

GUIDE TO NET BENEFIT

1 OVERVIEW

The purpose of this Guide is to assist in preparing a case to demonstrate the Net Benefit of a proposed Australian Standard. It may also be applied to other activities or projects where it is relevant to measure or demonstrate Net Benefit.

Standards Australia has defined Net Benefit to mean *“having an overall positive impact on relevant communities”*.

This Guide will be useful to –

- Individuals or organisations proposing that a particular Australian Standard be developed, amended or revised; and
- Accredited Standards Development Organisations (SDOs)¹ seeking to demonstrate compliance with the Accreditation Board for Standards Development Organisation's (ABSDO's) requirements. The role of ABSDO is to accredit organisations to develop Australian Standards and to set the policy requirements for Australian Standards.

Proposals put to Standards Australia for the development, amendment or revision of an Australian Standard must use the latest version of the project proposal form for standards development, including a Net Benefit case as described in this Guide. Similarly, proposals for Australian participation in International Standards development, and Australian adoptions of International Standards must use the appropriate forms, including Net Benefit cases as required. Other SDOs may also choose to use this guide similarly.

From an Australian perspective, the term 'Australian Standard' (AS) should be read interchangeably as joint Australian/New Zealand (AS/NZS) Standard throughout the Guide. Where a Net Benefit case is required for another purpose, such as proposing Australian involvement in the development of an ISO or IEC International Standard, development of a Handbook or other Standards Australia document, 'Australian Standard' can be taken to refer to that purpose.

2 BACKGROUND TO NET BENEFIT

Where a party is proposing a project to develop, amend or revise an Australian Standard, that party is responsible for developing a Net Benefit case and submitting it to the SDO as part of the project proposal. ABSDO's Criteria for Designation as an Australian Standard specifies that a Standard must provide a value or benefit to the Australian community that exceeds the costs likely to be imposed on suppliers, users and other parties in the community as a result of its development and implementation. Each Australian Standard must demonstrate positive Net Benefit to the community as a whole. This requirement reflects the Memorandum of Understanding between Standards Australia and the Commonwealth Government.

The Net Benefit Case must be made prior to the development of an Australian Standard. For SDOs, Net Benefit is usually assessed as part of the SDO's internal processes for approving new projects for the development, amendment or revision of Australian Standards. In all cases, an SDO developing the Australian Standard must demonstrate Net Benefit when it registers the project with Standards Australia.

¹ Organisations accredited by ABSDO to develop Australian Standards

3 DEVELOPING A NET BENEFIT CASE

Standards Australia's project proposal forms provide a structure for Net Benefit cases for development of Standards by Standards Australia. Other accredited SDOs may use the following guide to developing Net Benefit cases for their own proposals.

Scale of the demonstration of Net Benefit should be appropriate for the potential impacts of the proposed Standard. For proposals with major cost impacts, a detailed analysis should be carefully considered. Small projects or projects with limited impact will require a less detailed Net Benefit Case. **Amendments may rely on the Net Benefit Case of the original Standard.** Identical Australian adoptions of International Standards may rely on the case for participation at the international level, where an Australian committee has been participating in the development of the International Standard.

The key principle is that the Net Benefit Case must be appropriate for the size and impact of the proposed Standard. The following elements may be used as headings within a Net Benefit case and are designed to guide authors of proposals through the development of their case.

EXECUTIVE SUMMARY

- Provide a summary of scope of the proposal

NEED FOR THE STANDARD

- Identify and provide evidence of the problem to be addressed, particularly where there is evidence of market failure;
- Describe the goals and objectives of the proposed Australian Standard;
- Demonstrate that there is wide stakeholder support for development of the Standard and that the implementation of the proposed Standard is likely; and
- Identify any consequences of not developing the Standard.

CONSIDERATION OF BASE DOCUMENTS

- Identify any relevant codes, information, guidelines or Standards currently used or produced in Australia or other countries to address the problem;
- Review and/or justify any apparent duplication with an Australian Standard or International Standard; and
- Consider any existing or proposed International Standard or International Standard development project and justify active participation, adoption/non-adoption or modification.

COST AND BENEFITS OF THE STANDARD

The aim of this section is to demonstrate that the potential impacts of the proposed Standard are understood, including the costs and benefits of implementation. It is important that this does not include the costs incurred by Standards Australia or stakeholders in developing the Standard. An appropriate method of assessment should be chosen which reflects the significance of the proposal.

Quantitative data should be used to illustrate the size and scope of the impact of the Standard wherever possible.

It is important to consider the costs and benefits to all affected stakeholders and communities of interest – the Net Benefit is the sum total of all these costs and benefits. While a proposed Standard may have limited Net Benefit to the general public, there may be significant proportional costs or benefits to smaller communities of interest. Please identify any of these specific communities and the impact this proposal makes on them.

The absence of a Standard may also have significant impacts other than those easily identified as part of a Net Benefit case, including negative impacts on particular communities or the loss of potential opportunities.

While every proposal is different, the following criteria are to be considered, as relevant:

PUBLIC HEALTH AND SAFETY

- Describe how the Standard will improve public and/or workplace health or safety;
- Demonstrate that the Standard is the most appropriate method to improve health or safety; and
- Summarise the overall health and safety impact of the Standard.

SOCIAL AND COMMUNITY IMPACT

- Consider the social and community impact of the Standard including 'intangible' costs and benefits borne by different sectors of the community, including the most vulnerable consumers or end users (such as better information; improvements to products and services; more reliable outcomes); and
- Summarise the overall social and community impact of the Standard.

ENVIRONMENTAL IMPACT

- Consider the environmental impact of the Standard, including 'intangible' costs and benefits (eg noise; pollution; amenity); and
- Summarise the overall environmental impact of the Standard.

COMPETITION

- Describe how the Standard enables international alignment in global markets;
- Identify potential competition restrictions or improvements that may result from the Standard;
- Identify potential impacts upon innovation;
- Detail how the Standard can enable most widely used technology and/or supports international interoperability (demonstrate if applicable); and
- Summarise the overall impacts on competition.

ECONOMIC IMPACT

- Consider the economic impact of the Standard over its life on different sectors of the community, such as consumers, manufacturers, small business, suppliers etc;
- Detail the impacts which may include elements such as increased/decreased costs; increased/reduced utility; redistribution of wealth; inequitable impacts across or between sectors; inequitable impacts on the most vulnerable consumers or end users; employment; economic growth or contraction, productivity outcomes; and
- Summarise the overall economic impact on the community.

STANDARDS AND LEGISLATION

If it is intended or likely that the Standard will be called up in legislation, this should be taken into account when developing the Net Benefit Case and the relevant regulator should be consulted. The regulator may require a regulatory impact statement (RIS) or a preliminary impact assessment (PIA). The Net Benefit Case may serve as a basis for development of a RIS or PIA. Conversely, an existing RIS or PIA can be used as the basis for a Net Benefit Case.

DECLARATION

Based upon the above assessment, does the proposed Standard result in an overall Net Benefit to the community as a whole? If not, can the proposal be amended to minimise negative impacts and/or increase positive impacts sufficient to achieve Net Benefit?

Where the proposer believes that Net Benefit has been established, it is recommended that they sign a declaration to this effect.

4 PRE-PUBLICATION REVIEW

It is recommended that the Net Benefit case is reviewed prior to finalisation of the Standard to review and reconfirm the case before preparing a Net Benefit statement in the Preface of the Standard. The Preface of Australian Standards may include a plain English Net Benefit statement. This brief statement summarises the purpose, scope, objectives, anticipated benefits and impacts associated with the Standard and proposed review periods and mechanisms.

The inclusion of a non-technical Net Benefit Statement assists members of target communities of interest, including consumers and end users of the Standard, to understand the needs, context and considerations that led to the particular approach and set of solutions contained in the Standard. It could also assist in encouraging constructive feedback on the experiences of users in applying the Standard to aid post-implementation review and any future amendments.

5 REFERENCES

The following references may assist proponents in developing a Net Benefit Case.

- ABSDO (Accreditation Board for Standards Development Organisations)
 - Requirements for Accreditation of Standards Development Organisation
 - Criteria for Designation as an Australian Standard
- Commonwealth Department of Finance and Deregulation Office of Best Practice Regulation (OBPR)
 - Best Practise Regulation: A Guide For Ministerial Councils and National Standards Setting Bodies, October 2007