



Australian Government
Department of Industry,
Innovation and Science

National
Measurement
Institute



National Compliance Plan 2018–2019

Legal Metrology Branch

July 2018

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Our Principles

NMI is committed to ensuring that its legal metrology compliance activities will be consistent with best-practice approaches to regulation, including following the principles of proportionality, consistency and transparency.

Proportionality

Any regulatory response will be proportionate to the impact of any actual or potential harm.

Consistency

We will take a consistent approach when interpreting, applying and enforcing national trade measurement legislation.

Transparency

As a regulator, we will be accessible, provide clear guidance on all aspects of our legislation, and be open about our policies, processes and, where permitted, our decisions.

Our Service Aims

All NMI staff involved in compliance activities work within a clear framework of service aims and standards as outlined in our [Trade Measurement Service Charter](#):

Efficiency

We respond to client and stakeholder requests in the stated timeframes.

Clarity

We demonstrate sound technical or legal knowledge and provide customers with unambiguous guidance.

Empathy

We seek to understand customer needs.

Professionalism

We are friendly, polite, and always conscious of how we represent legal metrology as a service of the Australian Government.

Accountability

We accept and respond to stakeholder feedback and keep stakeholders informed of the processes we undertake to address their enquiries and complaints

A Risk-Based Approach to Minimise Harm

The aim of NMI's administration of legal metrology regulatory compliance is to minimise harm without creating unnecessary compliance costs or burdens for business.

We measure risk in terms of the harm and likelihood of regulatory non-compliance. Some of the factors used to determine harm include:

- impact on confidence in the measurement system
- extent of financial detriment to consumers or industry
- impact on maintaining a level playing field for business competition
- ability of consumers to make informed purchasing decisions.

In assessing risk we consider the impact of any single instance and/or the cumulative effect of many individual instances of non-compliance.

We use a risk-based approach when:

- prioritising the development and maintenance of legal metrology infrastructure (for example, pattern approval standards, National Instrument Test Procedures and appointment of Authorities)
- targeting compliance activities
- determining the appropriate and proportionate regulatory response where non-compliance is identified.

Recognising compliance history

Consideration of risk when determining regulatory responses will also be guided by previous compliance history. For example, NMI may:

- consider appropriate levels of surveillance for particular traders that have demonstrated a commitment to compliance through adoption of robust quality assurance systems or an industry code of conduct
- prioritise responding to complaints received about potential breaches of trade measurement law based on the compliance record of industry sectors and/or particular traders.

Program-Driven Compliance Activities

NMI combines market intelligence, consumer complaints and stakeholder feedback with compliance history to plan and implement targeted inspection programs for industry sectors that have a higher risk of non-compliance with the requirements of trade measurement law.

NMI undertakes pilot programs to assess the level of risk associated with non-compliance in particular or emerging industry sectors. These pilot programs are used to determine whether a targeted program needs to be introduced.

NMI allocates a small portion of its resources to maintain a base level of compliance monitoring activity through random audits. These provide visibility in the wider market. The 'potential' for a low-risk entity to be subject to some form of compliance activity can be a sufficient incentive for these entities to continue to voluntarily meet their obligations.

NMI also takes advantage of the presence of its trade measurement inspection force in the field to undertake market surveillance and investigation activities on behalf of other Commonwealth agencies, such as the Department of Health and the Australian Competition and Consumer Commission.

2018-2019 Compliance Programs

Ensuring the Integrity of the Licensing System

The basis of any trade measurement transaction is an accurate measuring instrument. In Australia, NMI appoints organisations called Servicing Licensees to ensure trade instruments are accurate before being used (verification).

During 2018-2019 we will invest significant resources into ensuring that verification is being undertaken correctly through:

- quality management audits of Servicing Licensees
- audits of measuring instruments verified by employees of Servicing Licensees.

One area of focus for our verification audits will be checking the accuracy of fuel dispensers. We will also work to ensure that Public Weighbridge Licensees are complying with their regulatory responsibilities through the Weighbridge Audit program.

National Targeted Programs

Frozen Seafood

In response to concerns raised by both consumers and industry, a focus of compliance activity in 2018-2019 will be checks to ensure that the declared weight of prepackaged frozen seafood does not include any ice or glaze. The inspection program will cover the whole distribution chain, including packers, importers, wholesalers and retailers.

Manufacturers & Importers

Through a focus on checking products and auditing systems at manufacturers and importers, we aim to prevent any non-compliant products entering the supply chain before they reach the ultimate consumer.

Major Supermarket Audits

Australia has one of the most concentrated grocery markets in the world, with four major organisations accounting for almost 80% of supermarket sales.

These major retailers have made representations to NMI that they have demonstrated a commitment to regulatory compliance through adoption of robust quality assurance systems. Consistent with the principles of our National Compliance Policy we have decided therefore to refrain from conducting routine inspections of these organisations during 2018-2019.

We will, however, test the extent of these organisations' quality assurance processes through a concentrated national audit program focusing on trading practices and the accuracy of equipment.

Economically Significant Industry Programs

Grain

The 45 million tonnes of wheat, barley, canola, sorghum and pulses produced in Australia each year contribute around \$14 billion to the national economy.

Quality measurements of grain, including protein content, moisture content, oil content and grain size, are used in the determination of price. Some industry participants have raised concerns with NMI about levels of compliance with trade measurement legislation, particularly in relation to use of instruments to make such quality measurements.

We will engage with industry stakeholders and government departments to assess the level of risk within the industry and determine the level of ongoing compliance activities.

Liquefied Natural Gas (LNG)

During 2018-19, we will undertake an initial pilot project in an LNG export plant to assess the need for more comprehensive auditing of measurement systems used to determine the value of bulk LNG sales.

Emerging Industry Programs

Waste Management

Weight and volume based charging is increasingly prevalent in the waste management and recycling sector. We will continue our work in this area to analyse potential risks in the industry and assess the necessary level of regulatory involvement.

Data Collection and Monitoring Programs

Community Savings

To underpin the analysis used to develop targeted risk programs, NMI will continue to capture data on likely financial loss suffered by customers in trade measurement transactions across a broad range of industry, including a focus on audits of petrol stations.

Compliance Confidence

NMI will continue to target a selection of traders and industry groups found to be non-compliant in previous years, to evaluate their ongoing business practices. The results of these inspections will be used to determine the level of future engagement with these industries in order to address any systemic failure to commit to long term compliance.

Ongoing Programs

Remote and Indigenous Communities

As part of our commitment to ensuring that industry and consumers are not unfairly disadvantaged as a consequence of their locality, NMI will ensure that time is spent in remote locations including indigenous communities to increase awareness of trade measurement requirements and assess compliance with trade measurement legislation.

Weighbridge Audits

Weighbridges are a fundamentally important measurement instrument in industries that contribute significantly to Australian GDP such as mining, agriculture, livestock and transport. NMI will continue to deliver a program of weighbridge inspection tests across metropolitan and regional areas. We are also enhancing our harm assessment processes to ensure that we prioritise higher risk sites. This activity will also contribute to inspections undertaken through the Grain Program.

Rapid Response

When required, inspection activity will be initiated immediately in response to government priorities and stakeholder intelligence where significant market failure is identified and not covered by other compliance programs.

External Agency Programs

Tobacco Plain Packaging – Department of Health

Trade measurement inspectors are appointed as authorised officers by the Department to Health to undertake education and investigation activities in relation to compliance with the provisions of the Tobacco Plain Packaging Act 2011 and the Tobacco Plain Packaging Regulations 2011.

Country of Origin Labelling – Australian Competition and Consumer Commission

On behalf of the ACCC, NMI will conduct market surveillance in metropolitan, regional and remote areas across a broad range of businesses involved in the supply of food products (packaged and unpackaged), to assess compliance with the Country of Origin Food Labelling Information Standard 2016.

2018-2019 Compliance Targets

INSPECTION ACTIVITY	PERFORMANCE TARGETS
Provide broad coverage across industry sectors in metropolitan and regional areas	8000 trader audits (including both initial and follow-up audits)
Test a wide range of instruments in use for trade	10,000 instruments
Test a wide range of pre-packaged articles	60,000 pre-packed article lines
Monitor trading practices	1000 'secret shopper' trial purchases