

4 February 2008

Review of Australia's Consumer Policy Framework
Productivity Commission
PO Box 1428
Canberra City ACT 2616



STANDARDS
Australia

Dear Commissioners,

Review of Australia's Consumer Policy Framework: Draft Report.

Thank you for the opportunity to provide further response to the Productivity Commission's Review of Australia's Consumer Policy Framework.

Standards Australia writes to reinforce some of the main points outlined in our submission to the Productivity Commission dated 11 May 2007, as we are concerned that they may have been overlooked.

In addition, we would like to update you on the progress of the Standards Australia Product Safety Framework (PSF) and the pilot study we have conducted on infant nursery products to gather feedback regarding the efficacy of the framework.

We would also like to take the opportunity to update you on another practical and significant initiative that Standards Australia is embarking on, the Product Safety Management System (PSMS). The PSMS is a tool to assist suppliers in assessing and managing the risks of consumer products throughout the entire product life cycle.

Productivity Commission Review of Australia's Consumer Policy Framework - Standards Australia Submission 11 May 2007

In our submission dated 11 May 2007 to the Productivity Commission, Standards Australia proposed that the goals of regulatory efficiency and improved outcomes for consumers are both inter-dependent and complementary, rather than competing. We also:

- Advanced the view that Standards Australia was well placed to play a key role in any consumer policy framework. As an independent, not for profit organisation, Standards Australia is in a unique position to work harmoniously with the Federal Government, consumer and industry groups, to help cut business red-tape and minimise duplication and inconsistency; and
- Advocated a change of thinking through the PSF, to address challenges associated with balancing the interests of consumers, industry and other stakeholders in agreeing national benchmarks for consumer product safety.

Standards Australia believes we have a positive relationship with the Productivity Commission, and for the last 80 years we have been dedicated to complementing the consumer policy framework. Most recently we have been working with key elements of industry and the regulatory infrastructure to deliver superior market based solutions to

address the regulatory burden on business while enhancing confidence in the overall level of product safety. With this in mind we were surprised that the well supported and innovative work we have been leading did not feature in your latest report.

The Product Safety Framework (PSF) - Infant Nursery Product Pilot

In our previous submission we provided a case study on the Standards Australia PSF. The pilot has been active now for 10 months. We would like to update you on the progress of this pilot.

By way of background, the PSF is a revolutionary idea, developed by Standards Australia, in collaboration with the Infant and Nursery Products Association of Australia (INPAA), the Australian Competition and Consumer Commission (ACCC) and other key consumer and industry stakeholders.

It was developed after calls from the industry to improve product safety standards because:

- existing standards only cover a small proportion of product classes (approximately 30 out of 200),
- it takes a long time to produce a product standard,
- new products are coming on to the market at an increasingly rapid rate and through multiple channels, and
- recommendations from the 2006 Productivity Commission's report on the Australian Consumer Product Safety System, recommended that all relevant standards be hazard focused.

Standards Australia took the view that a different approach was needed. The traditional approach (vertical standards) although easy to apply and effective, was slow and addressed only a small number of products.

The PSF approach on the other hand applies horizontal risk assessment with modular hazard controls that are applicable to multiple products. The benefits of this framework include the potential to apply it to all consumer products, that it is modular, fast and easily updated.

To test the potential of the PSF, Standards Australia entered into a 12 month pilot commencing in April 2007 to trial infant nursery products. The aim of the pilot is to:

- determine the efficacy of the PSF
- identify gaps or deficiencies in the PSF
- Propose changes, modifications or suggestions for improvements,
- Develop systems for validating adherence to the PSF,
- Identify what supporting infrastructure is required for the PSF- e.g. training and help line, and to
- Determine the next steps

Pilot participants range from small to large distributors, manufacturers and retailers and include:

Target	Coles Myer
Funtastic	IGC Dorel
Bubzilla	Babyco
TGA Baby	C Stuart
Nice Pak	Mali Furniture
Sunbury Nursery Furniture	Vision Australia

Pilot participants have met regularly over the last 10 months. In that time Standards Australia has provided basic training on how to use the PSF and provided the trial participants with two control products to assess using the PSF.

In addition the Nursery Product Safety Reference Group (NPSRG) has met on (three) occasions to review the progress of the pilot. Feedback from the pilot thus far is very positive. As a result of these collaborative meetings the PSF has continued to be simplified and refined. It is generally felt by the Members of the NPSRG that the PSF will play an exciting and complementary role supporting industry and regulators where there is currently a void of guidance material for responsible organisations that want to ensure safe products are made available to consumers.

As part of the monitoring process Standards Australia has worked with pilot participants to develop case studies.

Attached in annexure A are case studies from:

1. Rob Wise – Funtastic Limited
2. Shaun McGrath – Target
3. Victor Turko and Elizabeth Palmer - Coles

Standards Australia will also be holding an event in May 2008, to provide comprehensive feedback on the pilot and to determine the next steps. Standards Australia would be pleased to extend an invitation to this event to the Productivity Commission.

The Product Safety Management System (PSMS).

The PSMS is another innovative tool currently being developed by Standards Australia, Stancert and the Australian International Design Awards. It addresses safety concerns at every point in products development, sale and use.

The PSMS will be developed as a Code and will outline the principles and framework to help organisations assess and manage the possible dangers or risks that can be built into a product at any point in the supply chain - from design to distribution.

The Code, which would be incorporated into existing management systems, would:

- Help suppliers assess and manage consumer product risks throughout the product lifecycle – from design, manufacture, distribution to the end-user and disposal;
- Help manufacturers identify the hazards, assess and manage these risks and provide consumers with the information they need to use and dispose of products safely;
- Allow problems to be corrected at any point in the design, production or distribution chain; and
- Place greater emphasis on safety during design and manufacture, reducing the possibility of injuries, legal cases, customer dissatisfaction and regulatory issues.

The Code would cover issues including:

- The suitability of the design of the product for both the intended user and the intended environment;
- Research and development processes;
- Product information for consumers;
- Quality assurance;
- Testing of prototypes throughout a product's development and final production parts;

- Consumer feedback systems;
- Product recall system;
- Product traceability to limit the impact of and facilitate recalls;
- Integrated systems; and
- Control within the supply chain.

Manufacturers, retailers and importers all have a clear interest in ensuring the safety of the products they endorse. They are all concerned with protecting the reputation of their products and services in the marketplace.

By these three sectors incorporating this new Code into their safety management systems, consumers will have greater confidence in the products they buy and use everyday.

Conclusion

As indicated in our original submission, Standards Australia's mission is to bring innovative and lateral thinking to important public policy areas. We believe that we can offer that in relation to Consumer Policy.

Our approach is based on our traditional standards development process which has its foundation in transparency, balance of interests, rigorous assessment of cost and benefit and commitment to consensus driven outcomes through due process. This approach coupled with innovative ideas such as the PSF and the PDSMS provides an alternative to black letter regulation.

We would like to meet with you at your earliest convenience to reinforce our commitment to working with you in improving the Consumer Policy Framework. Please do not hesitate to contact Sherene Daniel, Business Support Manager at Standards Australia on 9237 6203 or at Sherene.Daniel@standards.org.au to arrange a convenient time.

Standards Australia thanks you for the opportunity to provide further comment.

Yours faithfully



John Tucker
Chief Executive Officer
Standards Australia

cc Ministerial Council on Consumer Affairs Secretariat
cc Standing Committee of Officials of Consumer Affairs
cc State Ministers of Department of Fair Trading
cc State and Territory Product Safety Officers

ANNEXURE A – CASE STUDIES

CASE STUDY 1

ROB WISE– FUNTASTIC LIMITED

Rob Wise is the Business Manager, Quality Assurance and Customer Service with Funtastic Limited, Australia's largest distributor and marketer of children's products. Here Rob talks about his experience in the Product Safety Framework Pilot.

"We participated in the Product Safety Framework pilot program for a number of reasons.

- We were a key player in the development of the ANISS concept and program that first introduced horizontal risk based assessments;
- The fundamentals fitted with the processes that we used internally; and
- As a risk based management team we saw the unique benefits of the approach.

"Our expectations have in the main been met and we have experienced positive results though participating in the program. The program has demonstrated an ability to identify risks that primary standards have not been able to identify, and where standards have not existed the program has been effective in identifying potential risks.

"We are confident that the framework can assist in the prevention and management of risks during the development of new products and in the assessment of existing products.

"The Funtastic product compliance model utilises both vertical and horizontal risk assessment processes, and we expect that the use of a horizontal approach such as the PSF will continue to be an integral part of our compliance model.

"We have used it as a basis of compliance and expect suppliers to accept the use of the PSF as an integral part of our product development and approval process.

"My role is at the forefront of product risk management and the PSF has been a useful tool in identifying potential risks and in making effective risk management decisions. It is a tool that demonstrates our commitment to product safety to all key stakeholders.

"The PSF also has the potential to manage costs and improve profitability by identifying issues that may have otherwise been missed and that could have resulted in additional costs later on, such as recalls or similar remedial actions.

"The PSF has the potential to improve speed to market by identifying problems before they occur and it could also result in retailers accepting our product with the confidence that it has been assessed against a positive risk management model.

"The PSF model could be adapted to provide similar benefits to other stakeholders outside the consumer products arena."

CASE STUDY 2

SHAUN MCGRATH – TARGET

Shaun McGrath is the Quality Assurance Team Leader and Home and Entertainment/ESC Coordinator with Target Australia Pty Ltd. Target Australia has more than 270 stores across Australia, trading under the brands Target, Target Country and Baby Target. Target stores offer quality, on-trend, fashionable apparel and soft homewares. Here Shaun talks about his experience in the Product Safety Framework Pilot.

"Historically, the infant nursery industry has lacked the ability to quickly develop product safety standards that meet market innovations; the PSF was a key initiative to improve the status quo.

"The outcomes of the PSF pilot have exceeded my expectations. The collaborative partnership and work done with Standards Australia, ACCC, INPAA, Choice and other stakeholders had accelerated the profile of the program and the process.

"I can see the PSF being used as normal business practice. We have for many years used a similar hazard management process but it has never been as formally or well documented.

"The most important stage of providing a good selling, suitable and safe product is at the design stages, if all considerations/hazards are questioned and identified at design then there is a very good chance the product will survive the intense scrutiny from the consumer, regulators and even me, the retailer.

"My involvement in the pilot has further improved our relationships with suppliers, manufacturers and regulators with the knowledge that we are doing all we can to assist our stakeholders including the most important one, our customer.

"I do not expect the PSF to reduce business costs overall in the short term, as it takes longer to document the assessments, but in the long term I can see that the product data collection will be of great assistance in ensuring ongoing product history for risk management.

"If we can avoid even one unsafe product in the market place, then the PSF is a success and there is a potential costs saving that could be associated with a product withdrawal or even recall, not to mention all the associated expenses.

"The PSF has many other benefits such as teaching and training of other QA, Buyers, Suppliers, the list goes on. This process should not be limited to nursery products!

"The opportunity is to market and promote the PSF as a fundamental risk management process driving safety. Customer confidence in a business will always turn the tills but it needs to be marketed correctly.

"I do not have a preference in terms of turning the PSF into an Australian Standard or a Handbook. As long as what ever is decided upon has a review and amendment process that is not long and tedious!"

CASE STUDY 3

VICTOR TURKO AND ELIZABETH PALMER - KMART/COLES

Victor Turko and Elizabeth Palmer are Product Technologists with Coles Group Limited servicing the Kmart and Coles Brands. Kmart is general merchandise and apparel discount retailer, operating in 184 stores in Australia and New Zealand. Coles Supermarkets is a full service supermarket operating over 740 stores throughout Australia. Here they reflect on their experiences with the Product Safety Framework Pilot.

"Coles Group was interested in having input into developing an industry wide approach for assessing products in respect to product safety and regulatory compliance.

"Having had first-hand experience with it now, we think the process will be an excellent tool for the nursery and toy industry and have confidence that it will improve safe design.

"We don't expect to use the PSF on a daily basis, but we will definitely use it when assessing complex products that may present safety risks.

"A risk analysis of suppliers may determine whether we will expect or strongly recommend suppliers to use the PSF. However at this stage we don't believe we will be enforcing suppliers to use the PSF.

"We think the PSF will have most impact on designers, product developers and generally the inexperienced importers.

"The PSF will be suitable for reporting and documenting Quality Assurance activity. This will be a strong tool for demonstrating due diligence. It may also minimise the number of recalls.

"We believe the PSF should be published as an Australian Standards Handbook."