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THE TREASURY

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6 August 2003
File: 2003/03101

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Dear Sue

REVIEW OF MUTUAL RECOGNITION SCHEMES

Thank you for the opportunity to comment on the draft research report, *Evaluation of the Mutual Recognition Schemes*. I wish to comment on issues relating to consumer product regulation.

Preliminary Finding 6.3 - proposed streamlining of temporary exemption process

I consider that information submitted to the review does not necessarily make a case for streamlining mutual recognition temporary exemption processes. The information may alternatively indicate that other regulation mechanisms are unwieldy. Accordingly, it would be appear appropriate for the relevant jurisdictions to give further consideration to the perceived problem before streamlining of the mutual recognition processes is contemplated. I would be concerned that streamlining may unnecessarily dilute the key benefit of mutual recognition in fostering a coordinated approach to regulation.

In relation to consumer product regulation, I note that difficulties regarding the effect of mutual recognition on product bans have been raised only recently, while both the MRA and TTMRA have been in operation for some years. Jurisdictions have to date implemented consumer product bans effectively without the need to invoke the MRA or TTMRA temporary exemption provisions.

On the same reasoning, Treasury does not support the proposal put forward by some Fair Trading authorities to make State and Territory legislation for banning consumer products a permanent exemption under the MRA.

The draft report acknowledges that the mutual recognition schemes have been successful in the significant alignment of State and Territory consumer product regulations. Should consumer product banning regulations be exempted from the MRA, it is likely that State and Territory regulations would again diverge, resulting in unnecessary compliance difficulties for product suppliers. It is also noted that, should consumer product bans be exempted from the MRA, the same argument would apply to the TTMRA.

Preliminary finding 6.4 – proposal to establish a trans-Tasman electronic list for sharing information on product recalls and bans

In relation to the proposal for a trans-Tasman electronic list to share information, it should be noted that much information is already circulated between Australian and New Zealand product safety regulators. New Zealand and Australian jurisdictions are members of a Consumer Product Advisory Committee (CPAC) network that includes a system for notifying emerging product safety issues, including product recalls and bans. Treasury also maintains a consolidated list of Australian standards and bans, which is periodically updated and circulated electronically through the network.

The remaining issue is the possible integration of information on New Zealand bans and recalls into the CPAC system, and it is proposed that this be explored by Treasury and the New Zealand Ministry for Consumer Affairs.

The report refers to the Recalls Australia website and raises the possibility of Australian and New Zealand recalls being listed together for the information of the public. It is not clear that this would be beneficial as it would be likely to cause confusion among consumers. Bans would not necessarily apply in both countries because products banned in one country may be different to similar products supplied in the other country. Again, this issue might be explored by Treasury and the New Zealand Ministry for Consumer Affairs.

Preliminary finding 6.6 – incorporation of mutual recognition into regulation impact guidelines

It is agreed that mutual recognition should be referenced in RIS guidelines.

Preliminary Finding 8.19 – proposal to extend special exemption on consumer product safety standards and to establish a coordinated approach to recalls and bans.

Treasury agrees with Preliminary Finding 8.19. It would be appropriate to allow a reasonable period of time for the parties to seek to resolve differences between Australian and New Zealand regulations for vehicle child restraints. It would also be appropriate for New Zealand and Australian jurisdictions to explore options for a coordinated Australian/New Zealand approach to recalls and bans.

I would be happy to discuss any of the above issues should you require further information.

Yours sincerely

John Wunsch
Manager
Consumer Safety