



**PRODUCTIVITY COMMISSION JULY 2006, STANDARD SETTING AND  
LABORATORY ACCREDITATION, DRAFT RESEARCH REPORT**

**AEEMA COMMENTS  
1 SEPTEMBER 2006**

**INTRODUCTION**

The Australian Electrical and Electronic Manufacturers' Association Ltd (AEEMA) is pleased to provide brief industry comment on the Productivity Commission's Draft Report on standards setting and laboratory accreditation. AEEMA members welcome the Draft Report's recommendations, specifically the move towards increased support for additional international standardisation activities so as to enhance the effectiveness of Australian industry's participation.

Many AEEMA company members are representatives on important international fora such as the International Electrotechnical Commission (IEC) committees. Because industry is being subjected to rapid change in this global environment and is responding with increasingly innovative, complex products and systems, standards are critical for safety, performance and international inter-operability. Often critical decisions are made overseas in ISO and IEC meetings, and in this regard AEEMA reiterates that the level of funding for international standardisation is totally inadequate. In this regard we support an increase of current funding levels with more focussed application to international representation. In addition, it is almost a unanimous industry view that the number of delegates in the international arena is insufficient – currently representation is limited to only one person and this means that either specialist input or a wide range of expert input to cover the broad issues at the international level, is not available. Even if a number of experts is required at an international forum, the funding formula adopted by Standards Australia is inflexible and cannot support multiple representation at the same funding level as an individual

delegate would receive. Other issues raised in the Draft Report are addressed below.

### **INTERNATIONAL STANDARDS**

AEEMA welcomes the emphasis in the Draft on the adoption by Standards Australia of international standards as a facilitator to international trade and a method of addressing technical barriers to trade increasingly faced by Australian companies in the global trade environment. Non-tariff Barriers to Trade (NTBs) such as technical trade barriers may arise because of vastly differing approaches to the 'process' of approvals in trading nations. As an example, AEEMA members have observed that whereas goods entering Australia from Mainland China will not face many regulatory delays or barriers placed before them, Australian exported goods face significant delays through slow or cumbersome regulatory processes and approvals before being placed on the market in China. China and other developing nations require in-country testing whereas Australia has embraced adoption of internationally harmonised standards; insistence by these developing countries on re-tests in their own laboratories naturally acts as a disincentive to export into that market. Accordingly any efforts to ensure adoption of international standards by all trading nations, not just Australia, will be welcomed. In this regard AEEMA supports Draft Recommendation 12.1 which urges the Government to more rigorously progress mutual recognition of conformance assessment in both multilateral and bilateral fora. NATA should also build on its voluntary mutual recognition arrangements.

### **STANDARDS DEVELOPMENT PROCESSES**

AEEMA members have long been concerned with low level of resourcing and the poor performance of some technical committees, owing to resource constraints and lack of expertise. An example of these concerns is the recent advice from Standards Australia that two new important areas of work – non-electrical equipment and risk assessment – inside EL014 (electrical equipment for hazardous areas) cannot be resourced for the development of relevant standards. AEEMA supports the Draft recommendation that existing processes for standards development be applied more transparently, and rigorously. These processes also require adequate support with additional resources. A related concern is the time-frame taken to develop standards, with the intellectual property signed over to Standards Australia but the document generated then sold through a private company. The Draft report's suggestion that less 'face-to-face' meetings and smarter use of technology by Standards Australia would increase the efficiency of standards development, is supported by AEEMA.

Australia's standards and conformance infrastructure needs to change and grow if it is to support a knowledge based economy. Standardisation processes need to anticipate changes rather than simply evolve. No longer is there any excess industry and government expertise that can be drawn upon to provide Standards Australia with its mandatory and voluntary standards development. A standards development body that can facilitate Australia's access to world markets is essential as the demand for standards is escalating at a rapid rate.

Of particular concern to members is the perpetuation of the current situation which enables a resultant commercial gain to SAI Global (a publicly listed commercial company) earned from the intellectual input by volunteers and others who participate on standards committees. This situation is a direct cause of the decreasing participation by those volunteers in critical standards work.

#### **BALANCED STAKEHOLDER REPRESENTATION**

Standards and other regulations frequently impose significant costs on small business – because of the high time commitment and financial burden of participating in technical committees that develop standards which may impact small business, AEEMA's SME members often cannot contribute to the standards process. Accordingly we support the move to increase the participation of small business on technical committees by funding these volunteers for travel and related expenses when they wish to be part of the standards setting processes.

#### **ACCESS TO STANDARDS**

The requirement to pay for access to standards adds costs to all businesses and limits access to other groups such as consumers. AEEMA supports the Draft suggestion that government ensure low-cost access, even if this means an adjustment to SAI and Standards Australia for revenue foregone.

#### **PEAK STATUS**

AEEMA wishes to reinforce the importance of the Memorandum of Understanding between the Commonwealth and Standards Australia. We see this as underpinning Standards Australia as the national peak non-government standards body. It also allows Australia to be a member of key international standards organisations such as the International Organisation for Standardisation (ISO) and the International Electrotechnical Commission (IEC).

## **NATA**

Most AEEMA members companies do not interact directly with NATA. However, they rely heavily on NATA approved testing laboratories for the testing and compliance certification of products. One such organisation lodged an application for three phase electric motor efficiency testing accreditation with NATA in August 2005. They are yet to be assessed. The Minimum Energy Performance Standards (MEPS) regulations came into effect on 1 April 2006 and some members are now faced with having their products tested in a NATA accredited laboratory owned by a competitor.

There are currently only two accredited motor efficiency testing laboratories in Australia, one in Melbourne and the other in Adelaide. However, the main suppliers of motors regulated under MEPS are based in either Sydney or Melbourne. Consequently, the delay in accreditation of the previously mentioned organisation is effectively increasing MEPS compliance costs to industry by reducing competition and adding transport costs to the Sydney based suppliers. The organisation concerned has invested time and resources establishing a motor efficiency testing facility. The delay in accreditation must also be limiting their ability to generate a return on their investment. This assessment delay is apparently attributable to a lack of NATA assessors. A general dwindling of NATA resources and skilled staff has been observed by industry over the past few years. Accordingly we suggest better targeted funding and resourcing for NATA activities.