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Tēnā koe Minister

IMPROVING THE STANDARDS SYSTEM CAN HELP IMPROVE PRODUCTIVITY

Congratulations on your new appointments as Minister of Commerce and Consumer Affairs and Minister for ACC. We look forward to working with you over this term.

Engineering New Zealand is New Zealand's largest professional body for engineers, with more than 23,000 members dedicated to engineering better lives for the people of New Zealand. Engineering New Zealand also regulates the engineering profession, as the Registration Authority for Chartered Professional Engineers (Chartered Professional Engineers of New Zealand Act 2002).

Your Commerce and Consumer Affairs portfolio includes responsibility for New Zealand's standards system. We wish to meet with you to discuss our ideas to enhance this system. We heard from Minister Bayly that this Government is doing work to explore a more sustainable, fit for purpose funding model for New Zealand's standardisation system. We support this and agree it is a priority. Driving change in the standards system is a high priority for Engineering New Zealand and our members.

New Zealand is facing pressing infrastructure challenges, a long-term shortage of skilled engineers, and low productivity. The World Bank rates the quality of New Zealand's infrastructure lower than other high-income countries.¹ Improvements to the accessibility and quality of our standards is a

¹ <https://www.github.org/countries/new-zealand/>

key part to addressing this. Better standardisation can help address low productivity and support the construction of the infrastructure New Zealand needs most.

Adoption of standards can help stimulate the economy

Standardisation will reduce costs, improve efficiency, support BCA's risk management and improve productivity. In Germany, better adoption of standard contributes approximately €16.77 billion per year to their economy³. In Canada standardisation contributes to 17% of Canada's GDP growth⁴. Greater adoption of standards is constrained by the unsustainable and inaccessible standards system. Adoption of international standards can also support enhanced trade as there is a clear understanding of the expected quality between exporters and importers.

Challenges with the current system

The user pays model limits strategic direction

The standards system in New Zealand is administered by Standards NZ, which operates on a user-pays model with limited public funding. An unsustainable funding model means Standards NZ has limited ability to approach the standards system in a proactive and strategic way. This has resulted in outdated (or non-existent) standards, creating significant risk for design and manufacturing. If the status quo continues there is a risk that New Zealand won't keep up with best practice, making things uncompetitive or even unsafe.

Standards development relies on volunteers that are not being compensated

Standards development relies heavily on volunteers. Industry experts generously give their time and knowledge to help develop high quality standards across numerous industries. We have heard that this process is often hamstrung by lengthy, uncertain processes and a lack of a prioritised work programme that addresses key issues and gaps.

Volunteers are not compensated for the expenses they incur, like travel. The time and costs for volunteers are becoming prohibitive and resulting in reduced industry participation.

Costs of accessing standards is prohibitive for small businesses

Although efforts to increase access to free building related standards has been welcomed by the engineering profession, there is still a range of standards that engineers need to be able to do their work that are not free. Accessing the full catalogue of standards can cost up to \$21,000 per year.

This is a significant cost, which is not sustainable, particularly for small to medium sized firms who are already navigating a very tough market. This means firms may need to choose whether to only purchase a small number of the standards they use most, or not to purchase them at all. Some may opt to use outdated versions of standards to reduce costs or use variations of international standards.

Reviewing the funding system and a strategy would solve the problem

A sustainable funding system that utilised more of the Building Levy would help support the fantastic work of Standards New Zealand. They would be able to be less reactive and less reliant on

volunteers. This would also allow them to develop a standards strategy and clear plan of prioritised work to address the key issues and gaps within the standards system.

MBIE has a joint programme focussing on standards alignment with Australia. We believe this provides an opportunity to better leverage international standards and be involved in their development. This could provide significant financial, productivity, and quality benefits and help bring New Zealand better in line with our international partners.

Conclusion

Engineering New Zealand welcomes you to your new portfolios and seeks to support you to address challenges within the standards system. We are passionate about improving outcomes for current and future engineers, ensuring they can take advantage of a robust standards system that helps improve outcomes for all New Zealanders.

We would like to meet with you to discuss the standards system and how we can best work with you to ensure improvements are made.

Nāku, nā

A handwritten signature in blue ink, appearing to read 'R. Templer'.

Dr Richard Templer
Chief Executive