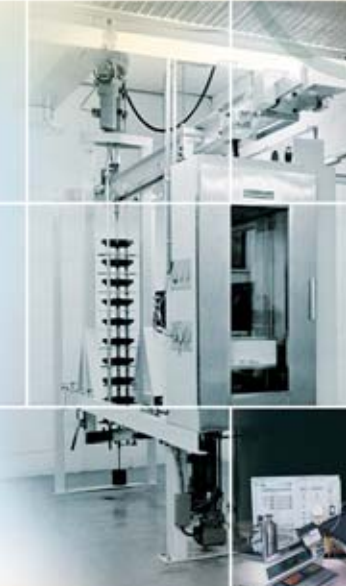




Australian Government
National Standards Commission



*54 Years
of Service
1950-2004*



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**Annual Report
2003-04**

National Standards Commission

Annual Report 2003–04

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The Hon Ian Macfarlane MP
Minister for Industry, Tourism and Resources
Parliament House
Canberra, ACT 2600
24 August 2004

Dear Minister

I have pleasure in submitting to you, for presentation to Parliament, the annual report of the National Standards Commission. The annual report covers the period 1 July 2003 to 30 June 2004.

Under section 9 of the *Commonwealth Authorities and Companies Act 1997*, the members of the Commission are responsible for the preparation and content of this annual report which has been prepared in accordance with the Finance Minister's orders issued under that Act, i.e. the *Commonwealth Authorities and Companies Orders 2002*.

I am satisfied that the Commission has in place appropriate fraud control mechanisms that meet the needs of the organisation and comply with the guidelines for 2003–04, including reporting requirements.

With the concurrence of all Commission members, on 24 August 2004, I resolved to adopt this annual report.

Yours sincerely



Dr Doreen Clark AM
Chair

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This report marks the end of a 54 year lifetime for the National Standards Commission. On 30 June 2004 the Commission ceased to exist as a separate statutory authority and its operations were transferred to the National Measurement Institute (NMI), a unit within the Department of Industry, Tourism and Resources.

It was a particularly challenging year for the management and staff of the Commission, as they were heavily involved in the transitional arrangements, as well as maintaining normal customer services and expanding the legal metrology system to meet government and industry needs. Staff assisted with the drafting of amendments to the *National Measurement Act 1960* and the National Measurement Regulations 1999, the negotiation of the NMI certified agreement, the development of new work level standards, and the specification of finance and IT systems for NMI. The Commission also hosted a strategic planning workshop and provided input for the NMI business plan.

Industry Services achieved further improvements in productivity and substantially met its performance benchmarks throughout the year. Major equipment upgrades were undertaken to meet new international testing requirements. The group is well placed to compete for pattern approval testing in a global marketplace when OIML mutual acceptance arrangements come into effect in 2005. The Commission continued to work with the taxi industry, electricity, gas and water authorities, the wine and grain industries, and Australian police services to develop appropriate national measurement systems. From 1 July 2004, legal metrology systems will come into effect for grain protein measurements and domestic cold water meters.

In collaboration with State and Territory trade measurement authorities, the Commission has been systematically producing uniform test procedures for the verification and certification of trade measuring instruments, and has developed world class training materials to support a national trade measurement training program. These initiatives have contributed to national uniformity, but the Commission remains concerned at the inefficiencies and costs associated with current legislative and administrative arrangements, and strongly supports the creation of a national trade measurement system.

In June 2004 the Commission launched the book *For Good Measure* by Jan Todd – an excellent record of the development of Australia's measurement system, from colonial times to the present day. For those with a close interest and involvement in this endeavour, the book provides a timely opportunity to reflect on the important challenges and achievements of the past, and to look forward with optimism to the creation of the NMI and the beginning of an exciting new chapter in this story.

In submitting this, the final annual report of the National Standards Commission, I thank the staff for their loyalty and commitment to the work of the Commission, and wish them well as they continue to develop the national measurement system under the direction of NMI. I also thank my fellow Commissioners for their dedicated service and for their personal support during my tenure as Chair.



Dr Doreen Clark AM

Chair

The Commission was established in 1950 to advise the Australian Government on the national measurement system and to coordinate that measurement system. It was abolished on 30 June 2004 and its operations were transferred to the National Measurement Institute (NMI), a unit within the Department of Industry, Tourism and Resources. This is the last annual report of the Commission.

The Commission operated under the *National Measurement Act 1960* and came within the Industry, Tourism and Resources Portfolio for which the Hon Ian Macfarlane MP is the Minister. The Hon Warren Entsch MP is the Parliamentary Secretary.

Vision

Our vision is to be a centre of excellence in legal metrology, advancing Australian economic and social interests at a national, regional and international level

Legal metrology activities contribute to Australian economic interests by:

- enhancing industry and community confidence in transactions based on measurement, and hence facilitating trade in a broad range of manufactured and packaged goods, commodities and utilities;
- reducing technical barriers to international trade, through the global harmonisation of standards and test procedures;
- ensuring that Australian exports of primary products and bulk commodities are fairly traded on the basis of quantity and quality;
- protecting consumer interests and reducing opportunities for fraud; and
- reducing disputation and transaction costs, and providing a legal framework for the resolution of measurement-related disputes.

Mission

Our mission is to support commercial transactions and government regulations with a uniform national measurement system, harmonised to international standards

The national measurement system comprises a network of infrastructure organisations in the public and private sectors. The system is designed to ensure that all stakeholders can have complete confidence in the reliability and accuracy of:

- trade measurements (such as those made by supermarket weighing scales, weighbridges, fuel dispensers, spirit dispensers and utility meters); and
- regulatory measurements (such as police evidential breath analysis).

Objectives and Functions

Commission's objectives, as defined in section 4 of the National Measurement Act, were:

- to establish a national system of units and standards of measurement of physical quantities;
- to provide for the uniform use of those uniform units and standards of measurement throughout Australia;
- to coordinate the operation of the national system of measurement;

- to bring about the use of the metric system of measurement in Australia as the sole system of measurement of physical quantities; and
- to provide for a system of verification of utility meters used for trade.

The functions of the Commission, as defined in section 18 of the National Measurement Act, were:

- to furnish advice to the Minister on matters relating to the administration of the National Measurement Act;
- to promote and coordinate the use in Australia of a uniform system of units and standards of measurement of physical quantities;
- to consult and cooperate with appropriate State and Territory authorities on matters relating to legal metrology and the use of units of measurement in the packaging of articles for sale;
- to consult and cooperate with the International Organisation of Legal Metrology (OIML) and other appropriate international organisations on matters relating to legal metrology;
- to examine and approve patterns of measuring instruments;
- to take appropriate steps to ascertain whether measuring instruments with an approved pattern are in accordance with the pattern;
- to verify utility meters used for trade;
- to take appropriate steps to ensure that utility meters used for trade are verified and used and dealt with as required by the Act;
- to promote the adoption in the States and Territories of uniform legislation relating to:
 - patterns of measuring instruments for use for trade; and
 - the use of units of measurement in the packaging of articles for sale;
- to provide information relating to units of measurement and standards of measurement;
- to bring about progressively the use of the metric system of measurement in Australia as the sole system of measurement of physical quantities;
- to make grants of financial assistance for purposes relating to metrology;
- to make loans for purposes relating to metrology;
- to guarantee loans made for purposes relating to metrology; and
- to establish and award fellowships and scholarships for:
 - training in the knowledge and skills relevant to metrology; and
 - metrology research.

Outcome and Outputs

The report of operations of the Commission is given on pages 3 to 14 and is based on the outcome and outputs defined in the Portfolio Budget Statements for 2003–04, namely:

Outcome 1

Australia has a national system of physical measurements in respect to which industry, commerce, government authorities, the community and our international trading partners have complete confidence

Output 1

Coordination of the national measurement system (\$3 million)

- Activity 1.1* Consultation, information and training
- Activity 1.2* Expansion of the legal metrology framework to meet emerging needs
- Activity 1.3* Facilitation of exports and reduction in technical barriers to trade

Output 2

Legal measuring instruments comply with international and national metrological standards (\$2.8 million, appropriation \$2.2 million)

- Activity 2.1* Maintain world-class legal metrology capabilities
- Activity 2.2* Provide efficient pattern approval and calibration services
- Activity 2.3* Implement an effective national pattern compliance program

Performance Information for Outcome 1

Achievement of planned performance for Outcome 1 based on the performance information given in the Portfolio Budget Statements for 2003–04, is given below.

Indicator 1 Range of trade and regulatory measurements covered by the legal metrology system

The legal metrology system currently covers:

- all types of weighing instruments;
- length measuring instruments;
- area measuring instruments;
- multi-dimensional measuring instruments;
- petroleum and liquid petroleum gas dispensers and pipeline meters;
- compressed natural gas dispensers;
- vehicle tanks;
- liquid level measuring instruments;
- milk tanks and milk meters;
- spirit dispensers;
- domestic cold water meters;

- evidential breath analysers; and
- grain protein measurement.

Currently we are establishing standards and infrastructure for the metrological control of:

- electricity and gas meters;
- irrigation (water) meters;
- wine grape colour and sugar content;
- traffic speed measurements; and
- taximeters.

Indicator 2 Number of national and international standards in place, and degree of harmonisation

The Commission has published seventeen pattern approval standards which are harmonised to international standards. Thirteen of these standards are identical to OIML standards and four are modified OIML standards. Eight national standards are also in place.

Indicator 3 Number and outcome of disputes relating to legal measurements

The Commission has not been involved in any disputes relating to legal measurements.

Indicator 4 Number of detected cases of fraud associated with the supply or use of trade measurement instruments

The Commission is not aware of any cases of fraud associated with the supply of trade measurement instruments. State and Territory trade measurement authorities are responsible for prosecuting cases of fraudulent trade practices.

Indicator 5 Scope of mutual recognition agreements with overseas partners

Currently we have three agreements for the mutual recognition of pattern approval test reports (with the United Kingdom, The Netherlands and New Zealand) and two memoranda of understanding on cooperation in legal metrology (with China and Japan). From 2005, OIML mutual acceptance arrangements will be introduced and we expect to be an active participant in these arrangements.

Performance Information for Output 1

Consultation, Information and Training

- Maintain effective channels of communication with all stakeholders
- Disseminate information and publicity
- Develop and deliver national training programs
- Facilitate uniformity in trade measurement throughout Australia

Achievements

- Commissioned the book *For Good Measure: The Making of Australia's Measurement System* by Jan Todd, which was published and distributed as a commemorative gift to stakeholders to mark the transition from the Commission to NMI
- Presented papers at the annual conference of the Metrology Society of Australia on national measurement legislation, traceability of breath alcohol measurement (with Victoria Police) and the important role of legal metrology in upholding environmental protection regulations
- Published uniform test procedures for the verification and certification of non-automatic weighing instruments, beverage dispensers and fuel dispensers
- Coordinated the national trade measurement training program, which delivered eleven courses in collaboration with trade measurement authorities
- Participated in a SCOCA Working Group to develop options for a national trade measurement system, for consideration by the Ministerial Council on Consumer Affairs
- Provided input and advice on a wide range of issues relating to the transmission of business from the Commission to NMI

Communication with Stakeholders

The Commission has the important roles of advising the Australian Government on issues relating to the national measurement system, and of coordinating the components of that system to ensure that measurements can be made on a consistent basis throughout the country. These measurements, in turn, provide a quantitative basis for decisions in many aspects of our life, including commerce, industry, science, engineering, international trade, health and safety.

During this year we worked in close collaboration with the Department of Industry, Tourism and Resources, to prepare for the transmission of business from the Commission to NMI. Management and staff made significant contributions to:

- drafting amendments to the *National Measurement Act 1960*, the National Measurement Regulations 1999 and the National Measurement Guidelines;
- developing a preliminary business plan and organisational structure for NMI;
- negotiating a certified agreement;
- producing new work level standards;
- presenting information seminars to industry stakeholders and customers;
- editing existing legal metrology information and documents, in preparation for publication on NMI's website;

- exchanging information with the National Measurement Laboratory and the Australian Government Analytical Laboratories; and
- specifying requirements for integrated financial management and ITC systems.

The Commission has maintained a close liaison with State and Territory trade measurement authorities. Six-monthly management meetings were held to review progress with the development of uniform test procedures for the verification and certification of trade measuring instruments, and the associated development and delivery of training courses for inspectors and licensed certifiers (see page 6). These meetings were also a useful forum for discussion of emerging issues and coordination of resources.

With the introduction of new international mass classifications, there was a need to upgrade State and Territory primary mass standards. The Commission assisted this process by purchasing sets of masses (complying with OIML E2 specifications) which have been made available to State and Territory verifying authorities under long-term loan arrangements.

Meetings of the National Time Committee were held in September and June to discuss time infrastructure, legislation, developments in technology, time dissemination, legal metrology and the traceability of measurements. On the recommendation of this Committee, the Commission made a small grant to the VNG Users Consortium, to support the construction of a GPS-based audible time signal generator. This device will provide surveyors and astronomers with a time service similar to that formerly provided by Radio VNG.

The Commission continued to participate in national standards and conformance activities, in collaboration with the National Association of Testing Authorities (NATA), Standards Australia International and the Joint Accreditation System of Australia and New Zealand (see Appendix B). Staff also supported the activities of the Metrology Society of Australia and presented papers at its biennial conference.

Information and Publicity

During the year we increased the number of publications available on our website and encouraged users to download publications free of charge. At the end of the year this information was revised to reflect legislative and organisational changes, and transferred to NMI's website www.measurement.gov.au.

During the year we published three pattern approval documents, five uniform test procedures and last years annual report. For a complete list of our publications see Appendix D.

Since 1984 the Commission has had responsibility for the completion of metrication. We have continued to provide services to the public, through a toll-free line for metric queries and a metric conversion tool on our website. The Commission also supported the Young Scientist Awards, two winners of which represented Australia at a science competition in the USA.

National Training Programs

In collaboration with State and Territory trade measurement authorities, the Commission has coordinated the development and publication of uniform test procedures for the verification and certification of trade measuring instruments. This year saw the completion and implementation of test procedures for fuel dispensers and beverage dispensers. Work continues on test procedures for alcoholic beverage measures, milk tanks, area measuring instruments, length measuring instruments, lubricating oil measures, vehicle tanks, graduated measures, belt weighers and automatic rail weighbridges.

Comprehensive training packages have been developed and upgraded to support national training programs in the verification and certification of non-automatic weighing instruments and fuel

dispensers. These resources are considered to be the best available for this purpose, and will be used to support an international training initiative. Ten accredited trainers participated in a five-day program which provided them with the skills to deliver training in the verification and certification of fuel dispensers.

During the year the national trade measurement training team delivered ten training courses on the verification and certification of non-automatic weighing instruments to approximately 120 participants in New South Wales, Victoria, Western Australia and South Australia. In addition, one three-day train the trainer course was delivered to six participants from industry.

Uniformity in Trade Measurement

Trade measurement authorities of the States and Territories administer the Uniform Trade Measurement Legislation that regulates transactions in goods that are bought and sold by measure. It is a matter of some concern that there are still considerable variations in trade measurement practices between the States and Territories. In 2003, the Standing Committee of Officials of Consumer Affairs (SCOCA) established a working party to develop and evaluate options for a national trade measurement system. The Commission has been an active participant in that working party, and assisted in the preparation of an options paper which was forwarded to the Ministerial Council on Consumer Affairs.

The Commission was represented on SCOCA and its Trade Measurement Advisory Committee, and has continued to provide advice and support on important trade measurement issues. In particular the Commission obtained the agreement of SCOCA to develop a national average quantity and e-mark system that will facilitate the export of packaged goods to Europe. The Commission has also been working, in conjunction with the Trade Measurement Advisory Committee, to introduce measuring container bottles for the wine industry. This means that the quantity of wine contained in bottles can be determined from the certification of the bottles rather than by destructive testing. The wine industry strongly supports both of these initiatives.

Expansion of the Legal Metrology Framework to Meet Emerging Needs

- Identify and evaluate emerging issues
- Coordinate collaborative projects
- Develop legislation and regulatory infrastructure

Achievements

- Implemented all requirements for the metrological control of domestic cold water meters, and gained Ministerial approval for lifting of exemptions on this class of meters
- Conducted a successful one-year trial of a metrological control system for grain protein measurement
- Appointed certifying authorities to produce reference materials for grain protein measurements
- Produced a draft standard for grape must sugar measurement, in collaboration with the Winemakers Federation of Australia
- Liaised with the Victorian Justice Department to establish a national policy-level mechanism for police speed camera measurements

Emerging Issues

The impact of new technology, the use of measurement in industry and commerce, and the contribution of measurement to industrial and resource development and international trade provide an important focus for policy development. The Commission also considers the economic

impact of measurements and the necessity to have legal measurements to show compliance with international treaty obligations, for example greenhouse gas emissions.

Policy development involves identifying issues, collecting data and seeking strategic solutions. Wherever possible, solutions are based on the adoption of existing international legal metrology standards and procedures. A network of consultative committees provides an interface between the Commission and stakeholders within the Australian community.

Collaborative Projects

Quality Measurements of Grain

A complete metrological control system has been put in place to support traceable measurements of grain protein content. Grain handling authorities conducted collaborative surveys and have been appointed as certifiers of whole grain reference materials.

A new method has been established for the verification of sieves and a general certificate of approval was issued for chondrometers that will allow for their verification by trade measurement authorities.

Last year the Commission proposed the establishment of a new OIML technical sub-committee on grain protein measurement. This proposal was accepted and the Commission has taken on the role of secretariat of the committee. The first meeting was held in Sydney in May, with representation from the USA, Japan and New Zealand.

Quality Measurements in the Wine Industry

The Commission has been working with the Winemakers Federation of Australia to develop improved measurement systems for grape quality characteristics, with a particular focus on sugar content and grape colour. A standard procedure for measurement of grape must sugar content is being developed.

Utility Meters

Utility meters have been exempt from the provisions of the National Measurement Act, pending the establishment of agreed standards and procedures for metrological control. With effect from 1 July 2004, exemptions will be lifted on domestic cold water meters. Australian pattern approval requirements for water meters are harmonised with international requirements (OIML R 49-1). Approving and verifying authorities have been appointed, and extensive stakeholder consultations were undertaken in preparation for the lifting of exemptions. Consultations have commenced with interested parties on the metering of irrigation water.

The lifting of exemptions on electricity meters has been deferred until the OIML recommendation is finalised. Australian pattern approval requirements will then be harmonised with this recommendation. The Commission has made a major contribution to the work of the OIML technical committee, and has consistently sought to accelerate the pace of this work. In the interim, Australian electricity regulators and utility companies have continued to implement the Australian standard (NSC M 6) on a voluntary basis.

The Commission is making a major contribution to the development of a new OIML recommendation for gas meters and has consulted Australian stakeholders to ensure that their interests are represented in this process.

Taximeters

The OIML draft recommendation for electronic taximeters was circulated to Australian stakeholders for their comments, and the Commission subsequently held meetings with taximeter manufacturers and taxi regulators to discuss their requirements. Comments were forwarded to the OIML secretariat in December.

Traffic Speed Measurements

This year saw a number of successful legal challenges to speeding infringements, particularly in Victoria, which highlighted significant problems with speed measurements made by fixed cameras. As a result of approaches made by the Commission, the Australasian Police Minister's Council has endorsed the creation of an inter-jurisdictional working group to develop a national approach to the control of speed camera measurements. This should provide a high-level national policy commitment that has previously been lacking.

Legislation and Regulatory Infrastructure

Commission staff assisted with the drafting of the National Measurement Amendment Bill 2003: a bill for an Act to establish a National Measurement Institute, make technical amendments of the *National Measurement Act 1960* and associated regulations, and for related purposes.

The National Measurement Regulations 1999 and the National Measurement Guidelines were also amended, to reflect changes to the Act. A number of technical amendments were also made, to update the regulations and ensure that Australian practices remain harmonised with international recommendations.

Facilitation of Exports and Reduction in Technical Barriers to Trade

- Participate in the development of international standards through OIML
- Participate in regional legal metrology programs and provide training and consulting services
- Establish mutual recognition arrangements with selected overseas laboratories
- Develop closer working relationships with overseas legal metrology organisations

Achievements

- Represented Australian interests on fifty OIML technical committees and commented and/or voted on forty-five OIML projects and draft publications
- Participated in OIML policy development through meetings of the International Committee of Legal Metrology and its Presidential Council
- Participated in a working group to develop an implementation plan for the OIML Mutual Acceptance Arrangement
- Attended the tenth meeting of the Asia-Pacific Legal Metrology Forum
- Presented a paper at an APEC-sponsored symposium on Traceability in Legal Metrology
- Delivered a training course on the verification of fuel dispensers for twenty-six trainees from Asia-Pacific countries.

International Standards

The Commission is actively involved in the formulation and revision of international pattern approval requirements through its membership of OIML, an intergovernmental organisation that develops model regulations for the control of legal measurements and measuring instruments through its technical committees.

The Commission is a participating member on forty OIML technical committees and an observing member on ten committees. We provide the secretariat for two committees: dimensional measuring instruments and instruments for quality analysis of agricultural products (with a focus on grain protein measurement).

During the year we attended committee meetings on electricity, gas and water meters, fuel dispensers and grain protein measurement, and commented on the following OIML publications:

- measuring systems for the mass of liquids in tanks;
- automatic gravimetric filling machines;
- electronic taximeters;
- water meters intended for measuring cold potable water;
- automatic level gauges for measuring the liquid in fixed storage tanks;
- gas chromatographic systems for measuring pollution from pesticides and other toxic substances;
- gas chromatograph/mass spectrometer system for analysis of organic pollutants in water;
- sound calibrators;
- directives for OIML technical work;
- automatic catchweighing instruments;
- instruments for measuring the area of leather;
- ophthalmic instruments;
- elements for a law on metrology;
- automatic instruments for weighing road vehicles in motion;
- clinical thermometers;
- conventional value of the result of weighing in air;
- non-automatic weighing instruments;
- static volume measurement;
- instruments for measuring electrical quantities;
- general requirements for electronic measuring instruments;
- principles of metrological supervision;
- weights of classes E1, E2, F1, F2, M1, M1-2, M2, M2-3, M3; and
- measuring systems for gaseous fuel.

In October the Executive Director represented Australia at the annual meeting of the International Committee of Legal Metrology which was held in Kyoto, Japan. The Executive Director also attended two meetings of the OIML Presidential Council and served on a working group which was asked to develop an implementation plan for the OIML Mutual Acceptance Arrangement, including funding arrangements, certification procedures and prioritisation of instrument categories. The Mutual Acceptance Arrangement is expected to commence operation in early 2005.

Regional Legal Metrology Forums

In October the Asia–Pacific Legal Metrology Forum held its annual meeting in Japan. In association with this meeting, APEC sponsored a symposium on Traceability in Legal Metrology. The Executive Director attended these events and presented a paper entitled Legal Traceability of Breath Alcohol Measurements, summarising the pioneering work conducted by the Commission in collaboration with the Victoria Police Laboratory, the Australian Government Analytical Laboratories and the University of New South Wales.

The Commission continued to provide the training coordinator for the Asia–Pacific Legal Metrology Forum. This year, a training course on verification of fuel dispensers was delivered in Hanoi, Vietnam in July, with the collaboration of the Queensland trade measurement authority.

Mutual Recognition

In the expectation that a global Mutual Acceptance Arrangement will be introduced by OIML in 2005, the Commission decided not to enter into any further bilateral arrangements.

The Commission has mutual recognition agreements with the Netherlands Measurement Institute, the National Weights and Measures Laboratory in the UK, and the New Zealand Ministry of Consumer Affairs.

Relationships with Overseas Legal Metrology Organisations

The Commission has signed memoranda of understanding on legal metrology with its counterpart organisations in Japan and China. These arrangements provide for staff and management exchanges and collaborative projects which focus on reducing technical barriers to trade and mutual development of technical capabilities.

A delegation of legal metrologists from the People’s Republic of China visited the Commission in April for policy and technical discussions.

Performance Information for Output 2

Legal Metrology Capabilities

- Maintain quality systems and NATA accreditation
- Invest in new technologies and equipment upgrades
- Upgrade project management and information systems

Achievements

- Took over responsibility for calibration of petroleum master meters for the South Pacific region
- Established test facilities for the pattern approval of evidential breath analysers
- Upgraded the large load cell test rig and temperature chambers

Quality Systems and NATA Accreditation

Conformance with *ISO/IEC 17025 (1999) General Requirements for the Competence of Testing and Calibration Laboratories* is a requirement that underpins the mutual recognition agreements between the Commission and overseas pattern approval laboratories.

The Pattern Approval Laboratory is accredited to ISO/IEC 17025 by NATA in the field of metrology for the calibration of laboratory mass standards, pressure standards, temperature standards and flow measuring devices. The Pattern Approval Laboratory is also accredited for the pattern approval of non-automatic weighing instruments, liquid measuring instruments, liquor dispensers, length measuring instruments, area measuring instruments, milk tanks, load cells, weighing-in-motion systems, belt conveyor weighers, totalising hopper weighers, automatic catchweighing instruments, multi-dimensional measuring instruments, automatic tank level gauges and fuel dispensers for motor vehicles.

New Technologies and Equipment Upgrades

During the year, major upgrades were completed on the large load cell test rig to ensure full compliance with OIML test procedures. Environmental chambers were also upgraded.

All pattern approval procedures include tests of the susceptibility of instruments to radiated interference. In view of the expansion of telecommunications into high frequency bandwidths, particularly for mobile phones, international standards are being modified to cover an expanded frequency and power range. The Commission has commenced a major upgrade of its electromagnetic test chamber in preparation for these new testing requirements.

Current testing facilities include:

- load cell testing facilities up to 50 tonnes;
- flowmetering facilities for petroleum products, liquefied petroleum gas and compressed natural gas;
- an electromagnetic test chamber to test the susceptibility of instruments to radiated interference in the frequency range 26 to 1000 megahertz;
- electrostatic discharge and line-borne electrical interference testing systems; and
- environmental chambers for testing under a range of temperature and humidity levels.

Project Management and Information Systems

The Commission made the transition from a paper-based to an electronic information systems, with effect from 1 July 2003. Staff were trained in the use of the new systems, which comprise TRIM records management software, a laboratory management system based on Microsoft Access databases, MYOB accounting software, and on-line administrative procedures linked to Microsoft Outlook. The new systems increased staff efficiency, reduced administrative costs, and improved access to information.

Pattern Approval and Calibration

- Liaise with customers
- Conduct pattern approval and calibration testing
- Produce pattern approval certificates

Achievements

- Issued or varied 149 pattern approval certificates
- Issued nineteen approvals under our mutual recognition agreements
- Generated \$680 178 in sales revenue
- Published a new edition of CD-ROMs of our certificates of approval

Customer Liaison

The Commission now has the capability to carry out pattern approval testing on compressed natural gas (CNG) fuel dispensers. A meeting was held in October with stakeholders in the CNG industry, to discuss the future use of CNG in Australia, and requirements for compliance with the OIML draft recommendations.

We contacted all our customers to advise them of the transition of business from the Commission to NMI. Stakeholder meetings were held in Sydney and Melbourne to provide information on the new organisation and to respond to questions and concerns.

Pattern Approval and Calibration Testing

Within Australia the Commission has responsibility for the pattern approval of measuring instruments used for trade and for regulatory purposes.

The Commission's Pattern Approval Laboratory examines measuring instruments against national or international metrological specifications to determine whether an instrument is capable of retaining its calibration over a range of environmental and operating conditions. If we do not have the appropriate test facilities we appoint approving authorities to carry out pattern approval testing. So far we have appointed two approving authorities to examine water meters, five approving authorities to examine electricity meters and one approving authority to examine evidential breath analysers. Commission staff are responsible for checking test reports from external laboratories and issuing pattern approval certificates.

Once the pattern of an instrument has been approved by the Commission, instruments which comply with the approved pattern may be installed for use.

Pattern approval activities generated \$680 178 in revenue and 82% of approvals met performance benchmarks for timely completion. This is a significant improvement over previous years.

Calibration testing is based on the performance of the instrument under conditions usually specified by the applicant. During the year we issued 61 calibration certificates under Regulation 13 of the National Measurement Regulations.

Pattern Approval Certificates

Certificates of approval of measuring instruments are issued to certify that the instrument is suitable either for use for trade, or as a legal measuring instrument. During the year we issued or varied 149 certificates which included two general certificates, one legal measuring instrument certificate and four certificates for utility meters. Nineteen certificates were issued under mutual recognition agreements.

CD-ROMs of our certificates of approval were published in January and monthly updates of interim and final certificates were posted on our website. The CD-ROMs contained 929 certificates for weighing instruments (volume 1) and 300 certificates for flowmeters (volume 2).

Both CD-ROMs also contained 367 supplementary certificates, 44 general certificates and 212 certificates for other instruments.

Pattern Compliance Program

- Sample selection in consultation with industry
- Compliance testing
- Non-compliance policy development and implementation

Achievements

- Tested twenty-two instruments for pattern compliance
- Initiated minor remedial action on six instruments and major remedial action on one instrument

Sample Selection

Twenty-two instruments (non-automatic weighing instruments, load cells and digital indicators) were voluntarily supplied for compliance testing.

Compliance Testing

We continued to review the results of our pattern compliance program that entails systematically auditing production instruments to ensure that they continue to be manufactured in accordance with the pattern and within the approved specifications.

Non-compliance Policy Development and Implementation

Of the twenty-two instruments that underwent compliance testing, six were found to have minor failures and one had a major failure which resulted in the product being withdrawn from sale until the problem had been rectified. Clients relayed the results of the testing back to their manufacturing plants and have remedial action where necessary. This has been a constructive outcome.

The pattern approval process has limited value if there are no systems in place to ensure that production instruments comply with the approved pattern and meet the required performance standards. With the introduction of mutual recognition arrangements, it is particularly important to ensure that adequate safeguards are in place to protect the Australian marketplace from dumping of inferior trade measuring instruments and unfair market competition.

Commission Members

The Commission consists of a part-time chair, six part-time members and the executive director as an *ex officio* member. At 30 June 2004 six of the Commission members were men and two were women.

The Commission held meetings in August, November, March and June to review and oversee ongoing work. A final meeting was held in August 2004 to approve the annual report. A list of Commission members, their terms of appointment, expertise and attendance at meetings are given in Appendix A.

Audit Committee

The Audit Committee, which is comprised of Commission members Doreen Clark, Barry Inglis and Don Gray, met with the Executive Director and staff in July to discuss targets for 2003–04.

The agenda covered:

- financial reports and the audit of accounting procedures;
- risk management;
- the tabling of an occupational health and safety audit report; and
- integration of the laboratory quality manuals and occupational health and safety documentation into the NMI quality and safety systems.

Staff Changes

During the year two staff members resigned, two accepted voluntary retrenchment from 30 June and one was appointed. At 30 June the staff consisted of twenty-nine officers (two of whom were part-time) employed as engineers, scientists, technical and administrative staff. Figure 3 shows our organisational structure.

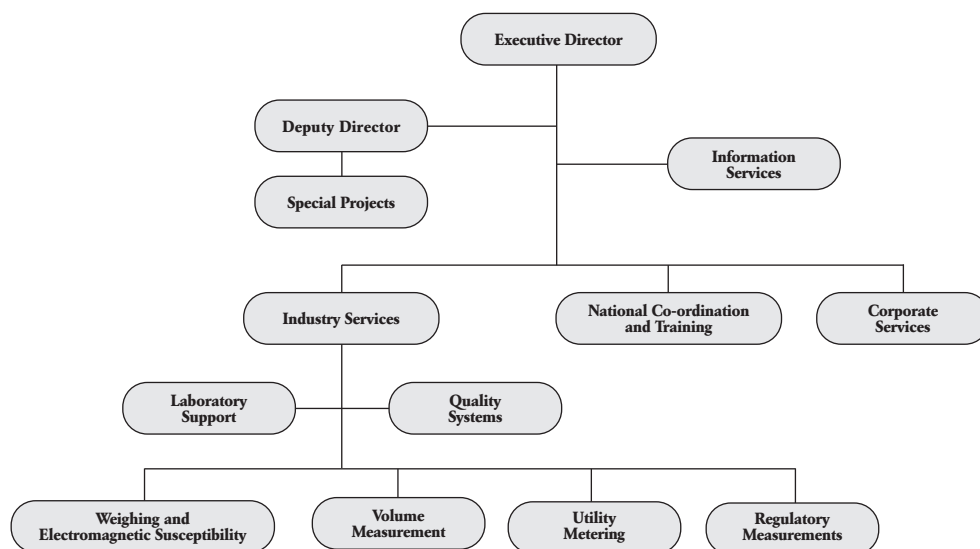


Figure 3. Organisational structure

Workplace Diversity

The following table shows the number, sex and background (English speaking (ESB) and non-English speaking (NESB)) of staff employed at the different classification levels, going from level 1 (lowest) to level 6 (highest).

	Women		Men	
	ESB	NESB	ESB	NESB
Level 1	–	–	–	–
Level 2	–	–	–	1
Level 3	2	2	–	2
Level 4	–	1	4	3
Level 5	1	1	6	1
Level 6 and higher	2	–	4	1
Total	5	4	14	8

Performance Review

Quarterly performance reviews were conducted to monitor individual staff achievements in relation to their performance measures and goals. The Executive Director's performance was reviewed by the Chair.

Workplace Consultation

Meetings of the Staff Management Consultative Committee were held in August and January. Agenda items included:

- issues associated with the transfer of staff to NMI;
- staff input into the negotiation of a certified agreement for NMI;
- performance appraisals and staff reclassifications;
- updating of the Staff Handbook;
- enforcement of the Commission's IT and Telephone Users Policy; and
- occupational health and safety activities.

Staff Development and Training

Staff attended education and training courses in legal studies, management, records management, laboratory internal audit, wireless networking of computer systems, Labview software applications, preparing presentations and working with digital images, operation of the forklift, and use of fire extinguishers and hose reels.

Administration

Achievements

- Completed the implementation of electronic records management systems
- Organised an external occupational health and safety audit which indicated no significant deficiencies
- Provided for a smooth transfer of administrative functions to NMI

Client Service

The Commission's Service Charter set out the standards of service a customer might expect from the Commission (see Appendix C). No complaints were received during the year.

Reports, Policies and Procedures

Financial reports and analyses were prepared monthly on an accrual basis and presented to Commission meetings quarterly. Additional reports were prepared on capital expenditure.

A considerable amount of work was involved in the preparation of information for the Department of Industry, Tourism and Resources, to assist the smooth transition of business to NMI. This included the provision of financial records and budget information, assistance in establishing a new ledger and account codes, specification of IT system requirements, transfer of personnel and payroll data, transfer of contracts, and stocktaking and barcoding of assets to ITR requirements.

Indemnities and Insurance Premiums

Policies were maintained covering the following classes of insurance: general, products, professional indemnity, directors' and officers' liabilities, motor vehicle, business interruption and official overseas visits. The Comcover policies covered all staff and Commission members and were part of a package of liability insurance.

Disability Strategy

The Commission made provision for a supported wage scheme for employees with disabilities. Also our website was Bobby approved which means that our online information and services were accessible to people with disabilities.

Freedom of Information

No freedom of information requests were received during the year.

Occupational Health and Safety

The Commission had an occupational health and safety policy in order to establish a safety ethic amongst all staff and to ensure safe practices and procedures were implemented. The Occupational Health and Safety Committee (which comprised a management appointed safety officer and two staff-elected representatives) implemented the policy through the Staff Management Consultative Committee. During the year, an external occupational health and safety audit was conducted. The auditors did not find any significant deficiencies in policies and procedures, but made some recommendations relating to documentation, to be considered in the context of the formation of NMI.

The Occupational Health and Safety Committee:

- rostered staff to make fortnightly safety inspections;
- acted on, and documented, feedback from staff;
- showed videos on safety awareness, personal protective equipment and safe lifting practices;
- arranged for the annual inspection and tagging of electrical appliances and tools;
- arranged for biannual inspections of fire fighting appliances;
- arranged for the purchase of earth leakage detectors for use by laboratory staff;
- organised training on forklift operation, for previously unqualified staff;
- reviewed the list of Material Safety Data Sheets; and
- reported to four Commission meetings.

During the year, there were two staff accidents requiring notification to Comcare. These involved the inhalation of paint fumes by a staff member and a lumber spine strain to another. Both resulted in lost time and medical attention.

Ecologically Sustainable Development

In 2003–04 we reduced electricity consumption by 2% compared with the previous year, and we continued to recycle paper.

Independent Audit Report

Australian National Audit Office
130 Elizabeth Street
Sydney, NSW 2000
24 August 2004

To the Minister for Industry, Tourism and Resources

Scope

The financial statements comprise:

- statement by Commission members;
- statements of financial performance, financial position and cash flows;
- schedules of commitments and contingencies; and
- notes to and forming part of the financial statements

for the National Standards Commission for the year ended 30 June 2004.

The members of the National Standards Commission are responsible for the preparation and true and fair presentation of the financial report in accordance with the Finance Minister's Orders. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian auditing and assurance standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of our procedures, the audit was not designed to provide assurance on internal controls.

Procedures were performed to assess whether in all material respects the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1977*, accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the National Standards Commission's financial position, and of its performance as represented by the statement of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the members.

Independence

In conducting the audit, I have followed the independence requirements of the ANAO, which incorporate Australian professional ethical pronouncements.

Audit Opinion

In my opinion the financial statements:

- have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* and applicable accounting standards; and
- give a true and fair view, of the matters required by applicable accounting standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the National Standards Commission as at 30 June 2004, and of its financial performance and cash flows for the year then ended.



Paul Hinchey

Senior Director

Delegate of the Auditor-General

Statement by Commission Members

In our opinion, the attached financial statements for the year ended 30 June 2004 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the debts of the Commission will be met.

This Statement is made in accordance with a resolution of the Commissioners.



D.V. Clark
Chair

24 August 2004



D.K. Gray
Commissioner

24 August 2004



J.M. Bennett
Executive Director

24 August 2004

Statement of Financial Performance

for the year ended 30 June 2004

	<i>Notes</i>	2004 \$	2003 \$
Revenue			
Revenues from ordinary activities			
Revenue from Government	4	4 947 000	5 255 000
Goods and services		714 769	693 225
Interest	4	120 250	41 751
Other	4	133 294	153 645
Revenues from ordinary activities		5 915 313	6 143 621
Expenses			
Expenses from ordinary activities			
Employees	5	2 915 962	2 494 613
Suppliers	5	1 760 447	1 852 025
Depreciation	5	296 868	222 582
Write-down of assets	6	22 306	–
Expenses from ordinary activities		4 995 583	4 569 220
Operating surplus from ordinary activities	<i>11</i>	919 730	1 574 401
Net credit to asset revaluation reserve		–	1 258 031
Total revenues, expenses and valuation adjustments recognised directly in equity		–	1 258 031
Total changes in equity other than those resulting from transactions with the Australian Government as owner		919 730	2 832 432

The above statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2004

	<i>Notes</i>	2004 \$	2003 \$
Assets			
Financial assets			
Cash	9	2 514 652	50 621
Receivables	9	223 329	281 699
Investments	9	—	2 172 983
Total financial assets		2 737 982	2 505 303
Non-financial assets			
Land and building	10	3 890 000	3 900 000
Plant and equipment	10	3 107 235	2 242 081
Total non-financial assets		6 997 235	6 142 081
Total assets		9 735 217	8 647 384
Liabilities			
Provisions			
Employees	7	1 128 967	940 440
Total provisions		1 128 967	940 440
Payables			
Suppliers	7	1 997	61 256
Other		78 737	39 900
Total payables		80 734	101 156
Total liabilities		1 209 701	1 041 596
Net assets		8 525 516	7 605 786
Equity			
Reserves	8	3 962 880	3 962 880
Accumulated surpluses	8	4 562 637	3 642 906
Total equity		8 525 516	7 605 786
Current assets		2 737 982	2 505 303
Non-current assets		6 997 235	6 142 081
Current liabilities		635 436	743 972
Non-current liabilities		574 265	297 624

The above statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2004

	<i>Notes</i>	2004 \$	2003 \$
Operating Activities			
Cash received			
Goods and services		1 082 884	873 558
Appropriations		4 947 000	5 255 000
Interest		120 250	41 751
GST received from the Australian Taxation Office		176 289	103 637
Total cash received		6 326 423	6 273 946
Cash used			
Employees		(2 727 435)	(2 545 328)
Suppliers		(2 134 211)	(2 078 455)
Total cash used		(4 861 646)	(4 623 783)
Net cash from operating activities	<i>11</i>	1 464 777	1 650 163
Investing Activities			
Cash used			
Purchase of property, plant and equipment		(1 173 728)	(526 580)
Total cash used		(1 173 728)	(526 580)
Net cash used by investing activities		(1 173 728)	(526 580)
Financing Activities			
Cash used			
Capital use charge paid		—	(661 000)
Total cash used		—	(661 000)
Net cash used by financing activities		—	(661 000)
Net increase in cash held		291 049	462 583
Cash at the beginning of the reporting period		2 223 604	1 761 021
Cash at the end of the reporting period	<i>11</i>	2 514 652	2 223 604

The above statement should be read in conjunction with the accompanying notes.

Schedule of Commitments

as at 30 June 2004

	2004 \$	2003 \$
By Type		
Capital commitments		
Plant and equipment	—	135 237
Total capital commitments	—	135 237
Other commitments		
Other commitments	—	106 961
Total other commitments	—	106 961
Net commitments	—	242 198
By Maturity		
One year or less	—	242 198

The above schedule should be read in conjunction with the accompanying notes.

Schedule of Contingencies

as at 30 June 2004

No contingencies exist at the end of the reporting period.

1. Summary of Significant Accounting Policies

1.1 Basis of Accounting

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (being the *Commonwealth Authorities and Companies Orders (Financial Statements for Reporting Periods Ending on or after 30 June 2004)*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

The financial statements have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or on the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportional unperformed are however not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

1.2 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2002–03.

1.3 Property (Land and Building), Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$3 000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Property, plant and equipment are carried at valuation. AASB 1041 *Revaluation of Non-current Assets* requires all valuations from 1 July 2002 to be at fair value.

This has been implemented as follows:

- freehold land and building on freehold land were first revalued to fair value (market selling price) on 30 June 2000 as a measure of deprival value. As a consequence no revaluation was undertaken on 1 July 2002. However, a revaluation was undertaken as at 30 June 2003; and

- plant and equipment assets on hand at the commencement of the cycle were valued at fair value on 1 July 2002. These assets were formerly valued on a deprival basis at depreciated replacement cost.

Frequency

Land and building were to be valued on a five-year cycle with the last revaluation as at 30 June 2000. However, as indicated, a valuation was undertaken as at 30 June 2003 as a result of the formation of NMI.

Conduct

All valuations are conducted by an independent qualified valuer.

The 1 July 2002 revaluation of plant and equipment was completed by AVON International.

The 30 June 2003 revaluation of land and building was completed by Chesterton International (NSW) Pty Limited.

Recoverable Amount

Under fair value, assets that are surplus to requirement are measured at their net realisable value. At 30 June 2004 the Commission held no surplus assets (30 June 2003: \$0).

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Commission using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	<u>2004</u>	<u>2003</u>
Building on freehold land	25 years	25 years
Plant and equipment	3 to 60 years	3 to 60 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in note 5.

1.4 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution.

1.5 Employee Benefits

Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits) and annual leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of their reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick/personal careers leave as all sick/personal careers leave is non-vesting and the average sick/personal careers leave taken in future years by employees is estimated to be less than the annual entitlement for sick/personal careers leave.

The leave liabilities are calculated on the basis of employees' remuneration, including superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by use of a shorthand measurement technique allowed by AASB 1028 as at 30 June 2004. The estimate of the present value of the liability according to Finance Brief 13 is likely to produce estimates that are materially correct for organisations the size of the Commission.

Superannuation

Employees are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course.

The Commission makes employer contributions to the Commonwealth at rates determined by the actuary to be sufficient to meet the cost to the Commonwealth of the superannuation entitlements of the Commission's employees.

The liability for superannuation recognised at 30 June represents outstanding contributions for the final fortnight of the year.

1.6 Insurance

The Commission has insured for risks through the Government's insurable risk managed fund, called Comcover. Workers compensation is insured through Comcare Australia.

1.7 Taxation

The Commission is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenue, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

1.8 Revenue

The revenues described in this note relate to the core operating activities of the Commission.

Revenue is recognised upon delivery of goods or services to the customer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Revenue from Government — Output Appropriations

The full amount of the appropriation for outputs for the year is recognised as revenue.

2. Reporting of Outcome

The Commission's single outcome is that 'Australia has a national system of physical measurements in respect to which industry, commerce, government authorities, the community and our international trading partners have complete confidence'. The Commission seeks to achieve its outcome by pursuing the following outputs:

- Output 1 Coordination of the national measurement system; and
- Output 2 Legal measuring instruments comply with international and national metrological standards.

2.1 Net Cost of Outcome Delivery

Outcome 1

	2004 \$	2003 \$
Total departmental expenses	4 995 583	4 569 220
Total cost recovered		
Sales of goods and services to external entities	714 769	686 735
Sale of services to related entities	—	6 490
Other	133 295	153 645
Interest	120 250	41 751
Total operating revenues	968 314	888 621
Net cost of outcome	4 027 269	3 680 599

2.2 Revenues and Expenses by Output

Outcome 1

	Output 1		Output 2		Total	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$
Operating expenses						
Employees	1 266 132	1 437 728	1 649 830	1 056 885	2 915 962	2 494 613
Suppliers	1 125 507	1 364 151	634 940	487 874	1 760 447	1 852 025
Depreciation	44 530	32 659	252 338	189 923	296 868	222 582
Write-down of assets	–	–	22 306	–	22 306	–
Total operating expenses	2 436 169	2 834 538	2 559 414	1 734 682	4 995 583	4 569 220
Funded by						
Revenue from Government	2 302 335	3 155 050	2 644 665	2 099 950	4 947 000	5 255 000
Government grants	–	20 000	–	109 230	–	129 230
Miscellaneous	133 833	24 415	–	–	133 833	24 415
Sales	–	–	714 230	693 225	714 230	693 225
Interest	–	–	120 250	41 751	120 250	41 751
Total operating revenues	2 436 168	3 199 465	3 479 145	2 944 156	5 915 313	6 143 621

3. Economic Dependency and Residual Responsibility for Assets and Liabilities

The Commission was established by section 16 of the *National Measurement Act 1960* and is controlled by the Commonwealth of Australia. On ceasing operation at 30 June 2004, its assets and liabilities became the responsibility of the Commonwealth of Australia.

The Commission was dependent on appropriations from the Parliament of the Commonwealth for its continued existence and ability to carry out its normal activities. A significant amount of revenue was also earned from a small number of businesses that are required to pattern approve their measuring instruments under the *National Measurement Act 1960* and complementary State and Territory legislation.

4. Operating Revenues

	2004 \$	2003 \$
Revenue from Government		
Appropriations for output	4 947 000	5 255 000
Sales of goods and services		
Goods	13 317	14 069
Services	701 452	679 156
	714 769	693 225
Interest revenue		
Interest	120 250	41 751
	120 250	41 955
Other revenue		
NMI related activity	102 562	–
Compressed natural gas (grant)	–	109 230
Assessment fees for authorities	9 061	3 941
History of Measurement book support for publication	10 000	20 000
Miscellaneous income	11 671	20 474
	133 294	153 645
Provision of goods to:		
Related entities	–	6 490
External entities	13 317	7 579
Total sales of goods	13 317	14 069
Rendering of services to:		
External entities	701 452	679 156
Total rendering of services	701 452	679 156

5. Operating Expenses

	2004 \$	2003 \$
Employee expenses		
Salaries and wages	1 872 702	1 763 200
Superannuation	367 577	265 229
Leave and other entitlements	200 860	307 794
Redundancies	434 168	128 457
Total employee benefits expense	2 875 307	2 464 680
Workers compensation	29 508	18 379
Other	11 148	11 554
Total employee expenses	2 915 962	2 494 613
Supplier expenses		
Goods	294 388	231 005
Services	1 466 059	1 621 020
Goods and services (by external entities)	2 030 177	1 852 025
Depreciation		
Building	10 000	12 513
Plant and equipment	286 868	210 069
	296 868	222 582

6. Write-down of Assets

	2004 \$	2003 \$
Bad debt	600	–
Plant and equipment written off	21 706	–
	22 306	–

7. Provisions and Payables

	2004 \$	2003 \$
Employee provisions		
Salaries and wages	57 133	67 106
Leave*	871 484	846 431
Superannuation	70 117	24 855
Redundancy	130 233	—
Aggregate employee entitlement liability	1 128 967	938 392
Workers' compensation	—	1 250
Other	—	798
Aggregate employee benefit liability and related on costs	1 128 967	940 440
Suppliers payables		
Trade creditors (current)	55 737	61 256

* It is estimated that \$574 265 (2003: \$297 624) of the liability for leave will not be payable within the next 12 months

8. Equity

	Accumulated results		Asset revaluation reserve		Total equity	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$
Opening balance at 1 July	3 642 907	2 704 504	3 962 880	2 704 849	7 605 786	5 409 354
Operating result	919 730	1 574 401	—	—	919 730	574 401
Net valuation increment	—	—	—	1 258 031	—	1 258 031
Capital use charge	—	(636 000)	—	—	—	(636 000)
Closing balance at 30 June	4 562 637	3 642 907	3 962 880	3 962 880	8 525 516	7 605 786

9. Financial Assets

	2004	2003
	\$	\$
Receivables (current)		
Goods and services	128 562	213 927
Less: provision for doubtful debts	(3 520)	(3 520)
GST receivable	98 522	71 292
Total receivables (net)	223 564	281 699
Receivables (gross) are aged as follows:		
Not overdue	97 234	202 894
Overdue by:		
Less than 30 days	26 342	5 093
30 to 60 days	2 896	660
More than 60 days	2 090	5 289
Total receivables (gross)	128 562	213 926
The provision for doubtful debts is aged as follows:		
30 to 60 days	1 430	–
More than 60 days	2 090	3 520
Total provision for doubtful debts	3 520	3 520
Investments		
Term deposits	–	2 172 983
Cash at bank and on hand	2 514 652	50 621
Total investments	2 514 652	2 223 604

10. Non-financial Assets

	2004 \$	2003 \$
Land and building		
Freehold land at 30 June 2003 valuation	3 700 000	3 700 000
Building on freehold land at 30 June 2003 valuation	200 000	200 000
Accumulated depreciation	(10 000)	—
Total land and building	3 890 000	3 900 000
Plant and equipment		
Plant and equipment at 1 July 2002 valuation	1 905 798	1 952 298
Plant and equipment at cost	1 700 307	526 580
Accumulated depreciation	(498 870)	(236 797)
Total plant and equipment	3 107 235	2 242 081
Movement in asset revaluation reserve		
Increment for land	—	1 300 000
Increment for building on freehold land	—	9 124
Decrement for plant and equipment	—	(51 093)
		1 258 031

10.1 Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

Item	Land \$	Building \$	Plant and equipment \$	Total \$
As at 1 July 2003				
Gross book value	3 700 000	200 000	2 478 878	6 378 878
Accumulated depreciation	—	—	(236 796)	(236 796)
Net book value	3 700 000	200 000	2 242 082	6 142 082
Additions				
By purchase	—	—	1 173 728	1 173 728
Disposals	—	—	(21 706)	(21 706)
Depreciation expense	—	(10 000)	(286 868)	(296 868)
As at 30 June 2004				
Gross book value	3 700 000	200 000	3 606 105	7 506 105
Accumulated depreciation	—	(10 000)	(498 870)	(508 870)
Net book value	3 700 000	190 000	3 175 235	6 997 235

10.2 Assets at Valuation

Item	Land \$	Building \$	Plant and equipment \$	Total \$
As at 30 June 2004				
Gross book value	3 700 000	200 000	1 905 798	5 805 798
Accumulated depreciation	—	(10 000)	(398 084)	(408 084)
Net book value	3 700 000	190 000	1 507 714	5 397 714
As at 1 July 2003				
Gross book value	3 700 000	200 000	1 952 298	5 852 298
Accumulated depreciation	—	—	(186 495)	(186 495)
Net book value	3 700 000	200 000	1 765 803	5 665 803

11. Cash Flow Reconciliation

	2004 \$	2003 \$
Reconciliation of operating surplus to net cash from operating activities		
Operating surplus before extraordinary items	919 730	1 574 401
Non-cash items		
Depreciation	296 868	222 582
(Gain)/loss on disposal of assets	22 306	—
Increase/(decrease) in employee entitlements	188 527	(50 715)
Changes in assets and liabilities		
(Increase)/decrease in debtors	57 770	(124 188)
Increase/(decrease) in creditors	(59 259)	(11 818)
Increase/(decrease) in other current liabilities	38 835	39 901
Net cash from operating activities	1 464 777	1 650 163
Reconciliation of cash		
Cash balance comprises:		
Cash at bank	2 514 652	50 621
Term deposits	—	2 172 983
Total cash	2 514 652	2 223 604
Balance of cash at 30 June shown in the Statement of Cash Flows	2 514 652	2 223 604

12. Auditor's Remuneration

Remuneration to the Auditor-General for auditing the financial statements for the reporting period is shown below. No other services were provided by the Auditor-General during the reporting period.

	2004	2003
	\$	\$
Auditing the financial statements	25 000	28 000

13. Remuneration for Members of the Commission

The numbers of Commission members included in these figures are shown below in the relevant remuneration bands.

	2004	2003
\$1-\$10 000	3	5
\$20 001-\$30 000	1	1
\$150 000-\$160 000	–	1
\$220 001–230 000	1	–
Total number of Commission members	5	7

The total remuneration received or due and receivable by members of the Commission is shown below.

	2004	2003
	\$	\$
Superannuation contributions	20 237	18 335
Other remuneration	236 157	169 636
Total remuneration	256 394	187 971

14. Related Party Disclosures

14.1 Members of the Commission

The members of the Commission during the year were:

- J.M. Bennett (Executive Director)
- D.V. Clark (Chair)
- R. Crick
- D. Gray
- B. Hibbert
- B.D. Inglis
- V. Lawrence
- A.J. Russell

14.2 Other Transactions with Members or Member-related Entities

Dr B.D. Inglis is Director of CSIRO's National Measurement Laboratory, which receives grants to maintain Coordinated Universal Time for Australia, and provides calibration and consultative services on normal commercial terms and conditions.

Mr A.J. Russell is the Chief Executive of the National Association of Testing Authorities Australia. The Commission's pattern approval laboratory is a NATA-accredited laboratory:

- in the field of metrology for the calibration of laboratory mass standards, volumetric equipment and flow measuring devices; and
- for the pattern approval of non-automatic weighing instruments, liquid measuring instruments, spirit dispensers, length measuring instruments, area measuring instruments, milk tanks, load cells, weighing-in-motion systems, belt weighers, totalising hopper weighers, automatic catchweighing instruments, multi-dimensional weighing instruments and automatic tank level gauges.

15. Remuneration of Officers

One officer concerned with or taking part in the management of the Commission receives a total remuneration between \$120 000 and \$130 000.

16. Financial Instruments

16.1 Terms Conditions and Accounting Policies

Financial instrument	Notes	Accounting policies and methods	Nature of underlying instrument
<p>Financial assets</p> <p>Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured</p>			
Term deposits and negotiable certificates of deposit	9	Recognised at cost.	The deposits have been with the Commission's banker maturing in one to three months and yielding between 3.9% and 5.0% (2002-03: 3.9% to 4.8%) payable on maturity. Interest on term deposit was 3.9% (2002-03: 3.9%).
Receivables	9	Recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days.
<p>Financial liabilities</p> <p>Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured</p>			
Trade creditors	7	Recognised at their nominal amounts being the amounts at which the liabilities are settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is made in accordance with creditors' terms.

16.2 Interest Rate Risk

Financial instrument	Fixed interest rate maturing in one year or less		Variable rate deposits		Non-interest bearing		Total		Interest rates	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 %	2003 %
Term deposits or negotiable certificates of deposit	-	2 172 982	-	-	-	-	-	2 172 982	4.5	4.4
Cash on hand	-	-	-	-	-	500	-	500		
Cash at bank	-	-	2 514 652	50 120	-	-	2 514 652	50 120	0.3	2.40
Receivables	-	-	-	-	223 329	213 927	223 329	213 927		
Total	-	2 172 982	2 514 652	50 120	223 329	214 427	2 737 982	2 437 529		
Total assets							9 735 217	8 647 384		

16.3 Net Fair Values of Financial Assets and Liabilities

The net fair values of financial assets and liabilities all of which are short-term in nature approximate their carrying amounts.

16.4 Credit Risk Exposures

The Commission's maximum exposures to credit risk at reporting date in relation to each class of financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. The Commission has no significant exposures to any concentrations of credit risk.

17. Average Staffing Levels

	2004	2003
Average number of staff	30.7	31.1

18. Appropriations

	2004 \$	2003 \$
Year ended 30 June 2004		
Balance carried forward from previous year	-	-
Appropriation Acts 1 and 3 (Departmental Outputs)	4 947 000	5 255 000
Available for payment out of Consolidated Revenue Fund	4 947 000	5 255 000
Payments made out of Consolidated Revenue Fund	4 947 000	5 255 000
Balance carried forward to next year	-	-
Represented by:		
Appropriations receivable	-	-

19. Post Balance Day Event

The Government announced the formation of the National Measurement Institute that will subsume the functions of the Commission, National Measurement Laboratory (CSIRO) and Australian Government Analytical Laboratories from 1 July 2004. The Commission has prepared the 2003–04 financial statements on the basis of a going concern. Measurable costs associated with winding up the Commission activities and preparing the final annual report are included in these financial statements. The Commonwealth, from the proclamation day (1 July 2004), is vested with the assets and liabilities of the Commission in accordance with sections 76, 78, 80 and 81 of the *National Measurement Amendment Act 2004*.

Appendix A.

Commission Members

Chair

D.V. Clark, AM, BSc(Hons), PhD, FTSE, FRACI
Director, Organic Crop Protectants Pty Ltd
Chair: 30.10.1995 – 25.8.2004
Commissioner: 23.11.1992 – 29.10.1995
Expertise: Chemical metrology
Meetings attended: Five

Members

J.M. Bennett, BSc(Hons), PhD, MBA
Executive Director, National Standards Commission
ex officio from 1.5.2000 – 25.8.2004
Meetings attended: Five

R.G. Crick, LLB
Head of Analytical Division, Department of Industry, Tourism and Resources
22.8.2002 – 25.8.2004
Expertise: Government policy development and law
Meetings attended: Five

D.K. Gray, BE(Hons), FIE(Aust)
Vice-president, International Electrotechnical Commission, and Chairman of its Conformity Assessment Board
22.8.2002 – 25.8.2004
Expertise: Utility metering and standards development
Meetings attended: Five

D.B. Hibbert, BSc(Hons), PhD, FATSE, FRSC
Professor of Analytical Chemistry, University of New South Wales
22.8.2002 – 25.8.2004
Expertise: Chemical metrology and standards
Meetings attended: Four

B.D. Inglis, BE(Hons), PhD, FIE(Aust), FIEEE, FMSA
Director, National Measurement Laboratory, CSIRO
30.5.95 – 25.8.2004
Expertise: Electrical metrology
Meetings attended: Five

V. Lawrence, BSc
Superintendent of Trade Measurement, NSW
28.2.2002 – 25.8.2004
Expertise: Trade measurement
Meetings attended: Four

A.J. Russell, BSc, MRACI
Chief Executive, National Association of Testing Authorities, Australia
10.11.2000 – 25.8.2004
Expertise: Laboratory accreditation
Meetings attended: Five

Appendix B.

Membership of External Organisations

International Organisations

International Organisation of Legal Metrology

Judith Bennett was a member of the International Committee of Legal Metrology and its Presidential Council

Australia provides the secretariat for TC 7/SC 5 – Dimensional Measuring Instruments and TC 17/SC 8 – Instruments for Quality Analysis of Agricultural Products

Various staff members participated in OIML technical committees

Asia-Pacific Legal Metrology Forum

Judith Bennett was Australia's representative

Marian Haire was the training coordinator

Australian Organisations

Metrology Society of Australia

Marian Haire was on the coordinating team of the New South Wales committee

Bryce Thornton was the honorary auditor

National Association of Testing Authorities, Australia

Judith Bennett was a member of the Council

Richard Brittain was a member of the Metrology Accreditation Advisory Committee and an assessor for metrology

Tad Buca and Chris Davies were assessors for metrology

Grahame Harvey was a member of the Electrical Testing Registration Advisory Committee

Grahame Harvey was a member of the Reference Materials Certification Accreditation Advisory Committee

Science Teachers' Association of New South Wales

Marian Haire was treasurer, and also director of the Young Scientist Competition

Standards Australia

Judith Bennett was a member of the Council

Committee members:

CH/1	Laboratory Glassware and Related Apparatus	Richard Brittain (chair)
CS/68	Radar Speed Detection	Yen Heng
CS/98	Laser Speed Detection	Yen Heng
DS/8	Bulk Milk Handling	Tad Buca
EL/11	Electricity Metering Equipment	Alastair Thompson
HT/12	Sphygmomanometers	Yen Heng
ME/49	Oil and Gas Management	Tad Buca
ME/50	Road/Rail Tankers – Fluid Transfer Components	Tad Buca
ME/71	Quantities, Units and Conversions	Grahame Harvey (chair)
WS/24	Water Meters	Terry Lancaster

Appendix C.

Service Charter

This service charter sets out the standards of service you can expect from the Commission and the steps you may take if these standards are not met.

Our Role

The Commission is an authority established to advise the Australian Government on the national measurement system and to coordinate that measurement system. We come within the Industry, Tourism and Resources Portfolio.

Our Clients

Our clients include:

- manufacturers and suppliers of legal measuring instruments;
- State and Territory trade measurement authorities and their licensed certifiers; and
- the Australian public.

Standards of Service

Our guiding principles are integrity, professionalism, accountability, effective communication and performance improvement.

Our Relationship with You

In our dealings with you we will:

- communicate honestly and clearly;
- be open, fair and impartial;
- treat you with respect and consideration;
- foster friendliness and approachability; and
- maintain appropriate confidentiality.

Timeliness

We may be contacted by telephone, facsimile or in person from 8 am to 4 pm each working day. We aim:

- to answer your questions and inquiries within five working days; and
- to process orders for our publications within two working days.

Pattern Approval and Calibration Services

Through our consultative service we will discuss your specific needs and provide you with clear information on:

- the application procedure;
- the technical requirements of your application;
- the approximate cost of the service; and
- the approximate time the application will take.

We will also advise you of problems as they arise.

Client Feedback

We welcome feedback on our services. Please contact us with any complaints, compliments or suggestions you may have.

If You Have a Complaint

First try to resolve the problem with the staff member you are dealing with. If you are not happy with the response, write to the Executive Director setting out in detail the nature of your complaint.

All complaints are taken seriously and reported to Commission meetings.

Contact Details

National Standards Commission

Postal address:

PO Box 282, North Ryde, NSW 1670

Street address:

12 Lyonpark Road, North Ryde, NSW 2113

Telephone: (02) 9856 0300

Facsimile: (02) 9856 0399

Metric queries: 1800 251 942 (conversion tables are also available on our website)

Appendix D.

Publications

NSC R Documents

NSC R 33	Conventional Value of the Result of Weighing in Air
NSC R 49-1	Water Meters Intended for the Metering of Cold Potable Water. Part 1: Metrological and Technical Requirements
NSC R 50	Continuous Totalising Automatic Weighing Instruments
NSC R 51	Automatic Catchweighing Instruments
NSC R 60	Metrological Regulation for Load Cells
NSC R 71	Pattern Approval Specifications for Fixed Storage Tanks
NSC R 76	Non-automatic Weighing Instruments
NSC R 85	Pattern Approval Specifications for Liquid Level Measuring Devices in Tanks for Trade Use
NSC R 105	Direct Mass Flow Measuring Systems for Quantities of Liquids
NSC R 106	Automatic Rail Weighbridges
NSC R 107	Discontinuous Totalising Automatic Weighing Instruments
NSC R 117	Driveway Flowmeters
NSC R 125	Measuring Systems for the Mass of Liquids in Tanks
NSC R 126	Evidential Breath Analysers
NSC R 129	Multi-dimensional Weighing Instruments

NSC M Documents

NSC M 1	Length Measuring Instruments
NSC M 2	Beverage Dispensers
NSC M 3	Area Measuring Instruments
NSC M 4	Milk Tanks
NSC M 5	Brake Force Measuring Instruments
NSC M 6	Electricity Meter and Associated Transformers
NSC M 8	Protein Measuring Instruments for Grain

NSC P Documents

NSC P 1	OIML Certificate System for Measuring Instruments
NSC P 100	Guide to Carrying Out a 6B/0 Analysis
NSC P 101	Symbols for Units of Measurement
NSC P 104	Test Procedure for the Elimination of Rounding Error for Weighing Instruments with Digital Indication
NSC P 105	Graduation of Analogue Scales
NSC P 106	Approval and Certification Procedures for Measuring Instruments for Trade Use
NSC P 107	Calculations for Suitability of Load Cells Fitted to Belt Weighers
NSC P 108	Procedure Manual for the Pattern Approval of Non-automatic Weighing Instruments

NSC V Documents

NSC V 0	Uniform Test Procedures: General Information
NSC V 1	Uniform Test Procedures for the Verification, Certification and In-service Inspection of Non-automatic Weighing Instruments
NSC V 2	Uniform Test Procedures for the Verification, Certification and In-service Inspection of Fuel Dispensers
NSC V 3	Uniform Test Procedures for the Verification, Certification and In-service Inspection of Beverage Dispensers

Certificates of Approval

CD-ROM	Volume 1 – Weighing Instruments
CD-ROM	Volume 2 – Flowmeters
Certificates of approval	

Legislation

National Measurement Act 1960
National Measurement Regulations 1999
National Measurement Guidelines 1999

Determinations of Recognised-value Standards of Measurement

Accuracy of a Reference Standard of Measurement
Acceleration Due to Gravity in a Vacuum
Acceleration Due to Gravity (National Measurement Laboratory)
Density of Mercury
Density of Standard Mean Ocean Water
Density of Water
Dynamic Viscosity of Water at a Temperature of 20°C
Dynamic Viscosity of Water at a Temperature in the Range 19.98°C to 20.02°C
Positions of the Australian Fiducial Network Locations
Velocity of Electromagnetic Waves in a Vacuum

Others

Annual Reports
Verifying Authorities Handbook

Appendix E.

Compliance Index

The Commission is subject to the *Commonwealth Authorities and Companies Act 1997*, and must comply with the Finance Minister's orders issued under that Act, i.e. the *Commonwealth Authorities and Companies (Report of Operations) Orders 2002*. This compliance index specifies the reporting requirements in the *Report of Operations Schedule* of the Orders that apply to the Commission and which have been fulfilled.

Certification (Part 1, clause 4)	iii
Enabling legislation (Part 2, clause 8)	1
Responsible minister (Part 2, clause 8)	1
Organisational structure (Part 2, clause 9)	15
Review of operations in relation to principal outputs and contribution to outcomes (Part 2, clause 10(1)(a)(iii))	5–14
Factors, events or trends that have influenced performance (Part 2, clause 10(1)(b))	vi, 5
Significant events (Part 2, clause 10(1)(c))	vi, 5
Operational and financial results (Part 2, clause 10(1)(d))	
Principal outputs (i)	3
Major investing and financing activities (ii)	19–41
Key performance indicators (iii)	3–4
Significant changes in state of affairs or activities (Part 2, clause 10(1)(e))	vi, 5
Developments since the end of the financial year (Part 2, clause 10(1)(f))	none
Judicial decisions and reviews by outside bodies (Part 2, clause 11)	none
Effects of ministerial directives (Part 2, clause 12)	none
Directors (Part 2, clause 14)	15 and 42
Governance (Part 2, clause 15)	15
Indemnities and insurance premiums for officers (Part 2, clause 16)	18
Other statutory requirements (Part 2, clause 17)	
Freedom of information	18
Ecologically sustainable development	18
Occupational health and safety	18
Commonwealth disability strategy (Part 2, clause 18)	18

