

20 April 2006

the **australian**
PIPELINE industry
association Ltd



Commissioner Robert Fitzgerald
Productivity Commission
Standards Accreditation Study
PO Box 80
Belconnen, ACT 2616

Dear Commissioner Fitzgerald

Re: Review of Australian Government relationship with Standards Australia Ltd and the National Association of Testing Authorities

Thank you for the opportunity to comment on the above named Productivity Commission review.

The Australian Pipeline Industry Association (APIA) believes that the standards setting and laboratory accreditation services currently operating in Australia are adequate, but could be improved. Also, APIA values the platform that Standards Australia creates for the harmonising of technical regulation requirements between the States and Territories.

The standards setting process is successful and has allowed industry experts to meet openly and provide genuine advice regarding standards and practices with outcomes often accepted internationally. With the establishment of SAI Global as a company to manage the sale of Standards, APIA is concerned to ensure that Standards Australia's funding is maintained and industry participation continues to be encouraged.

The voluntary contributions by industry to the process are now sold for profit by SAI Global and APIA believes that these voluntary contributions should be acknowledged. The effectiveness and quality of the output of both Standards Australia and the National Association of Testing Authorities is reliant upon the voluntary input provided by industry.

I should also mention that, since most of the previously government-owned gas industry infrastructure is now owned and operated privately, there is increased reliance on volunteers to contribute to the development of the standards as such resources no longer exist within the companies.

It is also the volunteers who work with States and Territories in order to harmonise requirements. APIA would urge these organisations to be more involved in the strategic planning of this consultative process and the direction of the participating committees.

APIA agrees with Standards Australia's comment that "the future for the development of standards in Australia [is] evolving to a system based more on a direct partnership between Standards Australia and those industries or agencies seeking standards development". In light of this, and in planning for the future, it would also be useful for Standards Australia to address the possible problems associated with the impending skills shortage which will, among other things, impact on the standardisation process.

APIA believes that, the infrastructure services provided by Standards Australia for the development, promulgation and review of Standards is adequate, but could not afford to be reduced at all. In fact, an increase in these services would be desirable.

Standards Australia's role as an accreditation and certification agency for quality management generates revenue, but it detracts from its main purpose: the development, promulgation and review of high-quality Standards.

Also, while Standards Australia provides adequate linkages to ISO, it provides inadequate linkages to other international standards bodies.

In fact, the standards setting process is absolutely necessary in Australia, as indicated by the Australian Standard for Petroleum Pipelines, which has been benchmarked internationally and demonstrated as "superior in many detailed technical respects to its counterparts elsewhere". Clearly this demonstrates the need for an Australian-based standards process, rather than reliance on international processes. This is a standard of substance that is accepted by all stakeholders and is sufficiently "live" to encompass the results of emerging research and development.

The role of the National Association of Testing Authorities is important to industry because, in Australia, a government-backed laboratory accreditation system is vital to the safety and economic performance of the pipeline industry. Clearly, for example, it is imperative to the high-pressure pipeline industry that the strength or chemical analysis of the steel used in pipelines is determined accurately. Therefore, a proper laboratory accreditation system is absolutely essential to the safety and well being of all Australians, not just the industry. Our industry relies upon the validation process inherent in the NATA laboratory accreditation system for hundreds of tests on a daily basis throughout the entire life cycle of our vital and safety related infrastructure.

APIA urges that there be no reduction of public involvement in laboratory accreditation, as the quality of the system is vital to industry and to the general public. We would also encourage a strengthening of the essential role of Standards Australia, that is, its focus on developing, promulgating and reviewing standards should be paramount.

I trust these comments are useful. Please feel free to contact APIA should you require any further information.

Yours sincerely

[Signed]

CHERYL CARTWRIGHT
Chief Executive