
9 Key Findings

Section 3 of this *Executive Summary* provides a broad overview of the major features of the SQAM infrastructure, the environment in which it now operates, and its interactions with various stakeholders found during the course of the SQAM Review.

On analysis of those features, and after comparisons of South Africa's needs for the future and similar comparisons of South Africa's needs with respect to emerging international trends, influences and potential best practices, the *key findings* are as follows:

a) System wide issues

- South Africa's standards development, physical metrology, and accreditation functions are operating at world class levels and that status has been widely recognised internationally. In the main, domestic stakeholders have expressed general satisfaction with the performance of these elements of the infrastructure, and few, if any, fundamental gaps in their services were brought to the Review's attention.

Nevertheless, there are areas for improvement in various aspects of their operations; continued international recognition will require ongoing investment by government; and some future skill resources may be difficult to find and maintain. Increased access to the services of these institutions by Small, Medium and Micro-enterprises (SMME's), is also an issue. Various recommendations deal with these matters.

- In contrast, the system for trade metrology and, particularly the inspectorate functions of the system, is in disarray and needs critical and comprehensive attention by government. The current situation not only fails to protect consumers from unfair trading practices, but also severely disadvantages ethical businesses operating in a market where unscrupulous traders operate without sanctions. While there have been suggestions that there may be Constitutional constraints to rectify the current problems, the Review has recommended a number of significant structural, legislative and administration changes that should be given urgent consideration if South Africa is to be serviced by an effective trade metrology system.
- The legislative framework for the SQAM infrastructure bodies is in many respects outdated, assigns roles to SQAM organisations no longer appropriate to the organisation covered by the legislation, encourages continuation of overlap of SQAM services, and provides anti-competitive protection for some certification activities. The most radical need for amendment is the Standards Act, but other minor changes are needed to other Acts and these are the subjects of institution-specific recommendations.

-
- Along with amendments to the Standards Act, the Review recommends the establishment of two new Acts to deal with the totally fragmented system of formulation, review and administration of technical regulations. The proposed Acts are a “Technical Regulations Act”, which would have the objective of separating the administration of compulsory specifications from the current Standards Act, and a “Regulatory Reform Act”. The latter Act would provide for establishment of an Office of Regulatory Reform and mechanisms for defining codes of practice for establishment and review of ongoing needs for specific technical regulations; and review of new and existing regulations against such codes. This new Act could also establish the arrangements for any promulgation of Regulatory Marks together with measures to control potential abuse of conformity assessment marks in general.

Establishment of these new Acts, and assignment of responsibility for their administration, provides comprehensive opportunities for the following:

- Reform of unnecessary technical regulations.
- Reform the dichotomy of the Standards Act covering both standards development and regulatory roles within the SABS, (particularly as the Review also recommends opening up the system for conformity assessment of technical regulations to accredited bodies).
- Remove conflicts of interest should the SABS corporatise its commercial activities but still wish to conduct conformity assessment services for compulsory specifications in an open conformity assessment market, independently monitored by the proposed Office of Regulatory Reform.
- Control abuse of all forms of conformity assessment marks, including those associated with accreditation.

To ensure the Office of Regulatory Reform can objectively review technical regulations and the availability of resources to implement them effectively, the Review has suggested that it be placed in an arm of Government separate from Ministries with technical regulations responsibilities for either compulsory specifications (Department of Trade and Industry) or technical regulations in general.

- The Review confirmed that there was considerable confusion about the significance of various forms of conformity assessment marks and that introduction of any compulsory regulatory mark would need to be done in accordance with a set of principles that would minimise such confusion and be an effective regulatory surveillance tool. Recommended principles for this are described in the report.

-
- The role of the Standards and Environment Directorate of the Department of Trade and Industry is crucial to the optimum operation of the South African SQAM infrastructure. While the name of the Directorate does not adequately describe the scope of its SQAM responsibilities and interactions, the range of those interactions is considerable. They include responsibilities for most of the government funding of SQAM and development of policy for SQAM support and interactions in regional (SADC) and international trade facilitation activities.

The Review has formed the view, and recommended accordingly, that DTI be the sole conduit for funding and policy interactions between the SQAM institutions and Government. It questions, however, whether the Directorate will be adequately resourced, particularly if the recommendations of this Review are adopted and the tempo of Government's involvement in international trade negotiations on TBT issues is increased.

In this latter context the Review has advised that development of Mutual Recognition Agreements (MRAs) between governments in the regulated sectors is highly resource dependent. The Review has recommended that negotiation of such MRAs be highly selective and based on an overarching strategy for such MRA development. The report describes in some detail some possible principles and policy considerations that could be incorporated in such a strategy.

- The levels of funding provided by the South African Government to its SQAM infrastructure bodies is in line with international norms for national measurement institutes and on the higher scale, in broad comparison terms, for standards and accreditation activities. Funding needs are highly contextual in these areas and extreme care should be taken in drawing close parallels with like bodies internationally. For example, the costs for international representation to support comprehensive MRAs etc are not linked to the size of the bodies. Small organisations still need to have comprehensive involvement if there is a national interest need, and in a similar mode, smaller developing SQAMs may need to provide a rounded national service for various programs that are needed in the national interest, but are never likely to be funded from the fees charged to a relatively small client base. There are features of these syndromes in South Africa.

The review has also identified some activities, such as SQAM institutions' involvement in SADC and their support for trade negotiations that should legitimately be identified as national interest items and funded accordingly.

Some international experiences of sudden withdrawal of government support are also cautionary and have had traumatic effects on the continuing operation of essential SQAM

activities. What is needed by the SQAM institutions is knowledge of future funding levels, to allow forward resource planning.

From the Government's perspective there also needs to be accountability for the application of public funds in the national interest. While there is broad understanding of the types of activities being funded in the national interest the Review has recommended a set of funding principles that would allow greater accountability, while providing rolling three year projections of government funding to SQAM institutions.

- Despite the Government's role as a primary stakeholder in the SQAM institutions, including as the major contributor to most of their funding, the Government does not have direct, high level representation on the governing Councils or Boards of the SQAM bodies. There is provision, however, for such representation in some of the SQAM bodies and, in the case of the SABS, the Minister of Trade and Industry appoints Council members.

The Review has a strong view that there are compelling reasons for the Government to be represented directly on SQAM institutions' governing Councils, Boards and senior policy advice forums. There are mutual advantages in having the funding agency directly involved in the policy formulation and strategic direction of SQAM bodies. It ensures that the bodies are fully aware of relevant government policy, funding opportunities and constraints. They are thus better able to align their own policies with national priorities. Government also would have greater reassurance of the national interest being served efficiently by the SQAM and would also have direct awareness of the constraints and needs of their infrastructure bodies. The Review has, therefore, recommended that the DTI should be represented directly in the SQAM governance.

- Coordination between SQAM bodies and opportunities for joint development of relevant national policy or contributions of advice to government in a coordinated way is not catered for in the current SQAM environment. In examining the needs for such coordination in South Africa, and considering the practices used internationally for such coordination, the Review has recommended that the best arrangements in South Africa to achieve coordination would be through two mechanisms. The first would be to have cross-representation on the governing bodies of the major SQAM organisations. In the case of NML, no such body yet exists, but a separate recommendation addresses the creation of an NML Management Board as well as an NML Advisory Board to provide strategic direction and advice to NML.

The second arrangement for SQAM-wide consultation and policy advice to government is through establishment of a SQAM Advisory Forum. This Forum is not intended to be a controlling body and the objectives of a similar body in the United Kingdom have been

proposed as a potential model for South Africa. The Forum has also been proposed to have the dual function of advising government on priorities for projects to support any initiatives for promotion of quality by government, including inputs to funding priorities for such projects.

- The comprehensive MRA networks developed by SANAS and NML are solid investments in South Africa's ability to support and underpin any future government to government MRAs in the regulated sector. The relationship between the SQAM bodies' MRAs and the trade policies and strategies of the South African government have not been formally described. While MRAs between governments have the potential to reduce technical barriers to trade they are resource demanding and need to be negotiated only where the benefits outweigh the costs. The Review has proposed formulation of an overarching MRA policy by the South African Government and has described in the report a number of principles for possible inclusion in such a strategy.
- The Review also examined the need for a central national register of accredited conformity assessment bodies, and concluded that this should be pursued and its establishment funded as a public interest activity. SANAS is suggested as the logical administrator of such a register, which could be cross-linked electronically to databases of individual certification bodies in South Africa.
- To provide a more level playing field for conformity assessment bodies in South Africa and to capitalise on the availability of a growing network of accredited facilities, the Review has recommended that the system for demonstrating compliance with compulsory specifications in South Africa be opened up to all nationally acceptable accredited bodies. This principle extends to bodies accredited outside South Africa by SANAS' MRA partners for competence to test, inspect or certify to South African requirements. This complements proposals for the establishment of an Office of Regulatory Reform and a Technical Regulations Act.

b) Standards development and other activities of the SABS

- Many of the terms of reference for this Review were directed at the roles, processes and future activities of the SABS. They ranged from amendments to the Standards Act, future positioning of the SABS, its relationships with industry and the potential commercialisation or privatisation of its commercial certification and testing services. Historically, the SABS performed a comprehensive series of roles, which in most economies would have been distributed amongst other bodies. Progressively, some of the traditional roles of the SABS have been absorbed into other bodies such as SANAS, SAQI etc. In the meantime the Standards Act has not been amended and some of the tasks more appropriately placed with other bodies, such as SANAS for laboratory accreditation of trade metrology facilities, continue to be performed by the SABS. The SABS also has a very comprehensive role acting in the regulatory sector for administration of compulsory specifications. Such a role for a standards development body is highly unusual in a world sense and highlights the need to separate the two functions by placing the latter responsibility under an Act separate from the Standards Act.
- The SABS is also atypical internationally in that it issues its standards in the name of the organisation rather than in the name of the country. This raises questions regarding the future positioning, corporate identity and national interest roles of the SABS. The review has raised concerns about other bodies issuing “national standards” such as the South African Qualifications Authority. It is the opinion of the Review that it would probably be in the interest of South Africa to have one organisation that issues national standards, and that the organisation should be the SABS. This does not mean that other organisations are prevented from developing national standards. The review in fact recommends that many standard development organisations be recognised for the preparation of such standards.
- The Review has a number of recommendations to clarify the future positioning and national interest roles of the SABS. There is some interdependence of these recommendations, and the Review Team considers that they should be considered a logical reassignment of roles in a new generation SQAM infrastructure.

The recommendations relevant to positioning and national interest roles, and associated funding for such roles for the SABS are, firstly, that a new Standards Act be restricted to identifying the SABS' national roles as the sole provider of South African National Standards, while empowered to recognise other developers of standards. This is reinforced by a recommendation for future standards to be named “South African National Standards” with all other parties restricted from use of this terminology unless recognised by the SABS.

-
- A further positioning recommendation, relevant to the SABS, is that it no longer be classified as a Science Council but be recognised as the peak national standards body in the proposed new Standards Act, responsible to the Minister of Trade and Industry and funded directly for its defined national interest work by the DTI. The review also recommends that the role and composition of the SABS Council change to reflect an increased business orientation, and that members be appointed to the Council based on demonstrated business acumen. The DTI is also proposed by the Review to be represented on a new SABS Council, whose overall representation would be slightly expanded. To ensure appropriate and increased opportunity for broad stakeholder input to the SABS, the Review recommends that a SABS Advisory Board be established.
 - With the clearer definition of the SABS' national interest role in an amended Standards Act, it would also facilitate the corporatisation of the SABS certification and testing activities, which would then be clearly separated from any national interest role and enabled to compete nationally, regionally and globally. The review has recommended that this occur, and the new subsidiary should be governed by a Board, separate to the SABS Council, but membership of that Board to include limited representation of Council members. It is not considered prudent, in the short term, to move from a corporatised status to a fully privatised entity, until the ongoing financial performance of the subsidiary has been established.
 - In separating the testing functions from the standards body, the appropriate process as outlined by the Review should be followed to deal with any activities or facilities within the SABS' Testing Division that might be of national importance.
 - Following comparisons with a number of foreign standards bodies, the Review has framed a number of recommendations for improved industry inputs to the standardisation process, including a more serious commitment to formation of Sector Policy Boards with senior industry representation, greater involvement of industry representatives in ISO and IEC Committees and comprehensive use of industry personnel to chair Standards Committees, rather than to continue to use only the SABS staff as Chairmen.
 - It has also been recommended that the SABS undertake a comprehensive review of national needs for continued representation in such a high number of ISO Committees as was found in the Review, and continued participation should be based on the availability of active national, mirror committees.
 - In the light of possible greater international competition amongst standards bodies, and the need to enhance standards writing services, the Review has encouraged the development of value-adding services to complement the standards development activities of the SABS.