

26 April, 2013

Standards and Conformance Infrastructure Review
Regulatory Cooperation and Standards
Labour and Commercial Environment
Ministry of Business, Innovation and Employment
PO Box 3705
DX SR57340
Wellington 6011

Re: Standards and Conformance Infrastructure Review

Thank you for this opportunity to provide the views of ECANZ and its members on the above. Details of ECANZ are contained at the end of this submission.

General Comment:

The Standards Act 1988 is designed to promote and develop standards via its operating arm Standards New Zealand. Standards New Zealand is the sole developer of standards in New Zealand to international standard.

The Electrical industry is a protected industry. The standards impact upon it are significant, there are standards for qualification, standards for products used, standards for safety and standards which are technical documents.

In our view standards are technical documents in the following hierarchy

ACT

REGULATION - COMPLIANCE

STANDARDS – TECHNICAL

According to the case for change, the reasons for seeking change are driven by an unsustainable financial model, there being increased competition from other standards

providers, the use of guidelines and how to documents. As standards are primarily technical documents there is a reliance of them being well written to cater for the audience who is most likely to use them. As a general comment the standards are often written in a manner which makes them difficult to read and use, hence the propensity for codes of practice and how to documents.

The role of standards

- To act as the peak standards development body by overseeing NZS development.
- Being the New Zealand member organisation of the ISO and IEC and providing access to the intellectual property in trans-Tasman and international standards.
- To contribute to and influence the development of international and trans-Tasman standards, in partnership with industry and consumers.
- Using an internationally recognised process to produce domestic Standards or modify international Standards, e.g. a Standards development process that is representative of the views of all interested parties and is consistent with New Zealand's obligations under the WTO Agreement on Technical Barriers to Trade.
- Maintaining the NZS brand which signifies that a Standards document is robust, authoritative and credible.
- Stewardship, development and maintenance of the NZS catalogue to ensure that NZS are fit-for-purpose and up-to-date managing commercial and royalty arrangements as the New Zealand link to the wider international NSB network.

The outcomes of this are

Providing an opportunity to maintain order in society, there must be standards and society must meet the costs of this opportunity.

Lessen impacts upon productivity, safety, thus improving benefits to the New Zealand infrastructure, whilst offering assurance to our imports and exports markets and assisting to maintain a competitive environment.

Summary of Proposals

ECANZ will offer a series of comments based upon the questions posed however will not answer the questions directly as they restrict our ability to comment fully.

Standards are technical documents

Industry Groups are not wholly representative of the Industry and therefore a sector representative group needs to be in place to ensure fair consultation. Because an Industry group does not represent the whole of the Industry, good or bad, majority rules. However all elements of the sector including the public consumer must have an opportunity to voice their views. ECANZ does not consider the SDO model as the answer preferring to retain the existing.

Industry currently bears significant costs to develop standards as they relate to their particular Industry, ECANZ see no benefit to the standards regime in adding additional layers such as SDO or making NSB an assessor of standards. ECANZ believes the current model suits our Industry and that it captures the necessary experience, cross section of stakeholders and enables a co-ordinated standard to emerge. The risk in the SDO model is additional layers of costs and more potential for a disjointed approach which relies upon standards to moderate. This moderation exists now

If no industry group exists then anyone wishing to institute or develop standards must cover all costs associated with that. In such an instance the role of Standards is to ensure that a monopoly or uncompetitive standards are not created for the benefit of the strongest participants. Specific standards risk capture from an SDO or strong lobby group. Once again Standards to also ensure a co-ordinated standard emerges.

ECANZ is firmly against changing models especially as we see the Australian model as a failure that has added significant costs to production of standards in that country. ECANZ is aware that several organisations in Australia have approached New Zealand for standards at a cheaper price, clearly this only applies when it is a joint standard.

Funding of standards not only comes from government agencies, private sector but also Industry Associations. In regards to funding of electrical standards, ECANZ can see little problem as the levies collected from power consumers would adequately cover the role that standards currently perform for the sector. If these funds were pooled and then retained at a minimum level for future use.

Figures ECANZ recorded for the periods 2002-2006 show:

Year	Levies collected	Spent on standards	Levies refunded
02-03	2.7 Million	179,000	601,000
03-04	2.6 Million	515,000	580,000
04-05	2.5 Million	435,000	847,000
05-06	2.7 Million	309,000	491,000

Clearly the above shows that if money was retained up to an agreed buffer then the standards process for the Electrical sector could operate in a financially viable manner. Collecting levies from consumers prevent unfair advantages gained by those who are financially able to create standards for their own benefit.

New Zealand electrical contracting mostly consists of small to medium enterprises and is a regulated and licensed Industry. Those who benefit from such protection currently fund the system and as a result we have a safe and productive sector thanks to the standards process.

Standards need to be retained on international and local levels for the many reasons outlined in this submission. If MBIE considers that these standards can play a part in strengthening areas such as international trade, innovation and HSE and if MBIE

wishes to use the services of Standards New Zealand then it should assist in its funding particularly if it will assist in their effort to increase policy leverage.

ECANZ does not consider the change to an existing system for funding is a sufficient reason as the unintended consequences of such a move would in our view far outweigh any perceived savings. ECANZ is also a firm believer in the user pays principle and that if we choose to live in a safe and ordered society and all that comes with that then it has to be paid for by the participants.

Summary

In closing we thank you for the opportunity to comment of the review. ECANZ has worked closely with Standards New Zealand and has contributed with time and financial input as it believes in the current system. ECANZ recommend that very careful consideration be given to this proposed reform and that it appears a solution for a non-existent problem is being promoted.

**Neville Simpson
Chief Executive
ECANZ**

Electrical Contractors Association of New Zealand (ECANZ)

ECANZ has a membership of 1,205 electrical contractors who employ 7,000 people including some 1,300 apprentices. These businesses represent a combined sales turnover of \$700million. ECANZ is the only organisation representing this sector. The demographics of membership are New Zealand wide with business entities from “one man bands” to companies employing 200 people. The average size business is three to four people, therefore we represent small business New Zealand and simply put small business is NZ’s largest employer.