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20 June 2014

To: Competition Review Policy Secretariat

Email: Contact@CompetitionPolicyReview.gov.au

Subject:

Response to– Competition Policy Review - Issues Paper

- Name of organisation: Australian Organisation for Quality Incorporated
- Category of stakeholder: Professional Industry Association
- We would be delighted to participate in further consultations
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Dr Martin Andrew
President, Australian Organisation for Quality

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Facilitating Competition through greater alignment of legislation and regulation to modern business management systems

The Australian Organisation for Quality welcomes the opportunity to respond to the Competition Policy Review Issues Paper. While much of this paper is beyond the normal purview of our Organisation's scope there are several general observations we think pertinent to the way that legislation and regulation generally affect efficiency and productivity in companies.

Background

The Australian Organisation for Quality (AOQ) was formed in 1968 as a not-for-profit professional organisation to pioneer efforts to gain wide spread acceptance of quality within Australian Industry as a prerequisite for international competitiveness. To that end, the Organisation initiated the training and education required to install systems of quality assurance within both the public and private sectors. AOQ is a national body consisting of independent branch organisations based in most States. There are also some regional groups throughout the country. Our membership includes representative companies from every major industry group in the current ABS ANZSIC categories with almost all using a systematic approach to their systems, incorporating quality tools and techniques. All AOQ office bearers are unpaid.

AOQ considers that the quality agenda is an implicit element of the productivity agenda and has unfortunately become overlooked in the current national policy debates that include declining national productivity, competitiveness, and legislative and regulatory approaches to these.

Why we are submitting a response to this Consultation Paper

AOQ is submitting this response to this Consultation Paper for these reasons:

1. AOQ is the leading proponent of the use of the fundamental tools of quality. These underpin the various legislations and regulations that define quality performance standards.

However the common Australian practice is to develop legislation and regulation that requires compliance with 'quality standards that appear to be uniquely developed for each sector'. This seems to be especially the case in the services sector: typical examples include Vocational Education, Higher Education, Aged Care, Community Services and Health.

This imposes inefficient burdens on organisations, especially when many (most?) are faced with multiple, non-harmonised requirements.

We propose a solution to this.

2. We are also the peak body representing those Australian individual and organisation members who implement and audit against the ISO series of Standards including 9000, the global Quality Standard, other national regulatory and international standards and Business Excellence. We often cross reference these standards and practices when providing feedback on any other existing quality based standards that may apply to any industry area.

This is the first time we have made a submission on Competition Policy.

Our view of the current issues in Competition Policy

The comments partially address the following Key questions:

- *What should be the priorities for a competition policy reform agenda to ensure that efficient businesses, large or small, can compete effectively and drive growth in productivity and living standards?*
- *Are there unwarranted regulatory impediments to competition in any sector in Australia that should be removed or altered?*

AOQ believes that the Policy Review Secretariat would do well to take a holistic and high level approach to current legislation and regulation, much of which has been developed and implemented over the last decade. While some legislation applies across industry (for example: WH&S), much legislation is quite narrow and pertains to specific service sectors including Vocational Education, Higher Education, Aged Care, Community Services and Health. Our key point is that the requirements are disparate: they are not harmonised. The assumption seems to have been that each industry is unique and needs its own special standard, and should not adopt or customise a generic standard. We think that assumption is flawed.

This situation imposes significant costs on Organisations who have to meet multiple sets of disparate requirements, in a piecemeal, non-integrated, way. Costs (both time and money) include: establishing systems for managing multiple requirements, administering those systems, dealing with multiple audits and auditors (generally one for each standard) and paying multiple certification / compliance fees.

We believe Competition Policy Reform can be expedited by aligning legislation/regulation to contemporary business quality management systems – especially ISO 9001. Companies use business management systems to help increase productivity, efficiency and competitiveness.

From our analyses we consider there is much similarity in the objectives across the current legislation and regulation of the service sectors. This is not surprising as in almost all cases there is a client - an Australian citizen. Whether that client is young, middle aged or older there are common and fundamental requirements for health, education and care to be delivered by competent professionals. Thus all service sector legislation requires appropriate governance, fiscal rectitude, staff training and competency, documentation of procedures and so forth.

ISO 9001 is the prime business management system in Australia (directly and indirectly); it is currently used directly by over 10,000 companies. ISO 9001 comprises some key requirements that apply fairly universally across all organisation types, including Management Commitment; Customer Focus; Planning; Responsibility, Authority, and Communication; Documentation; Resource management; Customer-Related Processes; Competence, Training, and Awareness; Infrastructure and Work Environment; Production and Service Provision; Product realisation; and Measurement, Analysis and Continuous Improvement.

Furthermore, ISO addresses key requirements for organisations that can't be legislated for: to be efficient, productive and competitive! Legislation to govern any sector will only ever be part of what actually makes for a good business.

AOQ members are typically Quality managers or SME business owner/operators. Our members have traditionally applied the principles of Quality Management to business systems. Increasingly this role has been usurped by the need for the Quality manager to manage compliance to a string of disparate legislative standards and regulations (WH&S, Environment etc) plus now many industry specific requirements as well, such as in the service sectors mentioned above.

Given that there is considerable overlap between the intent of current legislation/regulation and ISO standards, it would seem sensible to methodically develop these as transparent elaborations of ISO 9001; this would mean using ISO 9001 as the core, and elaborate it to

apply to the particular sector, such as via a lexicon to map industry jargon with the generic ISO terminology, by adding or deleting elements as needed to address key risk areas and any unique sector requirements. ISO 9001 would become the 'Babel fish' for making common sense of the various requirements.

The advantage of such an overall approach is that it should be much easier for organisations that are subject to multiple requirements, to map these to their business management system, and have a single, integrated management system that addresses all of the organisation's requirements. It will also assist organisations to gain the benefits of implementing a full ISO 9001-based business management system where they do not already have this.

Having ISO 9001 as the core will also enable the Certification Bodies who currently audit ISO Certified companies to assist government by auditing legislative compliance, either as part of their 3rd Party ISO audits (for organisations who are ISO Certified), or separately (or any organisation).

In summary we see many costs in the current 'system' where one organisation faces multiple, disparate legislative/regulatory requirements, costs that could be avoided by building the requirements on a common, generic framework: ISO 9001.

We thank the Competition Review Policy Secretariat for the opportunity to contribute to the Issues Paper. We wish the Secretariat well in its task and our officers welcome the opportunity to provide further feedback should the opportunity arise.



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