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24 August 2006

Study into Standard Setting and Laboratory Accreditation  
Productivity Commission  
PO Box 80  
Belconnen ACT 2616

To the Presiding Commissioner

RE: Productivity Commission 2006, *Standard Setting and Laboratory Accreditation*, Draft Research Report, Productivity Commission, July.

On behalf of Proficiency Testing Australia (PTA), I wish to respond to Productivity Commission 2006, *Standard Setting and Laboratory Accreditation*, Draft Research Report, Productivity Commission.

PTA generally endorses the draft recommendations in relation to proficiency testing, however, I would like to comment on the following two draft recommendations.

***Draft Recommendation 12.6***

***A formal, detailed complaints handling process should be established by NATA to deal with any complaints arising from NATA's proficiency testing requirements for laboratory accreditation and the conduct of its own, or its subsidiary's, proficiency testing programs.***

Proficiency Testing Australia has in place a formal detailed complaints handling process. This documented system is required as part of PTA's accreditation as a proficiency testing provider to the requirements of ILAC Guide 13:2000 Guidelines for the Requirements for the Competence of Providers of Proficiency Testing (comprising relevant ISO-9000 series requirements).

The ILAC Guide 13 requirement states:

#### *2.7 Client Feedback*

*The provider shall have procedures for the effective handling of complaints or other feedback received from participants. Records shall be maintained of all complaints and of the investigations and corrective actions taken by the provider.*

The PTA complaint handling process has been assessed as satisfying the ILAC Guide 13 requirements by PTA's accreditor, The American Association for Laboratory Accreditation (A2LA).

#### ***Draft Recommendation 13.2***

***The Australian Government's funding to NATA should be allocated only to areas with clear public benefits. Future Government grants should:***

- ***fund the costs of NATA's involvement in the OECD Panel on Good Laboratory Practice and its participation in mutual recognition evaluations;***
- ***partially fund the costs associated with NATA's involvement in ILAC, APLAC and relevant ISO/IEC committees; and***
- ***provide funding for special projects which NATA undertakes directly for the Australian Government, such as involvement in international negotiations.***

***The Australian Government should not underwrite proficiency testing conducted by NATA, or its subsidiary, unless it can be robustly demonstrated that in specifically identified areas such testing is in the public interest and that it is not commercially viable.***

In the past, the funding support of the Australian Government has given NATA the ability to directly provide a comprehensive number of proficiency testing programs to support Australia's national accreditation system.

This funding remains essential, as most of the programs would not otherwise be provided by the market. The reason why the market cannot provide such programs is because laboratories cannot afford to pay for complete cost recovery. This is particularly so given:

1. the specificity of programs, their samples and artefacts, that are needed to cover the range of test methods used in different types of laboratories;
2. the small number of laboratories in some programs over which the costs of program administration, sample and artefact acquisition and maintenance could be spread; and
3. the fact the current range of programs offered by PTA, previously being offered by NATA, are only possible by having a certain critical mass of programs over which the administrative and other fixed costs can be spread.

PTA's proficiency testing programs are not commercially viable and would not be able to operate without ongoing funding support. It is probable that any withdrawal of NATA funding (in response to NATA not receiving government funding for proficiency testing) to its subsidiary would lead to the existence of only

“commercially viable” programs in Australia. If the programs conducted by PTA did not continue there would be market failure in a number of scientific areas which commercial proficiency testing providers would not service.

Government funding should be maintained for proficiency testing in recognition of the following public benefits:

- a) assists in keeping the overall costs of the national accreditation system down by providing a method to check laboratories ongoing competence through a periodic proficiency test, rather than a full-blown reassessment process at shorter intervals;
- b) assists Australia in achieving and maintaining membership in the network of government and voluntary Mutual Recognition Arrangements with its counterparts in overseas markets;
- (c) many of PTA's proficiency testing programs are operated in Australia's key export sectors and provide additional reassurance to specifiers and regulators in major trading partners that testing performed by NATA accredited laboratories is reliable, this ensuring ongoing market access.
- (d) many of PTA's programs are at the behest of the Australian Government and their agencies, in order to ensure adequate testing performance in areas related public health and safety, and the environment (e.g. *Cryptosporidium* and *Giardia* in water, asbestos, food pathogens).

In addition to the above public benefits that arise from PTA's programs, PTA itself is registered with the Australian Taxation Office as a charitable institution and as such is considered a non-profit organisation.

I trust that PTA's response regarding the draft recommendations of this Productivity Commission report will be considered.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G Lum' with a stylized flourish at the end.

Dr Gary D Lum, AM  
Chairman  
Proficiency Testing Australia