



**Submission to the Productivity Commission's Research Study into the
Australian Government's Relationship with Standards Australia Ltd and the
National Association of Testing Authorities**

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Standards Australia and International Standards

The LPG industry in Australia is of strategic importance to Australia's energy supply and in the national energy mix as a self sufficient source of transport fuel and a multi-purpose energy resource for regional and rural Australia.

LPG Australia and its members are major users of the resources of Standards Australia Ltd (SAL) and work with the Gas Sector Standards Board and other SAL committees in ensuring product conformance and the uniform design, safety and performance of LPG appliances and equipment for sale, usage, storage and transport of LPG in a wide variety of applications.

The industry currently contributes to and uses over 50 Standards maintained by SAL. The usage by the LPG industry of Australian standards and our work with Standards Australia is likely to be increasingly impacted by the globalisation of standards. The Australian Government support for SAL and the MoU defines the relationship between International and Australian Standards in the LPG industry in Australia to avoid unnecessary duplication. Implementation of any Standard and the associated compliance checking appears consistent with international practice and the Government should continue to provide support to SAL both financially and through the terms of the MoU.

International standards are recognised on a global basis and, can facilitate competition in Australia and free trade to and from Australia. In its relationship with SAL the Government should ensure Australian industry, authorities and consumers have the opportunity for significant input into the international standards that may be adopted in the future and, which now apply in Australia. This is particularly important where an international standard will not work in Australia. Different types of building construction in Australia would not enable adoption of European flue construction standards for gas heaters. An International Standards Organisation



(ISO) Standard Committee of twenty-five members will have a maximum of one Australian member. Given the size of the Australian marketplace, some countries would see this as over-representation. While Australian industry plays a significant role in the creation and maintenance of Australian standards, the opportunity to contribute on the international scene is limited. This limitation is not removed if Australia adopts international standards as the sole, local standard.

International standards may fail the Australian industry if poor choices are made. An example of this is the decision of Australia to become a signatory to the International Electrical Commission (IEC-EX) on standards relating to electrical equipment in hazardous and explosive areas. All countries in the EU, as well as India and Israel, have adopted the Atmospheric Technical Explosive (ATEX) standards system, not the IEC-EX system. When ATEX approved equipment is imported into Australia, it must be IEC-EX approved before use, adding significant costs and delays, despite the two systems using the same standard regimes in testing compliance. New Zealand adopted the ATEX system. The result is that French built, ATEX approved component can be imported from New Zealand and installed without further testing. The same component imported from France requires IEC-EX testing Australia before being installed.

If international standards are to be adopted in Australia, it is the responsibility of the Government, in its relationship with SAL, to ensure that the result is an efficient, uniform, consistent framework of legislation, regulation and adoption of standards that avoids duplication.

Coverage of and Compliance with Australian Standards

SAL standards apply to imported LPG appliances and equipment. In its relationship with SAL and state regulators the Government should work towards the adoption of uniformity in acceptance and enforcement of the relevant standard by the state authorities to ensure the effective delivery of fitness for purpose and safety for the Australian community.

The LPG industry is also regulated by eight State Governments and Territories, causing different interpretation, legislation and regulation of each Standard. This inconsistency may de-rail the coverage of the Standard. For example LPG cylinders that did not meet the SAL standard were imported through one State and sold in others. Imported LPG cylinders bearing an Australian test station test date preceding their date of overseas manufacture were imported through one State and sold in others before they were withdrawn.

While there are about seven thousand published Australian standards and over fifty relate to the LP Gas industry, some of these standards relate to products, which are not designed, manufactured, or tested in Australia. Compliance to the standard can be mandated by the purchaser or importer only if the standard is cited in Australian legislation or regulations. An example of this is AS 2473, an Australian standard for compressed gas cylinder valves. As these valves are not manufactured in Australia, some overseas suppliers gain a market advantage by having their product tested to “UL Standards”, a rigorous system of standards and audits from



Underwriters Laboratories in the USA. Such credentials are recognised globally. Other customers and importers rely on the manufacturers' testing results, or results of a third party overseas testing authority. The result is one of confusion in Australia, as valves are sold in Australia that may comply to an unknown Standard, having been tested by an unknown testing authority. Many international standards are substantial documents of several hundred pages of advanced technical detail. If different standards from different countries give different levels of quality and safety in the marketplace then who decides which standard is the best one for Australia?

A further example of this difficulty appears in the widely legislated AS 1596, Clause 3.5.7 where LPG pressure regulators "shall comply with UL 144 or other equivalent Standard." UL 144 is a rigorous standard from Underwriters Laboratories and, "equivalent standards" are not known. Regulators tested in Australia are tested to AS 4621, the Australian Standard for LP Gas regulators, in the full knowledge that the UL 144 requirements significantly exceed the requirements of AS 4621. The result is that a regulator may be either UL tested, or tested to AS 4621, with a resulting inconsistency in the marketplace.

The application and enforcement of Australian standards in the LPG industry is spread across eight State and Territory jurisdictions with potential for eight different interpretations arising from the same standard. While policing of Australian standards to ensure compliance within state borders is an onerous task, national compliance is very difficult. State jurisdiction weakens the coverage of and, efficient and effective compliance with an Australian standard. For example, whilst there is a standard for unflued gas heaters, the installation requirements and protocols vary by State. If there is a recall of a defective product governed by an Australian standard this is co-ordinated by the Product Safety Policy Section of the Australian Competition and Consumer Commission (ACCC). Most recalls are voluntary and emanate from action by a State regulator. The community is at risk when, as recently occurred, the ACCC is reluctant to execute a compulsory recall of an LPG pressure regulator, which failed in several incidents, until due process is played out by three State regulators.

The effective relationship of the Government with SAL should be to develop a framework or MoU of "agreed State positions" through which standards may operate effectively and uniformly for LPG appliances, equipment and installations on a national basis. The Government in its relationship with SAL should influence State and Territory Governments to adopt a uniform approach to SAL standards on a national basis. The Building Code of Australia is a national code which is adopted into State legislation and regulations. The adoption of content is not uniform. In the case of sustainable housing the codes vary by State and in late 2005 the Australian Building Codes Board moved to enhance provision for Housing Classes 1 to 10 from 4 Star to 5 Star because 4 States and Territories will adopt 5 Star in 2006.

The LPG industry has contributed to the creation and maintenance of Australian standards on a voluntary basis because the industry possessed the required skills. Volunteers were sourced from



energy utilities, government authorities, energy distributors, appliance manufacturers and component suppliers with expenses of the participants being met by the participants' employer. The integrity of the standards setting process prevented barrow-pushing. Sector Boards were created to oversee the large number of standards in review and again these boards were operated on a voluntary basis with membership being sourced from senior levels of industry management. In recent years, the availability of volunteer time and skilled technical personnel has declined due to an ageing workforce and government authority and industry restructuring. The current process of standards creation and maintenance merits continuing Government financial support as the increasing demands of Australian consumers, governments and authorities might exceed Standards Australia's resources and volunteers' capabilities.

The size of contribution of the Australian Government to the current operation of Standards Australia could be increased.

Consumer Assurances and Community Benefits

In different countries the same LPG equipment or appliance may be subjected to several testing regimes as part of compliance programs in those countries. The question of which international standard is applicable to Australia and Australian conditions arises.

The reasonable expectation of the Australian consumer is to have a choice of a number of safe and efficient LPG appliances and components from Australia and overseas all over with the assurance that all such appliances and components are fit for use and "up to the standard" – the well known and understood Australian standard.

The majority of LPG appliances and components are manufactured overseas and the Australian consumer is asked to either:

1. Accept that all components and appliances are tested to Australian standards, which are written and maintained by the Australian industry (the current situation in Australia), or
2. Accept the credentials of the overseas testing authority on largely face value, which state that the component or appliance is fit for use, based on international standards

Adoption of international standards with Australian content has presented difficulties given low levels of representation on international standards committees and inadequate policing of compliance by State authorities. The effectiveness of a standard diminishes, when some manufacturers comply and some choose to ignore the standard. Compliance to a standard invariably involves expense and some manufacturers see compliance as an option rather than a necessity. Ineffective policing influences this choice.



The responsibility of the Government is to ensure that components or appliances are free of defects which may injure the user or harm the community or the environment, irrespective of the testing regime or authority used to ensure compliance.

In its relationship with SAL and the States and Territories the Government should support the delivery of the benefits of safe, fit for purpose LPG appliances and equipment by suppliers to the Australian community through supporting the adoption of uniform national codes and the uniform adoption of Australian standards in each State and Territory.

NATA is accepted in Australia and overseas

The testing of gas components and appliances in Australia, to Australian standards, is managed by a network of NATA accredited laboratories for the overseas supplier and the Australian customer. The Australian standards used by NATA in this testing regime are accepted in Australia and widely accepted overseas. However, whilst Australian manufacturers comply with Australian standards and test to them, some overseas manufacturers do not. They rely on certification against international standards by overseas, third party, NATA like organisations, such as EN, ISO, IEC and ATEX.

LPG Australia encourages the Government to continue its relationship with NATA as defined in the MoU and to continue to provide financial support.

Conclusions

The current activities of Standards Australia and NATA result in effective standards and testing regimes that are implemented and policed in varying degrees, with varying success. Whilst isolated criticism of the current Standards regimes quotes increased costs, increased delays and lack of compliance, the Australian LPG industry and the Australian community are adequately served by the relevant standards but uniformity of regulation needs to be improved. An overseas standards and accreditation system can incur costs, and delays which will be reflected in the sale price of the LPG component or appliance. Care must be exercised in selecting an overseas standard for inclusion in the Australian industry.

The effective and efficient implementation of any standard, international or Australian, and the policing of compliance to that standard are essential in delivering quality and consistent products and services. In Australia, standards relating to LPG components and appliances are spread across State and State based authorities, reducing consistency, effectiveness and efficiency. LPG



appliance and components standards should be uniform nationally and be supervised by SAL with the support of consistent and unambiguous legislation and regulation.

The role of the Australian Government in its relationship with SAL and NATA should be to step up and increase its push for the formulation of nationally uniform legislation and regulations.

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