

Business reporting requirements

Productivity Commission call for submissions

ACCORD SUBMISSION
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Executive summary

Accord welcomes the Productivity Commission's inquiry into business reporting requirements. Our members make and import cosmetics, personal care, home care and industrial and institutional cleaning products. For our sectors, the heaviest reporting load does not come from the economy-wide regimes the call for submissions focuses on. It comes from industry-specific requirements that attach to individual ingredients and individual import consignments, and it falls hardest on small and medium businesses that have no dedicated regulatory staff.

In response to the call's focus on sustainability and environmental reporting, and to Information Request 4, this submission puts forward four requirements that warrant the Commission's attention: the Industrial Chemicals Environmental Management Standard (IChEMS), reporting to the Australian Industrial Chemicals Introduction Scheme (AICIS) under the Industrial Chemicals Act 2019, the declarations importers must provide to the Department of Agriculture, Fisheries and Forestry (DAFF) for biologically derived goods under biosecurity law, and annual returns to the Australian Pesticides and Veterinary Medicines Authority (APVMA).

We are not arguing against environmental protection, chemical safety, biosecurity or agricultural and veterinary chemical controls. Each protects things that matter. Our concern is with particular reporting and information obligations within them that are unclear, cannot be met, are not calibrated to risk, or produce information of doubtful value to the regulator, and that expose businesses to compliance action for administrative errors with no safety or environmental consequence.

Under IChEMS, it is unclear what businesses at each stage of a product's life cycle must do to demonstrate compliance with the environmental risk management measures on the IChEMS Register, implementation differs between states and territories, and some impurity limits cannot be verified because no test method exists. Retailers are nonetheless asking our members for absolute assurances that cannot honestly be given.

Under AICIS, the same chemical in the same product can be reported under different names from one year to the next, or by different introducers. Every introducer must lodge an annual declaration re-confirming which introduction categories it used, and an accidental wrong tick can prompt an audit. Pre-introduction and post-introduction reporting applies to chemicals AICIS itself classifies as low- or very low-risk, often introduced at less than a kilogram per year. The European Union does not require registration under REACH until a substance reaches 1,000 kilograms a year.

Under biosecurity import conditions, a product containing any ingredient of plant or animal origin often needs a manufacturer's or supplier's declaration linked to each consignment and issued within the previous six months. This captures highly processed ingredients, such as cocamidopropyl betaine in cosmetic products or tallow amine ethoxylates in cleaning products, which most chemists would describe as synthetic chemicals processed to such a degree that there is no realistic biosecurity risk. It also requires the same paperwork to be refreshed indefinitely for products whose formulation and risk never change.



Holders of APVMA product registrations must lodge an annual return of the quantity of each product sold, separately from declaring the dollar value of the same sales for levy purposes. The APVMA says the quantity data is largely used to meet Australia's international reporting obligations, without identifying those obligations or whether they need data on every product.

We make eight recommendations.

ICHEMS (DCCEEW, states and territories)

- **Recommendation 1:** Issue nationally consistent guidance on responsibilities, reasonable supplier information and what to do where an impurity limit cannot be verified.

AICIS

- **Recommendation 2:** Accept internationally recognised ingredient names for reporting.
- **Recommendation 3:** Remove the annual declaration.
- **Recommendation 4:** Apply a de minimis volume threshold to low- and very low-risk introductions.

Biosecurity (DAFF)

- **Recommendation 5:** Remove extensively processed ingredients from the scope of "biologically derived".
- **Recommendation 6:** Where a declaration is still required, replace consignment-specific declarations with a standing product-level declaration that remains valid until the formulation or manufacturer changes.
- **Recommendation 7:** Create an exemption for low-risk biological materials for laboratory use.

APVMA

- **Recommendation 8:** Publish the purpose of the annual return, and remove it, narrow it or combine it with the levy declaration.



Introduction

Accord is pleased to provide this submission in response to the Productivity Commission's call for submissions on business reporting requirements. Accord is the national industry association representing the formulated hygiene, personal care and specialty products industry. For more background on Accord and the industry we represent, please refer to the 'About Accord' section.

The call for submissions describes reporting requirements broadly. It recognises that some reporting is directed to regulators rather than consumers or investors, that some is triggered by events rather than recurring, and that some is industry-specific rather than economy-wide. The only exclusions are financial reporting, continuous disclosure under the Corporations Act 2001 and matters specific to the Modern Slavery Act 2018. The four requirements discussed in this submission are regulator-directed and industry-specific, and none falls within an exclusion. We ask the Commission to include them, and reporting to sector regulators more generally, in its analysis.

We raised the IChEMS, AICIS and biosecurity issues in our September 2025 submission to the Commission's interim report on creating a more dynamic and resilient economy. They remain unresolved, and this inquiry is a more direct fit for them.

On compliance costs, the burden of these requirements is mostly staff time and expert consultancy costs for small and medium-sized enterprises (SMEs) with no specialised regulatory function. This includes identifying and reconciling chemical names, preparing and lodging forms, obtaining documents from overseas suppliers, and responding to regulator queries. We have not quantified these costs across our membership for this submission. If the Commission considers them useful, we are happy to canvass our members for an estimate. As AICIS is a fully industry-funded regulator, and the APVMA is almost fully industry funded, their work is also a cost to industry. We also understand that, due to the high paperwork burden requirements for formulated products, AICIS must disproportionately focus its attention on low-volume, low-risk ingredients in products that our members import.

Environmental regulation: IChEMS

The call for submissions identifies sustainability and environmental reporting as a focus area. For our sectors, the environmental regulation with the most significant information and compliance obligations is the Industrial Chemicals Environmental Management Standard (IChEMS). The IChEMS Register, made under the Industrial Chemicals Environmental Management (Register) Act 2021, places industrial chemicals in seven schedules according to their environmental risk and sets risk management measures for them, including limits on unintentional impurities for some of the highest-risk chemicals. It applies to all industrial chemicals, which includes cosmetic, personal care and cleaning products and their packaging.



The Register's risk management measures cover the full life cycle of a chemical: manufacture and import, use, and disposal or destruction as waste. They apply to chemicals used intentionally and to unintentional impurities, and to articles and their components as well as to formulated products. A single cosmetic or cleaning product can therefore attract obligations at every stage of its life, from the overseas supplier and the importer or manufacturer, through the distributor and retailer, to the consumer, the recycler and the waste handler. It is not clear which of these parties must act, what each is expected to know about the stages before it, or how the obligations apply to activities such as re-sale or re-use that do not change the environmental risk.

The Commonwealth makes the Register, but the states and territories implement it, and they have done so differently. Some have specific provisions, others rely on general environmental duties, and not all have implemented it. None of the implementing laws set out who in the supply chain is responsible for what, how compliance is to be demonstrated, which test methods are acceptable, what records should be kept, or what should be reported.

Some requirements cannot be met. Several Register entries ban a chemical except as an unintentional impurity below a specified limit. For some of these substances there is no known test method capable of detecting them at the required limit, particularly in complex product formulations. There is no guidance on what a business should do in these circumstances.

DCCEEW's guidance to industry is to request information from suppliers. In practice, retailers are now asking our members for absolute assurances that their products contain none of the substances listed on the Register, or that every impurity limit is met. Where no test method exists, that assurance cannot honestly be given, and the same request is passed up a supply chain that cannot answer it either. The result is paperwork that circulates through the supply chain without producing reliable information about environmental risk.

Recommendation 1: Require DCCEEW, with the states and territories, to issue nationally consistent guidance on who is responsible for what under IChEMS, what supplier information is reasonably required, and what businesses should do where no test method exists to verify a Register limit, and avoid setting impurity limits that cannot be verified.



AICIS reporting requirements

The *Industrial Chemicals Act 2019* regulates the introduction, meaning the import or manufacture, of industrial chemicals in Australia. Every ingredient in a cosmetic, personal care or cleaning product is an industrial chemical for this purpose. The obligations sit with the introducer, which for an imported finished product is the importer. An importer of a single shampoo can therefore be the introducer of twenty or more chemicals, each of which must be separately categorised as exempted, reported, listed or assessed, with its own reporting and record-keeping obligations.

This is a structure designed for bulk industrial chemicals, applied to finished consumer products. We have identified here three reporting requirements under this scheme that, in our view, deliver little or no benefit to AICIS, the regulated industry or the community.

Chemical naming makes the same chemical look different

The Act requires chemicals to be identified by their proper name. AICIS accepts a Chemical Abstracts Service (CAS) name as the preferred name and has a hierarchy of allowed names for different 'introduction categories'. It does not generally accept the International Nomenclature of Cosmetic Ingredients (INCI) name, even though the INCI name is what the ACCC's mandatory information standard requires on every cosmetic ingredient label. AICIS currently accepts INCI names for some introduction categories, and for other categories only where the INCI name is an eligible plant extract name, and only if other names in the upper hierarchy are not available.

Many cosmetic ingredients do not have a single CAS identity. Cocamidopropyl betaine, a common surfactant in shampoos, body washes and cleaning products, is supplied under more than one CAS number and name (for example 61789-40-0 and 86438-79-1), depending on how the supplier describes it. This is not unusual. Chemical naming is complex. The question here is whether this level of complexity is necessary to serve a regulatory purpose.

When a brand changes supplier, the same ingredient in the same product can be reported under a different name the following year. When two businesses import the same product, they can report the same ingredient under different names. Each variation must be checked against the Australian Inventory of Industrial Chemicals and categorised again.

The cost falls on introducers, but the outcome also works against AICIS. A dataset that records under several identities an ingredient that cosmetic regulators worldwide treat as one substance is less useful for monitoring volumes, uses or risks than one that records it consistently. INCI names already provide a stable, internationally used identifier for cosmetic ingredients.



CASE STUDY 1

Naming rules blocking safe ingredients

When the Act commenced, AICIS interpreted “proper name” to mean only a CAS or IUPAC name. Several cosmetic ingredients that have an INCI name but no CAS name, and cannot be given an IUPAC name, could not be introduced at all, despite meeting all safety criteria. After representations from Accord, AICIS accepted “eligible INCI plant extract names”. AICIS’s view is that wider acceptance of INCI names would require changes to the Industrial Chemicals (General) Rules 2019 (the Rules). Some changes have since been made to the rules. More ingredients can now be introduced, but reporting has become more complex, with naming hierarchy established in the Rules for each introduction category or sub-category.

Recommendation 2: Amend the Industrial Chemicals (General) Rules 2019 as needed so that INCI names, and other internationally recognised names, can be used as the proper name for reporting, giving each ingredient one stable identity across introducers and years.

The annual declaration tells AICIS what it already knows

Every registered introducer must lodge an annual declaration by 30 November covering the registration year from 1 September to 31 August. The declaration asks the introducer to tick the introduction categories it used that year and to confirm that all of its introductions were authorised under the Act. It is required every year, including when nothing about the business’s introductions has changed.

Much of this information is already with AICIS. Reported introductions are notified before they occur, post-introduction declarations are lodged where required, and assessed introductions are covered by certificates AICIS has issued. AICIS compares the annual declaration against the information it has received over the year. If an unexpected box is ticked or left blank in error, the mismatch can lead to compliance inquiries or an audit. A clerical slip on a form becomes a compliance risk for the business, even though it has no bearing on how any chemical is used or managed.

We are not aware of AICIS explaining what the annual declaration adds to the information it already holds, or how the data is used. Without a clear purpose, it is a recurring cost for every introducer, most of whom are small businesses, with an audit risk attached.



Recommendation 3: Remove the annual declaration requirement.

Reporting for low-risk chemicals in very small volumes

AICIS's own framework classifies exempted introductions as very low risk and reported introductions as low risk. Both still carry reporting obligations. A reported introduction requires a pre-introduction report before the chemical is first introduced. Most exempted introductions require a post-introduction declaration. Both require records to be kept and are captured by the annual declaration requirement.

Many ingredients in our members' products, such as fragrance components, botanical extracts and specialty ingredients used at low concentrations, are introduced in formulated products in less than 1kg per year. In many cases the annual volume introduced by an importer is less than a teaspoon. Although impurities are exempt, any chemical intentionally added must meet AICIS requirements regardless of volume.

The European Union's REACH Regulation does not require a substance to be registered until a manufacturer or importer reaches 1,000 kilograms a year. Below that level, EU hazard classification and restriction rules still apply, so the EU keeps its safety controls without requiring volume-based reporting on trace quantities (this part is equivalent to our Work Health and Safety laws). Cosmetic products in the EU are notified once per product under the Cosmetics Regulation, not ingredient by ingredient each year.

CASE STUDY 2

Ground coffee as an industrial chemical

Ground coffee imported as food is regulated under food standards. The same coffee grounds imported in an exfoliating body scrub become an industrial chemical. The importer must identify them by the correct chemical name (there are multiple CAS names for ground coffee), hold evidence that they are not nanoscale, and address human health and environmental data requirements for the relevant category. It must also lodge a pre-introduction report or a post-introduction declaration, depending on categorisation, as well as the annual declaration, however small the quantity introduced. A pre-introduction report is a one-off report unless the circumstances of the introduction change.



CASE STUDY 3

Botanical extracts at trace levels

Company A imports a cosmetic product containing chia seed extract (INCI name: Salvia Hispanica Seed Extract; CAS number: 93384-40-8) at less than 0.1% of the formula. Chia seed is eaten as a food and is also a permitted ingredient in TGA listed medicines. The company must still report the extract to AICIS.

The company advised that they use many similar botanical extracts in cosmetics at low concentrations, with annual introduction volumes of less than 1 kilogram that require a pre-introduction report or post-introduction declaration, and an annual declaration.

CASE STUDY 4

Vinegar as an industrial chemical

Vinegar is sold in every supermarket as a food. Used in small quantities in a cosmetic product, it becomes an industrial chemical.

Every cosmetics company importing a product that contains vinegar must categorise it, complete the reporting that category requires, and include it in its annual declaration. Each importer repeats the same work for the same everyday ingredient.

Recommendation 4: Introduce a de minimis annual volume threshold for exempted and reported introductions, informed by the EU REACH registration threshold of 1,000 kilograms a year, below which introducers keep records but are not required to lodge pre-introduction reports or post-introduction declarations.

Some AICIS obligations have merit. Record keeping requirements, if amended to reflect business practices, and the requirement to notify the regulator about new information on a chemical's hazards can serve a real safety purpose with minimal business disruption. Our concern is with reporting where volume and frequency bear no relationship to risk.



Biosecurity documentation for biologically derived imports

Import conditions under the Biosecurity Act 2015, published in DAFF's Biosecurity Import Conditions system (BICON), apply to goods that contain material of plant or animal origin. For cosmetic and cleaning products, some goods require an import permit. Those that do not need a permit, because they present a lower biosecurity risk, still require a manufacturer's declaration or supplier's declaration.

DAFF's Minimum Documentary and Import Declaration Requirements Policy requires these declarations to be specific to the product and to the consignment, and to have been issued no more than six months before the department assesses them, unless the import conditions say otherwise. In practice, this means a declaration for each imported formulated product, linked to each consignment, and renewed at least every six months.

"Biologically derived" captures synthetic chemicals

The conditions treat any ingredient with plant or animal origin as biologically derived. That captures a large share of the ingredients used in personal care and cleaning products, including many that are chemically manufactured and what most chemists would describe as synthetic.

Cocamidopropyl betaine is a clear example. It is made by reacting fatty acids from coconut oil with a synthetic amine, and then reacting that intermediate with sodium chloroacetate. The only plant-derived part of the finished molecule is the carbon chain from the fatty acid, which has been through several chemical reactions before it reaches the product. The same applies to many fatty alcohols, emulsifiers and surfactants derived from coconut or palm oils, to glycerin, which can be derived from either plant or animal fats, and to tallow amine ethoxylates, which are derived from animal fat. These are highly processed industrial chemicals, and in our view they present no plausible biosecurity risk.

Paperwork that is refreshed but never changes

Thousands of different cosmetic and cleaning products are imported into Australia every year. For each one containing a captured ingredient, the importer must obtain a declaration from its overseas manufacturer or supplier, link it to the consignment, and replace it every six months. The formulation, the manufacturer and the risk are usually unchanged from one declaration to the next. Where a declaration is missing or out of date, or deemed unacceptable, the consignment can be held at the border until the paperwork is corrected.

DAFF's own policy already recognises standing declarations in other contexts. Annual packing declarations are exempt from the consignment-specific link requirement. A similar approach for finished cosmetic and cleaning products would keep DAFF's ability to verify what is being imported without requiring the same document to be reissued twice a year.



CASE STUDY 5

A lot of paperwork for low-risk products

A shampoo imported regularly from the same overseas manufacturer contains cocamidopropyl betaine and glycerin, both of plant origin. The formulation has not changed in years. Each consignment still needs a manufacturer's declaration, linked to the consignment, and a new declaration must be obtained every six months. None of this changes the biosecurity risk of the product, which was negligible to begin with.

The reality is that most importers, especially SMEs, are unlikely to be aware of the obligation or how it applies. As it is difficult to deduce the origin of ingredients from ingredient names on the product or on the consignment paperwork, any non-compliance mostly goes unnoticed. However, there is a high risk for the importer for non-compliance; once the non-compliance is identified, these products can be destroyed, re-exported or, in the best-case scenario, held in quarantine at a significant cost until paperwork can be produced.

Recommendation 5: Exclude ingredients that have been extensively chemically processed from the scope of "biologically derived" for finished cosmetic, personal care and cleaning products, using a processing-based test developed with industry.

Recommendation 6: Where a declaration is still required, allow a standing product-level declaration that remains valid until the formulation or manufacturer changes, in place of consignment-specific declarations with a six-month validity period.

Laboratory exemption for low-risk biological materials

One of our members runs a laboratory that tests the efficacy of laundry and other cleaning products. Organisations requesting a test often send the laboratory samples of laundry powder from overseas to test, and the laboratory does not necessarily know who manufactured them; anonymising samples to remove any potential bias is sometimes part of testing. If the powder contains an ingredient of plant or animal origin, the laboratory needs a manufacturer's or supplier's declaration it has no practical way of obtaining. These samples have low biosecurity risk, but high reporting burden.



To make results comparable across multiple tests, the laboratory also imports pre-stained fabric swatches. These swatches are quality controlled so that each one is as close to identical as possible, with the same fabric and the same type, quantity and quality of stain. Many of these stains are low-risk, such as grass or grease stains. The laboratory already holds permits for those that may pose a slightly higher risk, such as blood stains. The laboratory must re-apply for permits every two years. We have been informed that it is the Manufacturer's declaration for other swatches that can hold up import clearance and create greater business uncertainty, as the same declaration wording used previously, that is in date and linked to the appropriate consignment can still be rejected.

The low biosecurity risk posed by such laboratory material could be managed through laboratory information and education, so the laboratory knows what it needs to do to manage the risk, similar to the way any human health risks from such materials are managed in laboratories.

Recommendation 7: Create an exemption for low-risk biological materials imported in small quantities for laboratory testing, supported by laboratory biosecurity information or education for higher-risk materials such as blood.

APVMA annual volume reporting

Some of our members hold APVMA registrations for products such as certain disinfectants, insect repellents and pest control products. Each year they declare the leviable value of each product's disposals, which the APVMA uses to calculate the levy. They must also lodge a separate annual return of the quantity of each product sold or used in Australia, under section 35 of the *Agricultural and Veterinary Chemical Products (Collection of Levy) Act 1994*.

The APVMA converts the quantity returns into national totals for each active constituent, and states that the data is largely used to meet Australia's international reporting obligations, without naming them. Our understanding is that the likely candidates, such as the Stockholm Convention and the Montreal Protocol, cover only a small number of pesticide active constituents. We are not aware of any published explanation of why data on every registered product is needed, or how else it is used.

Value and quantity are different measures, and one cannot be derived from the other. The question is whether both are needed in the first place, and whether the process is as simple as it can be. If Australia's obligations cover only a handful of active constituents, a return on every product every year is hard to justify. Where quantity data is needed, it could be collected in the same declaration as the leviable value, or only for the active constituents those obligations cover.



Recommendation 8: Require the APVMA to publish the purpose of the annual volume reporting and how the data is used, and on that basis either remove the requirement, limit it to the active constituents Australia's obligations cover, or combine it with the levy declaration into a single annual declaration.



About Accord

Accord is the national industry association representing the formulated hygiene, personal care and specialty products industry. Our members make and market everyday products for use in homes and in our public facilities to keep them clean, hygienic and functioning well (e.g. laundry products, hard surface cleaners, drain unblockers) and personal care products such as soaps, deodorants, sunscreens and fragrances. A list of Accord member companies is available on our website: <http://accord.asn.au/about/members>.

We are a significant industry sector contributing to a prosperous Australian economy. Accord commissioned EY to prepare a State of the Industry Economics Report for the Australian Hygiene, Personal Care and Specialty Products industry.¹

Some topline results based on 2021 economic data:

- Total turnover: \$28.2bn (17th largest industry sector in Australia),
- Industry value-add: \$5.5bn (upstream and downstream value added by our industry to the Australian economy, an indicator of how our sector drives economic activity),
- Jobs: 72,585,
- Wages: \$3.5bn,
- Import value: \$4.0bn,
- Export value: \$1.5bn.

The Report identified several other significant observations regarding our industry, including:

- Diversity in production, with businesses operating across all aspects of the supply chain from production through to the retail of final goods.
- Varied client base, with industry products consumed by a wide range of end-users and spanning a wide range of product types from basic consumer necessities to janitorial cleaning supplies to luxury cosmetics.
- Resilience to changes in economic conditions (likely arising from the above two characteristics).
- The higher growth in our industry's value-add than the Australian GDP over the past five years, meaning that our industry added proportionately more value than some other industries in the economy.

Contact for this submission

Name | Title Catherine Oh | Director, Regulatory Strategy

¹Hygiene, Personal Care and Specialty Products industry: Economic State of the Industry report, Accord Australia Ltd, Final report, 31 October 2022: <https://accord.asn.au/about/economic-state-of-the-industry-report/>



Accord Australasia Limited

ACN 117 659 168

ABN 83 205 141 267

Postal address: PO Box 290 Broadway NSW 2007

Tel: 61 2 9281 2322

Website: www.accord.asn.au