



Using Standards as part of policy development



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1. What is a Standard?

Standards:

- are agreed specifications for products, processes, services, or performance. They are flexible instruments that help regulators achieve desired policy outcomes. Standards benefit New Zealanders in many ways – they improve safety, quality, convenience, and also create trade opportunities and contribute to economic growth
- are (with a capital ‘S’) project managed by New Zealand’s leading independent national Standards body, Standards New Zealand, the operating arm of the Standards Council. Guidelines, codes of practice and industry standards (with a lower case s) differ from New Zealand Standards in that they are not always developed independently using a recognised consensus-based process with public input
- (with a capital ‘S’) refer to formal Standards, developed by expert committee consensus with public input and are formally approved by the Standards Council (in accordance with the requirements of the Standards Act 1988).

2. Why use Standards?

Consider these factors:

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- The Government has expressed a desire for the regulatory environment to be less prescriptive, to encourage stakeholder participation and to eliminate unnecessary business compliance costs. Standards are a useful tool for regulators to achieve these aims.
- Using a Standard allows you to include highly technical information, often necessary to understand the policy, written into a document developed and published by Standards New Zealand using a consensus-based process.
- Standards effectively use external experts on Standard development committees, who generally provided their expertise free of charge.
- Use of an appropriate Standard, developed by a committee of experts, will increase ‘buy-in’ from the relevant sector or industry.
- Standards are developed through a consensus process involving widespread consultation with affected parties. When a new Standard is developed to assist policy implementation, the process can be a useful means of:
 - Obtaining feedback on the wider policy
 - Getting expert input
 - Publicising the policy and notifying affected parties
 - Uncovering issues that may arise with implementation
 - Resolving policy-related conflicts within the sector

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- It is important to consider the potential use of a Standard to meet the policy analysis objectives under the enhanced Regulatory Impact Analysis (RIA) system, overseen by the Ministry of Economic Development.
- If you are considering adopting or developing a new Standard to meet policy objectives, take into account that adoptions of International Standards generally take between 5 to 8 months. Developing a new Standard can take between 8 and 18 months, depending on complexity, with most new Standards being completed and published in just over a year (average time for developing a new Standard is 14 months).
- Using an existing Standard can minimise unnecessary duplications, confusions and inconsistencies in policy development.
- Developing a Standard may entail financial costs, time, and the use of human resources. The amount of cost and time necessary to develop a Standard will depend on the Standard's scope, style or type, and method of implementation.

3. Styles and types of Standards

Case by case consideration needs to be given to the most appropriate form of document required.

Types

Different types of Standards depend on the process used to develop them, or the extent of consensus on their content.

- **Standard** – a Standard goes through an extensive development process by an expert committee. This development process includes a public consultation period, and, as far as reasonably practicable, that the content of the Standard is supported by those with an interest in it.
- **Publicly Available Specification** – the development process for a PAS still involves a technical committee, but it may be more compressed than for a full Standard and the public consultation phase is often shorter. A PAS can still be cited in regulations and in legislative instruments such as the New Zealand Building Code. A PAS may be introduced when there is no existing Standard and less consensus, but there is a need to establish a benchmark for best practice, and this may be the first step towards the development of a full Standard.
- **Interim** – an interim Standard is issued when a new or revised Standard is urgently needed in a particular sector, but necessary research required in some area has not yet been completed. Interim Standards are published with an expiry date, and must be reviewed and re-issued as final Standards within a certain time period (usually less than two years).
- **Handbook, guideline, code of practice, or audit tool** – a Handbook often provides assistance or guidance on how to implement a Standard, or how to audit performance against a Standard. A Handbook is developed with public input over a similar time to a Standard but also, sometimes in a new field in which further experience is needed before full consensus is possible on its content.

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Styles

The style of a Standard refers to the way in which it is written and organised. New Zealand Standards may be one of the following three styles:

- **Performance based** – specify that certain outcomes be met but allow the user to determine their own technique for achieving the outcome. This could involve, for example, restricting emissions from a factory to a level of not more than n per hour, but leaving the firm free to achieve the required level by whatever (least-cost) technique it prefers.
- **Prescription based** – specify the means for attaining a specified outcome. This style can exist in either a positive or negative form. It compels the firm to employ certain production methods or materials, or prohibits the use of certain production methods or materials. These may be appropriate where there are situations requiring a high level of certainty. Using the emissions example, a specification Standard may look to mandate the factory to use only ore with a specified low sulphur content, or to use certain pollution reducing technologies in the production process.
- **Verification methods** – some Standards or parts of Standards provide a means of determining whether a system will meet a predefined performance criterion. The most common type of verification Standard is a test method – users can come up with any means of achieving the performance criteria they like and the verification method provides them with a means of verifying that it does meet the performance required. This style of Standard encourages innovation.

The different styles and types of Standards are useful for different policy situations or roles that the Standards may be called upon to fulfill.

For example, if a Standard provides a ready-made solution, that enables compliance with performance criteria set in regulations, then a prescriptive Standard may be the best option – this can provide a clear set of instructions for users who do not want to design their own way to meet performance criteria. If, however, the Standard is intended to provide overall guidance on acceptable performance requirements, then a non-prescriptive approach will often be best as this will encourage and allow for innovation to meet performance requirements.

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4. Applying Standards

Status of Standards

A Standard is not, of itself, mandatory or legally required. A Standard has to be cited in a statute or regulation in order to be mandatory. Once referenced it becomes part of the technical regulation framework.

Standards can be used in a variety of ways to support policy, these include:

- Standards can be cited in Acts or regulations, making them legally mandatory;
- Standards may be cited in Acts or regulations as ‘acceptable solutions’ or ‘means of compliance’ – when used, this type of Standard ensures compliance with the legislation but does not prevent the use of an alternative method, provided it meets the specified legislative criteria;
- A Standard that is not cited may be seen by a particular sector or industry as an appropriate means of self-regulation and thereby become industry accepted best practice;
- Use of a Standard may be required by a government agency as a condition of contract with an external supplier – such as rest home services funded by the Ministry of Health;
- A Standard may be employed as a means of compliance with industry regulation, for example, tied to audits for certification;
- Use of a Standard may be encouraged by being strongly recommended and mentioned in publicity and other materials relating to the policy; and
- Use of a Standard may be promoted as a means of dealing with legal liability issues – for example compliance with various risk management Standards may be cited in court as proof that all reasonable steps were taken.

5. Verification of compliance with Standards

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There are a number of ways in which compliance with Standards can be verified. These include:

- **Inspection** – particularly used for manufacturing and building Standards
- **Reporting** – this often relies on members of the public or affected groups reporting failure to comply
- **Auditing** – auditing regimes may be instituted as part of a funding programme. Auditing for some Standards is also carried out by bodies such as IANZ (International Accreditation New Zealand), and
- **Certification** – organisations or businesses can be certified as complying with, or being qualified to administer the provisions of, a particular Standard.

6. Standards decision tree



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7. Case studies: Practical examples of application of Standards

A Development of new Standard to meet new regulatory requirements – building sector

Problem definition – A revision of the Building Act classified cable cars as structures requiring inspection and building warrants of fitness, but there was no specific coverage of cable cars in the New Zealand Building Code. A search for Standards on this subject showed only some overseas lift standards covered related issues, but nothing specifically governed residential non-suspended cable cars.

Solution – Develop new Standard covering residential cable cars for New Zealand conditions.

Process – The draft Standard was developed from scratch by a technical contract writer and a respected local manufacturer using an existing joint Standard on lifts as a basic model. The draft was further developed by a committee of technical experts, including a representative of the Department of Building and Housing. Consultation included a wide range of interested parties, including cable car manufacturers, engineers, cable car owners and territorial authorities.

Application – The cable car Standard, NZS 5270:2005, will be cited as a recommended means of complying with the requirements of the Building Act.

The development process for NZS 5270:2005, from commencing the project to publication, took twelve months.

B Development of new Standard to support policy initiative – employment sector

Problem definition – The Department of Labour identified a need for a document that would support its job evaluation tool.

Solution – The Department of Labour wanted a document that was largely voluntary but still had authority. It needed an organisation that was impartial with a good reputation for project management – Standards New Zealand was contacted to develop a Standard.

Process – The Director of the Pay and Equity Unit for the Department of Labour, had previously been part of a Standards Australia joint AS/NZS committee. While the length of time to develop previous Standards concerned the Department of Labour, it knew that the current New Zealand Standards development process, which is shorter and involves a committee of experts reaching a consensus, was the best solution to the Department of Labour's problem.

After discussions with the Department of Labour to evaluate the problems it wanted to address, it was decided that a Standard (as opposed to a handbook or code of practice) would be appropriate due to the high level of consensus required for a full Standard.

Feedback from the committee indicated that the project management and a consensus-based approach were the key to developing this Standard and to achieving support for the policy. In particular, the consensus-based approach

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facilitated the co-operation between committee members who would not normally be colleagues, such as those from Unions and Business New Zealand.

Application – NZS 8007:2006 Gender-inclusive job evaluation is applied through contract agreements that job evaluation companies have with their clients. The companies will need to demonstrate how their job evaluation system complies with the Standard, and there is a list of compliance items. In addition, it was proposed that all the Department of Labour’s contracts with job evaluation companies contain a clause for services, stating that they need to comply with, and also demonstrate how their systems adhere to the Standard.

At this stage there are no plans to cite this Standard in legislation.

The development process for NZS 8007:2006, from commencing the project to publication, took fourteen months.

C Adoption of existing International Standard – Transport Sector

Problem definition – The Ministry of Transport needed to regulate to cover urea used in catalytic converters before truck engines (produced under the latest European Union regulations) started being imported into New Zealand, and also to meet obligations under the Government’s climate change policy. However, the process of developing a new Land Transport Rule can take considerable time.

Solution – Analysts at the Ministry of Transport determined that a New Zealand Standard could be referred to in policy with adoption of an existing International Standard being a faster process than developing a new Land Transport Rule. Consultation identified the ISO International Standard that was intended to be used in Europe for the production of urea.

Process – Adoption of the ISO Standard has begun, with a small committee of technical experts assembled by Standards New Zealand to examine the Standard and determine its suitability for use in New Zealand.

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