

**Review of Australian Government's relationship with  
Standards Australia Limited  
and the  
National Association of Testing Authorities, Australia**

Thankyou for the opportunity to, comment on the Productivity Commission Issues Paper March 2006. This review is long overdue and is well received.

My comments are submitted as an Australian, designer, manufacturer and distributor of Fire Detection and Emergency Evacuation Systems (CIE) and an active member on the Australian Standards Committee FP-002 for Fire Detection, Warning, Control and Intercom Systems.

### ***Terms of Reference***

The first paragraph in the Terms of Reference states “in the context of Australia’s need for an effective and internationally recognised and harmonised standards and conformance infrastructure”.

The items the commission is asked to examine and make recommendation on, however makes no reference to the international aspect of standards and or conformance infrastructure.

The concept of “international recognition” would suggest that **mutual** recognition exists between participating countries of the harmonised standards and conformance infrastructure.

The current situation in our industry can only be described as a one way street, we recognise but no one is interested in recognising us. I suggest that the terms of reference in this respect are lacking all be that significant reference is made to this point in the body of the document.

### ***Issues Paper***

#### ***Facilitating International Trade***

##### ***(CSIRO current compliance process)***

CSIRO (the accreditation laboratory for our type of product) are providing a service of reviewing EN54.2 & 4 reports (the European series of standards for CIE) from laboratories like BRE (LPCB) for CIE products manufactured in Europe and converting them to the IOS based Australian standard AS7240.2 & 4. As we understand it these reviews and subsequent product listings are taking place without CSIRO having any form of accreditation from NATA to EN54 or AS7240.

To be more specific, if a European manufacturer or his Australian representative wishes to access and sell a CIE into Australia which carries EN54.2 & 4 approval all they have to do is present the product to CSIRO with the EN54 test report from a laboratory like BRE or Vds.

CSIRO then review the CIE report to the new AS/ISO 7240.2 & 4 standard and subject to some optional tests most of which are at the discretion of the submitting party. The CIE is issued with a compliance report to AS7240.2 & 4 and is listed as an approved product ready for sale in the Australian market.

CSIRO are not accredited to test to either EN54 or the AS/ISO7240 standard so one needs to ask under what authority or legal power are CSIRO able to provide this service?

Compare this to an Australian based manufacture that has developed a CIE complying with AS7240.2 & 4 to sell into the Australian market.

At the moment the Australian manufacturer has the following options.

#### **Option 1**

Send the CIE to a European laboratory to have the compliance testing performed (CSIRO are not accredited to test to either AS7240 or EN54). Gain approval too EN54 as the ISO based 7240 series of standards are not currently and may never be recognised in Europe.

Having gained EN54 approval via the European laboratory bring the report back to CSIRO and go through the same listing process that the European manufactures are currently afforded to gain access to the Australian market.

Apart from the complicated logistics of using a laboratory on the other side of the globe, the additional costs make it prohibitive compared to the costs incurred by a European competitor using a compliance laboratory on his doorstep.

## **Option 2**

Submit the CIE to CSIRO and help them gain NATA accreditation to test to AS7240.2 & 4.

Having gained approval for the CIE via CSIRO to AS7240 the only market opened to us is the Australian market. The CSIRO test reports are not and will not be recognised by the internationally recognised laboratories like BRE in the UK or Vds in Germany or UL in America or CCCf in China or the testing laboratory in Japan (yes these are our major trading partners).

If we wanted to enter the European market laboratories like BRE or Vds would demand a complete retest

The **main advantage with option one** is that the Australian manufacturer would have the required approvals to EN54 to sell the product into a limited number of European countries which have not introduced technical barriers by beefing up the requirements of their local installation standards.

**Warning: The idealistic rhetoric spun to all of us in regards to the provisions of mutual recognition of reports between accrediting laboratories within the WTO agreement is nothing short of a myth.**

If I wanted to sell the CIE tested by CSIRO to AS7240.2 & 4 in option 2 above, the actual position adopted by the compliance laboratories of our major trading partners would be as follows.

Europe UK, limited sales possible to the less caring individual, but only up to the enforcement of the CPD in Dec 2007 following this a full set of EN54 2 & 4 and CE - EMC tests would need to be performed by BRE or BSI. The product would also be required to achieve the product technical requirements as specified in the British installation standards.

Europe Germany **No sales possible;** would require a full set of EN54 2 & 4 **including a number of the features which in the UK are considered optional and more stringent CE - EMC tests compared to the UK and or Australia would need to be performed by Vds. (Vds do not currently recognise test reports from BRE or BSI)** The product would also be required to achieve the product technical requirements as specified in the Vds installation standards.

North America **No sales possible;** a product designed to AS7240 2 & 4 does not remotely compare to a product designed to the North American UL846 standard. Therefore neither the product nor the test reports would be of any use in this market. **In any event UL do not recognise test reports from other compliance laboratories.**

China **No sales possible;** would require a full set of GB4717 and GB16806 and CE - EMC tests. By **CCCF as they do not recognise test reports from other compliance laboratories.** The Chinese have **gone one step further they are not prepared to accept ISO 9001 Quality Assurance accreditation from any of the internationally recognised bodies like LPCB, SGS Australian Standards etc. A manufacturer wishing to send CIE into China must receive Quality Accreditation from the Chinese authority based in Beijing (The last QA audit conducted on the our facility involved three representatives, it took four days all from Beijing all expenses paid by us the manufacturer.**

In addition to the above all these compliance laboratories perform product audits at least once a year, some like UL more often depending on the volume of product manufactured. This means that at least

every 12 months a representative from each of the compliance laboratories visits the manufacturer to inspect the product being produced is as per the samples submitted for compliance approvals.

This again is all at the cost of the manufacturer.

Needless to say a UK based manufacturer cost is lower and is able to amortise this inspection cost over a number of products being inspected. For an Australian manufacturer where we may only have one or two products for that market the cost of inspection per unit is considerably higher.

The additional cost imposition to the Australian manufacture of the above is self evident.

### ***Future Challenges***

*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?*

What must be also understood is the Australian market is very small compared to say Europe. Every imported CIE is a sale lost to the local industry, with every sale lost the opportunity to invest in R & D is lessened, given the ease with which EN54 CIE can be now listed in Australia where is the local industry to turn to? We can not obviously rely on CSIRO or NATA as a partner to the local industry as can the European manufactures of the EN54 CIE with their test laboratories.

*Do the current standard 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 globalisation of markets?*

From an Australian manufacturers view point my greatest fears have been realised. The process adopted by CSIRO can only ensure CIE manufactures in this country have little or no future in the export challenge of global markets.

*In what ways do the standards and conformance infrastructure reduce and/or impose transactions costs on businesses and consumers?*

The current cost imposition on Australian manufactures is explained above.

*Is there sufficient national uniformity in standard setting and accreditation processes?*

*What impacts do current arrangements have on:*

- *competition, innovation and international trade;*

Under the current framework the impact is very negative

- *the quality, safety and performance of products, materials and related services; and*

The product listing process currently employed by CSIRO allows anyone to import low cost CIE from Europe, at minimal market entry cost. The trend we are already seeing is that a number of these CIE are finding their way into this market, these will vary in quality, performance and reliability, Some of the companies importing these CIE are adopting a box in box out approach and do not necessarily have the support structure required to support this type of product long term, the outcome clearly is there will be any number of Fire Detection Systems installed in this country that will be ill supported.

- *public health, safety and environmental protection?*

Has reduced the protection offered to the public at large.

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

***ABSOLUTELY ZERO***

***The efficiency and effectiveness of current standard setting and laboratory accreditation functions in Australia.***

***Efficiency***

Over the last three years we have complied with, the following policy and have adopted a number of ISO based standards.

***Adopting International Standards (from Standards Australia website)***

*Standards Australia has a policy of adopting International Standards wherever possible. This policy is in line with Australia's obligations under the World Trade Organization's Code of Practice, which requires the elimination of technical Standards as barriers to international trade. As a result approximately 33% of current Australian Standards are fully or substantially aligned with International Standards."*

Whilst our adoption of ISO based standards was executed rightly or wrongly with an efficiency that would impress the worst of critics. It is only now we are starting to face the down side of such hasty actions.

*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*

The principle objective of standards setting is to provide a better and safer life for all Australians.

Having said this, it is important to recognise if there is a need for a new standard, or are we just introducing it to impress the international players? This could certainly be said of standards in our industry.

The ability and preparedness of the laboratory too, perform compliance assessments.

The impact on the local industry, to date this consideration has never played a role in the decision making, whereas there are a number of examples in this submission where the local industry in other countries is at least given the same opportunity as the international players, unlike the current position we have in this country where we are heavily penalised.

***Is the current mix of public and private involvement in standard setting and laboratory accreditation efficient?***

From my experience the mix is fine.

***Are there market failures or weaknesses in standard setting and laboratory accreditation services that justify government involvement?***

See current behaviour next page.

***Effectiveness***

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

***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.***

***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:***

- *Compliance with international obligations*
- *Interaction and collaboration with other elements of the standards and conformance infrastructure*
- *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 continual improvement of processes and services.*
- *Appropriateness and quality of standards and accreditation*
  - *acceptance/demand for standards and laboratory accreditation*
- *Accessibility*
  - *cost of access to voluntary and mandatory standards;*
  - *cost of accreditation services;*
  - *effectiveness of communication;*
  - *interdependence of standards (i.e. not all the essential information is contained in a single referenced document)?*

Over a number of years we worked towards making our Australian standards amongst the safest in the world, with the view to maximising the protection of lives and property. The hastily and uncoordinated adoption of ISO based standards has seen the entry of a lower set of standards in some instances to the existing standards.

In addition to this, errors have now been identified in some of the adopted ISO based standards which is allowing the introduction of Fire Alarm Control Panels or (CIE) manufactured in Europe with much less stringent operational requirements than the existing Australian based CIE. To add insult to injury these mistakes are allowing CSIRO, to issue compliance reports for the ISO based CIE with less stringent operational requirement than was originally intended by the standards committee during the adoption process of the ISO based standards.

The above point does highlight that high efficiency is not necessarily the most effective or best for our community and the detrimental effect it is having on the local manufacturing industry.

**Note;** I speak of CSIRO in this document as distinct from NATA as CSIRO is the actual laboratory providing the product compliance report and as even though NATA provide the accreditation, CSIRO operational decision are made independent of NATA.

Whereas “standard setting and laboratory accreditation functions” should operate in total sync my experience in this country is quite the opposite. Standards have their own agenda which clearly is the adoption of ISO based standards wherever possible in strict adherence with the WTO agreement. This is blindly going ahead with no consideration for any other factors.

CSIRO have their own agenda which at this stage is very confusing as the policy they have adopted for products in our industry will surely see them rid of all but some very limited testing facilities reducing themselves to conducting paper work approvals.

The current behaviour of these two organisations clearly demonstrates in this case the relationship between Standards and CSIRO in providing an efficient and effective and most of all coordinated function for the local community does not exist. To take this one step further, there has been **ZERO CONSIDERATION** of the consequences to the local industry as a result of the Introduction of ISO based standards in conjunction with the imported CIE approval process adopted by CSIRO.

The ISO based standards were introduced in mid 2004, to this day CSIRO have yet to be accredited to test to the ISO based standards. Over the last few months I have been engaged in discussions with CSIRO in regards to their ability to test to the ISO based standards and the likelihood of the CSIRO test reports being recognised by their counterparts in other WTO member countries. The outcome is far from would could be considered optimistic.

*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 standard-writing bodies or processes compare?*

One needs to ask how the current scenario could possibly be seen as fair by any government department or minister when considering in the following;

- Australia have adopted the ISO based standards supposedly to meet our WTO member commitments. **I have yet to find another country to have done this.**
- European manufactures have access to an immediate European market of approximately 250 million people +, add to this the some of the Middle East and some Asian Markets which have adopted EN54 (not IOS7240) as their defacto standard.
- CIE currently manufactured to AS4428 service Australia's 20 million people. The manufacturing scales of economy alone make it impossible for a local company manufacturing a CIE to AS4428 to compete with one manufactured by a European company to EN54.
- In the event that CSIRO did set up to test CIE to AS7240 which markets outside of Australia, does CSIRO and or NATA expect would accept their test reports?  
From my investigations **NON.**  
**Regardless of what we are told of international commitments under WTO, non will recognise the test reports from CSIRO through whatever arrangement NATA have in place.**
- The Standards Organisations and Compliance Laboratories in Europe like BRE (LPCB) in the UK, Vds in Germany etc do not work to their own isolated agenda, they service the needs of the local needs including the local industry.  
**They do not adopt policies to create open trade for foreign players while disseminating the local industry.**
- The normal protocol followed overseas is for Compliance Laboratories is to have MOU in place that allows mutual recognition of test reports. These are over and above the arrangements put in place by NATA. Failing this any CIE imported into a country cannot be listed without undergoing a full set of tests to the appropriate standard by a Compliance Laboratory in that country. This may appear a little draconian but it is what we as an Australian manufacturer are made to do when exporting.
- Ampac is in its fourth year of trying to break into the European market. We can assure you from first hand experience that non of the European governments or industry have gone out of their way to create an open pathway in the way we have done under the pretence of the WTO agreement.

The adoption of ISO based standards in itself may very well be good for the local industry providing we can rely on organisations like CSIRO to support the local industry by;

- Applying the same guidelines to importers of CIE that we are subjected to when trying to export to the respective country.

- This does not include the free entry program which CSIRO currently operate.
- For CSIRO to set up to test AS7240-2 and 4
- For CSIRO to adopt a policy to only accept such reports following an agreement of mutual recognition with respective overseas Compliance Laboratories.  
This would be country specific, i.e. if an MOU existed between CSIRO and Vds Germany for example or the NATA arrangements were officially recognised then any reports from Vds presented to CSIRO would be recognised and visa versa.

The above would provide a level playing field, allowing any Australian manufacturer to develop products to the ISO standards and get them tested by CSIRO and be able to have the test reports recognised overseas.

This change in policy would not only save the local manufacturers but would go a long way toward giving the Australian industry time to adapt to the introduction of ISO based standards, develop products for export to reciprocating countries.

### *Issues to be addressed*

1. Immediate review of the current CSIRO policy. CSIRO to stop recognising the EN54 test reports and insist on imported panels undergoing a full set of tests conducted to AS7240, until such time as item 2 is in place.
2. Introduction of a more structured approach which would allow Australian manufactures to develop products to the ISO standards, and get the CSIRO test reports officially recognised by the likes of the BRE and Vds of this world under a mutual recognition Agreement and visa versa.

### *Summary*

The standards were introduced without any consideration given towards CSIRO being set up to provide the accreditation function (except of course for imported CIE)

All in all the Issue Paper speaks in very general terms, when faced with specific scenarios as highlighted in this response one finds that all the aims of WTO type agreements are countered by much stronger industry lobbies in competing countries which enjoy the support of their particular standards body and accreditation facility by flatly refusing to accept the concept of mutual recognition. **i.e. try and find one other country that has adopted the ISO standards as we have in Australia?**

Technical barriers are maintained by shifting the perceived necessary local requirements to installation standards in lieu of the product standard and so on. These are the tricks of the trade and it **is very naive of Australia to believe the commitments stated in WTO are going to be blindly accepted by member countries across all industries.**

Our government could as part of opening up our borders ensure that whilst creating export opportunities for Australian industry they don't accidentally destroy some on the way.

We welcome the concept of internationalising Australia's position but it must be done in joint and close co-operation between bodies like standards, the accrediting laboratories and the industry, the current experience in our industry is the best way not to go about it.

I welcome any discussion on this issue and again thank you for the opportunity to submit my comments.

Alf Pelliccione



