

Study Into Standards Setting and Accreditation
Productivity Commission
PO Box 80
Belconnen ACT 2616

Dear Sir,

I refer to the above inquiry and draw your attention to our submission on behalf of the building materials suppliers in Australia. The Building Products Innovation Council (BPIC) is the peak industry body for building materials manufacturers and concentrates on the issues of the need for a nationally consistent regulatory environment, sustainability and third party product certification. This particular inquiry is directly relevant to the third of these core BPIC issues.

At the outset it is important to note that the BPIC members are closely involved with the Standards development process, most notably, but not limited to, as expert advisers. At a recent Building Code Committee meeting of the Australian Building Codes Board it was pointed out that there are literally hundreds of primary and secondary references to Standards as they relate to buildings and building materials. Many of these are referenced in the Building Code of Australia (BCA) and as such are not voluntary standards. Needless to say, our sector is very interested in any review of the operation and development of product standards given this close involvement in development and application of standards.

Having said this it is interesting to note the Commissions observation that the process of standards development and amendment is an almost invisible service to industry. Our members and the materials manufacturing sector are finding a growing requirement for standards committee input and in some instances there is limited product expertise which in one sense leaves the local manufacturers with no choice but to devote resources in this direction.

However, this does not detract from the task of ensuring that appropriate standards of performance are developed for specific products. One of the emerging issues facing the Australian industry is the issue of increased market penetration of imported product. Given the inherent safety issues that arise with the use of most building materials either insitu or in assembly there is good reason to have standards driving manufacturing and engineering solutions. In fact the existence of these standards is, as suggested by the Commission, an access avenue to the Australian market. However, it is not compliance with the standard that provides this access and this is where the issue for BPIC members arises.

There have been demonstrated cases where claimed compliance with a standard has ensured a fairly seamless passage for product onto the market yet subsequent testing proves non-compliance. The issue of enforcement of compliance claims is an enormous issue for standards and BPIC believes the Commission should consider not only the development and amendment of Standards but also the ability to ensure some form of accreditation of certification bodies, not limited to NATA laboratories.

In short there is a need for Standards Australia to not only develop standards but to reinvest in the performance of those standards in the market place through some form of compliance or audit model for those providing the certification to a standard. This principle applies equally to locally made and imported products though it must be said that our current position is driven by the industry experience with some imported products. In essence BPIC members are demanding an infrastructure behind the overseas certification bodies that allows transparent comparison to similar certification bodies operating in Australia.

Having said this it must also be noted that the practice of referenced or mandated standards does have an unbalanced impact on our competitiveness. Standards in manufacturing, occupational health and safety, environmental controls, etc, all add to the cost of manufacturing and distribution for Australian manufacturers. Where these manufacturers face import competition it is often the case that, regardless of whether or not their products fail the performance standard, their manufacturing process is not subject to the same social and environmental on-costs.

Needless to say, the cost of non-compliance can be extremely high.

Another matter that the Commission may wish to consider is the relationship between the development or amendment of a standard and the annual amendment to the Building Code of Australia. While the BCA has a clear and set annual date of operation and amendment, some industry members feel that Standards rush to publish a standard as soon as possible, thus driving new sales. This has subsequent adjustment costs for industry where there is a conflict between the standard as referenced in the BCA and the latest available standard which some claim is the legally enforceable test.

While in the majority of cases the differences may be minor between existing references and new amendments, there are instances where the variations are significant and can or do cost industry significantly. This is because the users will only pay to the performance demanded by the BCA yet the legal system will demand performance with the latest available standard. Again, clearly this is an issue of timing however there are instances where the issue of a standard has been significantly ahead of the timing for inclusion in any newly released version of the BCA which, although annually amended, has a lead-in time that significantly lengthens any real inclusion of adjustments beyond a twelve month time span.

BPIC members have also been holding discussions with Standards regarding the possible different paths to the development of standards. This has in part been driven by the comments above where the demands on industry time and input seem to be increasing while available resources are in fact decreasing. However, we are confident that there are other development paths for building and materials standards that will

enable a more efficient outcome and we would suggest that the Commission acknowledge these opportunities in its research.

It is also relevant to note the ability of international work on standards to give guidance to local standards development. BPIC members are of the view that full use of international research and development should be made when considering development of an Australian standard. This practice will ensure that a variety of input from both local and overseas qualified building expertise is available in any new or amended standard.

While there is always the need to ensure that we are not overregulated there is an important role for Government in standards and accreditation setting to ensure that other countries are aware of the appropriate, transparent and tested systems and options we have in Australia. BPIC believes this is an important step in demanding reciprocal approaches from our trading partners and in particular the rapidly developing countries. While industry has an important role to play in self regulation of these issues there is an inability to control or influence much of the transient trading that occurs in many product lines. Hence, development and enforcement need to occur at both the import and the export locations.

Building materials manufacturers have already made significant investment into the standards system both through direct input into standards development and also through investment in manufacturing and development of products that comply with these standards. However, BPIC is aware that there are also other opportunities to promote innovative products through to the Australian market that are either not covered by the existing standards or perhaps far exceed the minimum performance requirement specified. From this perspective it could be argued that while the existence of a standard and the possible mandatory nature of compliance with those specifications could hinder innovation, there are other paths to market that in many cases need not necessarily have a negative impact on research and development. One such path is the new CodeMark system that applies to the Building Code of Australia.

Another aspect of the standards development or amendment process that may be improved is the need for a consensus approach. While in principle a standard should be developed with all society goals in mind there are instances, particularly in the amendment phase, where it would be more appropriate to rely on consensus from those responsible for the direct technical input.

BPIC is not aware of the extent to which mutual recognition of standards across countries has expanded over the last few years. However, we have as mentioned above taken the opportunity to ensure that the Department of Foreign Affairs and Trade is well aware of our accreditation and certification concerns with product imported from certain sources. With this in mind it can be even more important than ever that the process of mutual recognition not only examines the technical or engineering aspects of a proposed overseas standard but also the system behind the ongoing checks and balances to ensure that manufacturers are performing to the standard. BPIC feels that it should not need reiterating that the accreditation aspects of standards compliance are paramount, both in the need for independent certification and transparency in technical findings.

As can be seen from the above we are relying on one arm of Government (DFAT) for implementation of appropriate systems under international trade in goods however BPIC also acknowledges that there are other important aspects of Government leadership that are a valuable contribution to the current process. There is a definite need for national leadership by Government in many instances, and these do tend to emerge through the very nature of the issue we are dealing with. In other instances, clearly there is an opportunity for industry led regulation and where this exists the Government role can be minimal. However, this situation is more relevant to the standards setting process. When it comes to accreditation BPIC believes that there is a much higher level of value in not only Government involvement, but Government leadership to aid in the transparency and reliability of the process.

BPIC also notes that the MoU between the Government and Standards demands that Standards ensure a minimum effective solution approach to any standard developed for regulatory purposes or for referencing. BPIC is of the view that this is a core requirement for any proposed ongoing relationship and should perhaps be accompanied by a reference to a need to ensure that there has been a rigid regulatory impact statement developed prior to the consideration of development or referencing of the standard.

However, once a standard has been developed, whether by industry or through the traditional standards development process, the interests of Government are in fact more pronounced as the statement by a supplier of compliance with a standard is in fact a declaration of performance. In case where there is an industry voluntary standard and certain products are found to claim but fail the tests required by this reference, then there is a real role for Government to assist with compliance and consumer protection.

BPIC hopes that the above is of use to the Commission in the deliberations during this inquiry and welcomes and comments or feedback you may have.

Yours faithfully

Tony McDonald
Chief Executive
14 May 2006