

**JOINT STANDING COMMITTEE ON  
DELEGATED LEGISLATION**

**INQUIRY INTO ACCESS TO AUSTRALIAN STANDARDS  
ADOPTED IN DELEGATED LEGISLATION**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
WEDNESDAY, 14 OCTOBER 2015**

**Members**

**Mr P. Abetz (Chair)**  
**Hon Robin Chapple (Deputy Chair)**  
**Mr G.M. Castrilli**  
**Hon Peter Katsambanis**  
**Hon Mark Lewis**  
**Ms S.F. McGurk**  
**Mr P. Papalia**  
**Hon Martin Pritchard**

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**Hearing commenced at 9.04 am****Mr PETER MULLINS****Chief Executive Officer, SAI Global Ltd, sworn and examined:****Ms HANNA MYLLYOJA****Group General Counsel and Company Secretary, SAI Global Ltd, sworn and examined:**

**The CHAIR:** Good morning to everyone and also welcome to those in the public gallery. On behalf of the committee, I welcome you to the meeting. Before we begin, I need to ask you to take either the oath or the affirmation.

[Witnesses took the affirmation.]

**The CHAIR:** You will have signed a document entitled “Information for Witnesses”. Have you both read and understood that document?

**The Witnesses:** Yes.

**The CHAIR:** These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you refer to during the course of the hearing for the record. Please be aware of the microphones and try to talk into them. Ensure that you do not cover them with papers or make too much rattling noise in front of them, because that makes it a little difficult for Hansard. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today’s proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time that the transcript of your public evidence is finalised, it should not be made public. I advise you that publication or disclosure of the uncorrected transcript of evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

Thank you very much for coming in, Peter and Hanna. Would you like to make an opening statement before we start asking questions?

**Mr Mullins:** Yes, thank you. Good morning, chairman and committee members. Thank you for giving us the opportunity to address you today. My name is Peter Mullins. I am the CEO of SAI Global and I am joined today by Hanna Myllyoja, who is our group general counsel and company secretary. Hanna’s presence is particularly important because she has been with SAI Global—and prior to that, with Standards Australia—since 1997, so she has a deep understanding of the standards industry and also the relationship that exists between ourselves and Standards Australia, the contractual relationship.

If I may just briefly introduce SAI Global and talk a little bit about who we are. We are an Australian company; we are an ASX200-listed company with a market capitalisation of around about \$950 million. Our head office is in George Street in Sydney. Just to give you a feel for the size of the company, in the financial year 2015, we generated around about \$547 million of revenue, which translated into about \$126 million EBITDA. Approximately half that revenue and half that EBITDA is generated offshore, so we are an international company. About half comes offshore and our offshore component is growing all the time. Hopefully in a few years’ time, the Australian component becomes small enough because it is shrinking back because the offshore bit is growing. We have a presence in about 29 different countries with 2 500 full-time employees and contract staff. The services we offer here in Australia are around property mortgage administration

services. Chances are that if you have bought or sold a home, there is about a 50 per cent chance that we would have done the settlement administration behind the scenes. In fact, we have about 100 employees who work here in WA as part of SAI Global. Our office is in St Georges Terrace. We also do a lot of work around risk management solutions around the world. We focus on four different product suites, being risk, assurance, learning and knowledge. It is the standards component of that that is part of the knowledge suite of products that we offer. Worldwide this generates around about \$80 million, which is about 15 per cent of our revenue. We have a relationship with about 200 different bodies—international standards bodies, national standards bodies and industry bodies. Our relationship with Standards Australia is by far the largest of these and accounts for about half of our knowledge revenue, so about \$40 million around the world, most of which is predominantly generated from Australia.

[9.10 am]

If I may, I would like to make a few high-level comments about the publishing licence agreement, or the PLA as we call it. The PLA is the contract that exists between SAI Global and Standards Australia. It governs the operating and distribution processes and protocols that exist between those two companies. SAI Global was born out of Standards Australia. We were floated in 2003. At the time, Standards Australia sold 60 per cent of the shares in the share registry to the public and held on to a 40 per cent stake in SAI Global. In today's terms, they would have retained about a \$350 million ownership within SAI Global, although I should stress they subsequently sold down their SAI shares and reinvested it in different areas. As part of the ongoing arrangement, we pay royalties. So every time we sell a standard, we pay a 10 per cent royalty across to Standards Australia. But there are variations on that. If it is a new standard that has just been published, then it will be as high as 25 per cent that we pay across to Standards Australia. I think what is important to note is that the SAI Global shareholders have relied on the projected revenue and profit assumptions. So when they were buying into the company and any shareholders, they assumed that there is a certain revenue flow that comes in from the PLA contract.

In relation to this inquiry, I would like to make a few comments on our position; that is, I know that the committee has received our submission dated 30 January of this year. We also received the committee's questions, and I am sure we will discuss those shortly. Please bear with me for covering some of the ground in our submission.

Our unequivocal position is that the Copyright Act and the existing practices are adequate and appropriate. Standards are an incredibly important asset for streamlining trade and commerce. We believe that they are of significant value both to the industry and to the community. There are numerous economic benefits that come out of standardisation, things like trade facilitation, elimination of duplication, competence, interoperability—I will not go through all of them—supply chain efficiency, improved safety, highest quality environmental protection, risk management and business process improvement. One of the things to stress, though, is that Australian Standards are proprietary and they are owned by Standards Australia, so they are not owned by us at all. They are owned by Standards Australia. Our view is that that copyright should be respected and protected.

**Mr G.M. CASTRILLI:** Sorry, Mr Chairman, and sorry, Peter; I just missed that last bit. Would you mind just repeating the last bit?

**Mr Mullins:** Standards that are developed are developed by Standards Australia and the copyright of that is owned by Standards Australia. We are the distribution arm, the publishing arm, of this sector of our business. The development of those standards are actually privately funded by Standards Australia, so the way that they fund themselves is from what they made out of selling us, effectively, and what they get on royalties from us as well. The distribution of standards is privately funded as well, by ourselves—by SAI Global. I think when considering free access to standards, a distinction needs to be made between privately funded copyright material, such as a standard, and

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taxpayer-funded material, such as legislation. I think the distinction between those two things is terribly important.

If standards became free, they would have no particular commercial value to the people that create them and the people that distribute them, and certainly our distribution business would become marginal and quite possibly unviable. Just to give you some insights, we spend around about \$10 million in marketing, sales, IT, help desks—our technical support. So if somebody is wanting to buy a standard, there is a person sitting at the end of a help-desk phone that will maybe talk them through their purchase or help them think through what they need. And in addition to that, on the IT side, in financial year 2016–17—so this financial year and next financial year—we are scheduled to spend around about \$15 million on totally refreshing our digital website and our e-commerce capability. That will significantly improve the end-user experience and will make all standards far easier to find. I should stress that this is not just Australian standards, but all of them. As I said, we have relationships with about 200 other bodies out there, so if you go onto our website and you are wanting an ASME Standard, which is the mechanical engineering that comes out of the US, you can get those standards on our website as well. So we act as a sort of information broker on that. We are also developing platforms that combine e-learning and standards. I will give an example of some work that we are doing with retailers overseas, but we want to bring this technology into Australia, and that is with Tesco, for instance, and Sainsbury's. They have internal standards, so they can load those onto our platform. Those standards might well refer to an international standard, like how you handle red meat, fresh food or whatever. Then we will have a training module, so somebody can go into that module and click on it and say, "Show me what a red-meat refrigeration system looks like." There might be a training module, some photographs, a video or that sort of thing. That is the sort of platform that we provide. Obviously, these developments are expensive and they are funded from the margins that we make through selling standards.

I think there are two other important notes to make. While on the surface quite often we get criticised for standards being expensive, we have run comparators against other bodies—against BSI, which is the British Standards Institute, and DIN—I am not sure what DIN stands for, but it is the German equivalent industry—and US-based standards. I think we gave some examples in our response. But we are there or thereabouts in terms of overall costs, and in fact the way the Australian dollar has moved in the last while, we are probably comparatively cheap at the moment. I think the other thing to note is that with state libraries and with tertiary institutions, we sell heavily discounted licences to the libraries and tertiary institutions. People can go and access standards. So if you go into the State Library or you are a student at a tertiary education institution, you can go in and have free access to any Australian Standard you wish to look at. Obviously, it is being paid for, but it is being paid for by either the state government or the tertiary institution.

In conclusion, we are not averse to the idea that standards that are referred to in legislation are provided for free. However, that is provided that due compensation is given to recognise the fact that there is a cost in producing standards and there is a cost in distributing those standards. Again, to give you a flavour of it, we have looked into how many standards are referred to in legislation in Western Australia and in commonwealth legislation. It is about 1 700 standards that are referred to in that. It covers the majority of the high-volume standards, so it is very important for a revenue flow to us. Again, looking at just Western Australia, of the corporations that buy standards from us, we make about \$5.5 million in revenue from WA per year. So that is again a very important revenue flow for us. Sorry if I have taken too much of your time, but I thought it important to give the background. Thank you very much, Chairman.

**The CHAIR:** Did you want to add anything, Hanna?

**Ms Myllyoja:** If I may.

**The CHAIR:** Yes, sure.

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**Ms Myllyoja:** Just because a standard may be referenced in legislation does not in every case make it mandatory. Standards are often “deemed to comply” solutions. So a piece of legislation may require a particular outcome and the Australian Standard might be referenced as an example of how to get to that outcome. So it is a “deemed to comply”, but that is not necessarily mandatory in itself. Some standards are mandatory; for example, the Australian Competition and Consumer Commission by way of gazette might mandate certain health and safety product standards, such as for motorcycle helmets, but they do not mandate the entire standard. The gazette will perhaps reference only some clauses in the standard.

**The CHAIR:** But for someone to be able to comply with that legislation or regulation, they would actually need to go and pay for access to that standard, otherwise they would not be able to comply with the law.

[9.20 am]

**Ms Myllyoja:** Well, strictly speaking, the gazette will reference those clauses and reproduce those clauses in the gazette. So, in terms of commonwealth law, those mandated clauses are actually reprinted in the gazette.

**The CHAIR:** My understanding is that that is not actually the case.

**Ms Myllyoja:** For some products it is. We had a very large case against us to do with motorcycle helmets in about 2000, so we looked very deeply into this.

**Hon MARK LEWIS:** That is commonwealth.

**Ms Myllyoja:** That is commonwealth.

**The CHAIR:** If commonwealth legislation or regulations quote an Australian Standard, as that is gazetted in the *Commonwealth of Australia Gazette*, that—whatever section of the standard—is actually printed in the *Government Gazette*.

**Ms Myllyoja:** Yes. That is certainly how it was in around 2000, 2002. It may have changed, but back in 2000, 2002 —

**The CHAIR:** From our information that has changed, and certainly in Western Australia, with our Western Australian delegated legislation and laws, it is definitely not printed, which means that the member of the public who wants to abide by the law actually needs to expend dollars to be able to comply with the law, which is, of course, of concern to us as lawmakers. How do we deal with a situation when the law requires people to adhere to the law, but they cannot access the law unless they pay quite a significant sum of money to be able to access that. That is part of the reason, I guess, for this inquiry that we are holding.

**Mr G.M. CASTRILLI:** On that point, if that is then reproduced, like you said, does the commonwealth, or whoever, have to pay SAI to reproduce that standard?

**Ms Myllyoja:** Certainly in the past when they have in the *Gazette* reproduced sections of the standard, it has not been a substantial part of the standard. We have a copyright department that manages copyright licensing, so if somebody wants to reproduce sections of the standard, there might be a fee. If it is only a nominal part of the standard, for example—and I am just talking off the top of my head—maybe 10 per cent or less, there may be no charge.

**Mr G.M. CASTRILLI:** So there is a fee. Generally speaking, there is a fee that the commonwealth has to pay to reproduce a standard.

**Ms Myllyoja:** Yes.

**Hon ROBIN CHAPPLE:** You actually said that in 2003 —

**Ms Myllyoja:** In 2001–02, yes.

**Hon ROBIN CHAPPLE:** Could we actually get some stats on that, please, as a supplementary? I am wanting to know what standards were included or sections of standards were included in federal legislation, and if it is still the case, because we do not think it is.

**Ms Myllyoja:** All I could give you is what the case was in respect to AS/NZS 1698, which is the Australian Standard for motor vehicle user helmets. That was certainly gazetted and there were sections of the standard reproduced in the *Gazette*. I could get you that as it was back then.

**Hon ROBIN CHAPPLE:** Would you know if the federal government were including sections of your standard?

**Ms Myllyoja:** I would not know.

**Mr G.M. CASTRILLI:** Further on from that, what happens in your compliance team work then if you do not know whether any government department includes sections of your standards in their legislation?

**Ms Myllyoja:** I could not tell you. We would have to talk to the compliance team as to who their —

**The CHAIR:** Could you find that out, perhaps as supplementary information? Obviously, we do not expect you to have that right here now, but if you could provide us with some information on that, that would be very helpful.

**Mr Mullins:** Chairman, may I also make the point, though, that if somebody is needing to refer to that standard, they can go into the State Library and read that standard, and there is no cost to them.

**Hon MARTIN PRITCHARD:** Just with regard to that, they can go in and read it if there is a library in the town, but they cannot reproduce it; they cannot take notes or they cannot —

**Mr Mullins:** They can take notes, but I do not believe they can print it.

**Ms Myllyoja:** It is just like any other material in a library.

**Hon MARTIN PRITCHARD:** Yes. But are you suggesting they could take notes; they could write it out if they wished to?

**Mr Mullins:** Yes.

**Ms Myllyoja:** And certainly there are exceptions in the Copyright Act for fair dealing.

**Mr P. PAPALIA:** You can photocopy any other material; you cannot photocopy your standards.

**Ms S.F. McGURK:** You can photocopy a book or any other material or any articles. Most of the material in a library you would be able to copy and take away, but the standards you could not.

**Ms Myllyoja:** It depends on what your intention is. If it is for a fair dealing—and there are a number of exemptions in the Copyright Act which do allow for copying and reproduction. In a fair dealing, research and that kind of thing, that is always permitted. That is law.

**The CHAIR:** Our understanding from the librarians that have given us evidence is that that is actually not the case; that it is actually different for SAI Global, or for the Australian Standards that you make available. With, say, a book, I think you are allowed to copy up to 10 per cent of a work for appropriate sort of purposes, whereas the licence that the libraries have only allows the person to actually view it and to take notes, but not actually to print it off. Our concern would be, for example, that, say, a tradesman has to meet a certain standard. If it is a significant amount of his business, he can afford to perhaps purchase it from you, and then he has got a paper copy or a downloaded copy or whatever. But if it is someone who, say, lives 1 000 kilometres from Perth and is therefore not able to come to the State Library to view it, or it is very costly to do so —

**Hon MARTIN PRITCHARD:** Or it is incidental to their work.

**The CHAIR:** Yes, and it is incidental, and because, we understand, the licence for the State Library does not actually allow them to send that to a library, say, in Karratha, it means that people actually

have to physically come to Perth if they want to view it free of charge. The airfare would cost them an awful lot more than the standard purchased from you, so it is obviously cheaper to purchase it from you. That is part of our concern. I am just trying to get clarity around that.

**Mr Mullins:** But there is no reason why that library could not have access to the standard. So the way that the licensing works is that you can get the first licence if you pay 10X for it. All subsequent licences are for half that price, so for 5X. As part of the Q and A, we deal with consortia as well. Certainly with New South Wales and, at the moment, in Queensland and South Australia, we have agreements where we have what we call an enterprise licence, and we sell an enterprise licence to the state government, and they can then have those standards in all their libraries. That is something that we are certainly not averse to doing, and we have done it before.

**The CHAIR:** Just roughly, what sort of money are we looking at for that sort of licence?

**Mr Mullins:** Bear with me. We might have handed it out before, but we have our price list on this. For a university or a public library, it says that it would be \$18 000 for the first licence, and then you sell it by ABN thereafter or by concurrent usage, and then it is \$9 000 thereafter.

**The CHAIR:** How would that work with the State Library, and we have got regional libraries scattered at Kalgoorlie, Port Hedland, Karratha? Say we have got 30 other libraries, each one would have to pay an extra \$9 000.

**Mr Mullins:** An extra \$9 000-odd.

**Ms S.F. McGURK:** To access all your standards?

**Mr Mullins:** To access all Australian Standards.

**Mr G.M. CASTRILLI:** If all the other libraries around Western Australia became branches of the State Library, how much would they have to pay?

**Mr Mullins:** It depends on the number of —

**Mr G.M. CASTRILLI:** If they became branches—if they were the same library with different branches, just called the Bunbury branch, the Karratha branch, Albany branch, how much would they pay? They are the same organisation. Would they be paying just the one fee?

**Mr Mullins:** They are different entities, so it would be —

**Mr G.M. CASTRILLI:** Well, if they have the same ABN —

**Mr Mullins:** In fact, I have just misquoted you. There is a member price, and that would be \$14 000, and then \$7 000 for each subsequent branch.

**Hon MARTIN PRITCHARD:** And that is determined by ABN?

**Mr Mullins:** Yes.

**The CHAIR:** Just before we proceed, could we ask for the document that you just referred to? Would you be happy for that to be provided to the committee?

**Mr Mullins:** Yes. I think we have provided it, and if we have not, my apologies. I thought we had.

**The CHAIR:** I do not think we have got it, but that is fine.

**Mr Mullins:** If I may just make one comment on this, if you are just wanting one particular standard, so you say, “I want to buy the electrical standard”, you can go in and order that in hard copy format. Sorry; our apologies. We thought we had actually handed that out.

[9.30 am]

**The CHAIR:** That is fine.

**Mr Mullins:** And then that is pretty much by the page. But let us say there are 500 pages or more than 400, then that would be around about \$500 for a hard copy of the standard and you would have

that in hard copy. So if you were an electrician and you wanted the electrical standard, and that is about a 500-page document, that would end up costing you \$500 for the standard.

**Ms S.F. McGURK:** I think we might have discussed this before, but when you purchase that, how long is that valid for, so how long before people could expect there would be amendments?

**Mr Mullins:** With something like the electrical standard, I do not think there has been a major update for a few years.

**Ms Myllyoja:** I think Standards Australia endeavours to update those every five or seven years.

**Ms S.F. McGURK:** So people would know that when they spent, say, \$500 on a full set of particular standards—would they have an assurance that they will be valid for a certain amount of time or do they need to go back and check?

**Ms Myllyoja:** I guess it is always dependent on Standards Australia. Standards Australia, as you probably know, operates via committees, and there are committees who are in charge of particular Australian Standards. If there was some reason that the wiring rules, for example, needed to be updated, that would be within that committee's powers to determine.

**Mr Mullins:** So you can go into a website with Standards Australia and they will say what standards they will be refreshing or publishing in the next year. So there is a website there that you can do that.

**Ms S.F. McGURK:** I think we discussed this before within the committee. If there was one element of those standards, say, the wiring in electrical contracting standards, you would need to repurchase the whole standard again, or can you —

**Ms Myllyoja:** It depends on the change. Sometimes they publish amendments. The amendment could actually be quite brief, and often amendments—correct me if I am wrong, Peter—we do not charge for all the time.

**Hon MARTIN PRITCHARD:** Not all the time but most times?

**Ms Myllyoja:** If they are substantial and there is a big cost in there, we would, but if it is just a minor amendment, we would not.

**Mr Mullins:** So hard copy amendments that have five text pages or less are free, and if it is six pages or more, then it is chargeable, but it might be \$70 or something like that. If that is your trade—we, at any one time within SAI Global, would have up to 30 people that will sit on committees, so we have subject matter experts in certain areas that maybe are doing auditing against—I do not know—environmental health and safety, and they would sit on the committee. So those committees actually burn up a lot of time and money, and effectively the price is all about covering that. Using the electrician example, if you are an electrician, part of your trade is that you need to be up to date, so where LED lights, for instance, have come in, or photovoltaics or whatever, that is a whole new bit of the industry. Somebody has got to get together and work out what are the standards that we need on that, and then how do you distribute those standards? There is a cost then.

**Hon ROBIN CHAPPLE:** You just made a statement, if I may touch on it, that creating the standard would use up a lot of time and money. Our understanding is that in most cases, to create the standards, the people who actually do that come from industry or whatever else and there is no cost to Standards Australia for the provision of that; it is voluntary.

**Mr Mullins:** Sure. Undoubtedly, there are industry experts that will come together, so, again, using wiring or photovoltaics, there might well be —

**Hon ROBIN CHAPPLE:** I was trying to find out where the cost was.

**Mr Mullins:** Standards Australia have got 150-odd people that work for their organisation that run payroll and overheads and —



**Hon ROBIN CHAPPLE:** Okay. So it is that cost; it is not the cost of actually —

**Ms Myllyoja:** There are administration costs. So the labour, yes, could be voluntary—sorry, Peter—but there is an administration cost for facilitating the meetings, getting the minutes done, getting the documentation done.

**Mr Mullins:** Sorry. If I can just fill in on that a little bit, I said that we have 30-odd people that will sit on those committees. They will be drawing a salary from us.

**The CHAIR:** SAI Global actually has people sitting on the —

**Mr Mullins:** If they have the right expertise, they will. So if it is somebody who happens to have the expertise in, let us say, health and safety, it is a voluntary thing, but they would be sitting on the committee. But they are doing it in company time, so effectively we are paying for it.

**Hon ROBIN CHAPPLE:** I want to get a full breakdown of this. So you are saying that you have some of your people sit on Standards Australia. Obviously, that is a cost to you.

**Mr Mullins:** Yes.

**Hon ROBIN CHAPPLE:** In what capacity do those people from SAI Global sit on those committees, because we understood the experts on those committees to Standards Australia were drawn from industry or representative —

**Mr Mullins:** You are absolutely correct on that. A lot of people come out of industry. They might come out of academia; they might come out of—I do not know—wherever—you know, industry and the people that have a particular interest in whatever that standard is. Undoubtedly, there are a whole lot of those people. We also have people that have expertise and they might, in addition to the industry experts, sit on some of those committees, and the people who sit on the committees I do not believe are paid in any way.

**Ms Myllyoja:** No, they are not. They sit on those committees because they are nominated to sit on those committees by a nominating organisation. The nominating organisation, for example, could be the Australian Chamber of Commerce and Industry, and we might be members of that association. They might ask us if we had anybody available to sit, from a certification perspective, on a particular committee, for example.

**Mr G.M. CASTRILLI:** If a peak body develops a standard, what is the process? They then put that idea forward to Standards Australia and Standards Australia assess it, I suppose, do they, or what do they do? But if they adopt it, then SAI Global publishes it and all that sort of stuff. You pay, if it is new, up to 25 per cent royalty to Standards Australia. The actual peak body that developed the standard, what percentage of that royalty do they get?

**Mr Mullins:** It depends. They might get nothing depending on—or if they are part of the —

**Mr G.M. CASTRILLI:** Say, they are independent and not part of Standards Australia. They come up with a standard. Do they get any royalty or compensation for that? What I am guessing is that the people who developed that standard or put the idea forward, if they then need to access their own standard, they will have to pay for it.

**Ms Myllyoja:** There are different arrangements in place and there are not many organisations like that. I think there might be five or seven or something. There are different contracts in place. Sometimes they are permitted to provide free access to the standards to their members. They might be allowed to have the standard available on their website. But, as an Australian Standard, we have the exclusive publishing rights to that standard and it gets included in the whole library we have. But they vary; the arrangements vary.

**Mr G.M. CASTRILLI:** At the end of the day, somebody has got to pay for that. What I am asking is: if I, Joe Blow, try and develop a standard which then becomes the industry norm, if I in

six months' time or 12 months' time need to access that standard, I then have got to pay for my own standard, basically.

**Ms Myllyoja:** Yes.

**The CHAIR:** The Pharmacy Guild, for example, is one of the accredited organisations that can produce standards. Talking to one of the people in the Pharmacy Guild, my understanding is that even though the Pharmacy Guild is an accredited organisation that actually develops the standard, and then, I guess, it is adopted by Standards Australia and then goes through the process, the Pharmacy Guild told me that even though they have invested the money and time and energy in developing that standard, they cannot provide that standard free to their members. Each of their members actually has to purchase it from you, which is a very sore point within the Pharmacy Guild. I suspect it would be the same for the other approved organisations that are authorised to develop standards. I have not spoken to the others. I declare a vested interest. My daughter has a pharmacy and so I take a special interest in that. It appears that if they want to get access to the standard, they actually have to pay the same price as Joe Bloggs from anywhere else, even though the Pharmacy Guild has actually invested time and energy into it, which seems to me, looking at it from the outside, a little unusual.

[9.40 am]

**Ms Myllyoja:** If I may, it is not unusual at all, because in 2003 when SAI Global was floated, it entered into that publishing licence agreement, and that gave SAI Global exclusive publishing rights for the term of the agreement. We had a dispute with Standards Australia back in—it might be—2008 about what happens with those standards that are developed by SDOs—standards development organisations—and that went to arbitration. The arbitrator did find that our exclusive rights did extend to those standards. So, from our perspective, it is very clear, and our shareholders have paid good money for those rights.

**Hon MARTIN PRITCHARD:** With the expectation of getting a return, but the understanding that the return may not be forever, because there is a term on that contract. So they understood when they invested that they had exclusive rights to distribute for that term, and after that, who knows?

**Mr Mullins:** Sure. But after that somebody is still going to have to distribute. The arrangement undoubtedly will change. The arrangement that we have with Standards Australia goes for 20 years starting from 2003, so it goes out to 2023. At the end of 2018, after 15 years, there is effectively a renegotiation of market terms. The contract does not define what “market terms” means. Obviously, we have got an interpretation on it and undoubtedly Standards Australia will have an interpretation and I am sure the industry will have an interpretation, and I am sure that lawyers will make a lot of money at that stage. That will happen in three years' time and it will change. But I think, regardless of the issue that we are talking about at the moment, whether it is us distributing it or directly Standards Australia distributing it or Thomson Reuters, it almost does not matter. There will always be a cost to that distribution and if you are buying it. If I can try to draw an analogy, if I write a book and I have it published and I walk into a bookstore, I have to buy that book. I cannot say, “I wrote that. Can I have it, please?”

**Hon MARTIN PRITCHARD:** But this is a tension between the expectation of the investors about what they were getting from their investment and the cost to the public and everyone else with regard to the products. This is a tension there. I think the investors have got an extremely good deal—that is what it comes down to—but at the expense of —

**Ms Myllyoja:** Well, I think Standards Australia has a very good deal.

**Mr Mullins:** No, Standards Australia have got it better. They got about half a billion dollars out of this.

**Hon MARTIN PRITCHARD:** I think it is an ongoing good deal for yourselves, and I think that is at the cost of the public and those that need to access standards.

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**Ms Myllyoja:** And do not forget, when we did go through the listing in 2003, Standards Australia sought approval for the listing from its members. It did not have to legally, but it did, and some of Standards Australia's key members were members of government, including the commonwealth government, and they all approved the arrangement. So it is a bit rich, all these years later, to say, "Well, we don't like it now."

**Hon MARTIN PRITCHARD:** I do not think it is a bit rich at all.

**Ms Myllyoja:** It is.

**Hon MARTIN PRITCHARD:** I do not think so, at all.

**Mr P. PAPALIA:** With respect to that observation you just made, can you tell me, when SAI was floated in 2003, what component of your costs was represented by publishing, printing and distributing standards, noting that at that time, I imagine more of it would have been hard copy than is currently the case, and then compare that to currently what is the case, noting that, I imagine, the vast majority of standards are just digitally produced and distributed by electronic means?

**Ms Myllyoja:** We would have to undertake some analysis for that, I think.

**Mr Mullins:** Yes.

**Mr P. PAPALIA:** Because the observation that it is a bit rich to look back now and say that it is unfair that the costs are imposed and that you have this revenue-generating process begs the question: how has that been impacted by technology; how has your revenue stream increased just purely because of technology and the change in distribution and publication of documentation and management of that by technology without really much effort on your behalf? It is not a criticism; it is just an observation. In 2003, I imagine you incurred significant costs in hard copy printing and distribution of the standards. I imagine that would have been a large amount of the justification for going public in privatising an entire process, rather than retaining it in-house as a government activity or a Standards Australia activity. Now, on reflection, I think you would have to suggest that there has been a big change in the environment and the same arguments do not exist.

**Mr Mullins:** Look, undoubtedly, margins would have improved through technology. But, as I said earlier, we are spending \$15 million this year and next in refreshing our digital websites and e-commerce sites, plus the ongoing—we have 100-odd people that work in that area. We incur those costs totally.

**Mr P. PAPALIA:** You had a revenue increase of up to \$547 million, odd or a 3.8 per cent increase, last year.

**Mr Mullins:** Yes, but —

**Mr P. PAPALIA:** Net profit increased 23 per cent.

**Mr Mullins:** Sure, but look at it three years prior to that. It plateaued totally. So if you look at our overall costs, yes, we do \$547 million of revenue, but only eight per cent of our revenue comes out of Standards Australia. The rest of the revenue comes out of work that we do, hopefully adding huge value to companies in terms of helping them with their risk and compliance and governance management that we do around the world. So I do not think that the fact that, hopefully, we are doing reasonably well as a company in other sectors really reflects back on this part of it.

**The CHAIR:** You mentioned before that \$40 million was roughly the revenue from Standards Australia, so that gives some bearing on that, of the big picture.

**Mr Mullins:** Yes.

**Hon PETER KATSAMBANIS:** Obviously, we are focusing on that component. Obviously, you do other work. It is interesting, but it is not directly relevant to our work. But in that space, you are effectively a monopoly provider of Australian Standards.

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**Mr Mullins:** Yes.

**Hon PETER KATSAMBANIS:** So following on from the questions that Paul asked about technology, there are some comparisons. I use legal service providers as a comparison, and their costs, through the use of technology from the '90s and early 2000s until now, have reduced by many multiple sums—in some cases 80 to 90 per cent—through competition, because there are competitive providers. Where is the discipline for a monopoly provider to keep its costs as low as possible, rather than embark on large-scale refreshment projects that perhaps might be cross-funded from the income that you make from Australian Standards to aid the other parts of your business?

**Mr Mullins:** In terms of the discipline, obviously, at the end of the day we have shareholders, and we have always got to try to keep costs down.

**Hon PETER KATSAMBANIS:** Shareholders are not really interested in keeping costs down if you are a monopoly provider. The only time you are interested in keeping costs down is if there is competitive pressure, so that you can be competitive and increase your income.

**Mr P. PAPALIA:** Not your internal costs; the costs to the customer.

**Mr Mullins:** With respect, what the shareholder is interested in is what you return to the shareholder, which ultimately will be available by way of profits.

**Hon PETER KATSAMBANIS:** I am talking about the costs of the standards to the public; I am not talking about your internal costs. I assume you run as lean and mean as possible internally, and I accept that, but where is the discipline in keeping costs to the purchaser of your standards down in a situation where you are a monopoly provider?

**Ms Myllyoja:** There are restrictions on our pricing under the publishing licence agreement.

**Hon PETER KATSAMBANIS:** What sort of restrictions?

**Ms Myllyoja:** I have actually copied relevant sections of the prospectus for the committee and I handed that up.

**Hon PETER KATSAMBANIS:** So, what are your restrictions? Were there any drivers where you can utilise technology to reduce the costs—the very fact that you do not have to print a large number of standards? Were those benefits passed on to the end user or were they internalised?

**Ms Myllyoja:** There are pricing guidelines in the publishing licence agreement, and we are prohibited from increasing those prices. I think it is subject to CPI or the like.

**Hon PETER KATSAMBANIS:** Right. So you are prohibited from increasing prices, but do you have any examples where you have utilised gains in technology or distribution methods, meaning going from paper to electronic, where you have actually driven prices down rather than restricted them to growing by CPI?

**Ms Myllyoja:** I think, Peter, this might be for you. If you look at the pricing for subscriptions, for example, versus hard copy sales, I think there is a benefit to people, is there not, in terms of price?

**Mr Mullins:** I have not been around long enough to have that history, so I cannot answer the question directly.

**Hon PETER KATSAMBANIS:** You can even look at some of the prices that you provided us and you can say, “This is how much it costs in hard copy and this is how much it costs online.” What is the differential? Is the differential solely printing or are you getting a margin on it?

[9.50 am]

**Mr Mullins:** Obviously, we make a margin on it because —

**Hon PETER KATSAMBANIS:** A higher margin.

**Mr Mullins:** Yes, because that is why we are in business. If somebody buys something in PDF, then we make a better margin on that. I think what is getting a little lost in the conversation is that with Standards Australia, we effectively forward paid a huge amount in royalties to Standards Australia, so they got something like \$60 million up-front, plus 40 per cent of the value of our company, which, had they held on to it, is \$350 million, plus the ongoing revenue flow plus any dividends that would have been paid out.

**Ms Myllyoja:** And rental income.

**Mr Mullins:** And rental income and the costing. So the cost of that is half a billion dollars—plus. If you take all of that cost into account, then the margins become smaller and smaller and smaller. And yes, it is still profitable, because that is why we are in business, but I think if you look at it just on the cold facts and say, “Well, you’re selling the stuff for 10X and you only pass on 1X back to Standards Australia”, that looks like we are gouging horribly. If you then take in all the other up-front costs effectively that we have made, then I think it is a sensible and reasonable margin. If you compare it to comparable industries around the world, say, as I said, to German standards and all the various standards that you get in the US and in Britain, we are there or thereabouts, and we have done those price

comparators any number of times. Inevitably, there are always going to be individuals that feel that they should get stuff for free or for less. I am sure there are people in this room that firmly believe that. But, ultimately, that is what we are in business for.

**Hon PETER KATSAMBANIS:** But you do not have a competitor in the provision of this.

**Mr Mullins:** Not here we do not, but the competitor did not exist prior to us being floated off as well, so Standards Australia when they were a peak body. In New Zealand, for instance, the standards body is a government body. That is something that could be done federally in time. There is nothing to stop that happening.

**Mr G.M. CASTRILLI:** Obviously, just on the comments before, the set-up costs—I suppose you would have covered a lot of that when you floated your company through shareholder allocation, I presume. I do not know how you would have done that.

**Mr Mullins:** Yes, but we did not get that; that went to Standards Australia.

**Mr G.M. CASTRILLI:** Okay. What percentage of your shareholders are Australian shareholders? Can you tell me that?

**Mr Mullins:** The vast majority. Hanna would have that. Ninety-five per cent plus, I would think.

**Ms Myllyoja:** I think it is a bit under; I think it is probably about 80, 85.

**Mr Mullins:** Okay; sorry.

**Mr G.M. CASTRILLI:** Is there any cross-subsidisation of operations internationally from the Australian operation?

**Mr Mullins:** No. The way that we run the company—in fact, we have just changed it. We used to run within industry sectors. We now run it within regions, and each of those regions has a profit and loss. If anything, the profits come back into Australia and not —

**Mr G.M. CASTRILLI:** So there is no cross-subsidisation from operations in Australia.

**Mr Mullins:** No.

**Hon ROBIN CHAPPLE:** I represent a pretty large electorate. It is 2.24 million square kilometres. I have only got 75 000 people out there. I have got lots of libraries. In many towns I do not have libraries, and in many of the towns where I have got libraries, or the small communities that have got libraries, they are only open one or two days a week. So for my community to access Standards Australia is, for a large part, virtually impossible. Have you ever looked at those issues

about how one can supply standards to, not remote communities—you cannot do that anyway—but, say, small communities where there is limited library opening time or, indeed, there may not even be a library?

**Ms Myllyoja:** Are you talking about access for free, because if anyone has an internet connection, they can access the Australian Standards?

**Hon ROBIN CHAPPLE:** And you purchase online?

**Ms Myllyoja:** Yes.

**Hon ROBIN CHAPPLE:** You can purchase online. Okay. So I am in Derby and I have got 56 kilobytes internet speed, which is about the norm for there. You can just about load the Google face page. How are we going to actually manage that process out there?

**Mr Mullins:** That would be an issue, and I guess the ex-Minister for Communications should —

**Hon ROBIN CHAPPLE:** Okay. We are state government. They have got problems over there.

**Mr Mullins:** I was not trying to be flippant, but I do not have an answer or a solution.

**Hon ROBIN CHAPPLE:** But, in theory, the idea is that the public should be able to access standards, because, say I am a builder up in Fitzroy Crossing or Halls Creek, I will need to access a standard from time to time. To do so is virtual impossible.

**Mr Mullins:** Sure, but you can order a hard copy of that standard.

**Hon ROBIN CHAPPLE:** But I want to do the work tomorrow.

**Mr Mullins:** That problem exists.

**Hon ROBIN CHAPPLE:** You can see it is a problem.

**Mr Mullins:** I accept it is a problem, yes.

**Hon MARTIN PRITCHARD:** Just with regards to what you paid for the contract, it would be a fair enough statement to say that you paid an amount of money. There was some risk—not probably a lot of risk, but there was some risk—but that amount that you paid, you would see that as covering that particular period. After that, then, you could not take into account that initial cost.

**Mr Mullins:** No, absolutely. So the contract is a 20-year contract that goes until 2023. And, as I say, on 17 December 2018 it will move to a different commercial arrangement at that stage.

**Hon MARTIN PRITCHARD:** And you will either get it or someone else will get it?

**Mr Mullins:** No, no, we will get it. On our reading of the contract, we believe we have exclusivity until 2023. After that it is open market. That will be a negotiation. We might continue to have it, and maybe five other bodies will have it as well.

**Hon MARTIN PRITCHARD:** You are going to renegotiate the contract at what year?

**Mr Mullins:** It is 2018, but the contract is not totally renegotiated. It moves to —

**Ms Myllyoja:** It is an option to extend the term on market terms.

**Mr Mullins:** It is an option to extend.

**Hon MARTIN PRITCHARD:** On market terms?

**Mr Mullins:** On market terms.

**Hon MARTIN PRITCHARD:** Whatever that is?

**Mr Mullins:** Yes, and what we will be doing is looking at—there are not many like us—comparable situations in other parts of the world, as Standards Australia will.

**Hon ROBIN CHAPPLE:** You actually made a statement on page 1 where you state —

Permitting further free use of Australian Standard publications through open access or by other regimes (such as the Crown) would diminish the incentive for innovation or creation in this context.

Can you explain how it would diminish?

**Ms Myllyoja:** If people are not being rewarded for their effort, if SAI Global is not making the revenue, it is not able to pass on the royalties back to Standards Australia. It will not have the funds to create new content.

**Hon ROBIN CHAPPLE:** But it is actually parking its funds. It has actually got a really good asset base. I mean, Standards Australia developing the standards is done through various representatives from industry groups or whatever else through, as we know, a voluntary contribution helping to provide that standard. That is virtually a very, very small cost.

**Ms Myllyoja:** There is an administration fee for all of that, and there are thousands of committees that are being managed, and there are secretariats provided, there is lots of documentation produced. When a standard is released, there might be multiple drafts of a standard, and there is an awful lot of administration that goes in there. What Standards Australia is doing with its \$200 million-odd, we do not know, but the purpose of the float back in 2003 was to make Standards Australia viable for the long term, so it was not going to be dependent on taxpayer funds. I think it does receive a grant per year of something like, is it, \$2 million from the federal government, and I think that goes towards its participation on international committees.

**The CHAIR:** My understanding is that—I am going on memory—the Standards Australia total budget in terms of operating costs is under \$20 million a year. I think about \$17 million or \$18 million a year is their total operating cost. That is a very low cost for all the work that they do, given all the voluntary expertise that is given on the committees, which is not remunerated. So the total cost, if you like, of actually producing standards is under \$20 million a year for the whole of Australia. The question is: when the contract expires in 2023, if Standards Australia were to say, “Okay; we’re not going to go into any contract with anyone. We’ll simply have a website and we’ll put them on the website and we’ll make them available freely, provided the government gives us a grant of, say, \$17 million a year”, is there any reason why that could not work?

[10.00 am]

**Mr Mullins:** Of course they could do that, but their costs would be greater than the \$17 million, because their costs would effectively be the costs that we have as well. I do not think we should underestimate just what the marketing and sales component of that is. There is a huge amount of education that goes on all the time of making people aware of what the standards are and changes of standards, because it is in our interest—I say “our” as in Australia; despite my accent I am a proud Australian—to try and get those standards out there, and we spend a lot of time on marketing and with people in front of there. Ignoring some of the IT costs that I referred to as well, we would burn \$10 million or \$11 million. If you add that on to the \$17 million, you are starting to get into the high 20s. If you put some of the technology over the top, there is no doubt at all you are over 30, yet there is \$40 million of revenue that is raised. As soon as you start adding it together —

**The CHAIR:** Is there actually a need to market the standards and the sales operation if it is available freely on Australian Standards’ website and Joe Bloggs in Halls Creek can simply go on to that website and say, “I’m interested in electrical standard whatever it is”, click on it, download it as a PDF onto their thing and can print it off and it is done? The cost of maintaining that website, I would imagine, would be fairly minimal. It is just simply a matter of uploading the new standards or updating standards. I would imagine, with the number of standards that are being produced, it probably would not take more than one FTE to maintain that.

**Mr Mullins:** Sure. In that particular example, absolutely. “It’s available. “That’s my trade”, going back to the electrician. “I need the electrical wiring standards.” Absolutely. If you then start

looking, though, let us say, at large corporations and you are wanting to get into management systems, so around the ISO 9001 standards, which are sold through Standards Australia, that is something that corporations and companies need to understand can actually add significant value to their business. Whether it is that or it is an IT standard on security, you have got to get that awareness out there. That is where a lot of the marketing and that is where a lot of the face-to-face stuff comes into play. A one-off standard, absolutely. “I’m a bricklayer. I just need to know what the standard is.” So I agree.

**Hon ROBIN CHAPPLE:** You have just touched on ISO Standards. ISO Standards can be accessed from various organisations all around the world. How do you become the marketer of ISO Standards in Australia? I am an ex-BHP person. Most of our standards came from England—they were the same standards—and we did not bother going to you guys; we just got them out of England.

**Mr Mullins:** You are quite a nice big client of ours—BHP!

**Hon ROBIN CHAPPLE:** Because they are an international standard and provided at different costs in different jurisdictions, when you are talking about major corporations, they are going to go to the lowest cost provider internationally.

**Mr Mullins:** Yes.

**Ms Myllyoja:** Of course these days you can access these standards from our website from anywhere in the world, but under the publishing licence agreement, whatever rights Standards Australia had to publish, they were granted to SAI Global. So Standards Australia, being Australia’s member on ISO, has publication and distribution rights for ISO Standards within its territory, which is Australia, and those have been passed on to us.

**Hon ROBIN CHAPPLE:** But originally when it was Australian Standards, that was just passed on at no cost.

**Mr Mullins:** No, you have still got to pay for an ISO standard.

**Ms Myllyoja:** Absolutely.

**Hon ROBIN CHAPPLE:** Yes, but it is quite a minimal cost.

**Mr Mullins:** No, no. For instance, we have an agreement with Ireland, so we do the distribution for Irish Standards, and through their peak body we can sell ISO Standards, so it is an international standard, only in Ireland—you can only do it in that jurisdiction—in the same way as we can sell it here. The costs are comparable between those two. If you are buying an ISO 2700 standard, which is an IT security standard, I am not sure what the cost of that particular standard is, but it would be \$1 000 or something. It is nominal, and it is the same around the world.

**Hon ROBIN CHAPPLE:** But in a lot of cases you can just access the ISO standard by just typing it in and you will get it online. You will find it somewhere, because they are not necessarily all licensed.

**Ms Myllyoja:** There are, I guess, examples of copyright infringements and there are organisations that make available standards who do not have the rights to make those available. I think that is an IP problem in the digital economy for lots of content. But you are quite right; you can access ISO Standards directly from ISO, for example, and there might be differences in price there. So that is the digital economy.

**Hon PETER KATSAMBANIS:** But when you are using standards, you also require verification that you have the most up-to-date standard and that it is the correct standard. I guess that is what you guarantee your users in that.

**Mr Mullins:** Depending on what we do, if somebody buys a subscription from us, a little bit like we were talking before, and they are a library or a tertiary education body, we will make sure that

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our content is up to date, so anything that is new immediately gets published into our database so that you can access it. The danger when you have a hard copy is that if something comes out the day after tomorrow, you have not got a clue about it.

**Hon PETER KATSAMBANIS:** I am a lawyer; I know about these sorts of things. I do not know if this is feasible or possible, but would you be able to provide us with your gross margin percentages for the various silos of standards that you publish around the world or that you provide around the world? You have spoken about Irish Standards and some of the ISO Standards and the like. You have obviously got a gross margin for the Australian Standards.

**Mr Mullins:** We do. I do not have it down at standard level. We would not be that granular at all, but we publish what our gross margin is.

**Hon PETER KATSAMBANIS:** By what silos do you publish that—by area, by region?

**Ms Myllyoja:** I think we would have to rely on whatever we publish in the full-year and half-year accounts. We a listed company. We would not be able to give any further information other than what we —

**Hon PETER KATSAMBANIS:** I am happy to go on your annuals.

**Mr Mullins:** No, no. We will —

**Hon PETER KATSAMBANIS:** But do you break down your gross margins by divisions or —

**Mr Mullins:** We break it down, yes, by divisions, so information, services, and then standards are part of that, so the gross margin is in it.

**Hon PETER KATSAMBANIS:** Is that global standards or do you break it down by region?

**Mr Mullins:** No, that is global. Going forward it will be by region, but we are literally three months into a new structure.

**Hon PETER KATSAMBANIS:** Right. So in the future you would be able to break it down by region.

**Mr Mullins:** In the future we would break it down by product within a region.

**Hon PETER KATSAMBANIS:** That information would be very useful for us.

**Mr Mullins:** Yes. We do not have that now just because we have not operated that way, but I am more than happy to send you the annual report, which would have a breakdown of that and, in fact, of the full-year results. I do not have the numbers in my head.

**Hon PETER KATSAMBANIS:** We would be able to access that anyway.

**Mr Mullins:** Yes. In the full-year results, we talk about what the breakdown is.

**Mr G.M. CASTRILLI:** Would you know, with Standards Australia, what percentage of, I suppose, new standards are actually developed by industry or what percentage is developed by Standards Australia by bringing them up to date or whatever they do? Have you got any break-up of that? I am thinking of what I was saying before in my first line of questioning about this. Like Joe Blow, I could develop a standard which then gets adopted. What percentage of the Joe Blows out there are the actual production standards compared to what Standards Australia produces?

**Ms Myllyoja:** It is tiny. I think there are only five or seven by SDOs; it is a handful of standards versus thousands.

**Mr G.M. CASTRILLI:** So it is all done by SDOs. Is there anybody else?

**Ms Myllyoja:** It is mostly done by Standards Australia via its committee process. The SDOs only produce very specific, almost boutique, kinds of standards, like for the forestry standards or the railways or something like that. They even had a standard on fish names, so it is very specific!

**Mr G.M. CASTRILLI:** No wonder we are paying through the bloody roof!

**Mr Mullins:** But about 40 per cent of all standards are derived from ISO Standards. So as far as possible, Standards Australia tries to use an international standard, but they might modify it for local conditions.

[10.10 am]

**Mr G.M. CASTRILLI:** Could you also tell me, around all the standards you deal with around the world, what percentage are privately owned, like SAI, if you like, or government owned, like New Zealand?

**Mr Mullins:** I think of the larger economies—so certainly Britain, Germany, US—it is either private or quasi-private companies. Probably the British Standards group would be the largest body certainly that we deal with. I think they are constituted under royal charter.

**Ms Myllyoja:** I think they are incorporated under royal charter. So they are strictly speaking not part of the government, but they are closely aligned with the government.

**Mr G.M. CASTRILLI:** So government controlled, basically.

**Ms Myllyoja:** Government influenced, yes.

**Mr Mullins:** But they run a profit and loss, so you can go in and look at their accounts and, as I say, you can look at their price lists.

**Mr G.M. CASTRILLI:** Yes, but their masters are government, basically.

**Mr Mullins:** No. I think they are a little bit like Standards Australia in that they are effectively a peak body.

**Mr G.M. CASTRILLI:** What percentage of the other world is like SAI compared to totally government owned, like New Zealand? Can you give me a rough idea?

**Mr Mullins:** When you say “SAI”, in terms of the distribution?

**Mr G.M. CASTRILLI:** Yes, in terms of the status and the licensing you have and all that sort of stuff.

**Mr Mullins:** Ours is an unusual situation. We have this in Ireland as well. In Britain, IHS can distribute. IHS is aggregated, like SAI Global or that division. IHS can distribute within the UK, but predominantly the aggregators will aggregate standards away from the home domain. We sell British Standards everywhere except for in Britain, and we sell German Standards everywhere except for in Germany. By and large, how it works is that the standards body will distribute their own standards within their jurisdiction. The Australian situation is unusual.

**Ms Myllyoja:** The other thing I would like to add also is that Australian standards do not cover everything. There are other standards bodies. You have got the Therapeutic Goods Administration that has its own standards. The meat and livestock standards group used to do standards for meat, and you would have Food Standards Australia New Zealand for food standards.

**Mr G.M. CASTRILLI:** But you still have the licence —

**Ms Myllyoja:** But we have the licence for Australian Standards.

**Mr G.M. CASTRILLI:** — over them as well?

**Ms Myllyoja:** No, just Australian standards.

**Mr G.M. CASTRILLI:** Hang on. If Meat and Livestock Australia cover standards in Australia, you still get to distribute.

**Ms Myllyoja:** No, because their standard will not be called an Australian Standard; it will be called something else, like an MSA standard or something.

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**Mr G.M. CASTRILLI:** So they are not covered by you people at all; they are separate specifications. Okay; so they do not call them standards.

**Mr P. PAPALIA:** Peter, I refer back to your observation about what probably your total operating costs for producing, distributing and managing standards would be. Was it about \$16 million that you concluded in the end, if you take into account —

**Mr Mullins:** No, Standards Australia's, and I was actually using the chairman's numbers. I think it is around about \$17 million, but I picked that number up —

**Mr P. PAPALIA:** That is their \$17 million.

**Mr Mullins:** That is their \$17 million. Outside of the IT developments that we are doing at the moment, we are \$10 million or \$11 million, and then, with some of the investments that we are putting in at the moment, it will be far higher than that. If you take that combined, you start getting well over \$30 million, and we make \$40 million-odd in revenue.

**Mr P. PAPALIA:** So the revenue associated with that currently is \$40 million?

**Mr Mullins:** Yes. But, again, please, if I can just stress, remember that there was effectively a huge up-front payment. If you ignore all of that, then the margin, on the face of it, looks huge. If you take effectively that up-front payment, then it is sensible.

**Hon MARK LEWIS:** But you have brought that net present value into it and amortised it.

**Mr Mullins:** Yes, absolutely.

**Mr P. PAPALIA:** I am just looking towards the future. At some point I would imagine it is going to have to be government that makes the decision. I do not know whether Standards Australia will necessarily be in that position, but if you are looking at the capacity for them to take it back in-house at the conclusion of the arrangement, by then their investment portfolio would cover the costs of it—I imagine it would cover the costs. The revenue generated by their investment portfolio is pretty high already; it is probably already easily covering what you are talking about.

**Mr Mullins:** You are scratching a sore now!

**Mr P. PAPALIA:** Anyway, it is just an observation and it is a long time in hand.

**Mr G.M. CASTRILLI:** Earlier on we were talking about compliance. You have got compliance officers, I suppose, in Western Australia. In one of the questions we asked you about how many organisations have you pursued in Western Australia. I think you said something like seven.

**Mr Mullins:** I believe it is seven, yes.

**Mr G.M. CASTRILLI:** Could you tell me how many you are currently pursuing now and what is their make-up? Are they local government? What are local government, what are state government, what are industry bodies out there?

**Mr Mullins:** I am afraid I will have to take that on notice and come back to you. By and large, what we do is that we have one or two people that trawl the web and find out: have people publish these things and given them away for free? China does it to us a whole lot, for instance, which will be a huge surprise! Obviously, we have an obligation under the contract to protect Standard Australia's copyright. That is part of the service that we have got to do. If we find—you find it every now and again with students, where they will get a standard and then they will post something up on a website and say, "Hey, guys, if you're needing this, you can do it for free." It would be extraordinarily unusual for us to ever take anyone to court. By and large, what we will do is write to them and say, "Hey, that's not on. You are offside. Come back in." Yes, there have been seven.

**Ms Myllyoja:** We have never initiated proceedings.

**Mr Mullins:** We have never initiated proceedings.

**Ms Myllyoja:** And, in the event, that would be Standard Australia's call.

**Mr Mullins:** It is a slap on the wrist. By and large, people are doing it in good faith, not because they are trying to do anything bad.

**Mr G.M. CASTRILLI:** You said you are happy to provide, by supplementary information, the numbers you are currently pursuing or whatever.

**Mr Mullins:** Sure. We will —

**Mr G.M. CASTRILLI:** And a break-up of who they are?

**Mr Mullins:** Yes. I am afraid I really have not got a clue at the moment. I should have prepared on that. My apologies.

**Hon MARTIN PRITCHARD:** So Standards Australia actually request you or it is part of the contract that you would chase that up. They do not do that themselves. They do not concern themselves with —

**Ms Myllyoja:** They leave that to us.

**Mr Mullins:** That is up to us to protect their copyright.

**Mr G.M. CASTRILLI:** We also asked a question, I think, about user-pays methods be devised, password protected, based on internet usage time, and you said, “No. We haven’t got the appropriate technology.” You made a statement where you are spending this year, I think it is, or next year, \$15 million on revamping or new technology. So would that then come into play? In question 7 we asked you, “Can some form of user pays method be devised, password protected, based on internet time usage?” and you said, “No. At present we don’t have the appropriate technology.” You just made a statement today that you are spending \$15 million, I think next year, or I think you said 16.

**Mr Mullins:** FY 16 and 17.

**Mr G.M. CASTRILLI:** Will that then enable that consideration to come into play?

**Mr Mullins:** It is not part of the design at the moment. The design assumes that we have search engines that help you. So a lot of the work we are doing is making it easier to identify a standard that you need and to significantly improve the way that you search, and using metadata and things to get in there. That is not part of the design at the moment. It is not something that we have thought about, because, again, how would we control copyright if you do that?

**The CHAIR:** I think it was one of the librarians—or one of the submissions or evidence that was given to us was along the line that they stopped having a licence because for the number of times it was being accessed, it was costing something like \$80 per look or per access. If the demand does not warrant it, that means that those who do need it actually cannot access it in that locality anymore. Could we have some system whereby a library can allow people to view a standard and pay on an actual usage basis rather than an annual fee for being able to look at the standards? Is that possible?

**Mr Mullins:** All those things are possible. We just do not have it at the moment. But I think probably the way to go on that—and I mentioned that in New South Wales and certainly in South Australia and Queensland it is happening as well—is that you effectively get an enterprise-wide licence and get possibly the state government to buy that. Then they can distribute it out effectively as a consortia. I saw in part of the Q and A’s it was said that we did not deal with consortia. That is not correct. So we would be more than happy to get into those sorts of discussion.

[10.20 am]

**Mr G.M. CASTRILLI:** So you have never refused to negotiate with the State Library in Western Australia about a consortia or about getting a better deal?

**Mr Mullins:** We asked that question and we were told, “No, that hasn’t happened.” Maybe there was somebody who said the wrong thing at the wrong time, but I do not believe that to be the case. We actively do that at the moment.

**Hon MARTIN PRITCHARD:** But that is by ABN. When you say “consortia”, would that include more than one ABN?

**Ms Myllyoja:** It can do. It is like an enterprise licence.

**Mr Mullins:** It is like an enterprise licence. So what we could do is we will go through a negotiation and say, “How many libraries are there out there?” We would look at it and then say, “Normally you would pay X or 10X, but we will come to some agreement that says we’re prepared to do something that’s less than that.” We have certainly done that in New South Wales and, as I say, those discussions are happening in South Australia and Queensland at the moment. We do it for big corporations sometimes as well.

**Mr G.M. CASTRILLI:** Could you just explain to me this premium service with the 48-hour, as I understand it, access online? If you are a slow learner like me and needed more than 48 hours, it automatically goes off. If I have not finished doing whatever I need to do in terms of accessing that standard, after 48 hours it goes blank. Do I then have to pay again to access the same information?

**Mr Mullins:** It is actually five days, I think. So the way that it is done is that if you have got the premium service, you can download the standard onto your PC, and there is some fairly clever software in there that will actually make it go blank after five days. But you can download it again if that is what you —

**Mr G.M. CASTRILLI:** After five days?

**Mr Mullins:** After five days.

**Hon MARTIN PRITCHARD:** I think movies have similar software. You rent it for a certain period and you can continually access it, or download it or whatever, but after a certain period it is no longer available.

**Mr Mullins:** The reason why that was put in there is that that is actually a request from a lot of large corporations where they want people going back to the source to access in case something has changed or in case there has been an upgrade. So you can download it and it will go blank after then. Then, after you have cursed your PC, you can download it again if you have got a premium.

**Mr G.M. CASTRILLI:** Free of charge?

**Mr Mullins:** Yes.

**Ms S.F. McGURK:** For the premium, it is part of the cost.

**Mr Mullins:** As part of the premium cost. Sorry; we keep on going back to the electrical standard, but if you are an electrician and you want to buy the electrical standard, you can download it. That does not blank out after five days; you have got it forever. But if we refresh it the day after tomorrow, you will be caught on that. But that is, by the way, part of the marketing that we do, so if there is a new electrical standard, in our databases we know exactly who has bought that from us. We will go out and say, “Are you aware that there’s a new standard coming out?” and would notify everybody.

**Mr G.M. CASTRILLI:** So the free access to Parliament, if Standards Australia exists, would be out of the question.

**Mr Mullins:** Say it again. If free access —

**Mr G.M. CASTRILLI:** Free access to Parliament of standards, if Standards Australia agreed to it—because, obviously, they have to negotiate with you—that would be out of the question on your behalf, I suppose, would it?

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**Mr Mullins:** We would be reluctant to give it for free, but we would be quite happy to talk about it!

**Mr G.M. CASTRILLI:** I am just putting it out there!

**Hon ROBIN CHAPPLE:** One last question: in the digital age you are going to be competing for the free market. In the last 15 minutes I have downloaded six ISO Standards and actually three of your standards online. So how are you going to deal with that?

**Mr Mullins:** As soon as I get back to the office!

**Hon ROBIN CHAPPLE:** The digital arena is going to open this up and it is going to be very difficult internationally to control that.

**Mr Mullins:** And you are absolutely right, and that is something that we run into all the time, and it is a problem that musicians run into and authors run into, and that is part of the digital age. So if that is up there and can be accessed for free, all we can do is hope that if it is being put into the public domain, maybe we are chasing those —

**Hon ROBIN CHAPPLE:** I have just typed in “ISO Standards for free” and got a whole heap of them.

**Ms Myllyoja:** There are some standards that are available for free.

**Mr Mullins:** There are standards that are for free.

**Hon ROBIN CHAPPLE:** These are ways to get them free.

**Mr Mullins:** You are a very naughty man!

**Hon ROBIN CHAPPLE:** It is an issue that you are going to be facing. There was one other question I wanted to ask. We quite often actually get a delegated piece of legislation, or not quite often, but we have had them, which refers to an Australian Standard, and then we have actually found that the standard has been deleted. So how does that work?

**Mr Mullins:** We will only delete something if Standards Australia tells us.

**Hon ROBIN CHAPPLE:** Obviously, the department still on their shelf have got the standard, so they have referred to it in legislation, and we have actually in the past gone back to the department and said, “Well, we’ve looked for it.”

**Mr Mullins:** It does not exist now.

**Hon ROBIN CHAPPLE:** It does not exist.

**Mr Mullins:** I cannot answer that. That is one of those things.

**Hon ROBIN CHAPPLE:** A free system would mean that the department could just check it straightaway. When it comes to us, if we have something that says a standard, we just go, “Oh, yes, it’s got a standard. Good. What does it mean? We can’t afford to get it.”

**Mr Mullins:** But you can check any standards. You can go in there and see the metadata of any standard, so if you want to say, “Is there a standard on overhead congruators”, you can go in and search the library to say, “Is there a standard on this?” and it will say, “Yes, there’s AS Standard 1234”, and it will give you a high-level description of what it is, when it was published and all that sort of information. If you have a pulse and a credit card, you can buy it.

**Hon ROBIN CHAPPLE:** And the shareholders will benefit.

**Mr Mullins:** I am afraid that is business. That is how BHP works.

**The CHAIR:** The state government is shareholder, too. Do you want to sum up with anything in particular?

**Mr Mullins:** I think we have pretty much covered everything. Hanna, that certainly was what we wanted to get out. To me, the critical thing is that quite often when I am talking to people and

people say, “What do you do?” and you say, “Oh, we’re involved in standards”, people in their heads go, “Oh, that’s bureaucracy.” No, they are actually very, very valuable documents, and it is very valuable. Where it becomes difficult is once you start talking at an individual level where a particular person wants to get to a standard, but for corporations, and when we are dealing with them, it is a very low cost to them for saying that is of huge value to them—you know, the BHPs of this world. In the vast majority of cases, I think it is an excellent service and an excellent value. I accept that there will always be issues around the edges where that becomes a bit of a rub point, and that is why we are happy to have consortia and to talk about enterprise licences. Thank you.

**The CHAIR:** Thank you very much. I cannot find the right bit to read so I will just ad-lib it. Basically, you will be sent a transcript of the Hansard record. I think you have seven days or thereabouts to check it and return it. If you do not return it, we will assume it is correct. If you want to make any additional documentation available to us, particularly the supplementary information, if you could forward that to us, that would be very helpful. That will be listed. You may have made notes during our discussions of what you are going to provide as supplementary information, but you will actually get a note from us reminding you of what those things were, and hopefully you can supply those.

**Mr Mullins:** My recollection is that there is the annual report—that will give you some breakdown—of who we are pursuing at the moment. I think those were the two major things.

**Mr G.M. CASTRILLI:** I suppose there might be an occasion when we might need some clarification on some points and then contact you to supply that clarification.

**Mr Mullins:** Yes, that is no problem at all.

**The CHAIR:** Thank you very much for your time and for making yourself available. It is very much appreciated.

**The Witnesses:** Thank you.

**Hearing concluded at 10.29 am**

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