples of NICNAS impeding manufacture are listed later

Suppliers of an accredited substance must supply a Material Safety Data Sheet which has an approved format & must contain any hazard data, toxicological data, health information, how to handle spills etc etc. It is the right of any worker or consumer to be able to access this data which provided it is kept up to date really should be all that is required. If one felt that there should be more then simply accept the European system-why must we in Australia re-invent the wheel especially when there is no benefit possible to Australia.

NICNAS has saved not one life within Australia & never will. One assumes that such regulation means that dangerous or environmentally hazardous substances will not be allowed-this is not the case. Any substance "introduced" correctly (ie the paperwork is OK & the monies paid) must be accredited by NICNAS so one might ask how is the

worker, the consumer, the environment to benefit from this Legislation-no cost benefit analysis could possibly support NICNAS.

Existing substances (ie those listed that may have been accredited by NICNAS or simply “grandfathered” at the outset must continually have their hazards & data generally updated in light of current information. To some extent this happens now with NICNAS but (Prescribed Existing Chemical-PEC-program) but the process is terribly flawed. However, as stated earlier, this must continue perhaps after fixing the flaws.

Prime Minister Howard just after he was first elected called for a report from Prof. Bell on red tape problems for business. It seems that every one of Professor Bell’s recommendations were acted upon with the exception of his recommendation that the subject of NICNAS be referred to the Productivity Commission?? There has been an “industry group” enquiry but NICNAS wrote the terms of reference & these included that the legislation would remain. The only prospect available for industry was some fiddling at the edge of this problem. Some adjustments came about in areas such as “chemicals of low regulatory concern” which frankly has not contributed greatly in overcoming the fundamental negatives of NICNAS.

Examples of NICNAS costing the Australian economy:

1. Australian Leather Holdings in Perth employed 250 workers lost a number of overseas contracts when it found that some chemicals necessary for its furniture leather finishes could not be used in Australia because of NICNAS. The delays in obtaining NICNAS accreditation meant that many contracts in Asia were lost. Leather finishes are largely developed in Europe & the USA so every time a new substance is developed ALH must accept a year’s delay plus loss of business during that period-all because of a duplicitous process-NICNAS.

2. Dupont spent over A\$500,000 over three years trying to have a new, proprietary solvent accredited by NICNAS that is safer & more environmentally acceptable than those products they sought to replace. Dupont pointed out that in the USA many types of paints that are commonplace in Australia have been effectively banned due to their toxicity but the newer technology paints with less environmental impact are denied Australia because vital ingredients are not accredited. Two out of three products planned to be sold within Australia have been dropped because the time & cost of accreditation could not be justified.

3. Rebound Ace tennis courts are the province of a Queensland based Company. Rebound Ace is the surface used at the Australian Open in Melbourne & the Sydney Olympic Tennis Centre (& many other venues). Exports are made all over the world (Martina Hingis has two such courts). New technology became available for a water based two part epoxy paint system that would be superior & more environmentally acceptable than the solvent system in use. One ingredient used in small quantities in the water based paint system could not be used (NICNAS) but the cost of accreditation was such that the penalty on cost of the paint was too great (in Australia) so Australia lost export opportunities and the chance to eliminate a solvent paint system with a water based system.

4. An importer wanted to introduce a new bacterially active substance for use in anti perspirant/deodorants. The substance is accredited for use in Europe, USA &

Japan. The cost of NICNAS accreditation was such that introduction was not completed & large export contracts for a local personal care manufacturer were lost.

5. A major producer of printing inks in competition with imports finds that imports often contain ingredients not listed on the AICS or on the MSDS. Those ingredients cannot be used in Australian manufactured inks but the imported products are not assessed/tested by NICNAS in spite of referrals from local makers.

6. One of the two local powder paint producers claims that TGIC, used in 80% of their powder paints, is not a very "nice" substance but its presence in powder paints gives a far superior product. Because of previous initiatives by NICNAS & others TGIC has been a prescribed chemical on several occasions. The use of TGIC means that local producers of powder paints in which TGIC is used must carry warning labels. Not a problem but when imported products appear that have no warnings one of two deductions can be made:

A) The import contains TGIC & the importer is ignoring our local regulations

OR

B) More likely, the replacement ingredients are not accredited under NICNAS so the owner of this/these substances (or his agent) cannot justify entering the Australian market.

7. A coil paint maker was faced with almost 12 months delays with almost laughable "loss of funds by NICNAS" for a new substance which will be used at a rate of 300kg p.a. The additive (accredited in the USA & in Europe) is both non hazardous & FDA approved for food contact.

8. A major multi national who manufactures resins etc in Australia wanted to make in Australia a new foundry sand binder (core making) principally for use in automotive foundries. (We have two automotive foundries left in Australia with one of those closing at the end of 2005). The new system offered performance, environmental & O H & S benefits. One of the components of the core binder/sand binder was not listed on the AICS so as a result of the time & costs of accreditation the product was dropped. This means Australian automotive foundries cannot compete with imports & then will lose out on export opportunities.

9. Australia, through a Federal Government agency traditionally lumped together the tent requirements of a number of Departments (including Defence, Foreign Aid, State Departments etc). Our needs were supplied by local manufacturers until it was realised that the dyes specified (by their CAS numbers) were not listed on the AICS. Needless to say manufacture of the tents was carried out off shore -supplied to specification. It is believed that we no longer have a capacity to produce canvas tents.

It has been suggested that NICNAS is anti competitive & as such should be referred to the ACCC. Most certainly Australian manufacturers are disadvantaged by NICNAS in the export of their manufactured goods. We are constantly regaled by our political leaders that Australia needs to be innovative in the technology sense -extremely difficult under NICNAS.

NICNAS will continue to cost the Australian economy & as more jobs are exported then the standard of living of Australians will fall further. The simple solution is to

eliminate NICNAS & replace it with a requirement to comply with the European system. At the same time we should through Worksafe Australia ensure that data pertinent to the use of substances in use is constantly up-dated.