



Submission

On the Industrial Chemicals Bill 2017 and Related bills

To Senate Community Affairs Legislation
Committee

**By: Cosmetic Toiletry and Fragrance Association of New Zealand Inc.
Operating as Cosmetics New Zealand**



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Cosmetics New Zealand is available for further consultation specific to this industry sector and does not object to this submission being made available publically.

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Submission Statements

Cosmetics New Zealand supports strongly the submission made by our sister organisation ACCORD in supporting the approach to introducing a high level principles based legislation.

This law change as drafted is consistent with the New Zealand principles based legislation for our products which has been in place since 1996 in the form of the Hazardous Substances and New Organisms Act (HSNO) and cosmetic regulations in the form of "The Cosmetic Products Group Standard" that came into force in 2006.

Principles based alignment removed considerable burdens for our export sector in Cosmetics where following the New Zealand legislation and regulation ensured easier compliance with ASEAN countries as well as Europe.

We would strongly recommend that regulations established under this legislation are monitored to ensure they do not impose additional compliance burden and look where possible to international alignment to enable Australian cosmetics exporters to use the synergies between markets that this would allow

Our member companies who operate on both sides of the Tasman have found the New Zealand legislation easier to both comply with and with considerably less regulatory costs while still meeting the need to have appropriate risk based management.

We note that the New Zealand regulatory model will still differ to the Australian model in that full cost recovery is not pursued in New Zealand. The three bills intended to provide for this in Australia would in New Zealand been seen as highly detrimental to new start-up businesses and in particular the substantial growth in small cosmetic companies exporting to the world. Such measures place Australian start-up cosmetics businesses at a disadvantage in what is a global industry compared to New Zealand cosmetic businesses.

We believe that if the regulations applied are aligned to global best practice then the cost of regulation can and should be substantially reduced and therefore the need to pass on those costs in the form of full cost recovery unnecessary.

Matters such as "Animal Testing" have been dealt with in New Zealand under our Animal Welfare Act to provide a regulatory under pinning of no animal testing on cosmetics in New Zealand. There has been no animal testing on cosmetics in New Zealand for more than 30 years and so we support the appropriate alignment as drafted in this bill.

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Background Information

The Cosmetic Toiletry and Fragrances Association of New Zealand Inc. operating as Cosmetics New Zealand is the pre-eminent membership organisation representing cosmetic companies within New Zealand. Cosmetics New Zealand is affiliated to similar bodies internationally and communicates with such bodies to ensure international harmonisation where possible.

The present membership consists of the majority of Cosmetics manufacturers and/or distributors of such products within New Zealand and by value around 90% of the domestic New Zealand Cosmetic market.

The Cosmetics industry in New Zealand generates around \$170 million in exports across a range of product types ranging from traditional cosmetic products to natural ingredient and unique New Zealand cosmetics. These products are also sold in the domestic market. The growth in this industry in exports is running at around 20% PA.

Cosmetics New Zealand Membership is voluntary and governed by a Code of Ethics for market conduct.

A Cosmetic Code of Practice is well developed covering Good Manufacturing Practice. (GMP) (Aligned to the International Standards Organisation 22716 - GMP)

Included in the voluntary code guidelines are handling, storage and labelling practices for our member companies to ensure compliance with the Hazardous Substances and New Organisms (HSNO) legislation under the Cosmetic Group Standard 2006 Regulation.

Most of our manufacturing members hold an audited by the CTFA dual certification for GMP ISO 22716 and the New Zealand GMP CTFA certification. Certificates are renewed every 5 years.

The Code of Practice is available free to members of the CTFA but not available to non-members who may still use the ISO standards.

Currently Cosmetics New Zealand has 128 members included sub groups such Beauty, Hair Salon Marketers and includes 18 domestic manufacturers. It also has 26 associate or supplier members ranging from media to packaging and services suppliers.

Cosmetics New Zealand and its members support the charity "Look Good Feel Better" by both fund raising and providing products in excess of \$2.5 million dollars per annum. The charity provides annually workshops for more than 2000 women with cancer on how dealing with the effects of the treatment each year.

Cosmetics New Zealand works in close cooperation with groups such as the Direct Sellers Association and the Employers and Manufacturers Association on issues of common interest. Direct Sellers account for around 21% of Cosmetic sales in New Zealand and for a significant component of the cosmetics exported from New Zealand.

Our products range from the well understood perfumes, colour and skincare products to products such as toothpaste, oral care and anti-dandruff shampoos. These are commonly called personal care products within the wider industry.

Governance of our products in New Zealand falls mostly under the Hazardous Substances and New Organisms Act 1996 (HSNO) and the Cosmetic Products Group Standard

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although all products that also constitute dangerous goods are covered by the Dangerous Goods regulations of the HSNO legislation as set out within the Group Standard.

Products that have a therapeutic benefit or claim maybe covered by the Medicines Act as a related product such as higher level fluoride toothpastes and anti-dandruff shampoos that also include treatments for other conditions.

Around 95% of cosmetic products sold in New Zealand are imported. These are manufactured to world best practice and accepted Good Manufacturing Practice standards in Europe, USA, Canada or Australia or in other markets under licence and to those same standards by global manufacturing facilities.

New Zealand is not an isolated market with more than 380 fragrances marketed to women and almost 200 fragrance or cologne products marketed to men currently. Around 50+ new fragrances are launched each year and around 15 are withdrawn making this a dynamic and changing market.

Skin care, colour make up and beauty products have a range of more than 200 product brands while hair care, body wash and care products number around 100 brands. While less products are launched or withdrawn in this category of product it continues to change with new and innovative skin products constantly being launched. Sun care and sunscreen products as part of those skincare products. This area is also where the strongest growth in exported Cosmetics occurs.

The representation of cosmetics product in New Zealand is less than is available in some larger markets. In spite of the size of our market, it is considered to have a significant range of consumer choice which is enabled by the current internationalisation of the New Zealand marketplace under the Cosmetic Products Group Standard.