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Artarmon NSW 1570

5th May 2006

Ms M Eibisch
Standards and Accreditation Study
Productivity Commission
PO Box 80
Belconnen ACT 2616

Maggie,

RE: The role of Australian Standards in the Australian earthmoving and mining equipment industry sector.

CMEIG was formed in 2003 from several long standing associations, as a non-profit organisation to represent the construction and mining equipment industry and allied equipment and services on issues impacting on the delivery of business. Our major goal is to represent one voice for the construction and mining industry equipment manufacturers, importers and dealers, and associated parts and attachments in Australia. The association also brings together a range of interests whereby members can regularly meet to create a forum to make continuous improvements to the companies in the industry.

CMEIG directly represents employers of more than 10,000 Australians, and services a construction and mining industry employing tens of thousands. With annual sales revenue of more than \$10 billion, CMEIG members supply and maintain equipment for the nation's mining, quarrying, construction, electric power generation and forestry industries. Most of the world's major international manufacturers are represented in the Association's membership.

The Association combines all the disciplines of the construction and mining equipment industry throughout Australia -- including manufacturers, importers, suppliers and service organisations.

The manufacturing of mobile construction and mining equipment is carried out off shore and mainly attachments and consumables are produced in Australia. The sale of construction equipment in Australia represents about 2% of world sales and OEMs regard Australia as a very small market. The majority (if not all) of equipment imported into Australia is manufactured to global standards, rather than Australian Standards.

Our members consider the development and maintenance of local and international standards as an essential element to their business operations because standards, codes of practice and other guides are frequently used to set safety limits for the supply of earthmoving and mining equipment in Australia. Standards are frequently used in the procurement process and will generally lead to a level playing field for both sellers and buyers. Additional features above that specified in standards or guides can then be assessed by the procurement officer on a value for money basis.

Manufacturing and delivering construction equipment with their various safety features has obvious legal obligations. Additional product features, especially those required only in Australia, invariably increase the equipment sales price. Therefore, a requirement for unique Australian based standards or guides for equipment not even manufactured in the country, significantly raises their production costs with may be no real benefit. A recurring question raised by our members relates to the lack of evidence to show how the additional features required in Australia actually benefit the equipment users and operators. At the moment, none of our members are aware of any document that demonstrates the benefits of local standards.

The issues in relation to Australian Standards (AS) which we would like to raise for consideration by the Commission are:

1. Australian Standards is funded by the Federal Government and yet membership is limited to those that Australia Standards management wish to select. The level of support for maintaining existing standards and introducing new standards is limited by the budget allocations set by management. These resource limitations and the poor timing of the release of standards impact on our industry, often causing delays in implementing appropriate safety measures for equipment. CMEIG asks the Commission to establish an efficient intervention mechanism to ensure industry needs are met in a timely and effective manner so that associations such as ours do not continue to experience these timing problems.

Alternatively, the Commission should develop a mechanism whereby an association can obtain direct funding to develop an industry standard if the necessary resources will not be provided by SA management.

2. The annual cost to our industry in participating in the development and maintenance of Australian Standards is estimated to be in the area of \$300,000. These costs are invariably passed on to buyers and any way of reducing this cost burden would be a positive step for the industry.
3. CMEIG members have often questioned the role of Australian Standards because of the majority of earthmoving equipment sold in Australia is produced overseas to International Standards. Whilst some AS staff have recognised this issue, it is important for the Commission to note this fact in their analysis and look at ways of funding this industry sector to support the development of appropriate international standards and guides. This would be a more efficient and comprehensive approach, and would ensure better use of our members' resources. The current practice of rebadging ISO Standards or developing local Standards based on limited research data and the extrapolations of local experience is certainly not optimal.
4. Australian Standards have a major impact on the setting of minimum safety levels for the supply and operation of equipment and changes to any one of the Standards generally results in greater costs to the end consumers. In our industry, this occurs when additional safety requirements increase the cost of new equipment and the manufacturer passes this cost directly to the buyer. These additional equipment cost increases are also passed on to the consumer and this invariably leads to higher construction costs for all.

We would therefore support the need for Australian Standards to provide a regulatory impact statement when critical changes are implemented in a revised or new Standard.

5. CMEIG is concerned that AS staff appear to have large case loads which adversely effects project timing. In addition, there seems to be a high turnover of staff which has a hugely detrimental impact on project management and final outcomes for the various committees. There is also the issue of our committee members feeling that their time is being squandered when projects are delayed as a result of frequent staff changes or staff taking extended leave.
6. Outdated ideas and a long established 1960s AS tradition on their current presentation format of highly technical material make AS materials unduly complex for users to read and very difficult to implement.
7. CMEIG are not supportive of AS competing with private organisations in the area of training or the sale of other publications. We believe that AS should focus on the development and maintenance of standards, and encourage the information dissemination via workshops and seminars by industry associations who are already well positioned to provide industry updates.
8. In regard to NATA, we would be very supportive of the amalgamation of AS and NATA to avoid the current problem of unproductive competition and the overlapping of boundaries.

9. We do not understand why AS appear to be selective to membership.
10. We believe that it is inequitable for the government to fund AS, yet expect other company volunteers to go unpaid. If suitable electronic systems are now available, all Australian Standards should be provided in electronic format free of charge – particularly since industry members are often instrumental in the development of these standards.

Our industry agrees with the need to set appropriate standards and guides for the procurement of equipment, but CMEIG members often feel they waste their time attending unproductive meetings run by AS with no real benefits. We are very hopeful that the Productivity Commission will be thorough in its review and develop an efficient business model for setting and maintaining Australian Standards and testing standards in the future.

Please note that we do not support an open market approach with various companies producing Standards! There is a strong belief by our membership that this would result in the breakdown of the harmonisation of Standards and higher consumer costs as compliance costs increase.

CMEIG is very hopeful that in particular, the Commission will review the funding approach to AS, as the common impression is that most of the work which is valued by our members is actually done by volunteers – our own members!

Your review is very much welcomed by CMEIG members and we look forward to an improved management of Australian Standards.

Yours faithfully

George Vorobieff
Executive Officer