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## **Draft terms of reference for review of New Zealand's approach to joint Australia/New Zealand Standards development**

The Ministry of Business, Innovation & Employment (MBIE) is reviewing New Zealand's approach to joint Australia/New Zealand standards development in light of issues raised by BusinessNZ and other industry organisations. This project will focus on how best to ensure that the standards system achieves government priorities (including supporting New Zealand businesses, especially exporters, and maintaining close trade relations with Australia), and meets the needs of businesses, regulators, and consumers.

### **Current situation**

Standards may be developed domestically by a standards development committee, or developed jointly with Australia. The work of standards development committees can include adoptions of international standards.

Of the approximately 2720 New Zealand Standards, around 87 per cent are joint standards with Australia.

The New Zealand Standards Executive (NZSE) sets fees for access to standards in order to recover the costs associated with developing, approving, maintaining and providing access to New Zealand Standards and other standards related publications. The cost recovery model is based on the principle that those who benefit from standards should fund the development and access to standards.

The *Standards and Accreditation Act 2015* specifies principles the NZSE must have regard to in setting the amount of fees or charges for cost recovery, namely: equity, efficiency, transparency and flexibility. Collectively these measures are intended to ensure the standards system is financially sustainable, with flexibility around the balance between upfront funding and cost recovery at a later date. Standards Australia does not have legislation covering cost recovery for standards development.

Standards Australia acts as the secretariat for most of the standards development committees that develop joint Australia/New Zealand (A/NZ) standards. Since March 2016, Standards Australia, as the secretariat, charges New Zealand the marginal costs incurred as a result of New Zealand participation, compared with managing a project to produce an Australian Standard. This charge was introduced at the same time as the changes in the New Zealand standards system following the Standards and Accreditation Act took effect.



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## **Purpose of review**

Certain business organisations have expressed the view that the cost recovery regime should be reconsidered in light of the new participation fees introduced by Standards Australia. They have suggested that Government could consider funding participation by New Zealand industries and sectors in joint standards development committees. They also raised the possibility of funding through an industry levy. However, this would mean that joint A/NZ Standards are being treated differently from other standards projects, namely adoptions of international standards and development of New Zealand Standards.

## **Scope**

A review of the approach to joint A/NZ standard development will require policy work on:

- the policy rationale for developing joint standards with Australia compared with domestic adoption of international standards or development of domestic standards, including considering the impact on New Zealand of not having joint standards with Australia
- the impact of the new charges introduced by Standards Australia for New Zealand participation in joint standard development
- the extent of any public good element in developing joint standards with Australia, and consequently the case for any financial contribution from the New Zealand Government or an industry levy mechanism.

## **Approach**

MBIE will consult with BusinessNZ, its member groups and other stakeholders on the policy project. MBIE will also work with relevant regulators to assess the benefits of joint A/NZ standards (as opposed to international standards and/or New Zealand standards) to regulatory regimes. MBIE will hold face-to-face interview sessions with interested parties.

Before providing its advice to the Minister, MBIE will circulate a draft report to interested stakeholders for comment.

## **Resourcing**

The Trade and Regulatory Cooperation team will lead the project, working with Standards New Zealand. MBIE officials propose to work closely with ManufacturingNZ and BusinessNZ and relevant regulators and industry sectors that use standards.

## **Timeframe and deliverables**

MBIE plans to provide a report to the Minister with advice and recommendations by the end of August 2018.