

Conformance and Standards Services Pty Ltd (CaSServ)

Submission to Productivity Commission (PC) Study into Standards Australia (SA) and the National Association of Testing Authorities (NATA)

Disclosure. The following comment has been prepared by Peter Walsh, the Managing Director and principal of Conformance and Standards Services Pty Ltd (CaSServ), a company that provides a range of services to organisations in both Australia and overseas associated with standards and conformity assessment issues. Its clients have included the Australian Department of Health, Standards Australia, the Joint Accreditation System of Australia and New Zealand (JAS-ANZ), the Pacific Islands Forum Secretariat (PIFS), PDP Australia, the National Marine Safety Committee (NMSC), the Australian Services Roundtable (ASR), the Medical Industry Association of Australia (MIAA) and SAI Global. Currently CaSServ provides Peter Walsh to undertake a part time position as Business Development Manager of JAS-ANZ. He is also Vice President of the Australia Services Roundtable and a Visiting Research Fellow at the Australian Defence Forces Academy College of the University of NSW as well as being a member of a number of other industry and professional committees.

The following comments are solely offered by Peter Walsh and CaSServ and they may not necessarily reflect the views of those other organisations that Peter Walsh has, or did have, a direct involvement with. They are based on the experience gained by Peter Walsh during nearly 30 years at Standards Australia, the bulk of which was in a senior executive role in the core business of standards development, that included being the only executive to remain with Standards Australia when most of its commercial activities were sold or licensed to SAI Global at the time of the float of SAI Global on the ASX on 17 December 2003. Subsequent to a 4.5 month stint as Acting Chief Executive, Peter Walsh left Standards Australia on 1 July 2004 and set up CaSServ. During his time at Standards Australia and especially subsequently, Peter Walsh has had considerable exposure to accreditation and other conformity assessment issues, including the role of NATA in laboratory accreditation.

NOTE: The following comment generally follows the format of the PC Issues Paper (March 2006) and the specific questions posed therein. Where elements of the submission as provided in confidence they are included in Annexes.

I. GENERAL COMMENT – USE OF THE WORD “ACCREDITATION”

As a general comment, the issue of what is “accreditation” and who provides this service in Australia needs to be clarified. The PC Circular and attached terms of reference clearly refers to the role of NATA as providing “laboratory accreditation” services to testing and calibration facilities, while the PC Issue Paper inappropriately shortens this on a number of occasions to “accreditation”. It has to be recognised that “accreditation” and “laboratory accreditation” are terms that are clearly defined internationally via the International Organization for Standardization’s CASCO Committee. Internationally, regionally and nationally it is recognised that NATA is a Laboratory Accreditation Body and JAS-ANZ is an Accreditation Body, a role assigned to JAS-ANZ in respect of the accreditation of systems, product and personnel by the

Australian Government in its treaty with the New Zealand Government. While the MoU between the Government and NATA, in addition to laboratory accreditation services, also recognises NATA as an accreditation body for some other areas, such as suppliers of certified reference materials and inspection bodies, this is not an exclusive arrangement as the JAS-ANZ treaty also recognises JAS-ANZ as an accreditation body for inspection bodies.

II. BROAD QUESTIONS (page 9 of the Issues Paper)

PC Question

1. Has export activity and access to imports been sufficiently supported by Australia's current standards and conformance infrastructure? If not, what reforms are required to facilitate trading opportunities?

CaSServ Comment

In addition to Standards Australia and NATA, the other principle members of the Standards and Conformance Technical Infrastructure (S & C TI), viz the National Measurement Institute (NMI) and JAS-ANZ need to be included. Also the role of 3rd party Conformity Assessment Bodies (CABs) that includes certification and inspection bodies and testing and calibration facilities have to be considered as elements of the S & C TI.

Generally the Australian S & C TI functions very well despite funding constraints in some cases and some lack of coordination between the bodies. Some of the reforms that could assist would include the following:

- Treating the participation in SA committees and NATA assessments as research for tax deductibility reasons.
- Other tax incentives to cover the cost of using the S & C TI for export of goods and services.
- As recommended in the Kean Inquiry Report transferring, with appropriate funding, the WTO/TBT Enquiry Point from DFAT to SA.
- Setting up within the S & C TI of a coordinated (for free) Technical Help to Exporters facility that can also operate as a (for fee) Technical Help to Importers facility.
- Greater government commitment to the inclusion of the S & C TI in negotiations in its WTO and Free Trade Agreement and other trade facilitation and policy development arrangements.
- Designating JAS-ANZ as the body for the accreditation of developers of "Australian National Standards". (See also confidential Annex A.)

PC Question

2. Do the current standards setting and accreditation arrangements and processes best serve Australia's public interest and are they appropriate to meet future domestic and international challenges including the increasing costs of globalisation?

CaSServ Comment

In terms of international accreditation and conformity assessment, the response to this question is probably yes as JAS-ANZ, NATA and the CABs provide internationally recognised services. However there could be an argument that not all domestic conformity assessment needs to be provided at the internationally recognised level and some lower level domestic programs may assist domestic markets.

In respect of standards development, it is evident that recent statements by Standards Australia that it wishes to change the arrangements whereby it funds its own costs for standards development in all areas of demand is disappointing especially as the concept of asking stakeholders involved to pay for standards development may not result in the best arrangements to “meet future domestic and international challenges”. This is especially true where the existence of national standards may be in the “public interest” but the suppliers and other stakeholders may prefer not to have such standards for commercial reasons and be disinclined to fund their development. Further comment on this issue will be given later.

PC Question

3. In what ways do the standards and conformity assessment infrastructure reduce and/or impose transaction costs on business and consumers?

CaSServ Comment

Often it is stated that standards should be expressed in “performance” rather than “prescriptive” terms but this is not always the case. In some cases, standards that are unnecessarily prescriptive can inhibit innovation and add to costs. In other cases when rationalisation and inter-changeability are objectives, prescriptive standards may reduce costs.

Similar situations occur with alignment with international standards. Costs may be inflated where Australian Standards are aligned with International Standards that are not used by our trading partners. Transition costs may be too high if standards reflect criteria (e.g. safety) that are out of alignment with community expectations.

PC Question

4. Is there sufficient national uniformity in standards setting and accreditation processes?

CaSServ Comment

There is a plethora of private sector and especially government standards development bodies in Australia. The process of accrediting other Standards Development Organisations (SDOs) to develop Australian Standards was originally introduced by Standards Australia prior to the Kean Inquiry but was not taken up as the commercial arrangements proposed by Standards Australia to potential accredited SDOs was unattractive. The Kean Inquiry reinforced this concept and Standards Australia set up its Standards Accreditation Board. Since then this arrangement has failed to be widely accepted with only 3 or 4 SDOs accredited to date. Confidential comment and a recommendation on this issue is contained in Annex A to this document.

In a similar way there is also a plethora of, mostly State and Federal Government, agencies accrediting certification, inspection and testing activities. Some strengthening

of the roles JAS-ANZ and NATA can play in accrediting government certification, inspection and testing arrangements is recommended.

PC Question

5. *What impacts do current arrangements have on:*

- *competition, innovation and international trade;*
- *the quality, safety and performance of products, materials and related services; and*
- *public health, safety and environment protection?*

CaSServ Comment

Generally the current arrangements support these objectives. Standards are progressively being redrafted to be expressed in performance or outcome terms together with prescriptive solutions. Standards Australia policy is to adopt international standards based on the provisions of the WTO Technical Barriers to Trade Agreement. Standards Australia generally works with all relevant stakeholders to achieve the outcomes explicit in these objectives.

Likewise the rule that underpin accreditation by JAS-ANZ and NATA are international and supportive of international trade. However the plethora of accreditation type arrangements for regulatory purposes put into place by governments, mostly by State and territory Governments, do not support the objectives outlined in the above question posed in the PC Issues paper.

PC Question

6. *How much progress has been made internationally with mutual recognition of standards and of conformance assessment across countries?*

CaSServ Comment

There is substantial alignment of national standards with international standards in most regions of the world except North America mostly because of the attitude taken in the USA where the use of national standards to protect local manufacturers and suppliers is out of step with international best practice in this area.

There is substantial coverage of mutual recognition arrangements in the conformity assessment area through

- JAS-ANZ being a signature of the Multilateral Arrangements (MLAs) of the International Accreditation Forum (IAF) and the Pacific Accreditation Cooperation (PAC), and
- NATA being a signature of the Mutual Recognition Arrangements of the International Laboratory Accreditation Cooperation (ILAC) and the Asia Pacific Accreditation Cooperation (APLAC).

III. QUESTIONS RELATED TO AREA (a) The Efficiency and Effectiveness of standards setting and laboratory accreditation services in Australia

Efficiency

PC Question

7. Participants may wish to nominate what they currently consider to be society's and industries' objectives for standards setting and laboratory accreditation services. Should these objectives be changed?

CaSServ Comment

The principal objective should be to contribute to the economic and social wellbeing of the Australian community by

- facilitating trade both nationally and internationally,
- facilitating the efficient operation of business and government, and
- ensuring a safe and sustainable environment for all Australians.

PC Question

8. Is the current mix of public and private involvement in laboratory accreditation efficient?

CaSServ Comment

The answer is probably yes in relation to the mix but not to the quantum and quality of involvement.

PC Question

9. Are there market failures or weaknesses in standards setting and laboratory accreditation services that justify government involvement?

CaSServ Comment

Governments currently are involved in their own standards development and laboratory accreditation services as mentioned earlier. The question has to be asked as to whether or not some of these activities would have been delegated to SA and/or NATA if governments did not perceive some "market failures or weaknesses". Some examples are given in confidence in Annex B.

Effectiveness

PC Questions

10. Are existing objectives being met? Are they being met cost effectively and are the best methods being used?

11. Participants are invited to comment on the role played by relevant bodies, in particular Standards Australia and NATA, in delivering services and meeting these objectives.

CaSServ Comment

Standards Australia has changed, in some ways, its approach to the cost of developing standards and is seeking, in some cases, to obtain more direct funding from those affected by standards for their preparation and/or “accredit” other organisations to develop Australian Standards. This is a change in objective from its traditional role of being a developer, at its own cost of a wide range of standards benchmarked against community needs and expectations. A fatal flaw in this approach is that the targets for funding standards development may not necessarily be the end beneficiaries. Likewise with the small size of the Australian economy, the Northern American concept of a centralised body acting primarily as an accreditor of Standards Development Organisations is unrealistic and would suffer from diseconomies of scale. These arrangements may not be cost effective as it will distort the development and eventual content of standards away from the community benefit objective towards those who pay. (See also comment under Question 2 above and confidential Annex A.)

As later comment will reveal, there is a case to be made that Standards Australia, with its current huge invested capital base, a consequence of the float of SAI Global and their subsequent divestiture of their 40% shareholding, should be well enough funded to be cost-effective from its own resources.

PC Question

*12(a). What changes to current arrangements might improve the effectiveness of the standards and conformance infrastructure? Participants may wish to group their comments around the following considerations (given in **bold**):*

CaSServ Comment

Compliance with international obligations

Greater all-of-government coordination is needed to ensure that the member of the standards and conformance infrastructure play an active role in the government’s international obligations to the WTO and similar international treaties. For example, the Kean Enquiry recommended that the WTO Enquiry Point should be relocated to SA from the Department of Foreign affairs and Trade. However this recommendation was not accepted.

Likewise, the Department of Industry, Tourism and Resources (DITR) should rely more heavily on the contribution and involvement of the standards and conformance infrastructure bodies in international forums where it represent Australia’s interest in this area; this would include the WTO, APEC/SCSC and the ASEAN-CER Dialogue. DITR should establish a national forum to coordinate this type of activity (see later comment for other roles for such a body).

Interaction and collaboration with other elements of the standards and conformance infrastructure

All the members of the infrastructure rely on the activities of each other and a mechanism should be proposed to ensure that there is greater coordination of their activities both on a national and international basis. See Annex C for confidential comment on one area of lack of coordination.

PC Question

12(b). *What changes to current arrangements might improve the effectiveness of the standards and conformance infrastructure? Participants may wish to group their comments around the following considerations:*

- **Governance and process**
 - *governance structures;*
 - *conflicts of interest;*
 - *consultation with and accountability to stakeholders;*
 - *transparency and responsiveness of processes;*
 - *use and availability of technical expertise;*
 - *review and continued improvement of processes and services.*(each item is headed in **bold** below)

CaSServ Comment

Governance

A mechanism should be found to ensure that there is a federal government representative involved in some meaningful way in the governance of Standards Australia, e.g. by encouraging Standard Australia members to elect a government nominee to the Board (of Directors) of Standards Australia. As a provider of funding and a key player in the standards and conformance infrastructure, the government, possibly represented by the DITR should have a position.

NATA should have a mechanism for releasing information on its finances to the general public, e.g. by the means of an Annual Report.

Conflicts of Interest

While greater coordination between members of the standards and conformance infrastructure should be encouraged, steps should be taken to ensure that any cross representation at Board level is free of conflicts of interest between the bodies and the bodies and their major customers.

It has to be recognised that all participants in standards development and assessment of laboratories have vested interests and that they probably should not be involved if they do not have such a vested interest. However it is critical that there are no hidden vested interests that are, in effect, conflicts of interest.

Consultation and Accountability

This is done reasonably well by Standards Australia but recently advice was sought from selected stakeholders and Standards Australia should take care by being more inclusive of its wide range of stakeholders.

Transparency

Both Standards Australia and NATA score well here in relation to their technical work. However Standards Australia is not as open as it could be about its commercial arrangements with SAI Global and NATA is not transparent at the governance level (see earlier comment about the lack of publicly available annual reports).

Availability of Technical Expertise

Common with standards development bodies worldwide, Standards Australia has difficulty recruiting and maintaining committee members. A mechanism should be found to encourage more participation from SMEs and the like both in national and international standards development. (See later comment under funding).

NATA faces a similar problem with the availability of voluntary laboratory assessors. It is suggested that there will be a trend towards more paid assessors and this cost has to be passed on to the laboratories as it should be seen as a cost of doing business by them.

Review of Processes

A program should be put into place by both Standards Australia and NATA to have an external review of their processes and procedures on a, say, 5 yearly basis. This could be overviewed by the committee comprising of government and infrastructure representative as proposed earlier under Question 12 (a).

PC Question

12(c). What changes to current arrangements might improve the effectiveness of the standards and conformance infrastructure? Participants may wish to group their comments around the following considerations:

- *Appropriateness and Quality of quality of standards and accreditation*
 - *acceptance/demand for standards and laboratory accreditation*

Casserv Comment

This is a question better answered by major users of these services. That said greater alignment with international standards will follow if there is greater involvement of Australian stakeholders in international standards development.

PC Question

12(d). What changes to current arrangements might improve the effectiveness of the standards and conformance infrastructure? Participants may wish to group their comments around the following considerations:

- *Accessibility*
 - *cost of access to voluntasry and mandatory standards:*
 - *costs of accreditation services:*
 - *effextiveness of communication:*
 - *interdependence of standards (not all the essential information is contained in a single referenced document);*

(each item is headed in **bold** below)

CaSServ Comment

Cost of Standards

Australian Standards are amongst the cheapest in the world and this should be maintained. More international standards should be adopted to provide then cheaper to the Australian users. While the way in which standards are marketed is largely out of the hands of Standards Australia until 2018 (and possibly 2023) under the commercial agreement it has with SAI Global, mechanisms need to be found to enable greater access to standards by SMEs who often just want to consult the text of a standard rather than pay for the standard or for ongoing electronic access to it. A “virtual library system” with pay by view per page or by time could be the way to go.

Cost of (Laboratory) Accreditation

It is essential that costs reflect the true costs of providing a service. For laboratories, NATA accreditation should be seen as a cost of doing business.

Effectiveness of Communication

See earlier comment on transparency and on consultation and accountability

Interdependence of Standards

This is a “dammed if you do and dammed if you do not” issue. Good standardization practice dictates that standards should only cover the issues included in their scopes with related issues in other standards with extensive cross referencing. In many cases the problem is one of the cost of accessing the cross referenced standard and this should be addressed by new and innovative ways of packaging on line access to standards.

PC Question

13. Participants may wish to comment on whether the concerns about standards processes noted above also apply in other sectors. How much do practices and effectiveness vary between committees and sectors? How do other standards-writing bodies and processes compare?

CaSServ Comment

The Standards Australia process of using stakeholder representative committees and formal transparency and consensus processes in its standards development work is “world’s best practice”. Most other private sector standards developers in Australia and overseas use similar processes but do, in some cases, not have the same level of transparency and consensus.

Government based standards development often uses a consultation process that is substantially different in that the content of the standards is determined and “owned” by the government and not a representative stakeholder committee.

IV. QUESTIONS RELATED TO AREA (b) The appropriate role of the Australian Government

PC Question

14. What is the appropriate role of the Australian Government within current standards setting and accreditation processes?

CaSServ Comment

In reality, the Australia Government, together with the State and Territory Governments, should be, and be seen to be, just as major stakeholders with the role of covering issues such as national interest, community health and safety, national security and regional and international trade and welfare issues. These Governments are also major users of both standards and laboratory accreditation services in their operations as well as in their role as regulators.

As proposed earlier, the Australian Government should take a leadership role in the coordination of interaction between members of the standards and conformance technical infrastructure.

PC Question

15. What difference would it make if the Government had no influence on the work of Standards Australia and NATA?

CaSServ Comment

As the Government(s) is a substantial stakeholder, it should continue to have influence in this role. Also these activities impinge on many aspects of national, regional and international trade and it is incumbent on Government to ensure that organisations that represent Australia in international forums are aware of Government policy and views and do not make decisions that contradict such policies and views.

PC Question

16. Should any of the functions of standards setting and laboratory accreditation bodies be performed directly by government or solely by the private market?

CaSServ Comment

See earlier comment and confidential Annex B about the standards development roles currently undertaken by governments that may be better undertaken by Standards Australia.

V. QUESTIONS RELATED TO AREA (c) Appropriate terms for Memoranda of Understanding (MoU) between the Australia Government and Standards Australia and NATA

PC Questions

17. Are the current terms of the MoUs with the Australian Government and its agencies, including the objectives and the undertakings of the parties, appropriate?

18. How well have the parties performed in meeting their responsibilities and specific undertakings under the MoUs?

CaSServ Comment

The provisions are probably OK but it is in the execution of the provisions that problems occur. For example, there is little evidence of the Australian Government “encouraging government bodies to use the Standards Australia process of developing standards”.

See also later comment about “peak status”.

A major flaw in the MOUs is that they do not apply to State and Territory Governments that, via their extensive regulatory regimes, are a major user of standards and conformity assessment.

PC Question

19. Is “national interest” well and/or appropriately defined? Are standards setting and accreditation services sufficiently independent of business interests to adequately take into account the national interest and more generally the public interest?

CaSServ Comment

The term “national interest” for this purpose is not defined in the MoUs, rather it is left up for interpretation by DITR, The reality is that both Standards Australia and NATA can claim, with some justification that everything they do is in the “national Interest”. This aspect of the MoUs needs to be clarified. In reality, the Australian Government ‘cherry picks’ elements of what the bodies do when providing funds.

Under the new, post float of SAI Global, Standards Australia, is probably distanced enough from commercial issues associated with the sale of standards. However the new found drive to obtain “user pays” funding for the national interest” development of standards is likely to distort this situation.

In respect of NATA, it provides a service that should, as it is the case for JAS-ANZ, be self funding as costs should be able to be passed on to users of accredited laboratories.

See also later comment about funding.

PC Question

20. Are the current arrangements between the Australian Government, Standards Australia and NATA in relation to representation at international fora effective in facilitating Australia’s international competitiveness?

CaSServ Comment

See earlier comment and in particular confidential Annex D.

One major problem is that the Australian Government (DITR) mostly excludes, or tolerates as “Observers” representatives of Standards Australia and NATA when negotiating relevant aspects within the WTO, in the APEC/SCSC and in regional negotiations such as in the APEC/SCSC. As the experts in the areas, representatives of

the standards and conformance infrastructure bodies should be more involved in such government to government negotiations.

PC Question

21. Does Standards Australia undertake, document and distribute the assessments (risk and cost benefit analysis) required by the MoU where appropriate? At what point in standards development should a Regulation Impact Statement be prepared if they are going to be referenced in regulation? What role should Standards Australia play?

CaSServ Comment

Mostly no, unless things have changed dramatically in the last 22 months. The real issue is to determine “where appropriate”. There is an underlying assumption in the standards development process used by Standards Australia that the elements of a RIS will be undertaken by those stakeholders involved in the standards development process.

Where standards are, or are intended to be, referenced in regulation there is a powerful argument to say that the responsibility for any RIS development should rest with the relevant regulatory authority. One solution is to undertake the RIS process as a joint activity between Standards Australia and the authority. In this case, Standards Australia should develop more sophisticated indicators to assist regulatory authorities that reference standards. This should be a two way street as often regulatory authorities will not commit upfront to reference standards.

PC Question

22. Should regulatory bodies be able to make greater use of non-NATA accredited laboratories?

CaSServ Comment

Probably yes. In “approving” products and services many regulatory actions are, in effect the equivalent of certification as accredited by JAS-ANZ. Under the rules developed internationally by ISO/CASCO for accreditation of product certification, testing laboratories do not need to be laboratory accredited provided the accreditation body is satisfied with the competence of the laboratory. The same principle could apply to regulatory approvals that could be accredited by JAS-ANZ.

There could also be other occasions where regulatory authorities do not need the level of confidence in test results.

PC Question

23. Is it appropriate that Standards Australia and NATA are accorded recognition as “peak” Bodies within the Memorandum of Understanding that each organisation has with the Australian Government? Is the Public interest best served by this special recognition?

CaSServ Comment

It has to be recognised that the “peak” status afforded to Standards Australia is much less comprehensive and binding on government than the “peak” status afforded to NATA. Owing to the international structure of membership of ISO, IEC and ILAC, it is

essential for the peak status to remain in both cases and possibility be tightened up in the case of Standards Australia. It is in the national interest for these “natural monopolies” to remain.

PC Question

24. What would be the consequences if government removed the peak status of Standards Australia and NATA?

CaSServ Comment

Probably very little. There could be some concern about international memberships of ISO, IEC and ILAC and regional membership of PASC, PAC and APLAC..

25. To what extent do the current checks and balances provided to the Australian Government in relation to the activities of Standards Australia and NATA produce an appropriate balance between the national interest and the needs for these organisations to have some degree of operational autonomy?

CaSServ Comment

Probably this is mostly fulfilled but would be enhanced by comments and proposals made earlier such as the following:

- The setting up of a coordinating committee involving government(s) and the infrastructure bodies.
- The facilitation of an arrangement whereby the government has a grater involvement in the governance of Standards Australia.
- Strengthening of the “peak” status of Standards Australia in the MoU, especially in respect of the use of the Standards Australia process by regulatory authorities.

PC Question

26. Are there additional matters currently not addressed that should be included in the MoUs or are there some currently included that are inappropriate?

CaSServ Comment

As proposed earlier, Standards Australia and NATA should be more involved in government to government negotiations at the WTO and when negotiation FTAs. There is also a need to define “national interest”.

VI. QUESTIONS RELATED TO AREA (d) Appropriate means of funding the activities of Standards Australian and NATA which are deemed to be in the national interest

PC Questions

27. What criteria should be used to determined when or which of the activities of Standards Australia and NATA should be funded by government or alternatively by industry?

28. Should Government funding be restricted to national interest activities in international fora? Should other public interest activities, such as writing standards to enable market failures to be regulated, also be funded?

CaSServ Comment

Assuming that all of the activities of Standards Australia and NATA are in the “national interest”, the question should be how these bodies are funded not for what. It should be possible for both bodies to be largely self funding, as follows:

- For Standards Australia, mostly via the return on its approx \$200M assets that flowed from the float of SAI Global and the subsequent selling down of its shares. The fact that Standards Australia will have the right to renegotiate its publishing agreement with SAI Global in 2018 and more generally in 2023 resulting in further injection of funds at that time must also be taken into account.
- For NATA from the fees it receives for its accreditation activities and dividends from its wholly owned subsidiary, NSCI and by pricing its services at full cost recovery.

Some government funding may be necessary for the enhancement of industry and community participation in international and national standards development. See also confidential Annex E.

PC Question

29. Is government funding sufficient to cover the cost of activities undertaken by Standards Australia on behalf of the government?

Casserv Comment

Without more detail of current financial arrangements it is difficult to comment on funding in respect to NATA. However this is not the case for Standards Australia.

There is an argument that it is in the government’s interest to maintain a reasonable level of government funding of Standards Australia to ensure it has an ongoing role in this significant area of “national interest”. However consideration should be given as to the need for any of this funding to be allocated to Standards Australia’s own costs of participating in ISO, IEC and PASC. Further views on this are given in confidential Annex E.

PC Question

30. What checks and balances should be established to ensure these funds are used optimally to cater for the public or the national interest?

CaSServ Comment

Clear guidelines need to be co-developed by the government and the bodies as to the rules for the use of funds and reporting of use. Reporting should be quarterly in arrears with a clear statement in each case of how the funding complied with the rules set out in the guidelines. This activity could be oversighted by the government/infrastructure committee proposed earlier.

PC Question

31. Do Standards Australia and/or NATA price their services so that cross subsidisation is occurring? Is this appropriate?

CaSServ Comment

To some extent this is true although for Standards Australia the pricing of individual standards is now a matter for its Publishing Licence with SAI Global. This is a common practice for standards development bodies worldwide and cross subsidisation is a necessary evil.

32. Could other public or private bodies undertake such national interest activities? Is so should the government tender for the activities.

CaSServ Comment

This would only be possible and feasible if the activities of the bodies were broken up into manageable components. There is no reason to assume that a government business unit would be more or less able to deliver such services.

VII. ADDITIONAL ISSUES QUESTIONS (page 19 of the Issues Paper)

PC QUESTION

33. Are there other reviews of the Australian standards and accreditation systems that are relevant to the conduct of the present study?

CaSServ Comment

There are many general reviews that impinge on standards and conformity assessment, e.g. the recently issued Report of the PC Taskforce on Reducing Regulatory Burdens on Business.

PC Question

34. To what extent have the recommendations of the past reviews listed above, and any other relevant reviews, been implemented? To what extent has the implementation of these recommendations resulted in improvements in the structure and processes for standards development and accreditation?

CaSServ Comment

It is difficult to quantify uptake of recommendations. Using Standards Australia and the Kean Inquiry as a benchmark, it is guessed that about 50% of recommendations agreed to by the government have been implemented. However where they exist, such inquiries generally have an influence by causing a modification of behaviours within organisations.

PC Question

35. Should voluntary standards be seen as industry self regulation and beyond the interest of governments? Should there be criteria to determine when a voluntary standard should be developed or should this be solely a matter for the private sector? Is there a need for a more rigorous cost benefit analysis prior to the development of standards – mandatory and/or voluntary? If so how should this be facilitated?

CaSServ Comment

Voluntary standards are industry self regulation in action. Governments should be involved where they are stakeholders in the subjects covered and where “grey letter law” self regulation negates the need for “black letter law” regulations.

The criteria for developing voluntary standards and for developing standards that are made mandatory by referencing in legislation should be the same. Cost benefits should be the same considering the power of standards as “grey letter law”. Where it is known that standards are to be referenced in legislation, Standards Australia should work with the relevant regulatory authority to determine any additional requirements they want for their RISs.

PC Question

36. Does “self regulation” by NATA create conflicts of interests? Does this jeopardise the pursuit of the public interest?

CaSServ Comment

“Self regulation” in this context is not understood. It is in the public interest to have internationally and government recognised laboratory accreditation available in Australia. NATA fills that role. Its processes and procedures are mostly dictated by the international standards and guides developed by ISO/CASCO and ILAC. It is also effectively regulated by its peers via its membership of ILAC/APLAC Mutual Recognition Agreements.

PC Question

37. Is the current adoption of standards developed by Standards Australia in regulation appropriate? Does the development of these standards place any special pressure on the standards development process? If so, should this be the case?

CaSServ Comment

Standards Australia develops all of its standards using the same processes and procedures. Those that are revisions of existing standards referenced in regulations or that are likely to be so referenced are treated no differently. The only difference is that the regulatory authorities are often more active within the development process. Generally this does not affect the process; where it can, standards are often separated into parts so that one part can be referenced.

PC Question

38. Do the incentives provided by the current system lead to too many or too few standards being developed?

CaSServ Comment

What “incentives” are meant here? The balance is probably about right. Standards are only developed where there is a need and a sufficient cross section of stakeholder interests prepared to be involved.

PC Question

39. Is the current practice for specifying NATA as the only recognised body for conducting accreditation appropriate?

CaSServ Comment

It is assumed that “accreditation in this question relates to “laboratory accreditation as for other forms of accreditation are provided by JAS-ANZ.

With the diseconomies of scale in Australia, it is probably valid for NATA to be a “natural monopoly” in the provision of laboratory accreditation where it is needed. When specifying NATA, such references should also allow accreditation by a “relevant laboratory accreditation body that is a signatory to an ILAC MRA” to allow laboratories to be accredited by relevant overseas bodies.

PC Questions

40. Do any current Australian voluntary or mandatory standards act as trade barriers?

41 Do current accreditation arrangements and practices create barriers to trade?

CaSServ Comment

This is an open ended question. There is no doubt that there is number of Australian Standards and accreditation arrangements that act as trade barriers. Identification of these and why they do act as trade barriers would be a massive undertaking.

VIII. OVERSEAS MODELS QUESTIONS (page 22 of the Issues Paper)

PC Question

42. How do other countries manage the relationship between standard setting and accreditation? Which models used in other countries would provide useful lessons – both those to be adopted and pitfalls to avoid – for this review?

CaSServ Comment

More than 70% of National Standards Bodies and Laboratory Accreditation Bodies are Government entities and are often set up under specific legislation or Acts. In most cases where these bodies are in the private sector there are agreements of various types in which governments recognise their roles.

Countries where there is a hybrid of private and public involvement, such as Canada and Malaysia could be looked at for guidance. The USA system is a result of a combination of “free enterprise gone mad” and the “litigious society” and is not suited for a country the size of Australia.

Peter Walsh, Sydney 20 April 2006