



**Australian Government**  
Department of Industry and Science

**National  
Measurement  
Institute**

# Consultation on Draft Cost Recovery Implementation Statement 2018-2019

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December 2017

## PRIVACY COLLECTION STATEMENT

The Department of Industry, Innovation and Science (the Department) is bound by the Australian Privacy Principles (APPs) outlined in Schedule 1 of the Privacy Act 1988 (Cth) (Privacy Act) which regulates how entities may collect, use, disclose and store personal information. Information is being collected to enable and assist the Department in ensuring the financial sustainability of Australia's measurement system while at the same time facilitating innovation and reducing regulatory burden.

All submissions including comments, opinions and responses to questions will be posted to the NMI website, unless you have clearly indicated your preference for confidentiality. Submissions marked as confidential will not be published on the NMI website.

The Department will collect from all submissions, personal information including name, email address, State/Territory of residence and/or the organisation you represent (if applicable) for the purposes of this consultation process.

The personal information provided by you, such as your name, consent for submission publication (except where submitter specifies otherwise), and/or the company name, (if applicable), will be included on the NMI website to identify your submission, unless it is marked confidential. Contact information such as your email address will not be published however, upon your agreement it can be used to provide you with updates and developments in the measurement space applicable to you.

Submissions may be disclosed to Departmental staff, the Minister and staff members of the Minister's Office for the purposes of administering the national measurement system and any associated fees (including the development of other policy documentation). A list containing the names of all entities that have made submissions will be provided to the Minister's Office. Personal Information obtained will be stored and held in accordance with the Department's obligations under the Archives Act 1983 (Cth). Personal information obtained will only be used and disclosed for the purposes outlined above and will not be used or disclosed without your consent, except where authorised or required by law. For further information, please refer to the Department's [Privacy Policy](#).

Do you agree to the Privacy Collection Statement?

- Yes, I agree
- Yes, I agree and would like to make a confidential submission
- No, I do not agree

**Please note:** Without agreeing to the privacy collection statement you cannot proceed to make a submission.

## **PROVIDING YOUR FEEDBACK**

The National Measurement Institute (NMI) invites submissions to the Consultation on Draft Cost Recovery Implementation Statement 2018-2019.

The public consultation process will run from **14 December 2017 until 8 February 2018**.

The closing date for submissions and comments is **8 February 2018**.

The consultation draft seeks feedback from interested stakeholders to inform the government's decision to refresh authority to recover costs for services associated with the delivery of regulatory functions by the NMI under the National Measurement Act 1960 (the Act).

This consultation will inform the development of an Early Assessment Regulation Impact Statement (RIS). The RIS process is part of the Government's firm commitment towards better regulation that delivers net benefits for businesses and the community. The objective of the Early Assessment RIS is to inform the Government's decision to refresh the authority to recover cost for regulatory services provided by NMI and the proposed schedule of fees and charges based on evidence and feedback from stakeholders.

## Submissions to this consultation paper

Throughout this paper there are questions to facilitate and focus submissions. These should be used as a guide when submitting a written response, but input is welcome on all of the issues raised in the paper. There is no limit to the length of submissions.

Submissions emailed electronically are preferred. For accessibility reasons, please email responses in a Word format. An additional PDF version may also be submitted.

NMI reserves the right to publish your formal submission on the NMI website, unless you mark it as confidential.

Please provide submissions by close of business **8 February 2018** either by:

- emailing your submission with the subject heading 'Consultation on Draft CRIS 2018-19' and your company or individual name to the following email address - [NMICostRecovery@measurement.gov.au](mailto:NMICostRecovery@measurement.gov.au) ; or
- mailing your submission with the subject heading 'Consultation on Draft CRIS 2018-19' and company or individual name to:

Legal Metrology Branch  
National Measurement Institute  
GPO Box 2013  
Canberra, ACT 2601  
Attention: 'Cost Recovery Consultation'

## Providing a confidential submission

All information (including name and address details) contained in formal submissions may be made available to the public on the NMI website, unless it is indicated that you would like all or part of your submission to remain confidential.

Please note that automatically generated confidentiality statements in emails do not suffice for this purpose. Respondents who would like part of their submission to remain confidential should provide this information marked as a separate document.

A request made under the *Freedom of Information Act 1982* (Cth) for a submission marked 'confidential' to be made available will be determined in accordance with that Act.

## SUBMISSION DETAILS

Name:

Phillip Moraitis President of the WIAA (Weighing Industry Association of Australia)

Street Address / PO Box:

P.O box 2368 , Dangar, NSW

City:

Dangar 2368

State / Territory:

NSW 2309

I am representing an:

- Individual
- Manufacturers/Importers/Suppliers of measuring instruments for trade
- Servicing licensee (verifier)
- Laboratory appointed by NMI to performed verification and/or certification activities
- Business that uses measuring instruments for trade
- Government department / agency

Number of Employees:

(For business only)

- Non-employing business
- 1-20
- 21-200
- 201+

Jurisdiction:

(Government departments and agencies only)

Commonwealth

State

Territory

Confidential Submission (Please check the box if you want to make a confidential submission)

## CONSULTATION ON DRAFT COST RECOVERY IMPLEMENTATION STATEMENT 2018-2019 –KEY INFORMATION

The Australian Government Charging Framework, which includes the Cost Recovery Guidelines, sets out the overarching framework under which government entities design, implement and review cost recovered activities. Cost recovery involves government entities charging individuals or non-government organisations some or all of the efficient costs of a specific government activity. This may include goods, services, or regulation, or a combination of these.

This consultation draft seeks feedback from interested stakeholders to inform the government's decision to refresh authority to recover costs for services associated with the delivery of regulatory functions by the NMI under the National Measurement Act 1960 (the Act).

The Government is seeking to engage and understand from stakeholders:

- how to ensure Australia's measurement system is financially sustainable, while at the same time facilitating innovation and reducing regulatory burden,
- how the cost recovery model for regulatory services delivered by the NMI may affect stakeholder decisions to take up these services and participate in the measurement system.

The charges currently imposed by NMI for pattern approval, trade measurement licensing and legal metrology appointments are significantly outweighed by the costs incurred in their administration.

**Table 1:** Forecast revenue and expenses for 2017–18

	Pattern Approval	Servicing and Public Weighbridge Licensing	Legal Metrology Authority Appointments
<b>Revenue (X)</b>	\$430,000	\$410,000	\$20,000
<b>Expenses (Y)</b>	\$1,640,000	\$687,870	\$76,430

Cost recovery for these regulatory functions enables NMI to maintain a sustainable legal metrology infrastructure that delivers confidence in Australia's measurement system and supports innovation.

The fees proposed in this consultation document have been developed to:

- promote consistent, transparent and accountable charging for government activities
- reduce cross subsidisation between regulatory and non-regulatory activities

NMI is undertaking a measurement law review to ensure Australia's measurement system is equipped for the future, and regulations are fit for purpose. The review will consider options to:

- remove unnecessary regulatory burden
- consolidate the legislative framework
- move Australia's measurement legislation towards a more principles-based framework

This review is expected to take up to 4 years for completion, including a transition period, so the regulatory charging models in this document cover a corresponding maximum period of 4 years from 1 July 2018.

## **CONSULTATION ON DRAFT COST RECOVERY IMPLEMENTATION STATEMENT 2018-2019 – QUESTIONS**

- 1. What is your projected demand/need for these regulatory services (Pattern Approval, Licensing and Legal Metrology Authority Appointments) over the next 3-5 years? Is there any other information which would help improve NMI's projection of demand over this period?**

Varies between companies that are members of the WIAA, but as most weighing companies make up the WIAA the demand is constant and reflective of the Australian weighing Industry and the innovation it brings to the Australian economy.

- 2. Are there other significant risks associated with increased fees for these regulatory activities?**

- Our Australian manufacturers of weighing equipment will stop producing equipment, eg, Loadcell manufacturer in Hornsby NSW, a loadcell sells for \$300, if we are to see an increase from \$12,000 to \$56,000 for approvals this will prohibit local manufacturing which will lead to loss of employment.
- Importers will be less affected as they will have a lesser impact on the increased costs, with mutual recognition approval fees.
- All costs will need to be passed on to the end user by increasing hourly rates and the price of equipment. End users in rural and outlying regions may disengage or be impacted the most, particularly at a time when govt, is trying to bolster or promote regional Business.

- 3. What mitigation measures would assist NMI to manage these risks?**

The demand for a "Government Activity" is created by the Australian measurement system and cost associated with this should be worn by the government, if costs are to be recovered, reintroduction of a mandatory 2 yearly reverification fee ( \$10) to recover some of these costs is passed onto the owners of the instruments. This could be implemented as part of the current verification system and supported by the Weighing Industry Association.

**4. How important is it that Australia maintain local laboratory testing capability for PA?**

Cost for local Manufacturers to send product overseas is a disadvantage, it is necessary for Australia to maintain a local laboratory with testing capability. for the promotion of local innovation and manufacturing to support growth of Australian business.

**5. In the context of this international industry, is cost a significant driver when considering where laboratory testing should be undertaken?**

Yes, but refer to question 4, including communication barriers dealing with international laboratories and the costs associated with the approval process of transport and product setup, assembly and operation. A significant cost would adhere to the decision of whether to manufacture locally.

**6. Will higher PA fees act as a significant barrier to uptake of innovation in this field within Australia?**

Yes, A significant cost would adhere to the decision of whether to manufacture locally.

**7. To what extent do mutual acceptance arrangements promote Australian industry participation in the production of measuring instruments used for trade?**

Time frames are the only advantage to have products tested overseas and submitted under mutual acceptance arrangements. Locally tested and certified instruments are widely accepted overseas as a quality testing facility and hence increase exports of locally made product.

**8. What are the potential impacts of full cost recovery on the operation of your business? Please provide details.**

Businesses that import products will pass costs on to consumers, but local manufactures will stop production and reduce employment.

**9. What do you consider are the potential impacts of full cost recovery on your clients? Please provide details.**

Increase in cost to all Australian companies, if using a trade measurement instrument, end users in rural and outlying regions may disengage or be impacted the most, particularly at a time when govt, is trying to bolster or promote regional Business.

**10. Would implementation of full cost recovery cause you to withdraw from the market? If so, which market(s) and why?**

Manufacturers of locally produced product will look to overseas suppliers to supply product rather than look at local manufacture in Australia, costs associated with mutual recognition are less expensive than local produced product which would mean a reduction in manufacturing, reduced employment and cascade affect for local manufacturing.

**11. Would implementation of any of these models cause you to reduce your level of service to the market? If so, which market(s) and why? Which service(s) would you eliminate?**

Yes, there would be an increase in costs passed onto the consumer for the services provided which would reduce demand by Australian Industry and therefore reduction in service providers and employment. i.e. reduction in R & D staff, local and export market exploration.

**12. Please indicate your level of support if NMI were to introduce full cost recovery for PA laboratory-based testing.**

The cost to NMI for the cost recovery is \$1.6 M which the WIAA believe is a small amount in the context of the government expenditure, however for the small businesses that make up the WIAA, this increase proposed will be a deciding factor whether to continue investment or even operation in today's market. Our members help maintain the integrity of the Australian measurement system both locally and internationally and feel the amount of full cost recovery is minor in relation to the GDP and the business it influences, we feel the government should bear the costs of the Australian Measurement system or implement a charge against recertification of instruments to consumers rather than pass onto the facilitators of the system, WIAA members amongst them.