

Valuing the Benefits of Trade Measurement

Stephen O'Brien

Manager

Measurement and Product Safety Service



Ministry of Business,
Innovation & Employment

New Zealand Government

Presentation Overview

- The **Trade Measurement System** in New Zealand
- Describe the **benefits** this system provides to consumers, business and the Government
- Highlight **outputs** currently measured by the Measurement and Product Safety Service and discuss issues with this approach
- Describe a system we have implemented to measure some of the **outcomes** that we achieve: 'Cost to Consumer or Productivity Loss'
- Illustrate with **examples** of this system in use



Measurement and Product Safety Service (MAPSS)

- An operational unit within the Ministry of Business, Innovation and Employment
- National responsibility for:
 1. Legal Metrology (Trade Measurement)
 2. Consumer Product Safety
 3. Fuel Quality Monitoring
- Responsible for key elements of Trade Measurement System
- System is consistent with OIML



Trade Measurement System

Providing confidence and trust for consumers, businesses and Government



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Benefits of Trade Measurement System

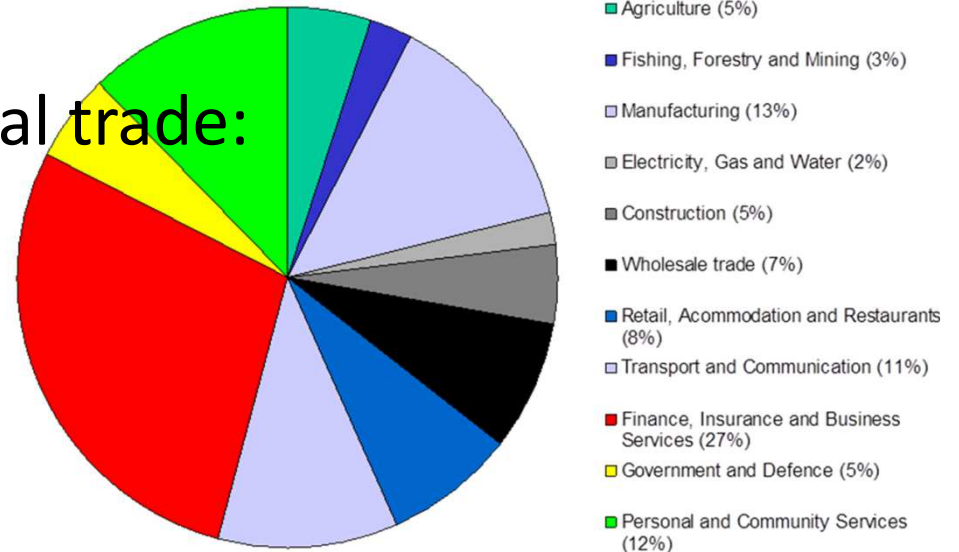
- A significant Government investment
- Need to clearly identify the benefits returned to ensure sustainable funding
- Benefits include;
 - **Reducing disputes** and transaction costs
 - **Supporting trade**
 - Improving **stock control**
 - Fair collection of **government revenue**
 - **Reduction** of technical **barriers to trade**



Benefits put into perspective

New Zealand

- Heavily relies on international trade:
 - Population of 4.5 million
 - GDP 162 billion \$US



Asia-Pacific Region:

- 2.9 billion people: GDP 39 trillion \$US.

Importance of trade cannot be underestimated

How to measure and value the trade measurement system that allows this trade to take place?



MAPSS Operational Outputs

Number of:

- Inspections of volume **measuring instruments**
- Inspections of **weighing instruments**
- Inspections of **packaged goods**
- Responses to **complaints and enquiries**
- Accredited Person **compliance audits**, systems audits and surveillance of work
- **Verification Reports** issued on Accredited Person's working standards
- **Applications** administered for type approval of weighing and measuring instruments



Tracking these **outputs** are useful but they do not measure the effectiveness or the true value of what we do – this requires a focus on measuring **outcomes**



Consumer Cost or Productivity Loss

- Developed to **quantify outcomes** in a **systematic way**
- **Report effectiveness** of enforcement and market surveillance activities
- Estimate **economic benefit** of intervention
- **Detriment** to consumers or business **productivity losses**
- Projecting the deficiency forward / looking at past production
- MAPSS **guideline** and prescribed **spread sheets**
- Information is **not** generally **used for** enforcement or **prosecution** purposes



Consumer Cost or Productivity Loss: Examples

- **Cement** manufacturer – weighbridge error resulting in \$120,000 loss to company before next inspection
- South Auckland **taro trader** – dishonest weighing practice resulting in \$48,000 consumer detriment per annum
- **Frozen broccoli** with excessive water resulting in \$25,000 consumer detriment per annum
- Savings to the **bulk fuel industry** from 0.14% improvement in accuracy of their metering systems equating to \$1,800,000 per annum



Consumer Cost or Productivity Loss

- 2009: MAPSS Officers found an estimated total of **\$2,900,000** savings for consumers and business
- Figure varies each year but it represents a **significant return** for Government investment
- It is a **useful tool** for measuring the success and **valuing** the **benefits** of the trade measurement system
- Trade Measurement System provides **significant benefits** to consumers, business and the Government
- To measure and value these benefits is the challenge before us today as we look at **‘Measuring the Measurers’**



Thank you for your attention
Happy to answer any questions



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