

Mr Robert Fitzgerald  
Presiding Commissioner  
Study into Standard Setting and Laboratory Accreditation  
Productivity Commission  
PO Box 80  
BELCONNEN ACT 2616

By email: [standards@pc.gov.au](mailto:standards@pc.gov.au)

21 September 2006

Dear Mr Fitzgerald

***Standard Setting and Laboratory Accreditation***  
**Productivity Commission Draft Research Report**

On behalf of the Australian Chamber of Commerce and Industry (ACCI), which represents some 350,000 businesses, please find attached ACCI's comments regarding the Productivity Commission Draft Research Report *Standard Setting and Laboratory Accreditation* ("the Report").

These comments supplement ACCI's previous submission to the Commission provided in April 2006.

Please do not hesitate to contact me, or Mr Greg Evans, Director Industry Policy and Innovation, if you have any queries relating to our comments.

Yours sincerely

[signed]

Peter Hendy  
Chief Executive Officer

## STANDARDS SETTING

ACCI welcomes the Commission's draft recommendations regarding Standards Setting.

ACCI responds to the specific draft recommendations as follows:

### *Draft recommendation 5.1*

***The Australian Government should maintain Standards Australia's status as Australia's peak non- government standards development body and the role of the Standards Accreditation Board in accrediting other standards development organisations to make Australian Standards.***

ACCI supports this recommendation.

#### *Peak Body Status*

ACCI concurs with the reasons presented by the Commission in support of maintenance of Standards Australia's status as the peak non-government standards development body. As noted by the Commission

It is appropriate that Standards Australia's peak body status be maintained to ensure that: Australian Standards are based on sound processes and continue to have a high degree of recognition and acceptance both domestically and internationally; and Australia has a single authoritative national body to coordinate Australia's participation in international standardisation.<sup>1</sup>

As specifically stated by the Commission, coordination of standards making, efficiencies of economies of scale, stakeholder consensus and transparency, development of uniform national standards, and reputation by means of authority and credibility both internationally and domestically further contribute to the case for maintenance of Standards Australia's current role.<sup>2</sup>

#### *Accreditation of other standards development organisations*

ACCI concurs with the reasons presented by the Commission in support of maintenance of the role of the Standards Accreditation Board in accrediting other standards development organisations to make Australian Standards as follows:

The Commission considered the relative merits of other accreditation models, which would see the development of *an alternative standards mark* and a greater role for the Australian Government in overseeing standards development, including:

- the Government performing the accreditation function directly; or
- the Government developing/approving accreditation criteria and then devolving responsibility for accreditation to an appropriate independent private sector body.

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<sup>1</sup> Productivity Commission, *Standard Setting and Laboratory Accreditation*, Draft Research Report, Productivity Commission, July 2006, p. 59.

<sup>2</sup> Productivity Commission, p. 68.

The Commission does not favour these alternative approaches for several reasons, including:

- the creation of an alternative standards mark would have the potential to create confusion in the marketplace, particularly in overseas markets, impacting on the acceptance and credibility of Australian Standards; and
- they would generate additional administrative costs for Government.

It is also the Commission's view that the writing of *voluntary* standards should continue to be overseen by the private sector. Based on its experience and expertise, not-for-profit status and sound processes, Standards Australia is well placed to coordinate private sector development of standards. Given its ownership of the registered mark, it is appropriate that Standards Australia is the only organisation that can accredit bodies to make Australian Standards.<sup>3</sup>

Given the effectiveness of current arrangements ACCI is opposed to a Government body assuming any overarching standards role. The primary function of Standards Australia and certified Standards Development Organisations is the development of voluntary standards by, and for, industry. The significant cost and logistical challenges involved with attempting to divest Standards Australia of the standards trademark, or the development of an alternative mark, renders such a proposal unworkable and inefficient.

As highlighted by the Commission, Standards Australia does not exercise a standards making monopoly. There are a number of other bodies also able to write Standards.

...[A]lthough Standards Australia is the dominant writer of voluntary standards in Australia, there are no barriers to competition in standards development and a number of other private bodies also write standards. The Australian Government chooses to use its own agencies to develop a substantial proportion of its regulatory standards. There is also competition from other national and international organisations.<sup>4</sup>

ACCI considers that the Standards Accreditation Board executes its accreditation role in a competent adequate manner. Evidence was not presented to support a change to this role. If as stated in the report, the Standards Accreditation Board

- maintains sufficient separation and autonomy from Standards Australia; and
- requirements for accreditation are transparent and consistently applied<sup>5</sup>

then there is no reason to change the current arrangements. ACCI considers that the Standards Accreditation Board successfully operates at arms length from Standards Australia. ACCI considers that subjecting Standards Australia's processes to the Standards Accreditation Board will further enhance this separation.

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<sup>3</sup> Productivity Commission, p. 70.

<sup>4</sup> Productivity Commission, p. 71.

<sup>5</sup> Productivity Commission, p. 75

## *Standards Australia's suggested partnering model*

As stated in our April 2006 submission to the Commission

ACCI would be concerned by funding directed at producing specific standards for government or industry where a full RIS was not undertaken to ensure the integrity of the proposed standard. A significant risk would exist that standards would be produced for commercially oriented reasons or regulatory reasons both of which would disadvantage the majority of businesses.

If such funding were considered to be necessary, full and frank disclosure must occur from the beginning of the standards development process so that all stakeholders are informed of the arrangements in place.<sup>6</sup>

ACCI reiterates our concerns regarding any partnering in Standards Development. We refer to our comments provided under *Draft recommendation 7.2* relating to government initiated, regulated or referenced standards.

With regards to industry funded standards we refer the Commission to ACCI's Principles of Standards Policy as stated in our original submission.<sup>7</sup>

### ***Draft recommendations 6.1 – 6.4***

ACCI supports these recommendations.

### ***Draft recommendations 7.1 – 7.4***

ACCI strongly supports these recommendations.

### ***Draft recommendation 7.1***

***Standards Australia's justification process for the development of new or amended standards and the setting of priorities should be made more transparent and robust including by the publication of reasons for decisions, the establishment of a more open appeals process, and ensuring that the primary decision criterion must be a net benefit to the community as a whole.***

ACCI would welcome improved transparency and appeals processes in standards making. However, great care must be exercised to ensure that such processes do not impose excessive cost burdens upon standards making bodies, nor unnecessarily slow down the standards making process.

### ***Relationship with SAI Global***

As ACCI noted in our April 2006 submission, Standards Australia has worked hard to achieve greater efficiencies in its operations, including the separation of standards selling from standards development, which led to the creation of SAI Global as an independent company.

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<sup>6</sup> ACCI, *Standards and Accreditation*, Submission to the Productivity Commission, May 2006, pp. 8-9.

<sup>7</sup> ACCI, p. 3.

Concerns raised regarding the true separation of these processes was found to be largely unsubstantiated by the Commission. In particular ACCI notes the following comments by the Commission:

Notwithstanding participants' concerns, the Commission has not been provided with clear evidence of inappropriate standards development motivated by contractual obligations or other commercial incentives associated with its relationship with SAI Global. It is also clear that Standards Australia's development of Standards is less influenced today by sales considerations than prior to separation of its commercial activities.<sup>8</sup>

Increased transparency of the standards setting process as recommended by the Commission in *Draft recommendation 7.1* will go some way to allay concerns regarding the relationship between Standards Australia and SAI Global.

ACCI also draws to the attention of the Commission that Standards Australia is currently reassessing around 2000 Standards that are ten years or older. To date Standards Australia reports that 542 standards have been identified for potential withdrawal. Processes such as this provide further evidence that Standards Australia is able to conduct an appropriate and efficient working relationship with SAI Global.

#### ***Draft recommendation 7.2***

***For standards that are to be referenced in regulation, a rigorous impact analysis must be undertaken by governments in compliance with the RIS requirements of the relevant jurisdiction (or COAG requirements for intergovernmental action). In order to best facilitate consideration of other regulatory and non-regulatory alternatives, RISs must be commenced at the earliest practicable opportunity.***

***While the preparation and coordination of the RIS is the responsibility of the regulating government, Standards Australia should provide technical input and other information as required by the drafters of the RIS and where such input is substantial and additional to normal activities, be compensated accordingly.***

As stated in ACCI's April 2006 submission to the Commission, it is imperative that Government assumes responsibility for funding and conducting a rigorous impact analysis on any standard proposed to be referenced in regulation. ACCI strongly supports this recommendation.

#### ***Draft recommendation 7.3***

***Consistent with the fundamental principle of transparency and accessibility of legal requirements, the Australian Government, or other relevant governments, should fund Standards Australia to provide low cost access to Australian Standards referenced in regulations. The implementation of this recommendation will require further examination by the Australian Government of the current contractual arrangements between Standards Australia and SAI Global (under which SAI Global holds the exclusive rights to sell Australian Standards).***

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<sup>8</sup> Productivity Commission, p. 98.

ACCI provides in principle support for the concept of subsidised access to standards referenced in regulation. However, the proposed model needs to clearly articulate how Standards Australia and SAI Global would be compensated for such access.

***Draft recommendation 7.4***

***Given the cost of access to Australian Standards, the Australian Government, and other governments, should seek to minimise the number of referenced standards and, in particular, avoid unnecessary cross references to Standards which make it necessary to purchase multiple Standards documents.***

ACCI strongly supports minimisation of the number of referenced standards and the avoidance of cross referencing of standards.

***Draft recommendations 8.1 – 8.5***

ACCI supports these recommendations.

However, ACCI again reiterates our concerns regarding any partnering (*Draft recommendation 8.4*) in Standards Development. As stated in our April 2006 submission to the Commission

ACCI would be concerned by funding directed at producing specific standards for government or industry where a full RIS was not undertaken to ensure the integrity of the proposed standard. A significant risk would exist that standards would be produced for commercially oriented reasons or regulatory reasons both of which would disadvantage the majority of businesses.

If such funding were considered to be necessary, full and frank disclosure must occur from the beginning of the standards development process so that all stakeholders are informed of the arrangements in place.<sup>9</sup>

We refer to our comments provided under *Draft recommendation 7.2* relating to government initiated, regulated or referenced standards.

With regards to industry funded standards we refer the Commission to ACCI's Principles of Standards Policy as stated in our original submission.<sup>10</sup>

ACCI does not necessarily support the diversion of funding to facilitate participation by consumer and small business representatives, as suggested in *Draft recommendation 8.3*. ACCI considers that resources should instead be directed towards improving available technology so that participants do not have to travel interstate to attend meetings. This may also assist to improve overall committee involvement.

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<sup>9</sup> ACCI, pp. 8-9.

<sup>10</sup> ACCI, p. 3.

## ***Draft recommendations 9.1 – 9.2***

ACCI supports these recommendations.

### ***Draft recommendation 9.1***

***The Australian Government should continue to support, with some reallocation of funding and possibly at an increased level overall, Australia's participation in international standardisation activities, including:***

- ***partial funding for Standards Australia's membership of, and participation in, ISO and IEC and regional standardisation activities;***
- ***partial, but increased, funding for industry participation in ISO and IEC meetings;***
- ***support for involvement in a broader range of specified international fora; and***
- ***full funding for participation by consumers in the ISO Committee on Consumer Policy.***

***In addition, support should be provided, through funding or in-kind support, for domestic standardisation activities, including:***

- ***the secretariat of the Standards Accreditation Board;***
- ***on a case-by-case basis, development of regulatory standards and input into the preparation of associated regulation impact statements; and***
- ***enabling low-cost access to regulatory standards.***

As stated in our April 2006 submission, ACCI considers that funding should be limited to the matters listed in the existing MoU, particularly international matters in the public interest, unless exceptional circumstances can be demonstrated.

On this basis ACCI supports the provision of increased funding to Standards Australia to ensure that optimal international representation of Australian interests is achieved as suggested *Draft recommendation 9.1*.

However, clarification is sought as to why consumer representation should be fully funded by Government when the Commission recommends industry representation should receive only partial funding. Presumably consumer representatives would be selected from relevant consumer organisations, thus such organisations should be responsible for providing a level of funding equivalent to industry.

Clarification is also sought regarding the recommended provision of funding for the Secretariat of the Standards Accreditation Board. ACCI does not support widening the standards writing base unless a clear need to do so can be demonstrated. Greater efficiencies do not automatically generate from a wider standards writing base.

ACCI strongly supports direct funding or in kind support for rigorous impact statements on any standards that will be referenced in legislation.

As stated earlier, ACCI provides in principle support for the concept of subsidised access to standards referenced in regulation. However, the proposed model needs to clearly articulate how Standards Australia and SAI Global would be compensated for such access.

### *Draft recommendation 9.2*

*The Australian Government should continue to use the Memorandum of Understanding (MoU) as the most appropriate instrument for setting out the basis for its relationship with Standards Australia. While the terms of the current MoU generally remain appropriate, some changes are necessary including to:*

- *give effect to many of the specific draft recommendations in this report;*
- *improve the clarity of the document and its objectives, in particular by better defining public interest activities;*
- *deal with the special requirements of regulatory standards; and*
- *require public reporting on an annual basis of its performance against the MoU obligations.*

ACCI supports the extension and updating of the MoU between Standards Australia and the Government as expressed in the Report. ACCI strongly supports the introduction of a separate Article explicitly requiring the preparation of a RIS funded by Government on any proposed regulatory standards and key design principles for such standards.

## **LABORATORY ACCREDITATION**

ACCI welcomes the Commission's draft recommendations regarding Laboratory Accreditation.

ACCI strongly supports *Draft recommendation 12.1* that the Australian Government should more rigorously progress the mutual recognition of conformance assessment in multilateral and bilateral fora and that NATA should continue to build on its voluntary mutual recognition arrangements. The facilitation of overseas trade is a key objective of ACCI and any improvements to reduce barriers to trade should be progressed as a priority.

ACCI also supports *Draft recommendations 12.3-12.6* covering proficiency testing.

ACCI agrees with *Draft Recommendation 13.1* that the Australian Government should continue to recognise NATA as Australia's non-government national authority for the accreditation of laboratories and certified reference material suppliers and as the peak authority for the accreditation of inspection bodies.

ACCI seeks clarification from the Commission regarding *Draft Recommendation 13.2*. Specifically, advice regarding the actual monetary impact of *Draft Recommendation 13.2* would be of guidance. ACCI notes that the amount of funding currently provided to NATA is relatively small, being \$1.06 million in 2005-06, representing 6.3 per cent of NATA's total revenue. ACCI considers maintenance of this level of funding is appropriate.