

Dear Dr. Dermody

## **Senate Inquiry into non-conforming building products**

Integrity Compliance Solutions would like to make a submission to the non-conforming building products senate enquiry.

### **Background**

Integrity Compliance Solutions (ICS) was formed in 2013 to meet an identified need in the Australasian market to deliver specialist supply chain consulting, training and solutions both for safety and security. ICS achieves this by creating supply chain HACCP plans and applying software tools to manage the data necessary to ensure the product in the supply chain meets the required standards.

As a result we have established a company made up of industry specialists and a network of affiliations to provide innovative, professional solutions. ICS team's members have significant experience in certification industry and bodies.

With the increase in the world's population and the acceleration of globalisation, it has become clear that the safety, security and transparency of our supply chains must be safeguarded. For today's businesses, managing the supply chain is essential for managing reputational risk.

### **Overview**

In our view the current building material standards are appropriate and stakeholders are able to modify these standards through lobbying of industry groups, government and by consumers. However, it is clear that the lack of central tracking along the supply chain creates uncertainty and allows more unscrupulous manufacturers to abuse the system. It also makes it near impossible to manage the regulatory requirements or allow consumers access to product information to make informed choices.

In dealing with global supply chains it becomes apparent that the chains are not linear, and particularly in FMCG, the lack of a HACCP plan for identifying and managing the supply chain is allowing inferior and non-conforming product to enter the market.

The problem is not only accidental or poor production, some manufacturers seek to utilise the data management weaknesses to deliberately substitute or provide substandard product – Economically Motivated Adulteration (EMA).

There is no 100% way to stop EMA, however with a proper HACCP plan and auditing or inspection of the critical points it is possible to identify the point or points where the changes have occurred making investigation and corrective action easier.

The problem is further exacerbated as the Certifying Bodies (CB) in Australia each have their own registers which are difficult to find and require multiple searches by an end user just to see if the product has been certified.

In order for a central system to function along the supply chain a CB independent platform is required with criteria based auditing tools so that benchmarking can be carried out. The CBs would all use the same auditing tools and criteria.

Furthermore, these systems need to mobile auditing platforms (MAP) which operate in real time with an internet connection. The faster the data is benchmarked and test results compared, the lower the economic impact for the importer in the supply chain.

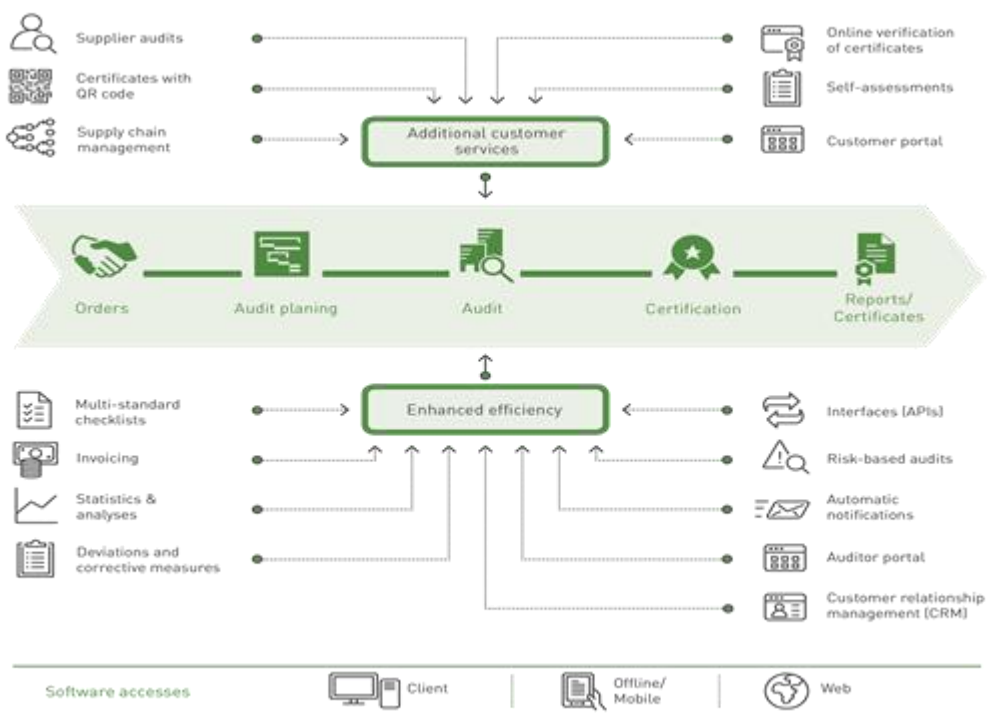
These tools are already operational including complex batch tracking/tracing for the Italian wheat board, UDSA database consolidation, MAP auditing global approver bodies such as IFS.

### Recommendations for Supply Chain Measurement & Improvement

1. ICS has a real time MAP platform (refer figure 1) that is multilingual in input and output.

The system is CB independent and requires 3<sup>rd</sup> Party certifiers to

- a. Place product certifications into a single database.
- b. Use the same criteria check lists
- c. Conduct criteria based assessments which allows benchmarking
- d. Comparison of test results & inspections data to be captured



**Figure 1**

2. ICS has supply chain tool with cascading portals for the various levels of stakeholder which are aligned to the HACCP plan
  - a. For registration of manufacturers, importers and distributors before sale
  - b. For tracking and more importantly for traceability
  - c. Consumer access to the essential registration and certification data
  - d. Regulatory agencies access benchmark information and automated exception handling of suspended or cancelled suppliers

- e. Management of non-conforming material
- f. Managing recalls with consumer smart phone checking and batch matching
- 3. The systems must be self-funding with the user pays
  - a. Low cost software as a Service (SAAS) funding models based on volumes of registrations
  - b. Manufacturers and suppliers can gain an offset of gathering regulatory data by commercialising the data as little or as much as required at the POS and advertising.
- 4. Management of the requirements is by regulation for manufacturers, suppliers and distributors in Australia and by commercial contract of the buyer on manufacturers outside Australia.

## In Summary

Currently there is no central data management of the building products supply chain for comparative purposes, or central management of certified products, no central management or registration of distributors or resellers nor any plan to assist mitigation release of inferior product in Australia.

Further, even if non-conforming product is found it is difficult to communicate to consumers which actual product is recalled; or to trace or manage recalls.

ICS believe that if required a pilot program could be considered which could be implemented within a 3 to 6 month time-frame to show the effectiveness of this process.

Kind regards,

Margaret Balfour

Managing Director



integrity, trust and transparency

1300 36 78 10

PO Box 249 Cannon Hill QLD 4170 Australia

[info@integritycompliance.com.au](mailto:info@integritycompliance.com.au) | [www.integritycompliance.com.au](http://www.integritycompliance.com.au)

ABN 96 570 446 180

