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22 September 2003

Ms Sue Holmes
Inquiry Research Manager
Productivity Commission
PO Box 80
Belconnen ACT 2616

Dear Sue

PRODUCTIVITY COMMISSION (PC) STUDY - REVIEW OF MUTUAL RECOGNITION SCHEMES

As discussed with you and your colleagues early in the study period, Standards Australia (SAI) has been undertaking a review of our relationship with Standards New Zealand (SNZ) as currently expressed in an Active Co-operation Agreement (ACA) that sets out criteria and operational arrangements for the development of joint Australian/New Zealand Standards.

The current ACA was scheduled to expire on 29 June 2003, however with the mutual agreement of SAI and SNZ, it has been extended until 29 September 2003. Over the past 6 months or so, SAI has been attempting to renegotiate the ACA with SNZ with the view of arriving at a replacement agreement in the form of a memorandum of understanding that would be fair and equitable for both SAI and SNZ and that would reflect the wishes of both Australia and New Zealand stakeholders.

The reality of the current ACA is that SAI undertakes more than 90% of the work required to produce joint standards whereas SNZ derives equal benefit from such joint work. In addition the relationship SAI has with Australian stakeholders is different to that SNZ has with New Zealand stakeholders owing to the different governance and funding arrangements. In effect SAI is in a position to self-fund its development of Australian and Australian/New Zealand Standards whereas SNZ usually enters into "contracts of service" with stakeholders wishing it to develop New Zealand and Australian/New Zealand Standards including those developed with an SAI Secretariat.

During this 4 month negotiation period, SAI has made every effort not to publically comment the SNZ position other than to indicate that we support the concept of developing joint Australian/New Zealand Standards where they are needed and providing the mechanisms used are "fair and equitable" for both SNZ and SAI. It was for that reason we indicated to the Productivity Commission that our original submission was confidential. At your request we did allow an edited version of our submission to be made public (Submission No 51, 28/03/03). Other than this submission, the only public comment we have made is in the attached press release dated 25 June 2003.

Standards Australia International Limited
ABN 85 087 326 690

While SAI was attempting to renegotiate a replacement for the ACA on a one-toone basis with SNZ, it appeared that our desire to keep these negotiations on an organization-to-organization basis may not be the case in New Zealand. We were made aware of numerous occasions of NZ stakeholder groups contacting Australian stakeholder groups with the view of exerting pressure on SAI to renew the ACA essentially under the current terms. In every case we were made aware no mention was made of the true SAI position in regard to our willingness to enter into a memorandum of understanding with SNZ that was "fair and equitable" and that we supported the ongoing development of joint standards where they were really needed. Indeed the language used in some NZ generated documents indicated that SAI was just terminating the agreement, which was far from the case.

We at SAI were delighted to read the low key and balanced reference to the current situation expressed in the Productivity Commission Research Report dated 27 June 2003. Under the circumstances we were prepared to leave the matter rest until we received a copy of the further submission to the PC from SNZ (Submission no DR 162, 05/09/03). We are most concerned that this submission alleges that the SAI motivation in renegotiating the ACA is because of a "commercial imperative" and its claim that it represents the views of business in Australia that are SAT's stakeholders. SAI has, to date, made no public comment on SNZ's commercial requirements in respect of "contracts for service". SAI also has not, to date, made any such public comment about the level of support relayed to us by NZ stakeholders who have indicated that they would prefer to work directly with SAI on standards suitable for use in both Australia and New Zealand rather that work through SNZ.

It is unfortunate that SAI has been forced to make these facts known, however we are still hopeful that we can come to some "fair and equitable" arrangements with SNZ so that we do not end up in a situation where different standards emerge in New Zealand and Australia.

Yours sincerely,

Peter Walsh
Executive General Manager, Standards

cc. Ross Wraight, Group Chief Executive, Standards Australia International Limited

News Release

- **Standards Australia**

25 June 2003

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New approach to trans-Tasman Standardization

The national Standards bodies for Australia and New Zealand are currently in talks to develop a new approach to trans-Tasman Standards development.

The talks come as a result of the pending expiry of a 12-year agreement between the two Standards development organizations and the need to formulate a new arrangement to reflect the internationalization of both economies.

The Chief Executive of Standards Australia, Mr Ross Wraight, said today: "It is essential for Australian and New Zealand stakeholders, as well as both Standards Australia and Standards New Zealand, that a fair and equitable trans-Tasman Standardization system is put in place."

"The discussions are about developing a better mechanism for the development and distribution of Standards, and it is imperative that in areas crucial for trans-Tasman trade we ensure the same Standards are applied in both countries and, where necessary, we continue to develop and maintain joint Standards."

According to The Executive General Manager for Standards Development at Standards Australia, Mr Peter Walsh: "Under any new agreement both organizations will still be able to adopt international Standards in accordance with their commitments under the World Trade Organization [WTO]."

According to Mr Wraight: "I know both organizations and are looking forward to creating a fair and equitable system for trans-Tasman standardization and are optimistic about the outcome of the talks."

For more information please contact Tom Godfrey at Standards Australia on (02) 8206 6863 or 0414 191034.

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