

What is the Problem with our Standards?

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By:- Kim Campbell
CEO EMA

What is the problem about our grossly under-funded Standards NZ organisation that the present Government review is trying to fix?

It can't be funding, as the Government doesn't contribute anything toward maintaining the organisation. By far the biggest share of its revenue comes from the sale of publications. Well, it does contribute towards the cost of its membership of the international standards organisations, the International Standards Organisation (ISO) and the International Electrical Committee (IEC), but that's about it.

Yet the consultation process about Standards NZ's future has been through the grind of two rounds and a discussion paper. Three options were put up: Roll it under the ambit of some other organisation, make it just another desk at the MBIE or keep it as a stand-alone body and fund it properly.

We don't aim to understand the reasoning around the first two options since the gains from the third, for a nation thinking about how to become an innovative leader, far outweigh the likely costs.

Before looking at that, what would happen if standards were devolved to say, one or several industry organisations that may want their own industry standards to protect their products and services. Before accepting the challenge these organisations would want to be sure the standards they developed would be their property, for sale to other parties if they wanted, or to keep for their own purposes. They would want to own the IP associated with their development. Otherwise, why would they invest in developing standards?

The ministry desk option is third world. How could one or two individuals retain New Zealand's credibility when dealing with Standards Australia, ISO or the IEC?

At present Standards New Zealand provides essential public services for nothing. Just for its contribution to the public health and safety Standards warrants some public funding.

But it turns out that the organisation has been entitled to some funding all along.

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It seems that mandatory levies for such as building, electrical products and gas have been paid for many years, but no revenue has been sequestered from them for standards development.

The money has been gathered up and invested in other things.

So here's the start of the answer. Start earmarking parts of these levies exclusively for the maintenance and development of standards, not for skills development or research funding.

There's a whole group of further reasons why standards warrant taxpayer funding. They save money. It's been said that if all the screw manufacturers in World War II England had used the same thread the country would have saved the the present day equivalent of £55M. Standards also help lift productivity and innovation. They are often preferred over patents for the protection of IP.

Furthermore, well crafted standards have advantages over top-down Government regulation. The processes used for their development are responsive to industry and consumers, and keep pace with changing technology more adeptly and adroitly than

Government regulation. And they are open and transparent.

It's fundamental to have international products on our market that comply with our standards for things like 230V electricity and driving on the left hand side of the road. It's also true New Zealand has unique levels of seismic activity, UV light and acoustics all of which demand the need for local research in setting up standards.

With the case for recognising the public benefits provided by standards to enhance public health and safety compelling we should add a bit more from the public purse to ensure imports meet our standards to help protect our consumer's health and safety.

By now it will be no surprise that EMA supports the need for a strong standards body that can hold up our end with Australia, ISO and the IEC. It is simply critical for trade.

Standards are even being specified in in free trade agreements: the TTP, for instance, includes the adoption of standards as part of a country's adherence to the agreement.

With Standards Council as the sole developer of standards that are designated NZ Standards (NZS), the NZS Brand is creditable and authoritative because it is produced in accordance with internationally recognised processes and criteria from ISO and the IEC.

Without a robust standards organisation able to set the world wide standard for unique Kiwi developments such as NZ Electric Fencing, jet boat propulsion and food quality we would surely risk losing the ability to capture the financial benefits from them.

In summary, standards promote innovation, facilitate international trade and help businesses leverage their competitive advantages.

New Zealand needs an independent, credible standards body recognised by international standards bodies, and adequately funded from a mix of public and private sector funding to develop capability, expertise and international recognition.