



Australian Government  
Department of Industry,  
Science and Resources

National  
Measurement  
Institute



# National Compliance Plan 2022–2023

## Legal Metrology Branch

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# 2022–23 compliance programs

## Australia’s legal metrology regulatory system underpins confidence in trade

Australia’s legal metrology system provides a reliable framework to support confidence in accurate measurement. The system includes elements that ensure:

- measuring instruments are fit for purpose
- measurements are made correctly
- representations about measurements are accurate.

The system is also underpinned by the necessary scientific and technical infrastructure to support correct measurements (traceability).

The National Measurement Institute (NMI) is responsible for the regulation of Australia’s legal metrology system through administration of the *National Measurement Act 1960* (the Act).

The Act establishes a national system of units and standards of measurement and provides for their uniform use throughout Australia to ensure traceability of measurement. The Act also regulates transactions involving measurement, including sales of measured quantities and packaged goods, and sets out specific requirements for measuring instruments used for trade.

## Regulation of legal metrology

Consistency and certainty in measurement supports fair and open competition. It provides a level playing field for business by ensuring that all market participants, irrespective of their size or financial strength, follow the same rules and have equal opportunity to compete.

More than \$970 billion worth of goods and utilities are estimated to be traded each year in Australia on the basis of their measurement. Reliable representations of measurements help consumers and businesses make informed purchasing decisions. More broadly, they support the efficient operation of the market.

Confidence in accurate measurement also delivers:

- fewer disputes and lower transactions costs in commercial dealings
- a sound evidential basis for legal and regulatory measurements.

### *Alignment to the regulatory performance framework*

In planning and undertaking its regulatory responsibilities, NMI recognises that reducing the burden on industry of inefficient regulation can lower costs to businesses and facilitate innovation. We also note the importance of ensuring that the regulatory environment strikes the right balance between efficient markets and community expectations.

To support this, NMI’s regulatory approach is aligned to the 3 principles of the Regulator Performance Guide:

1. **Continuous improvement and building trust:** regulators adopt a whole-of-system perspective, continuously improving their performance, capability and culture to build trust and confidence in Australia’s regulatory settings.
2. **Risk based and data driven:** regulators manage risks proportionately and maintain essential safeguards while minimising regulatory burden, and leveraging data and digital technology to support those they regulate to comply and grow.
3. **Collaboration and engagement:** regulators are transparent and responsive communicators, implementing regulations in a modern and collaborative way.

### *Concentrated national audit programs*

Three concentrated programs will be undertaken in 2022–23, focusing on measurement compliance in over the counter transactions specific to the following market segments:

- **fruit and vegetable retailers**
- **meat, fish and poultry retailers**
- **delicatessens and smallgoods retailers**

Each bespoke concentrated program aims to ensure consumers are not being overcharged by reviewing the businesses trading practices and ensuring measuring instruments are accurate and used correctly.

## *National targeted programs*

### **Regional, remote and First Nations communities**

As part of our commitment to the Department of Industry, Science and Resources' Reconciliation Action Plan, and to ensure appropriate representation of Australia's distributed population, we will continue auditing traders in regional and remote locations, including Aboriginal and Torres Strait Islander communities.

This will help ensure that industry and consumers are not unfairly disadvantaged as a consequence of their locality, noting that the price of consumer goods are often high in remote areas.

### **Business to business – 'Pack it Right' program**

Correct measurement plays a significant role in ensuring consumers 'get what they pay for' at the checkout, this program will focus on upstream engagement with wholesalers, manufacturers and importers of prepackaged products destined for trade. NMI will support consumers and industry through audit, education and inspection activities across a range of market segments to reduce the likelihood of short measure packaged goods entering the marketplace.

### **Weighbridge testing**

Weighbridges are a fundamentally important measuring 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, focusing on high risk instruments and industry sectors.

### **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 and improve levels of compliance. The results of these inspections will be used to determine the level and nature of future engagement with particular traders and industries and address any systemic failures to commit to long term compliance. Priorities for 2022-23 include:

- **independent supermarkets**
- **licensed premises.**

### **Marketplace intelligence**

This program provides a mechanism to initiate inspection activity in response to government priorities and stakeholder intelligence. It will allow NMI to address issues where significant market failure is identified in areas not covered by our other programs.

### **Fuel quality testing**

NMI continues to monitor the integrity of liquid fuel composition throughout Australia against the requirements of the *Fuel Quality Standards Act 2000*. Under this program, NMI collects fuel samples for analysis to help maintain the integrity of liquid fuel composition throughout Australia.

### **Complex measuring instruments**

This program will focus on the audit and inspection of complex measuring instruments used for trade measurement transactions, including measuring instruments used in the waste, recycling, resources and commodities sectors. Examples of complex measuring instruments include vehicle mounted on-board weighing systems, hopper weighers, belt weighers and bulk flow metering systems.

## *Licensee compliance and support programs*

The basis of any trade measurement transaction is an accurate measuring instrument. Businesses across Australia rely on the capability of licensed third-party organisations in order to comply with the requirements of the Act and to help maintain the metrological infrastructure for trade measurement. NMI appoints organisations called servicing licensees to verify the accuracy of trade measuring instruments before first use or after repair. NMI also appoints public weighbridge licensees to ensure weighbridges made available to the public are operated in accordance with regulatory requirements.

During 2022–23 we will continue to undertake a range of activities to help ensure the integrity of the licensing system, including:

- quality management audits of servicing licensees and public weighbridge licensees, including through the weighbridge testing program
- providing verifier training services and skills competency assessments
- audits of recently verified measuring instruments to ensure that verification is being undertaken correctly.

We will also monitor servicing licensee compliance through a number of metrics, including:

- appropriate and timely reporting of measuring instrument verifications
- auditing of test reports submitted for complex instrument verifications
- licensees being authorised to verify relevant instrument subclasses
- verifications being performed by verifiers holding appropriate competency for specific instrument types.

## *External agency programs*

### **Tobacco plain packaging – Department of Health and Aged Care**

Under a Memorandum of Understanding with the Department of Health and Aged Care, NMI's trade measurement inspectors are appointed as authorised officers to undertake education and investigation activities to promote compliance with the provisions of the *Tobacco Plain Packaging Act 2011* and the *Tobacco Plain Packaging Regulations 2011*.

## *Program considerations*

When deciding what matters to pursue NMI will consider the following factors:

- previously identified non-compliance or areas of risk
- size and potential harm to the economy and community if non-compliance remained unchecked
- relative market shares of industry participants and or market influence.

NMI will always prioritise current compliance programs but may reassign resourcing to address or respond to emerging issues that meet the above factors.

### **Concentrated national audit programs**

Under this program methodology, all trade measurement inspectors work together to deliver a concentrated national audit program. Each concentrated program will focus on a single targeted compliance activity over a specific time period. These programs will support industry by raising awareness and compliance with trade measurement legislation.

### **National targeted programs**

Under this program methodology, trade measurement inspectors undertake nation-wide targeted programs that focus on enduring compliance issues and monitoring activities that ensure long term integrity in the measurement system.

## 2022-23 audit capability

| <b>PROJECTED NATIONAL AUDIT ACTIVITIES</b>   |   |
|--|---|
| <b>Provide broad coverage across industry sectors in metropolitan and regional areas</b> | 8,000 trader audits (including both initial and follow-up audits) |
| <b>Test a wide range of instruments in use for trade</b>                                 | 10,000 instruments  |
| <b>Test a wide range of pre-packaged articles</b>  | 60,000 pre-packaged article lines                                 |
| <b>Monitor trading practices</b>   | 2,000 'secret shopper' trial purchases                            |
| <b>Monitor liquid fuel quality</b>   | 750 fuel samples submitted for analysis                           |