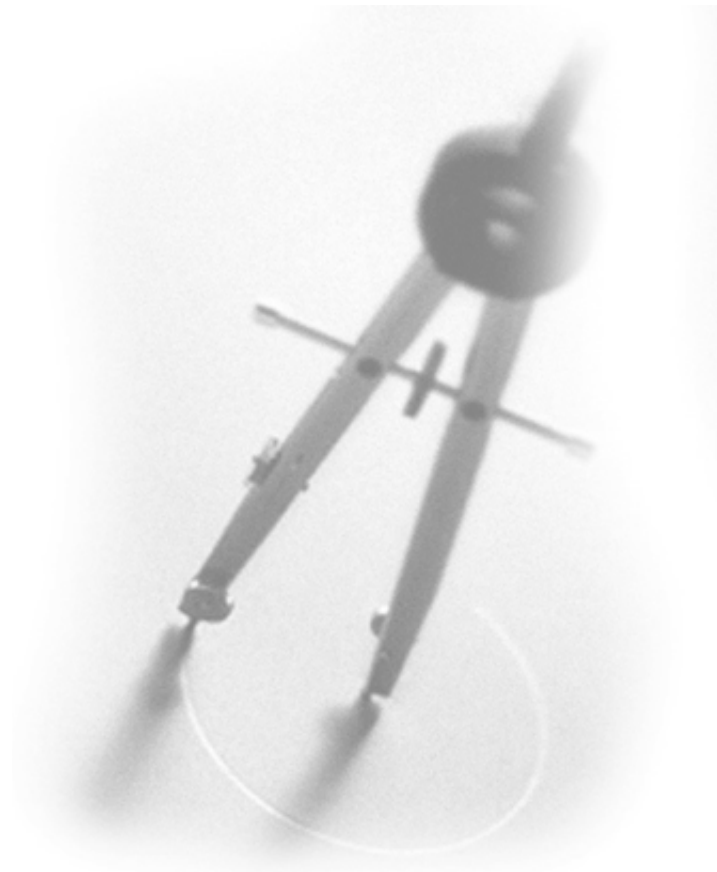


Technical Governance Review Report

Standards Australia

April 2018



1. Introduction

In August 2017, Standards Australia (SA) commenced a review of its technical governance. The aim was to assess how well SA's governance arrangements for the development and review of Australian and international standards are working, particularly given changes in the external environment.

cameron.ralph.khoury (CRK) were engaged to facilitate the review. CRK are not experts in standards development, but have some background with Standards Australia (having conducted a governance review in 2006 and the review of ABSDO in 2015) and have considerable experience and expertise in designing governance systems and managing stakeholder consultation processes for complex public purpose organisations.

This report sets out our:

- Overview of changes in the external environment
- Key findings
- Themes for change
- Proposed reform directions for the various stages of the standards development process

Review steps

- An issues paper was released in August 2017.
- 66 written submissions were received in response. Non-confidential submissions were published on SA's website.

- 20 individual or small group interviews were undertaken
- SA staff participated through workshops and some written submissions
- A summary Initial Report was released in December 2017 that collated the major themes from submitters and identified the key areas for focus.
- This report has been considered by SA's Board and approved for public release.

This Report

This is CRK's report. It references input from stakeholders and makes recommendations to the SA Board.

The Board does not endorse every view put to the review, but accepts that a wide range of stakeholder perspectives are part of any such process and that they should be openly shared. The SA management team and Board are developing their own response to the Report.

This Review traversed an enormous amount of material. The world of standards development is complex, detailed and technically dense. It is easy to lose sight of the forest for the trees. It will be difficult to change.

In this world, simplicity and clarity of the messages must take priority over capturing every detail and every nuance. We have tried to speak plainly and be as brief as we can.



2. Changes in environment and expectations

It is clear that a number of factors in the environment are increasing pressure on standards development approaches and their ongoing effectiveness. In no particular order, these external factors include:

1. Changes in community views of volunteering – both individuals and employers have less time/ are less interested in longer-term committee-based contribution, preferring to support episodic and remote contribution supported by technology.
2. In many areas of government, there is less regulatory checking, inspecting and policing activity – with greater reliance on compliance with standards, some voluntary, some mandatory but subject only to risk-based surveillance or sporadic event-driven investigation.
3. Greater demand for standards development to be coordinated with regulatory systems, rules and codes.
4. Reduction in the availability of local professional expertise for development of standards, in part because of the continuing reduction in local manufacturing.
5. A range of global changes to how standards are developed, with more 'private' development, greater variety of approaches and a continuing push for international standards.
6. Speed, speed and more speed. Pressure for all community processes and responses, including standards development, to be faster and cheaper (balanced against the need to make sure standards are developed in an appropriate way).
7. Internet and digital-based transformation of access to information and a growing expectation that information will be instantly accessible, up-to-date and free to the user or at minimum cost. Pressure for developed standards to be free or at much lower cost.
8. Shifting of the sands in the world of professional and technical associations, industry bodies, lobby groups, etc. Some with reducing membership, many less able to support standards development in traditional ways.
9. Increased global movement of goods and materials challenging previous national 'controls' over the adherence to standards – eg. exports and imports enabling business to more easily supply or access non-standard goods and materials.
10. Loosely-formed, dynamic, technology-supported, social, political and professional networks (eg. LinkedIn) assuming greater importance in sharing and forming community views.



3. Stakeholder input

It is important to properly characterise the input we received from stakeholders to this Review.

1. The input received was very well-intentioned, at times passionate and demonstrated the great commitment that stakeholders have to the value of standards to the community.
2. The input was enormously helpful at enabling us to understand how the standards development processes actually work and the experience of participants.
3. We received extensive input. Written submissions and notes from interviews and phone calls exceeded 800 pages.
4. While there were some quite high-level strategic observations, as encouraged by the Issues Paper, much of the input covered the detail of the standards development process.
5. Many stakeholders described their personal experience of contributing to one standard or a group of standards – and understandably assumed their experience as universal. It is abundantly evident that there is considerable variation across the standards world.
6. Opinions on the effectiveness of different aspects of the development processes varied widely. It seemed that for every passionately held opinion there was at least one equally passionate opposing view.

While we have drawn a great deal from the stakeholder input, the great variation in perspectives means that while we can describe this review as ‘stakeholder-informed’, we cannot describe it as ‘stakeholder-driven’.

To this stakeholder input, we have added our consulting experience and our knowledge of processes, of public policy development and of systems of governance to arrive at our recommendations.



4. Effectiveness – what should be expected

It is a given that in public purpose activity such as standards development, there will be a range of expectations of the 'owner' organisation – some which are reasonable to expect and some less so.

To challenge our thinking beyond the prevailing 'mental models' of standards development, we also asked, from a governance and risk perspective, what would be the 'clean sheet' characteristics of an excellent public interest standards development system?

We approached this from an outcomes-perspective (excellent standards) as well as an inputs-perspective (excellent process). Under this approach, consensus and transparency (the principles given emphasis in SG-001) would be viewed as tools to achieve excellent outcomes, rather than as success criteria in their own right.

Combining all of these, we concluded that the community should reasonably expect something like the characteristics in the table adjacent.

In assessing the current development framework, our own conclusion (and the message from stakeholders) was that there is, to different extents, room for improvement across all the nine criteria.

| Criteria | Description |
|------------------------|---|
| Strategic | Effort applied to the most important priorities – in the public interest. |
| Public interest | Accommodating needs of stakeholder sectors, unquestionably in the public interest. Able to articulate and measure benefit to the community. |
| Engaged | Active contribution of the full spectrum of industry, government, community groups, academe and individuals. |
| Expert | Technically credible, expert, mechanisms for evidence-based standards development and resolution of technical disagreements |
| Accessible | Operating transparently, stakeholders able to readily navigate it and track issues of interest |
| Cost-effective | Efficient use of resources contributed from any source including volunteers, taxpayers and industry. |
| Timely | Meeting modern community and stakeholder expectations of speed and responsiveness |
| Integrity | Resistant to conflicts of interest, manipulation or corruption, with mechanisms for monitoring, compliance, remediation and discipline |
| Ownership | Overseen and supported by organisation(s) with strong governance and accountable to the community. |



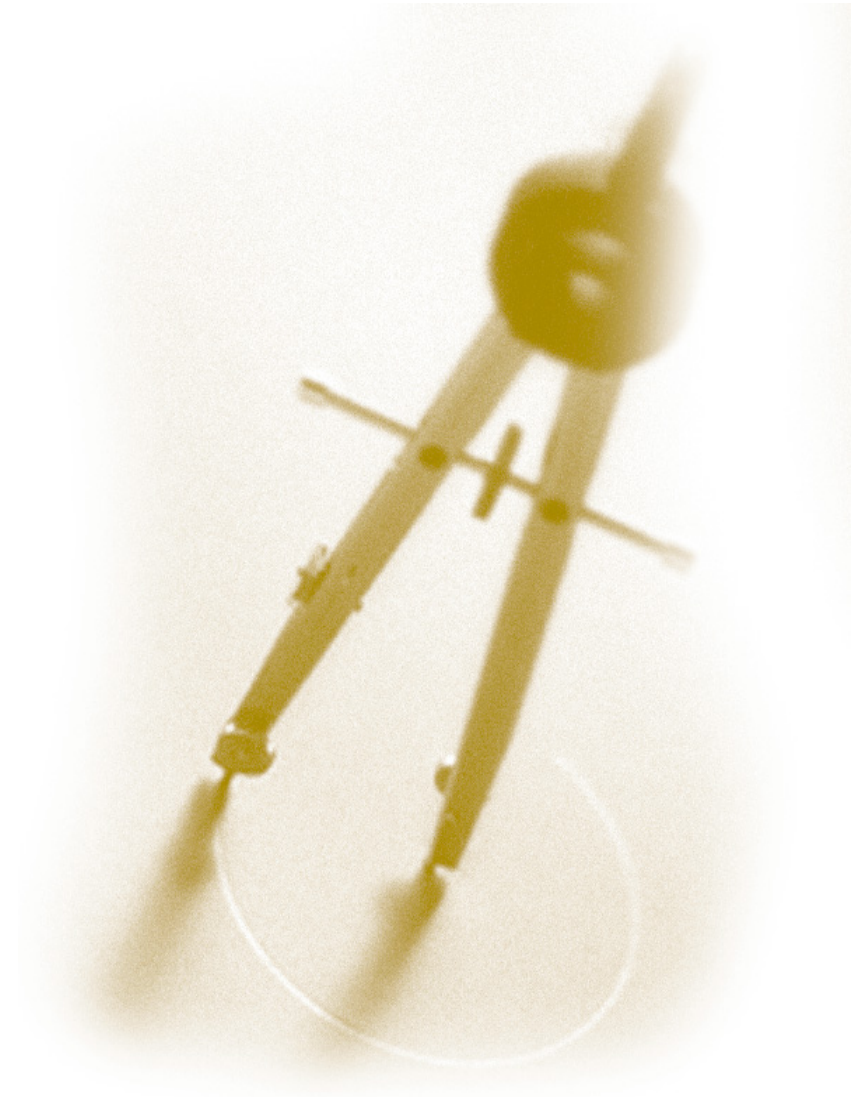
5. Challenging assumptions

As 'outside observers', we see a number of long-held assumptions built into the world of standards development that we think need to be re-thought to enable Standards Australia to make the step change that we think is needed. These are discussed briefly in the table below.

| Assumption | Description | Discussion |
|--|---|--|
| Financial | Standards development activity is scaled (limited) to what is affordable under current assumptions of revenue from investments, government contribution and sale of high-priced standards. | Productivity gains are an imperative for Australia's economy. Current commitment of resourcing for standardisation is based on working assumptions from last century, not on any current public cost/benefit analysis. |
| Risk | An assumption that SA best manages risk by maintaining an 'arms-length' responsibility for process alone – entrusting the outcomes to the participants in the process. | We interpret much of the stakeholder criticism as expecting SA to take a more proactive role in improving outcomes – less of an arms-length approach. We think that this proactivity will actually reduce SA's risk exposure. |
| Communication and transparency | An assumption that the 'inner circle' of stakeholders adequately represents the community and gearing transparency to this knowledgeable group (arcane website, minimal explanation of development activity, brief and inaccessible public comment opportunities, etc). | We think that to reach the full breadth of the community and potential stakeholders, the current reliance on the established network of nominating organisations for contribution and communication is inadequate. Much more transparency and accessibility is needed. |
| Communities of interest | An approach built on last century models of business, social and common interest networks and ways of contributing / volunteering. | Linked to the transparency point above, there is a need to update some of the existing underlying assumptions about which communities of interest should be encouraged and supported to put forward views, contribute to development and critique proposals. |
| Speed and availability of information | The standards development business model is one of harnessing volunteer contribution, tight retention of IP and sale of high-priced document-based standards. | The model of funding development via revenue from high-priced standards is at odds with current community expectations of easy, cheap (or free) access to a vast range of information. The public benefit of access to standards needs to be better incorporated into the model. |

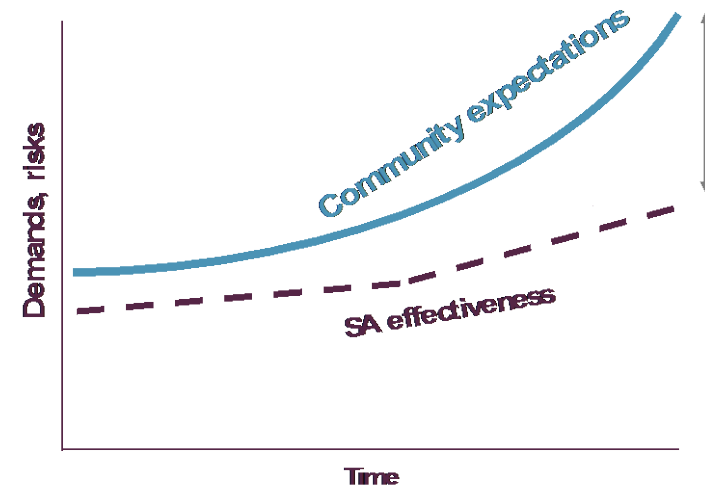


Summary of key findings



6. Summary of Key Findings

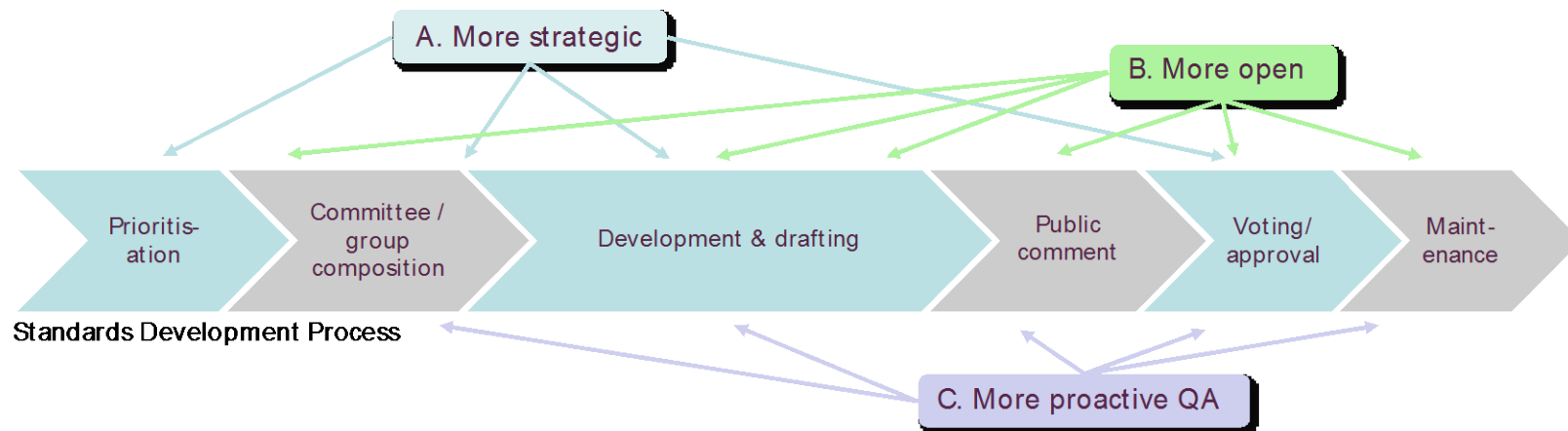
1. Standards Australia is widely acknowledged to have significantly improved its approach to standards development over the past decade – in professionalism, efficiency and speed and stakeholder relations.
2. Notwithstanding this, we heard strong criticism of the current development processes – in particular:
 - Prioritisation of standards development work programs is insufficiently strategic
 - Those new to the proposal processes find them unduly difficult to navigate
 - Inconsistent inclusion, expertise and balance on committees
 - Inadequate conflict of interest management
 - Low accessibility and transparency to those outside a perceived 'inner circle'
 - Inadequate efficiency and speed
3. It is our assessment that this reflects an expanding gap between community expectations and the ability of the SA systems development framework to meet these demands.
4. Our conclusion is that improvement in the overall effectiveness of the SA standards development framework requires step-change acceleration – in order to:
 - Adapt to a rapidly changing environment
 - Keep pace with evolving community demands
 - Maintain the credibility of standards
 - Remain relevant and competitive



5. We have identified three over-arching themes for change. Standards development processes should be:
 - a) **More strategic** – in setting priorities, in the public interest, in its governance and in articulating the cost/benefit;
 - b) **More open** – in inclusion, accessibility to the whole community and transparency of process; and
 - c) **Have more proactive quality assurance** – through a wider range of pathways, strengthened quality of input, protocols for problem-solving and approval of standards.

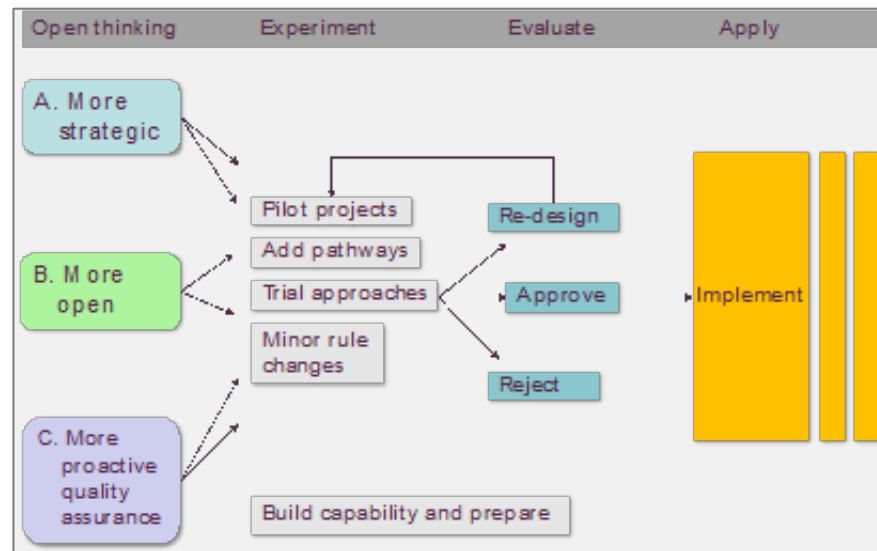
These are discussed in more detail at Section 7.





6. We do not underestimate the effort required to make these changes to a complex, large scale system. We see three key dimensions to achieving the acceleration in improvement needed:

- A willingness to challenge long-held assumptions (see Page 6.) about the nature of standards development – ie. ‘radical’ thinking
- Patient, methodical application of the three themes across all of SA processes (above)
- A progressive, innovative, experimental approach to change, trialling approaches, evaluating and implementing as appropriate (right)

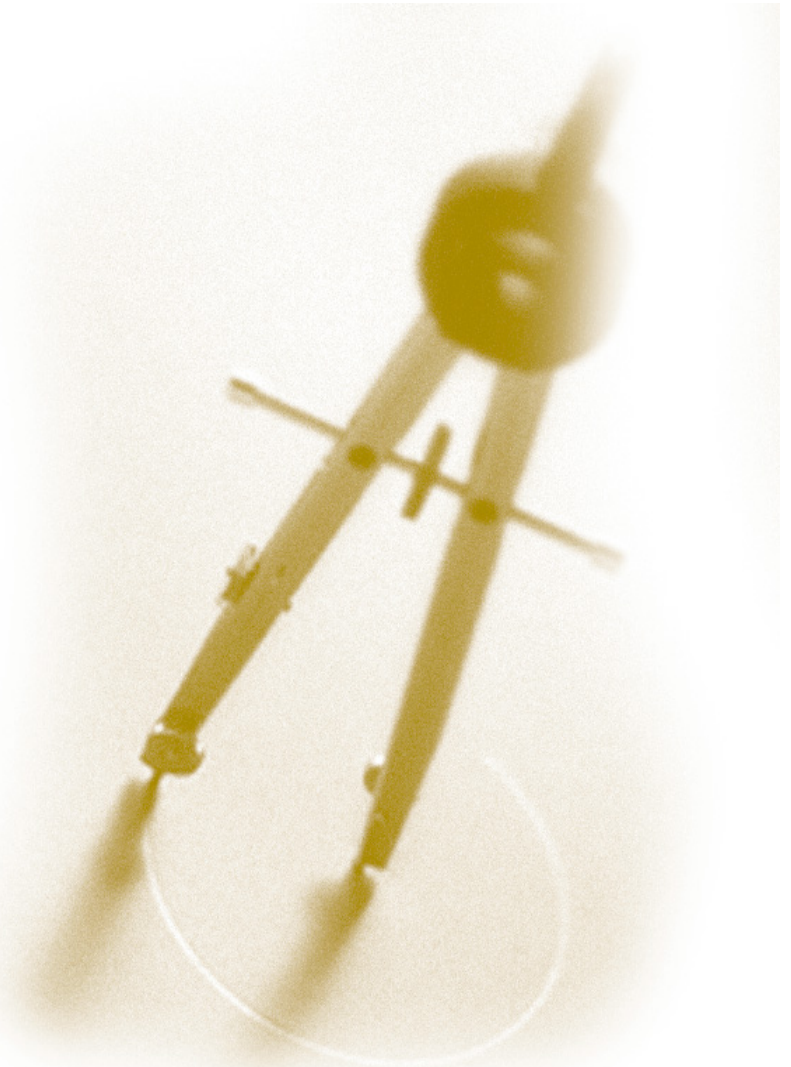


Themes for change

Discussion

The following pages discuss recommended change at each of the main stages of the standards development cycle. The inputs from stakeholders are very briefly summarised – for more detail, see the Initial Report published in December 2017 – at <https://www.standards.org.au/getmedia/381aa169-971b-4d93-b268-a270cdd67e51/Technical-Governance-First-Report-of-Consultation.pdf.aspx> .

The high level recommendations we have made are designed to illustrate what we have in mind for a strengthened development framework. We recognise that there will be much detail work required to implement them and it will be a matter for Standards Australia to prioritise this work and to develop the detail needed.



7. Themes for change

We have identified three key themes that we believe should serve as overarching organising principles for reform to SA's standards development framework – summarised below.

A. More strategic approach

Strategic priorities - For standards as a whole and by sector (or other segment)

Strengthen public interest - Embed and articulate publicly, strengthen technical governance

Articulate community benefits - Economic estimates of benefits of standards and publishing

B. More open processes

Inclusion - Broaden range of participants, greater public access and input

Transparency - Better visibility and explanation of processes and decisions

Accessibility - Improve ability to comment, request changes, complain, raise issues

C. More proactive quality assurance

Multiple paths / processes - Optional 'best-fit' pathways for development, comment, approval

Strengthen quality of input - Skills/experience definition for committees, professional writers and chairs

Monitoring and controls - Strengthen monitoring, project management, performance monitoring

Problem-solving / mediation - Protocols for technical disagreements, escalation of problems, complaints

Approval process - Transparent, rigorous appeals mechanism, conflict management for processes

The next sections of our report discuss how our proposed reform themes would impact the key stages in the standards development process – together with our proposals for future directions.



8. Prioritisation / work program

Current issues

From our review, it is apparent that the standards development program is largely driven by a 'bottom-up' process that responds to the project proposals that are received. A number of submissions suggested an insufficient top-down strategic overlay to standards development work. This can result in insufficient consideration of international developments, delays in addressing important issues, inadequate linkages between committees, and less-than-optimal use of expert working groups.

Many organisations with experience in SA processes find the project proposal process sufficiently clear and manageable, however there are those outside this perceived 'inner circle' of SA stakeholders who report much more difficulty. There are also those who would like to have more input into priorities.

Generally, we found a desire for a more nimble process that would permit projects to be developed, scoped and commenced more quickly.

Proposed reform directions

A. More strategic approach

- A 'top-down' approach should be taken to assessing strategic priorities – eg. on a sectoral basis or for a cluster of standards. For each sector/ cluster of standards, a group of senior industry representatives and experts could annually recommend a work plan to SA, with justification as to why this is in the public interest. SA could then discuss these recommendations with technical committees and use this to inform its consideration of projects.
- SA should articulate the intended benefits of its approved program of standards development work for the broad community.

B. More open processes

- There should be better opportunity for the public to have input into work priorities - eg. the recommended work plans could be exposed for public comment. A platform could be established to update interested members of the public about proposals pertaining to a sector or cluster of standards, so that they can respond with their views and this can be taken into account in approving projects.
- More assistance should be provided by SA staff to those who infrequently submit proposals to make the proposal process more accessible.



C. More proactive quality assurance

- SA staff should have greater responsibility for testing the importance of proposals with stakeholders, rather than this just being the responsibility of the proponent of a project.
- There should be multiple paths / processes with simpler pathways available – eg. for projects that are accorded high priority on the work plan or to renew a standard where there is a high level of stakeholder satisfaction.
- SA senior staff should have authority to approve proposals that are consistent with the strategic priorities. This should be done on a monthly basis, with quarterly governance reporting.



9. Committee composition

Current issues

Clearly it is important to achieve a balance of representation on committees, however it seems clear from our review that this is not always achieved, with the frequent perception by stakeholders that vested interests can dominate.

Issues raised included imbalance within industry (over-representation of manufacturers and importers and under-representation of end-users, some companies achieving greater representation via multiple nominating organisations, exclusion of companies who are not members of a represented nominating organisation), insufficient expert representation, inappropriate regulator representation (variously described as too little or too

much) and insufficient consumer representation. Whilst most stakeholders supported the nominating organisation role, there were views that improvements could be made.

There is insufficient transparency about committee composition. Whilst the represented nominating organisations are made public, names of individuals and their employing organisations are not. This practice is quite out of step with modern public policy development processes.

We received many submissions identifying the refreshment of committees as an issue needing attention, with the length of tenure of many committee members raising some concerns about up-to-date knowledge, entrenched interests and conflicts.

Proposed reform directions

B. More open processes

- For each technical committee, SA should have a right to appoint a minority of members – for expertise, perspective and balance. SA's appointees would be in addition to the committee members representing nominating organisations. To facilitate this broader participation, SA should be willing to at least partly fund an appointee.
- In the interests of transparency, SA should make public the names of all committee members and brief CV and declared interests information about them.

C. More proactive quality assurance

- For each committee, SA should first identify the experience and skills that are needed. This should be used to identify which nominating organisations should be represented on the committee, what skills and experience are needed from them and whether SA appointees are required.
- All technical committee members should have a specified period of tenure – eg. 3 years. Re-appointment should be possible and should only occur where the person's contribution to committee warrant this. Decisions about re-appointment should be made by Standards Australia in consultation with the committee chair.



10. Development and drafting

Current issues

Contributors to the review frequently described the role of the Committee Chair as the most important variable for committee effectiveness – and made it quite clear that the effectiveness of current Chairs is seen as highly uneven.

It is also evident from both our analysis and input that much importance is also attached to the Project Manager role.

The drafting task makes up the third commonly cited critical success factor for committee-based standards development. This

responsibility can place considerable pressure on voluntary committees, and place too much control in the hands of the drafter. Other issues raised in submissions were the need for better technology to facilitate virtual meetings (something SA has recently introduced) and to track committee progress.

Whilst we are aware of many examples of successful technical problem solving, a number of submissions suggested greater emphasis is required on evidence and rigorous and transparent cost-benefit analysis.

Proposed reform directions

B. More open processes

- To enhance transparency and accountability, there should be better public reporting about the progress of a standards project eg via publication of committee minutes.

C. More proactive quality assurance

- To facilitate a pool of high quality, independent Chairs, SA should be willing to remunerate independent Chairs.
- Each Chair should have a specified period of tenure – eg. 3 years. Re-appointment should be possible where performance warrants this.

- There should be an annual performance review of each Chair including committee members surveyed for their views. Chairs perceived to not be performing should be mentored.
- SA should utilise more paid professional drafters.
- SA should project manage the work of committees more assertively to ensure the work is progressing in a timely manner.
- SA should develop a range of approaches for resolving the variety of technical disputes that can arise. These approaches need to be evidence-based with rigorous cost/benefit analysis being applied.



11. Public comment

Current issues

Whilst SA always exposes draft standards for the public's views, it is apparent that website publication is a limited means of making the public aware of standards development work. It is also apparent that current systems to capture public feedback do not reliably direct the feedback to the relevant technical committees and the portal that is the vehicle for the public to submit their comments about a draft standard is not user-friendly.

The submissions also revealed a deep dissatisfaction by those who had made comments on a draft standard that were not adopted in the final version of the standard. The sense amongst many was that the feedback process was tokenistic.

Proposed reform directions

B. More open processes

- There should be better promotion by SA of the public comment phase including opportunity for interested members of the public to register for notification of this phase.
- A better platform is needed to capture comments by the public/ users of standards whether before or during a standards project and to direct these comments to the relevant committee.
- Where a standard is being amended, the standard (not just the proposed amendments) should be made available free of charge for commenting purposes.
- A response from the committee should be provided to the comments made by the public about a draft standard. This should address the key suggestions that were not adopted and explain why not.



12. Approval/ consensus

Current issues

Whilst SA has committee voting processes designed to give SA's Standards Development Accreditation Committee (the approver of new standards) confidence that there is broad consensus within a technical committee that is proposing a new standard, these committee voting processes are not transparent for those outside the organisation.

Proposed reform directions

B. More open processes

- There should be public disclosure as to how each technical committee member votes on the ballot to approve a draft standard.
- In place of the 'major interest' objection process, there should be a formal appeal process available to someone who objects to the standard and is able to provide reasonable grounds for their objection. The appeal process should operate in a transparent way, with input from proponents of the proposed new standard. The appeal should be determined by an independent mechanism such as a panel of experts.

This lack of transparency can undermine external confidence and creates concern that vested interests might dominate. In particular, the review highlighted concern about the 'major interest' objection process – who constitutes a 'major interest' and how that process operates. There was concern that this process can amount to a veto.

C. More proactive quality assurance

- When the Standards Development and Accreditation Committee considers whether to approve a standard, it should be made clear to stakeholders that a person on that committee who represents an industry that is directly affected by that standard will be excluded from voting on the basis that they have a conflict of interest.



13. Prioritisation / work program

Current issues

As recognised in most submissions to the review, international standards development participation is of critical importance. There was acknowledgement of the government's grants support, however there remained a concern that limited funds restrict Australian involvement.

There is, therefore, a need for a strategic approach to international participation with a focus on projects where Australia can make a difference, which could include with the objective of amending an

international standard so that it would become acceptable in Australia.

The review highlighted the need for the best person to be selected as the Australian head delegate, with calls for clear selection criteria and a transparent selection process.

Issues were also raised with us about whether there is a need for more coordination and consultation to ensure that a clear Australian position, within the parameters of international rules, is established about a proposed new international standard.

Proposed reform directions

A. More strategic approach

- A 'top-down' approach should be taken to developing a strategic framework for prioritising international projects (as for suggested approach under Section 8) to ensure that funding is used where the greatest Australian benefit is likely to be derived.
- A review should be undertaken with a view to clarifying and strengthening the processes for commenting upon and voting on international standards so that Australia is as effective an influencer as possible.

B. More open processes

- There should be a clear and transparent process, consistent with other standards development processes including declared interests, for selecting an SA-funded head of delegation for an international committee. Selection criteria should be established and expressions of interest sought.



14. Next steps

The next steps in this process of reform are for Standards Australia to drive, in conjunction with stakeholders. By way of closing comments:

1. While we heard many passionate arguments about the standards development process, we are much heartened that this passion is driven by stakeholders' strong belief that standards development is worthwhile, important work – of great value to the community.
2. Our recommendations are expressed at a high level, in part because we are conscious of the limitations to our knowledge of the detail of development processes.
3. We recognise that more detailed consideration, prioritisation and refinement of the ideas in this report is necessary together with careful costing of the impact on the organisation. This is work best led by SA taking a project approach in consultation with stakeholders.
4. Involving stakeholders in consultation and participating in re-design is, we think an essential ingredient and this of course requires time and patience.
5. The sheer scale and momentum of the SA development world also means that existing processes are likely to be core for some time to come – radical change impacting all of this at once would be impossible even if it were desirable.
6. While we think that fundamental change is needed, we recognise the reality that implementation should involve a determined, far reaching but generally step-by-step approach to the change.
7. We have seen encouraging evidence that Standards Australia has organisational capability that will be required for this systematic innovation - the ability to design new processes, prototype and pilot, evaluate and refine.



CONTACT DETAILS

For further information, please contact:

Phil Khoury
Managing Director
P: +613 9421 3111
phil@crkhoury.com

or

Debra Russell
Senior Consultant
0408 523 850
debra@crkhoury.com

PO Box 307
East Melbourne VIC 8002
Australia

