



# Key Performance Indicators (KPIs)

The Framework includes six outcome-based KPIs of best practice performance and administration outlined in Box 1.

## BOX 1 – FRAMEWORK KEY PERFORMANCE INDICATORS

- > **KPI 1** - Regulators do not unnecessarily impede the efficient operation of regulated entities;
- > **KPI 2** - Communication with regulated entities is clear, targeted and effective;
- > **KPI 3** - Actions undertaken by regulators are proportionate to the regulatory risk being managed;
- > **KPI 4** - Compliance and monitoring approaches are streamlined and co-ordinated;
- > **KPI 5** - Regulators are open and transparent in their dealings with regulated entities; and
- > **KPI 6** - Regulators actively contribute to the continuous improvement of regulatory frameworks.

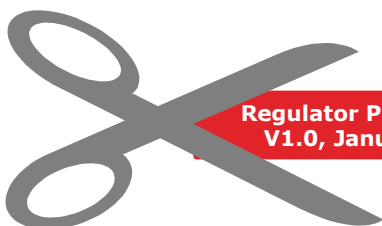
Regulators will be assessed against all six KPIs. However, the application of the Framework is sufficiently flexible to adapt to differences in regulator size, operating and legislative environments, and the different weighting a regulator may place on each KPI.

Where a KPI may be deemed less relevant to the function of a regulator or the size of the function is small, the evidence collected and assessment of performance against the KPI should be proportionate. In all cases it will be up to the relevant Minister to agree the proposed evidence metrics.

Regulators will benchmark themselves against their own performance. It is not the intention of the Framework to benchmark between regulators due to differences between regulatory roles and functions, and variations in metrics individual regulators use to demonstrate their performance. However, a high-level comparison of regulators within a portfolio or with similar roles and functions may be possible.

### How are measures used?

The measures of good regulatory performance in the Framework outline the principles that should be used to guide assessment of regulator performance against the KPIs. These measures are not an exhaustive list and there is flexibility provided in the Framework for measures to be tailored for individual regulators and their role, specific tasks and legislative environment. Where applicable, the



Commonwealth small business engagement principles may assist with the development of measures of good regulatory performance. These engagement principles are attached to the Office of Best Practice Regulation Guidance Note on small business, summarised in Box 2.

#### **BOX 2 – SMALL BUSINESS ENGAGEMENT PRINCIPLES**

- > actively identify ways to eliminate unnecessary red tape in all policies, programmes and initiatives that affect small business;
- > consult and collaborate with small business early and throughout the policy making and programme design process;
- > make information targeted to small business available through the Government’s primary small business communication channels;
- > strive to adopt whole-of-government small business solutions to simplify the way business interacts with Government online; and
- > communicate with small business in clear, simple language and present information in an accessible format.

#### **How is evidence collected?**

The examples of output or activity-based evidence provided in the Framework are not exhaustive and are provided as a guide only. Using the suggested examples of evidence is not mandatory. Application of the Framework is flexible to minimise burden, including by using existing processes where possible for data collection and analysis. Reviewers should adapt approaches for particular groups, such as small business, to ensure that the collection of evidence does not create an unnecessary burden.

The data collected may be used as evidence for assessing multiple KPIs. However, a range of evidence from different sources should be used to ensure adequate assessment of the regulator’s performance against each KPI. Assessment against the Framework should be comprehensive, accounting for all regulatory functions of the regulator and their interactions with stakeholders while undertaking these functions. The evidence base should include opportunities for a full range of stakeholders to contribute to the assessment through, for example, business surveys, interviews, focus groups or feedback mechanisms.

When determining what evidence is to be used, reviewers should test its suitability with their relevant department(s) and Ministerial Advisory Councils (MACs), or other approved stakeholder consultation mechanisms to ensure the proposed evidence provides a valid measurement of performance. Evidence metrics must be agreed with the responsible Minister prior to the review commencing and must be made publicly available.

#### **Are international standards and risk assessments relevant?**

Where appropriate, aligning with or adopting international standards and the use of international risk assessments can be used as an evidence metric for regulator performance against the Framework. Consideration should be given to whether this is a relevant, ongoing part of the regulator’s functions

and if meaningful information is available, and will continue to be available, against this metric. The inclusion of alignment with or adoption of international standards as an evidence metric is at the discretion of the relevant Minister.

### What is required to demonstrate performance against KPI 6?

The Framework does not require regulators to change regulatory settings, frameworks or approaches in order to meet KPI 6 where change may not be of benefit to stakeholders. An existing process may be found to be the most efficient approach when the costs and benefits of implementing change are considered.

Regulators will be required to demonstrate that they have considered how regulatory settings, frameworks or approaches could be improved. This could include the activities outlined in Box 3.

#### **BOX 3 – EXAMPLE ACTIVITIES TO DEMONSTRATE PERFORMANCE AGAINST KPI 6**

- > providing advice and recommendations to policy departments to improve the efficiency and effectiveness of the regulatory framework or to reduce compliance costs;
- > reviewing administrative practices to identify opportunities to streamline interactions and reduce compliance costs; and
- > inviting and/or considering submissions or feedback from stakeholders about how regulatory settings, frameworks or operations could be improved or compliance costs reduces.

### How can existing performance requirements be aligned with this Framework?

#### **Public Governance, Performance and Accountability Act 2013 (PGPA Act)**

Where appropriate, regulators may choose to align reporting against this Framework with the requirements of the PGPA Act Performance Framework. This may include using the corporate plan to outline how the regulator intends to assess performance against the Framework, and using the annual report (which includes the annual performance statement for Commonwealth agencies) to report on performance against the KPIs.

It is important to note the distinction between these two Frameworks. The PGPA performance framework focuses on the assessment of the performance of programmes and activities and what objectives and deliverables are being achieved. The objective of the PGPA Performance Framework is to produce better quality data that supports more effective government operations and more efficient decisions about the allocation of government resources.

The Regulator Performance Framework has been established to assess regulators' performance when interacting with business, the community and individuals whilst carrying out their functions. The objective of this Framework is to improve the way regulators operate, reduce the costs incurred by business, individuals and the community from the administration of regulation, and to increase the public accountability and transparency of regulators.

### **Existing KPIs or statutory performance requirements**

Some regulators may have existing KPIs or statutory performance requirements that are similar to the six KPIs in the Framework. To avoid duplication, regulators can use their existing evidence base and reporting mechanisms to assess and report their performance against the Framework, subject to the agreement of their responsible Minister. Where a regulator takes this approach, their performance report must clearly articulate how the existing KPI demonstrates the regulator's performance against the KPIs in the Framework and the overall assessment of the regulator against the Framework.

### **What is the approval process for evidence?**

The approval process for evidence metrics is outlined in the following diagram.

