



**CONSUMERS  
FEDERATION  
OF AUSTRALIA**

Developing and promoting  
the consumer interest

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## **Standards Australia Company Governance Review June 2020**

### **Consumers' Federation of Australia (CFA) Submission**

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#### **Overview**

This submission is made by the Consumers' Federation of Australia (CFA), the peak body for consumer organisations in Australia. It is in response to Standards Australia's invitation for additional stakeholder input on the Standards Australia Company Governance Review.

We are supportive of the aims of the Review to ensure Standard Australia's Constitution and Membership rules are an up to date, fit for purpose governance framework for the next century.

Feedback has been invited on stakeholder representation and governance arrangements in the Consultation Paper and we make comments below on the identified key areas for strengthening engagement with stakeholders.

#### **Consumers' Federation of Australia (CFA)**

Consumers' Federation of Australia (CFA) is the peak body for consumer organisations in Australia, advocating in the interests of Australian consumers. It promotes and supports its members' campaigns and events, nominates and supports consumer representatives to industry and government processes, develops policy on important consumer issues and facilitates consumer participation in the development of Australian and international standards for goods and services.

Consumers are key stakeholders in the standards development process and in recognition of this Standards Australia provides an annual grant to facilitate the participation of volunteer CFA representatives on the technical committees as part of the [CFA Standards Project](#).

Consumer representatives play an integral role in the development of standards at both local and international levels. At a recent ISO Consumer Policy Committee (COPOLCO) meeting Mr Sergio Mujica, ISO Secretary General said 'Consumers are a very important tool in stakeholder engagement, one of the key stakeholders and bring trust and help to protect society. The view of consumers

represents all of us.<sup>1</sup> CFA representatives are involved both locally and internationally in the development of a broad spectrum of standards.

## Summary of comments

- CFA supports the greater involvement of stakeholders in the general governorship of Standards Australia. Currently there is an alarming lack of consumer representation on the existing governance and membership structure and CFA believes that Standards Australia should engage consumer organisations at all levels of its corporate structure.
- CFA notes the issues identified in the Consultation paper concerning the restrictive membership which has the potential to exclude potential members and supports the proposal to make the governance structure more inclusive without the stringent barriers to entry, however each level should be balanced to include consumer organisations ensuring the meaningful engagement of all stakeholders.

The current Constitution sets out eight types of organisations that can become members with a limit of 5 bodies to represent consumers. However, there is only one consumer organisation in the current 75 Members and Standards Australia did not actively recruit for more.

- CFA recommends Standards Australia develop guidelines on the types of nominating organisations, companies and individuals to be included to maintain balance and ensure no stakeholder dominates the process. It is important to minimise the extent to which those involved are motivated by self-interest rather than the public interest and that the views of the less powerful and well-resourced stakeholders are not ignored.
- CFA believes that consumer organisations should be involved at all levels of the corporate structure and a position be made available on the Board for a person not only with an understanding of governance but with experience in consumer issues or representation.
- It is important that a person representing consumers is nominated by a relevant and credible consumer organisation. This ensures that they will formally represent their consumer constituents rather than promote a personal opinion. CFA, whose membership includes an Australia wide representation of consumer interest organisations, enables Standards Australia to uphold the principle of formal and credible consumer representation on standards committees and in the governance structure.
- CFA recommends that Standards Australia maintains adequate funding for consumer representation in the standards development and governance process given the challenges for consumers and consumer organisations to participate.

## Response to questions

### 4.1 Type of organisation

CFA agrees with the key elements of multi stakeholder governance. A key design issue is how to structure engagement with stakeholders who contribute enormously to Standards Australia. CFA supports the identified elements of multi stakeholder governance:

- Meaningful involvement of all stakeholders

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<sup>1</sup> 40<sup>TH</sup> Meeting of COPOLCO held in Bali, Indonesia, May 2018

- Consensus based decision making
- Operating in an open, transparent and accountable manner

#### **4.2 Objectives of involving stakeholders**

CFA supports the current five consumer member representatives' positions and believes that Standards Australia should actively engage with consumer organisations with a view to obtaining more consumer involvement. CFA also supports a simpler and more accessible model that encourages membership.

#### **4.3 Stakeholder model**

CFA supports the conceptual model specifically the inclusion of Community which will allow for input from a much broader range of stakeholders.

However, it is not clear how each level will interact with each other and the role that each will have in the governance of Standards Australia. There is also no clarity about how to ensure an appropriate balance of stakeholders is maintained for each level. Some consideration should be given to guidelines on eligible participants to ensure no stakeholder group dominates the process where they may have representatives in the nominating organisation, company and individual category in each area of the model.

#### **4.6 Supporters and community**

The definition for Supporters and Community (p.10) reads more as the bottom two levels of the pyramid i.e. Committed and Community. We presume this level replaces the current Members level. The current structure allows for 100 members.

CFA supports that the Community and Committed levels should be more inclusive, however increasing the number of nominating organisations, companies and individuals should be within a balanced framework and include consumer representation.

CFA does not have knowledge of Standards Australia's actual links or involvement with Australia's Indigenous communities but recommends that in looking to attain a broader community involvement, the Review also looks at Indigenous communities. For example, seeking involvement in the development of bush fire management standards where traditional control methods could play an important role.

#### **4.7 Supporters**

The role for this group replaces the current Council.

CFA recognises that the role should be more manageable with a better dialogue with the Board and have a higher proportion for public interest i.e Government, **community**, academic/expert. Consumer organisation representation would also be appropriate at this level. It is important that a person representing consumers is nominated by a relevant and credible consumer organisation. This ensures that they will formally represent their consumer constituents rather than promote a personal opinion.

#### **4.8 Key contributors**

CFA recommends that the Board be more reflective of the stakeholders and include a Director with a consumer background, working with or being from that constituency.

CFA agrees there should be more clarity and transparency in relation to the Standards Development and Accreditation Committee (SDAC) role and appointment process. CFA notes

that the Consultation paper states the SDAC has low stakeholder visibility. CFA acknowledges that some matters are of a confidential nature but believes that consideration should be given to informing members of activities in an informed general way. CFA also believes that appointments to SDAC should be more transparent and made to a documented process.

#### 4.9 Other

In relation to suggestions for how to improve the way the current system works in Standards Australia's relationships with other organisations (e.g. consumers) CFA raises concerns that there is often a lack of engagement with consumers and consumer organisations due to a shortage of funding to participate.

CFA recognises the importance of Standards Australia's annual grant for the [CFA Standards Project](#) which facilitates the participation of volunteer CFA representatives on the technical committees. Unfortunately, this funding has been decreasing in recent years and there are concerns about the ability to participate as fully in the future.

Funding to facilitate consumer involvement in corporate management and committee representation would increase consumer participation across the broad spectrum of Standards Australia activities.

CFA also believes that internal funding should be allocated to facilitate Standards Australia staff increasing their awareness of consumer issues and concerns relevant to the development of standards. For example, attendance at the National Consumer Conference and/or ACCAN National Conference would enable Standards Australia's staff to gain a broader knowledge of consumer issues and, importantly, promote Standards Australia's accomplishments and acquaint a broader public of the value of standards to consumers.

CFA notes the issues identified in the Consultation paper concerning the restrictive membership in relation to achieving inclusiveness which is likely to exclude potential members and supports a more inclusive membership mirroring stakeholders including consumers.

Should you wish to discuss this submission, please contact Regina Godfredson at [standards@consumeraction.org.au](mailto:standards@consumeraction.org.au).



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