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Study into Standards Setting and Accreditation
Productivity Commission
P.O. Box 80
Belconnen ACT 2616

Re: Productivity Commission Issues Paper on Standards and Accreditation

Dear Commissioner,

PACIA is the peak body representing the plastics and chemicals sectors in Australia. The sectors have a combined annual turnover of \$31 billion and directly employ more than 81,000 Australians. The products and activities of these sectors also have a further indirect bearing on the employment of most Australians. This is due to PACIA member companies being integral to commodities supply for process or components manufacture to many other Australian industries. In particular PACIA companies are involved in direct supply to the automotive, mining, agriculture, construction, furnishings, packaging, paper, forestry and information technology industries.

Their interests are also our interests. PACIA members represent the entire supply chain including the manufacture, processing, importation, transportation and trading of plastics and chemicals.

Companies range in size from large multinationals to small one and two person operations in both sectors.

PACIA is committed to achieving the highest standards of health, safety and environmental performance by its industries. Adherence to Responsible Care® is a condition of PACIA membership for chemical companies in Australia and is extended to third party supply chain operators who are also PACIA members. This program aims to improve health, safety and environmental performance through the application of an integrated management system approach aligned with the ISO Management Systems, including the ISO14001 environmental series. PACIA operates a highly regarded Carrier Accreditation Scheme aimed at best practices in supply chain safety. PACIA also has a Sustainability Covenant with EPA Victoria, which provides a mechanism to achieve waste reduction and resource efficiency improvements within our sectors and supply chains.

PACIA and our members have been, and continue to be involved in many Standards Committees, providing insight and understanding of the standard setting process. From this basis as a contributor towards as well as a user of Standards we are pleased to be able to provide the following input to the current study process.

If you wish to discuss any of the issues raised in the submission please contact me on (02) 9410 9857 or by email at csantin@pacia.org.au.

Yours Sincerely,

(Unsigned for Electronic Transmission)

Stephen Holland
Director, Corporate and Community Relations

The following paper is the result of consultation with many of PACIA's member companies and as such represents a whole of industry perspective on the issue of Standards and Accreditation.

Initially we would like to note that we believe the review has limited its scope by focusing only on the importance of standards and conformance in relation to Trade and Commercial matters. This neglects what we feel is at least an equally important role of community protection through its impact on trades practices, safety and environmental legislation/regulation. Without this greater context PACIA feels that some matters are overlooked and opportunities for improvement are not explored. The following comment is structured within this greater context.

Australian business and the Australian community in general benefit from increased trade. As the barriers to trade continue to lower it is important that Australia maintains a standards and accreditation regime that is internationally consistent and recognised.

The European Union will only recognise 1 accreditation body per country for laboratories so that standards can be set and maintained. And in most countries of the world this is the model that is used (USA and Japan being notable exceptions). The ASEAN countries have relied on Australian and New Zealand input when establishing their systems so given both Pacific nations' closer economic ties to this region it would be detrimental to significantly change the model.

PACIA believes that these are not areas to be tampered with and opened to competition. Firstly, because any change to the regime comes at the expense of standards' quality, and more importantly risks the establishment of Memorandum of Understanding's with other countries, providing a ready barrier to trade for those nations who would benefit from such restrictions.

The main point of confusion currently lies with the competition that exists between NATA and JAS-ANZ. For many companies this competition only serves to increase burden and decrease confidence in the integrity of the system.

When considering appropriate levels of government funding it is important to recognise the role that standards play in reducing regulatory burden and therefore the costs to both business and government.

As it currently stands, the level of control the government exerts over economic activity is governed by the potential consequences of that activity on the 'public good'. Where potential consequences are high, the response is likely to take the form of direct legislative control. Where there is little potential for negative impact there tends to be a reliance on self-regulation and the regulatory framework becomes less prescriptive in nature and more performance based.

Direct legislative control is by nature prescriptive and onerous to business. Self regulation and performance based control allows businesses to fulfil their obligations in the manner most suitable to their individual circumstances.

In short, a well performing standards and conformance infrastructure can minimise the costs to business and the consumer and allow minimised regulatory burden both to business and government. In today's environment of a global economy this extends further when mutual recognition can be given to Standardisation, Certification and accreditation systems.

The recent MED review of Standards and Conformance Infrastructure (late 2005) in New Zealand performed an analysis of different countries models. It included New Zealand, Australia, China, Japan, Malaysia, Singapore, UK, and USA. The common pattern (other than in the USA) was to have governments fund activities in the national interest.

What then is the effective model to maintain the system? In short if it is not maintained by those in who's self interest is at stake then governments will have to legislate (as per the reactions to Longford and HHH) and build (or build-up) a regulator to enforce. Thus government's interests are best served by ensuring an efficient standards and conformance infrastructure is maintained that is largely utilised by those that use it, at their cost, but supported in the appropriate places by the government.

A related issue surrounds the decreasing availability of specialists to contribute to both the development of standards and the accreditation of laboratories, without which much of their value will be lost. The reasons for this declining involvement can be traced to the changes in government and business structure. As more specialists move from permanent positions within organisations to consultancy work they are less able to justify the non-income producing time required to provide assistance.

PACIA believes a new funding model is needed for Standards Australia and NATA to ensure the key specialists can continue to provide their time and expertise into the Standards and accreditation process. The Australian Government needs to provide this financial support in order to maintain the technical proficiency of the Standards committees and auditing teams. For standards development it is crucial that key specialists are at least funded to check these documents prior to publication ensure they are workable and issues are not missed.

In conclusion, the international compatibility and acceptance of Australian Standards are integral to ongoing and increasing trade and therefore it is critical that these factors are considered during Standards development or modification. A clear demarcation of the respective roles of NATA and JAS-ANZ is also required.

Government funding for standards development needs to be increased to allow for the ongoing involvement of experts as they increasingly move towards situations where they can no longer justify non-income generating work, such as participation on standards committees. This increased funding can be justified through the benefits to society as a whole of the reduced bureaucracy and regulatory burden that is possible when a comprehensive system of standards and self-regulation is in place.

PACIA would like to thank the Productivity Commission for the opportunity to provide input to the review process at this stage and look forward to further consultation as the review process continues.