Benchmarking Framework

Department of Agriculture

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Background and Scope of the Framework

Around two-thirds of Australia's total agricultural products are exported, contributing nearly $50 billion to the Australian economy during the financial year 2018/2019.[1] The Commonwealth Department of Agriculture ("the Department" or "Client") is responsible for the regulation of food and other imported products and the export certification for goods prescribed under the *Export Control Act 1982* and related legislation. In its *Corporate Plan 2018-19*, the Department highlighted three strategic objectives that assess the state of Australian agriculture in relation to markets, productivity and resources:[2]

▸ Increase, improve and maintain markets, ensuring Australia's interests are represented and that markets are open to Australia's agricultural products and services.

▸ Encourage and reduce risks to agriculture productivity through policy changes to improve productivity, investment in agricultural innovation system, effective on-going pest management, appropriate skilled workforce and effective policy responses and programs.

▸ Support sustainable high-quality natural resources through ensuring Australia's natural resources are used sustainably and are protected from pests and diseases.

These objectives are achieved through a combination of regulatory activities and collaboration with entities involved and other stakeholders. With agricultural exports, the activities that support the delivery of these objectives are outlined in the Food and Plant Export Cost Recovery Implementation Statements (CRIS).[3] The Department has stated that it will assess whether their work aligns with the above objectives through regular feedback and performance measurement.[4]

In 2019, the Australian National Audit Office (ANAO) assessed the Department's application of cost recovery principles.[5] While the ANAO found that the Department had undertaken some benchmarking of its regulatory activities, it recommended further benchmarking work be undertaken or facilitated. To provide the Department an independent perspective of their relative efficiency and effectiveness[6] for the export certification activities which are cost-recovered through the CRIS, EY ("we" or "Consultant") was engaged to assist with the development of a benchmarking framework ("the Framework").

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1 (ABARES, 2019)

2 (Department of Apriculture, 2019)

3 (Department of Agriculture and Water Resources, 2015)

4 (Department of Apriculture, 2019)

5 (ANAO, 2019)

6 Note that for the purpose of the Framework, efficiency and effectiveness have been defined as follows:
- Efficiency: the minimal usage of resources to deliver the best and most effective results with minimised wastage and duplication
- Effectiveness: the successful achievement of goals and objectives.

Why Benchmark?

While benchmarking is considered a useful tool for evaluation and is widely used by various organisations, benchmarking exercises can be challenging for Government bodies due to entities having different legislative objectives and service standards, causing potential comparability issues. Nevertheless, if implemented appropriately, benchmarking can provide the following benefits to users:

‣ Provide an independent perspective on an organisation's performance relative to a comparator peer group
‣ Identify performance gaps and opportunities for improvement
‣ Encourage innovation and technology adoption, where market leaders are included within the comparator group
‣ Develop a standardised set of metrics to monitor performance with an aim to increase service quality
‣ Set an expectation to promote consistent performance and standardised service quality across the board
‣ Provides an opportunity to collect data including stakeholder feedback to aid further understanding of stakeholder needs
‣ Paves the way for idea generation, continuous improvement and change management.

The Framework provides a lens through which the Department can evaluate the relative efficiency and effectiveness of its export certification processes. Consequently, the Department can use regular benchmarking to provide more transparency and enable meaningful dialogue both between the Department and entities involved in the export of food and plant products ("Industry").

This Framework should be read in conjunction with the Independent Review of Cost Recovery Processes, provided by EY to develop a broader understanding of the efficiency and effectiveness of the Department's processes and its opportunities to move towards leading practice in other organisations. Our scope of work for the Framework included assisting the Department in developing a benchmarking Framework and example of key performance indicators ("KPIs"), though excluded data collection and performing the benchmarking.

The Framework was designed after an initial desktop review of relevant documents and subsequent collaboration with internal and external stakeholders through interview and consultation with Industry groups. This provided insight that could be used to identify initial benchmarking objectives, gain an understanding of potential difficulties as well as user preferences. In particular, this included the following:

▸ Through desktop review, EY studied the Department's documentation of key cost recovery frameworks, divisional processes, procedures and their objectives

▸ Through targeted group and one-on-one interviews of internal stakeholders, we gathered insights over perceived indicators of success, what internal stakeholders would like to achieve from a benchmarking exercise and their inputs on what would constitute a useful benchmarking framework

▸ We invited and engaged with key Industry stakeholders including Industry Consultative Committees (ICCs) and Industry representatives, to understand their perspective of how they would define the Department's effectiveness and efficiency, and what KPIs they would like to see measured going forward.

Through various internal stakeholder interviews and consultations with Industry, we are aware that there are different views of what constitutes success amongst different groups and that users of the Framework fall into two main categories:

▸ Internal stakeholders: their focus is around internal process improvement with an objective to become more effective and efficient

▸ External Industry stakeholders: their focus is around service delivery activities and Industry support. They would be interested in knowing how much value and support they have received from the Department and the cost of getting export certificates compared to others

▸ Both groups expressed an interest in gaining insight into the Department's relative efficiency level and the overall health of the export regulatory system.

Based on our consultation and understanding of benchmarking objectives, the Framework has been designed as a four-step exercise, to better enable consideration of stakeholder feedback together with the Department's key objectives.

This Framework outlines our recommended step-by-step approach to identify appropriate KPIs and a suggested implementation roadmap for undertaking benchmarking into the future.

Step one
The first step was to define the key areas of interest. This takes into consideration different fee and levy related activities, as well as the various dimensions in which to examine them. For instance, both user groups identified a lack of understanding about cost allocation, particularly with respect to corporate costs. While cost allocation is out of the scope of a benchmark, we consider that indicators around the relative performance of the Department's corporate function will still be useful to stakeholders. Similarly, other dimensions include: service delivery, service quality and effectiveness of the overall agriculture export system. Each of these dimensions serve as a sub-section of the main processes.

Step two
Benchmarking exercises can be particularly challenging for Government organisations, due to entities having different legislative objectives and service standards. This can cause potential comparability issues. Consequently, the Framework considers multiple peer groups to compare different aspects of the process or dimension from Step one.

Additionally, understanding the key users of the benchmark also facilitated our consideration of the appropriate peer group comparators. During stakeholder consultation, it was discussed that appropriate comparators could be internal, other Australian regulatory agencies (both State and Federal), Australian organisations undertaking certification activities, external Australian private companies and regulatory bodies in competing exporting countries. Specifically, the Framework outlines qualitative and quantitative consideration of the appropriateness of these peer groups both generally and with respect to the key areas of interest.
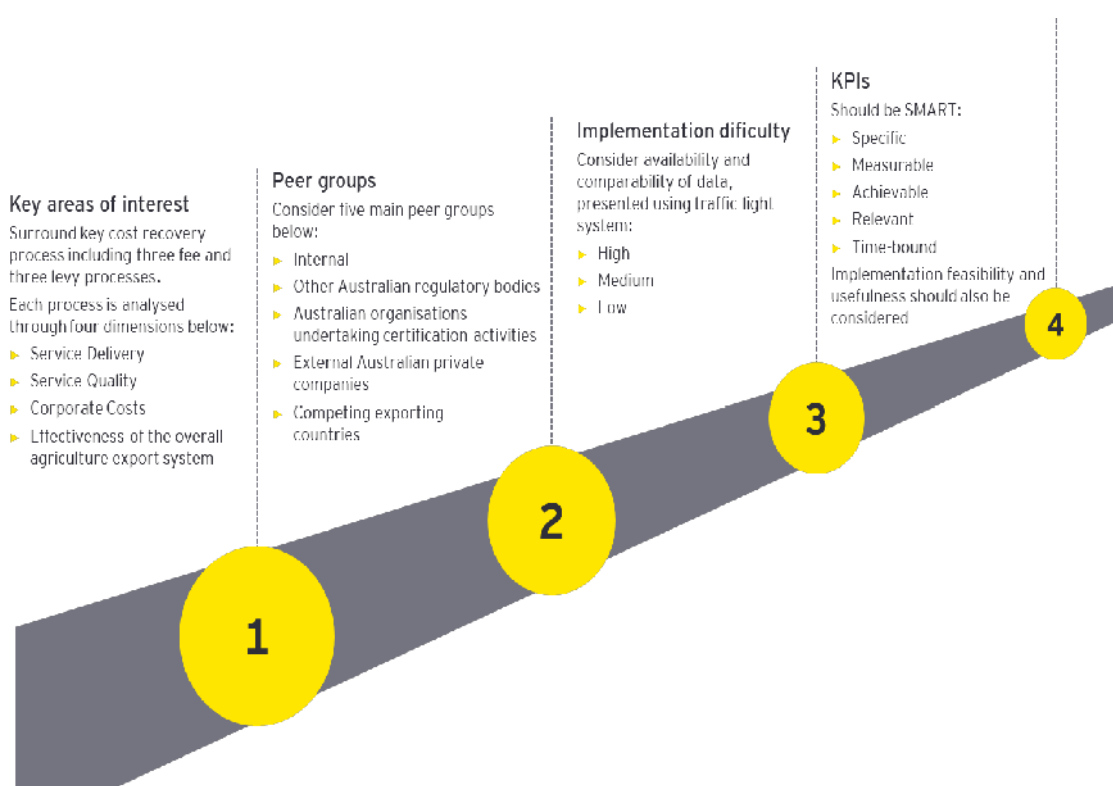
Step three

The next step of the Framework is consideration of the implementation difficulty of collecting the appropriate data. That is, a KPI could be a perfect metric for both internal and external users, but if the underlying data is impossible to collect, then its usefulness is reduced. Notably, there is also a trade-off between collection difficulty and the quality of a metric. This means a metric might be difficult to measure but still highly recommended because this metric could provide insight and ideas for improvement that could eventually result in cost saving. KPIs should be determined noting that high implementation feasibility and meaningful KPIs are preferred over low implementation feasibility and low value added KPIs.

Step four

Potential KPIs for each process were determined in collaboration with the Department and Industry stakeholders. Using the SMART principles (metrics should be Specific, Measurable, Achievable, Relevant and Time-bound), these KPIs were categorised in terms of their relative uselessness.

Understanding the Framework - Steps

Key areas of interest

Surround key cost recovery process including three fee and three levy processes.

Each process is analysed through four dimensions below:
► Service Delivery
► Service Quality
► Corporate Costs
► Effectiveness of the overall agriculture export system

Peer groups

Consider five main peer groups below:
► Internal
► Other Australian regulatory bodies
► Australian organisations undertaking certification activities
► External Australian private companies
► Competing exporting countries

Implementation dificulty

Consider availability and comparability of data, presented using traffic light system:
► High
► Medium
► Low

KPIs

Should be SMART:
► Specific
► Measurable
► Achievable
► Relevant
► Time-bound

Implementation feasibility and usefulness should also be considered

Our findings

The Framework in action

Based on the previously outlined steps, and in collaboration with internal and external stakeholders, overleaf presents a list of recommended metrics for each key process.

With a view towards practical benchmarking, most of the suggested KPIs either have a high implementation feasibility and high usefulness, or medium implementation feasibility and high usefulness. In other cases, KPIs with low implementation feasibility and high usefulness are recommended if there is no other way to measure the performance and the KPIs are expected to provide an insight that meets the need of user groups. While this data collection could be more resource intensive, these KPIs could potentially result in opportunity for improvement and consequently future cost saving.

Notably, as further data becomes available for collection, new KPIs could be constructed; the Framework process also provides an ongoing means to assess the suitability of new metrics.

Understanding the Framework - Table

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness	Context

Audit

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness	Context
Service Delivery	Percentage (%) of over-time over total hours worked	Other Australian regulatory bodies Australian organisation undertaking certification activities	High	High	Reflect how well resources are optimised and whether the Department has sufficient headcount for the amount of required activities.
	Number of audits per year per each establishment (potentially averaged over an appropriate cycle)	Regulatory bodies in competing exporting countries	Low	High	Finding information could be challenging given some might not be available publicly. One thing to consider is the comparable country - need to use the table dimension for finding the right comparator and bear in mind that this could be different for different commodities. Even though it is difficult, performing this exercise is highly recommended as this is the most appropriate benchmark. For example - if New Zealand is the most appropriate comparator for Beef in terms of perceived quality and market access and they perform 1 audit per year on average per establishment while the Department perform 2 per establishment per year, then the Department should consider if this should be reduced to 1, taking into consideration risk level and importing country requirements.
	Number of auditors per audit: average number of auditors presented during a typical audit versus the budgeted number of auditors to be allocated to an audit	Other Australian regulatory bodies Australian organisation undertaking certification activities Regulatory bodies in competing exporting countries	Low	High	Industry has often focussed on the number of auditors per audit conducted. The purpose of this is to assess whether there is an efficient use of auditors per audit versus a budget or benchmark, with work health safety, training and other activities in mind. For example, if the standard is two auditors per audit but the KPI consistently measures three/four/five auditors per audit, this can still trigger a meaningful question as to the efficiency of auditor allocation. Similar to the above, this KPI is recommended even though it is difficult to collect information.
	Average time to complete an audit versus a set timeframe (audit cycle time)	Internal	Medium	High	This KPI assesses whether audits are being conducted within reasonable timeframes, and hence being conducted efficiently.
Service Quality	Number of complaints from establishments in relation to audit	Internal (using the Department's existing reporting mechanism for complaints and compliments)	Medium	High	This KPI relates to customer satisfaction and hence the quality of audit services.

Assessment

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness	Context
Service Delivery	Time taken to complete an assessment: from the point of submission to marking of completion per commodity	Internal (between different groups of licenses, permits, registrations, accreditations, and exemptions)	Medium	High	
	Time taken to complete an assessment: from the point of submission to marking of completion per commodity	Other Australian regulatory bodies Australian organisation undertaking certification activities	Low	High	This KPI is highly relevant and therefore recommended, given the assessment process is relatively similar across different organisations undertaking certification/assessment activities.
	Over-time hours as a percentage of total hours worked	Other Australian regulatory bodies Australian organisation undertaking certification activities	High	High	Reflect how well resources are optimised and whether the Department have sufficient headcount for the amount of required activities.
Service Quality	Number of complaints from establishment in relation to assessment	Internal (survey)	Medium	High	
	Percentage (%) of documents rejected by importing countries due to the Department's internal processes for functions (for example, incorrect information provided to exporters)	Internal (between different groups of licenses, permits, registrations, accreditations, and exemptions)	Medium	High	
	Percentage of interrupted assessment (due to missing certificate or incorrect information)	Internal (between different groups of licenses, permits, registrations, accreditations and exemptions)	Medium	High	A reduction in this rate could see increased output from existing resource base, or a reduction of expense.

Inspection

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness	Context
Service Delivery	Time taken from the point of inspection application to the point of assignment (or measured based on service standard as a percentage)	Other Australian regulatory bodies Australian organisation undertaking certification activities	Medium	High	
	Time taken from the point of inspection application to the point of assignment (or measured based on service standard as a percentage)	Internal (between different commodity groups)	High	High	
	Average time to complete an inspection (inspection cycle time; measured per commodity and importing countries)	Internal	Medium	High	
	Average time to complete an inspection (inspection cycle time; measured per commodity and importing countries)	Regulatory bodies in competing exporting countries	Low	High	
	Over-time hours as a percentage of total hours worked	Other Australian regulatory bodies Australian organisation undertaking certification activities	High	High	Reflect how well resources are optimised and whether the Department have sufficient headcount for the amount of required activities.
Service Quality	Number of complaints from establishments in relation to inspection	Internal (using the Department's existing reporting mechanism for complaints and compliments)	Medium	High	

Levy activities

Policy and instructional materials:

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness	Context
Service Delivery	Time taken to update MICoR from when the information is received to when it's successfully updated	Internal (between different commodity groups or measuring against a baseline)	High	High	
	How many questions received in relation to exporting requirements for a commodity	Internal (between different commodity groups or measuring against a baseline)	High	High	Might indicate level of clarity and completeness of instructional material.
	Incident management: average time taken to resolve an issue per time period (month, quarter, year) over time	Internal (between different commodity groups or measuring against a baseline)	Medium	High	
	Incident management: average time taken to response to a request of assistance	Other Australian regulatory bodies Australian organisation undertaking certification activities	Medium	High	
Service Quality	Survey for quality (rating of instructional material and support service)	Internal (between different commodity groups or measuring against a baseline)	Medium	High	Feedback loop between Government and Industry to provide insights to the trade success, opportunities, issues and incidents.

Workforce management:

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness	Context
Service Delivery	Percentage (%) of unplanned activities	Internal (between different commodity groups or measuring against a baseline)	High	High	
	Time taken to allocate assignment from point of request	Internal (between different commodity groups or measuring against a baseline)	Medium	High	
	Time taken to allocate assignment from point of request	Australian organisation undertaking certification activities	Low	High	

Corporate

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness	Context
Corporate Costs	Proportion of department expenditure on corporate services (Total, executive, finance, procurement, ICT, communications, HR, legal, Compliance, general admin and other)	Other Australian regulatory bodies	High	High	
	Expenditure on corporate services per agency FTE[7] (Finance, procurement, communications, HR, legal, compliance, general admin)	Other Australian regulatory bodies	High	High	
	Proportion of total corporate services expenditure over time versus total costs (Property admin, levies and cost recovery, design and change, corporate strategy and governance, legal, finance, HR, ISD)	Internal	High	High	
	Total corporate services ASL[8] over time (Property admin, levies and cost recovery, design and change, corporate strategy and governance, legal, finance, HR, ISD) versus legislative cap	Internal	High	High	

[7] Full-time equivalent: The number of full-time equivalent employees directly employed by the Department at a point in time. Includes all active full-time and part-times, ongoing and non-ongoing employees engaged for a specified terms or task paid through payroll. Part-time employees are converted to full-time equivalent. Excluded in the calculation overtime, non-going staff engaged for duties that are irregular or intermittent (casuals), contractors and employees on unpaid leave.

[8] Average staffing level: The average number of employees receiving salary or wages (or compensation in lieu of salary or wages) over a financial year, with adjustments for casual and part-time employees to show the full-time equivalent.

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness	Context
	Proportion of departmental expenditure on ICT	Other Australian regulatory bodies	High	High	
	Proportion of departmental expenditure on ICT over time	Internal	High	High	
	Overall cost of ICT FTE ($/FTE) over time	Internal	High	High	
	Proportion of ICT expenditure on ICT administration	Other Australian regulatory bodies	High	High	
	Proportion of ICT expenditure on end user infrastructure (desktops, laptops and thin clients) over time	Internal	High	High	
	Audit/Inspection/Assessment service delivery unit cost per ASL over time	Internal: Meat exports, seafood and egg exports, dairy exports, live animal exports, plant exports, imports, Associated of Accredited Certifiers (AAC) benchmark, Ministry for Primary Industries (MPI) benchmark	High	High	
	Departmental expenditures over time (Business activities, corporate services, rent and property depreciation)	Internal	High	High	
	IT spending as a percentage of cost recoveries	Other Australian regulatory bodies	High	High	

Effectiveness of the overall agricultural export system

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness	Context
Effectiveness of the overall agriculture export system	Department's response to each type of non-compliance versus that of regulatory bodies in competing exporting countries	Regulatory bodies in competing exporting countries	Low	High	This KPI measures enforcement action for non-compliance, essentially looking at how serious the Department deal with a non-compliance as opposed to a competing country.
	Number of failed consignments as part of foreign inspections (importing country)	Internal (between different commodity groups)	Medium	High	
	Error rate of information in MICoR	Internal (between different commodity groups or measuring against a baseline)	Medium	High	It is recommended that the Department should consider measuring this KPI through a survey to Industry.
	New market access demonstrated by potential $ increase in export value	Internal (between different commodity groups or measuring against a baseline)	High	High	
	Improved/maintained/restored market access demonstrated by potential $ increase in export value	Internal (between different commodity groups or measuring against a baseline)	High	High	
	Volume of new markets accessed within a timeframe	Internal (between different commodity groups or measuring against a baseline)	High	High	
	Volume of improved/maintained/restored markets accessed within a timeframe	Internal (between different commodity groups or measuring against a baseline)	High	High	
	Competitive impact of regulatory cost on the value of exports (average regulatory cost/total value of export)	Internal (between different commodity groups or measuring against a baseline)	Low	High	The Department should consider engaging ABARES in measuring this KPI.
	Barriers to entry (information accessibility regarding export certification guidelines)	Internal	Medium	High	The Department should consider measuring this KPI through a survey to Industry.

Next steps

Implementation roadmap

Beyond this Framework, the next steps for the Department would be data collection and analysis. EY has provided a suggested implementation roadmap with a summary of what may be appropriate and achievable in the short-term and long-term. The implementation roadmap suggests that the Department should benchmark KPIs using readily available data first and then move on to those KPIs requiring more extensive data collection and analysis thereafter. As part of the implementation of benchmarking activities, it is anticipated that data collection and benchmarking will be regular exercises going forward, and therefore the Department should design a plan for the appropriate allocation of time and resources to achieve this.

Introduction

The Department aims to use regular benchmarking to provide more transparency and enable meaningful dialogue both between the Department and entities involved in the export of food and plant products. Given the unique and legislative nature of processes and activities facilitated by the Department, standard corporate benchmarking is not always the most suitable approach.

Additionally, through various stakeholder consultations and interviews, we are aware that there are different views of what constitutes success and different focal points when it comes to benchmarking objectives. Internal stakeholders were primarily concerned with how to achieve efficiency while external stakeholders considered service delivery metrics and Industry support. Both groups expressed an interest in gaining insight into the Department's relative efficiency level and the overall performance of the export regulatory system. The Framework has therefore been designed as a four-step exercise, to able consideration of stakeholder feedback together with the Department's key objectives. This section describes our recommended step-by-step approach to identify appropriate KPIs.

Methodology

Step one: Key areas of interest

The scope of this Report was a benchmarking framework for the Department's cost recovery regulatory activities. This section recommends the appropriate processes to be reflected in a benchmarking Framework, as well as the dimensions in which to consider them.

Discussions with stakeholders both internal and external to the Department revealed some key issues that a benchmarking exercise could help illuminate. In particular, when questioned about what they would hope to achieve from a benchmarking exercise, some key themes emerged:

▸ Understanding of the efficiency of the Department's cost recovery processes

▸ Understanding key drivers of cost recovery activities, relative to other Commonwealth agencies

▸ Understanding the impact of export certification cost to the overall competitiveness of Australian agriculture export compared to competing countries

▸ Understanding how costs have been allocated, particularly corporate overheads

▸ Identifying duplication in processes and finding solutions

▸ Providing an opportunity to learn about new technology and its impact on efficiency and effectiveness

▸ Consideration of the overall health of the regulatory system

▸ Indicators of the Department's accountability and performance.

While understanding how costs have been allocated is outside the scope of the Framework or a benchmarking exercise, where possible, this has been holistically considered when determining the key areas of interest.

Processes

Considering the themes highlighted by internal and external stakeholders above, our suggested key areas of interest would surround the key cost recovery processes which are also main cost drivers of export certification activities. Based on cost drivers, the Department's Activity-based Costing model splits these into processes which are funded through either a levy or a fee. The following are the main fee processes[9]:

▸ Audits: includes the systematic and functionally independent examination to determine whether activities and related results comply with legislative or documented requirements. This includes all pre and post work, travel and client assistance in relation to the audit.

▸ Assessments: involves assessing information to determine if it meets the Department's and importing country requirements. This includes all preparatory work (such as confirming importing country or export requirements) and post work (such as assessment report preparation) travel and client assistance in relation to the assessment.

▸ Inspections: involves the physical examination (and supervision of the physical examination) of export food commodities to determine compliance with export and importing country requirements.

Similarly, the key levy processes are:

▸ Policy and Instructional Materials: includes developing, maintaining and communicating the department's policy and instructional material, such as operational and corporate policies, scientific advice, departmental guidelines and work instructions, and associated training development and delivery

▸ Business Systems Administration: includes developing, acquiring, testing, implementing and supporting applications and business systems. This includes technical support and maintenance of all business systems including information and communications technology

▸ Workforce and Program Management: this activity has four categories,

   ▸ Workforce management activities include staff supervision, allocating workforce resources, managing employee performance, leave, training and other conditions, managing Work, Health and Safety requirements, recruitment and termination

   ▸ Business management activities include business planning and continuity; requesting legal advice; procurement and contracts; programme and project administration, assurance, design and management; management of fixtures, facilities, equipment, supplies and logistics

   ▸ Financial management activities include billing and accounting, budgeting, charges and payments, collections and receivables, debt management, financial accounts, reporting and policy development

   ▸ Information management activities include data management, information and records management, and information sharing and collaboration.[10]

Note that the Framework considers that KPIs should assess actual outcomes of these processes, rather than compare steps within each process. This ensures that the benchmarking Framework outlines principles or best practice indicators to which the entity should compare their performance to, as opposed to assessing how the entity carries out certain regulatory activities.

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9 (Department of Agriculture and Water Resources, 2015)

10 (Department of Agriculture and Water Resources, 2015)

Consequently, the Framework is not a side-by-side comparison of regulatory functions, for instance, which compares whether the same process is undertaken internationally or by domestic comparator regulatory agencies. Instead, the focus of the Framework is whether the entity in question is carrying out its processes as efficiently as possible, in relation to and as indicated by its comparators. In the case of benchmarking the effectiveness of the Department's cost recovery arrangements, metrics should compare the actual fees borne, rather than assess how these fees were determined. This is because the Framework assumes that the relationship between cost and fees are already appropriately allocated. It is outside the scope of this Review to assume otherwise and would add unnecessary complexity to the Framework.

The three fee processes are relatively distinct and focus on front-line service delivery. Consequently, determining both metrics and comparators are more straightforward. It is difficult to measure the outcomes for levy processes, so we recommend combining these into a single category in the Framework (Levy activities).

Dimensions

While processes are good starting points, they are usually too broad to design effective KPIs to measure the Department's accountability and performance. Effective benchmarking requires further sub-section of these processes. These sub-sections also help address the benchmarking objectives described above. We recommend the Department to consider 4 main dimensions focusing on different characteristics linked to each of the above processes.[11]

▸ **Service Delivery**: Given one of the main interests of stakeholders is around efficiency of the cost recovery processes, this dimension specifically focuses on how efficiently a service is delivered. This is applicable across both fee and levy processes, mostly related to front line delivery components. This includes audit, assessment, inspection and activities such as customer service support of Policy and Instruction Material.

▸ **Corporate costs**: While understanding how overhead costs have been allocated is outside the scope of the Framework, this dimension provide indicators of the overarching Corporate Costs – predominately, HR, Finance, Property and IT. KPIs relating to this dimension would help illuminate the overall appropriateness of corporate overheads.

▸ **Service Quality:** While Service Delivery measures the system's efficiency, Service Quality KPIs focus on the overall health of the legislative system because as a regulator, the ability to maintain market access is reflective of how effective audit, inspection, assessment and other activities are conducted.

▸ **Effectiveness of the overall agricultural export system:** Australia's agricultural industry is highly successful in producing a large variety of food and fibre products for export. During consultation, stakeholders expressed interest in understanding the overall effectiveness of this system and how it has created more value to the Australian agriculture industry. Notably, the export system does not operate in isolation, other global factors will also define the context within which export activities are undertaken – for instance, importing country requirements. As the value of such a system is difficult to quantify, particularly in a benchmarking setting, a mix of quantitative and qualitative metrics could be considered. Notably, a system that is healthy overall is also dependent on the actions of both the Department and agricultural exporters. Consequently, the Framework will also recommend metrics relating to both parties.

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11 Note: metrics will be agnostic to different commodity groups (though some comparators may allow inter-commodity comparisons)

Step two: Peer groups

For Government organisations, benchmarking exercises can be challenging due to entities having different legislative objectives and service standards, causing potential comparability issues. Consequently, identifying suitable comparators is key when considering both the relevance of KPIs and the feasibility of data collection. Users of benchmarking should also be considered when designing and communicating benchmarking metrics.

Following from stakeholder consultation, we consider the following five different groupings to provide appropriate benchmarking coverage:

‣ Internal

‣ Other Australian regulatory bodies

‣ Australian organisations undertaking certification activities

‣ External Australian private companies

‣ Regulatory bodies in competing export markets.

This spread of peer groups allows different types of comparisons to be made, as comparators can be selected based on the outcome measured and the nature of the entity being benchmarked. For example, this might encompass selecting international or domestic entities that are considered best practice, or entities with a comparable geography / size / sector / regulatory environment.

Internal

Due to the wide scope of its regulatory activities, we suggest using different commodity programs run by the Department as one of the most relevant peer groups. While the specific processes of the various cost recovered activities would be different for each commodity (for instance, a grain inspection compared to a meat inspection), they share a great deal of consistency regarding their operating and legislative environment (both internal to the Department and external to the broader agriculture industry) and internal procedures, systems and workforce.

Data collection for internal processes is also likely to be easier than for external organisations, as well as be collected at a higher quality. For instance, metrics can be pre-constructed in a way that consider specific differences impacting a like-for-like comparison. Going forward, the Department should also be cognisant of the need to collect data to support benchmarking in the design of new systems or changes to the existing ones. We recommend the Department keep a historical record of its benchmarking metrics, allowing its internal and external users to see its performance over time.

Finally, while not a peer group per se, the Department could also consider conducting Industry surveys to collect feedback on the quality of the regulatory processes. While this would need to be balanced against the burden it could place on participants, such an exercise could be useful to understand areas of improvement going forward, as well as maintaining an open dialogue with stakeholders.

Other Australian regulatory bodies

Stakeholders are interested in understanding the Department's key cost drivers relative to other Commonwealth agencies. Although other State and Commonwealth regulators do not perform the same underlying processes as the Department, many would perform similar functions with relatively similar operating and legislative contexts. For instance, the Australian Skills Quality Authority also has accreditation and audit functions and would therefore need a similar policy and instruction and workforce management.

To identify the appropriate comparators, the Productivity Commission's *Regulator Audit Framework* is a useful tool. This document outlines four primary activities of regulators, which they will perform to varying degrees:[12]

‣ Providing advice and guidance

‣ Conducting licencing and approvals processes

‣ Carrying out monitoring and compliance activities

‣ Undertaking enforcement actions for non-compliance.

Given the purpose of this benchmarking Framework is to understand the relative performance of the Department's cost recovery activities, we recommend the Department consider the most suitable comparators will likely be those regulators who provide advice and guidance and conduct licencing and approvals processes. While the Department does undertake some compliance activities, they are not a key focus to the cost-recovered processes specifically within the scope of our related Review.

Further, it is likely that regulators who undertake similar frontline regulatory activities may have similar back-office processes, such as workforce management systems for audits scheduled across the country. Benchmarking against these comparators provides an opportunity to increase efficiency through identifying and removing duplication in processes as well as innovation and learning about new technology.

Consequently, it is suggested that the following factors are considered when determining a suitable regulator comparator:

‣ Sector regulated
‣ Outline of the relevant regulatory function
‣ Jurisdiction
‣ Whether the regulator performs the following processes (as defined in Step one)
    ‣ Assessment
    ‣ Inspection
    ‣ Audit
    ‣ Workforce and Business Management
    ‣ Business systems administration
    ‣ Policy and instructional
    ‣ Corporate
‣ Workforce size.

Once a regulator is defined as an appropriate comparator, the next step is to determine the feasibility of collecting or getting access to their data. For instance, this could involve collecting information such as:

‣ Cycle of audits/inspections/assessments
‣ Summary of what is assessed
‣ Enforcement actions for non-compliance
‣ Whether processes or functions are cost recovered under the Australian Government Cost Recovery Guidelines.

Australian organisations undertaking certification activities

While the private sector would not typically perform any regulatory activities, there are increasing examples of organisations undertaking their own certification functions within the agricultural

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12 (Productivity Commission, 2014)

sector. For instance, ACO (previously Australian Certified Organic) provides certification for organic and biodynamic produce, Organic Food Chain provides certification for organic produce and Halal Certification Authority provides certification for Halal produce.

As part of their processes, they also perform similar activities to the Department including assessment and inspection and given these activities are performed for agricultural produce, these entities are considered highly appropriate to benchmark.

Consequently, it is suggested that the following factors are considered when determining a suitable comparator.

- ‣ Sector
- ‣ Outline of the relevant certification function
- ‣ Geographic coverage
- ‣ Whether the organisation performs the following processes:
  - ‣ Assessment
  - ‣ Inspection
  - ‣ Audit
  - ‣ Workforce and Business Management
  - ‣ Business systems administration
  - ‣ Policy and instructional
  - ‣ Corporate

- ‣ Workforce size.

External Australian private companies

Given that the Department has a very specific regulatory role, most private companies (particularly those outside the agricultural industry) are unlikely to be a suitable comparator. However, for many corporate costs, private sector companies would be an efficient best practise benchmark. Note that this comparator group is limited to domestic entities, for consistency around labour, legal and operational requirements.

There are many organisations providing relevant benchmarking data for private companies, including industry median and best practice. As an example, EY has a benchmarking team providing financial performance metrics on more than 3,300 measures for organisations worldwide in nearly every industry, including the government sector. Appropriate performance metrics relating to corporate costs for comparable entities could be sourced easily from this and other similar databases.

Regulatory bodies in competing exporting countries

During consultations, external stakeholders were interested to understand how export certification costs in Australia compared to that of other countries. Using another country as a benchmark is potentially difficult due to such factors as the inherent differences between policy objectives, regulatory processes for each commodity, labour costs, agricultural industry practises and key export destinations. Having said that, that their purpose with respect to export certification is ostensibly the same as that of the Australian Department.

Due to the known differences between countries, an additional lens should be applied to an international agricultural exporter comparison. Therefore, there are three suggested steps for creating a functional country/commodity benchmark. The first is to undertake a basic data gathering exercise of Australia's key competitors in different commodity markets. The second step involves undertaking a process comparison for the Audit, Inspection and Assessment functions to explicitly draw out the differences and determine whether other KPIs are appropriate to collect on a commodity basis. Based on the information found in the first and second steps, the third step is the implementation of the data collection.

The data gathering exercise could consider the following factors:

‣ Export market value of the comparator
‣ Other markets exporting to
‣ Any known cost recovery arrangements and certification costs
‣ Contextual factors such as the country's median weekly wage, electricity costs, water costs etc.

Step three: Implementation difficulty

The Framework considers the availability and comparability of external data, noting that the functions undertaken by the Department and the environment in which it operates are unique. We recommend the Department consider using a traffic light system when assessing availability of comparable data. This system is broken down into three levels: low (red), medium (yellow) and high (green):

▸ High availability of comparable data indicates that data is highly accessible through agriculture industry, public and benchmarking websites. The quality of benchmarking data is relevant and highly comparable. This is apparent for typical corporate functions such as Human Resources, Finance or IT.
▸ Medium availability of comparable data refers to when data is not publicly available but could be sourced from other agencies. The data is not highly comparable but could serve as a guide. This is applicable to direct service delivery activities, including assessments, inspections and audits. An example includes comparing the average amount of time to process an application for export certification (assessment) to the amount of time to process a Centrelink assessment.
▸ Low availability of comparable data indicates that data is not available and is not comparable. The best way to assess these instances is to compare the outcome against itself. That is, to set a baseline of the current state and compare actual performance to the baseline overtime. This is relevant for middle management level, specialised databases and services.

To aid in our understanding of the feasibility of data collection, a range of reports were provided by the Department and Industry. This was supplemented by our own desktop research.

Illustrative example

Following from the previously outlined steps is an example to determine suitable comparators for each dimension of audit activities. Note that this is an illustrative example, and is therefore not necessarily indicative of the final traffic light assessment.

Process	Dimension	Peer Groups				
		Internal (commodity programs)	Other Australian Regulatory Bodies	Australian Organisation undertaking certification activities	External Australian private companies	Competing export countries
		Availability of Comparable data				
Audit	Service Delivery	🟢	🔴	🔴	✖	🔴
	Service Quality	🟡	🔴	🔴	✖	🔴
	Corporate Costs	🟢	🟢	🔴	🟢	🔴
	Effectiveness of the overall agriculture export system	🟢	✖	✖	✖	🟢

🟢	High availability of comparable data		🟡	Medium availability of comparable data	✖	Low availability of comparable data	🔴 Not a suitable comparator due to inherent differences

Step four: KPIs

Overall, the purpose of the Framework is to help determine which KPIs will meet the Department's objectives and satisfy the needs of different users. However, characterisation of the KPI's themselves will also impact the suitability of the metric. This Framework considers that a useful KPI will follow the SMART principles:

▸ Specific
▸ Measurable
▸ Achievable
▸ Relevant
▸ Time-bound

That is, each KPI is individually assessed and assigned a usefulness level depending on how well it achieves the target consideration of efficiency and/or effectiveness for its specific area of interest.[3] For example, if the Department aimed to increase efficiency of inspection service delivery through the effective use of inspection hours, potential KPIs could include:

▸ Average number of ongoing training hours[4] per FTE[5] per year (Low usefulness)
▸ Percentage (%) of urgent inspection requests serviced (within 24 hours) (Medium usefulness)
▸ Over-time hours as a percentage of total hours worked (High usefulness).

A Low KPI (red) is indication that in isolation, the metric may not provide much direct insight into the target consideration (though it may still supply some supporting context). For instance, the first KPI's usefulness is defined as Low, as the link between training hours and inspection effectiveness/efficiency can be impacted by a range of factors, not least the quality of the training itself. Consequently, it is difficult to interpret what the impact of a relatively 'low' or a 'high' number of training hours (or, using the SMART principles, has relatively low relevance and achievability).

A moderately useful KPI (yellow) provides value-add but requires assessment and interpretation with additional metrics. For instance, the second KPI is defined as having medium usefulness as while this could be one of several useful metrics for the Inspection process overall, it should not be used in isolation (medium relevance). This is because inspection activities are usually measured against service standards. Given that the proportion of urgent inspections is relatively small compared to total inspection, this should not be a key measurement of inspection service delivery.

Finally, a highly useful KPI (green) is one which is highly aligned towards the specific aim of measuring efficiency and/or effectiveness for its area of interest. The third KPI is defined being highly useful because in a single metric, it directly provides a measure of relative resource optimisation.

The full list of KPIs are outlined in Appendix A. Further information regarding system effectiveness KPIs is presented overleaf.

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[3] Note that this is distinct from the more practical consideration of data collection and implementation discussed in Step three.

[4] This is the training hours for existing employees, separate to onboarding training for new employees.

[5] Full-time equivalent: The number of full-time equivalent employees directly employed by the Department at a point in time. Includes all active full-time and part-times, ongoing and non-ongoing employees engaged for a specified terms or task paid through payroll. Part-time employees are converted to full-time equivalent. Excluded in the calculation overtime, non-going staff engaged for duties that are irregular or intermittent (casuals), contractors and employees on unpaid leave.

System effectiveness KPIs

This dimension in particular is difficult to both conceptually define and determine feasibility. For instance, from our stakeholder consultation, even relatively straightforward themes such as market access can be difficult to measure as:

▸ The requirements for each market vary significantly so a standard approach is not appropriate. Therefore, time spent on the arrangements varies

▸ Market access could be impacted by increased competitiveness in the export market as other exporting countries also enhance their product quality

▸ Different commodity groups have different starting points with respect to market access arrangements making comparisons difficult – for instance, horticulture has less market access arrangements than dairy; therefore, the former has much more growth potential than the latter

▸ Activities involved in maintaining market access are also important to consider but are even more difficult to conceptualise and measure as this is sometimes impacted by external factors outside the Department's control, such as pests and diseases and drought.

Further, there are many participants in the agricultural export system, from the Department in its capacity as a regulator and facilitator of trade, to exporters of different commodities, to the producers and labourers of those commodities. In addition, the system does not operate in isolation – other global factors will also define the context within which export activities are undertaken (for instance, importing country requirements). Based on stakeholder discussion and desktop research, these KPIs were designed to consider the following key themes:

▸ International competitiveness of Australia's agricultural export system

▸ Domestic competition including barriers to entry for import

▸ International market access

▸ Robustness and resilience of the system, that is, the system's capacity to return to business as usual after stress events, for instance detained consignments or traceability food safety issues.

Using the Framework

Based on current information and data, the suggested KPIs are outlined in Our Findings. These were distilled from the full list KPIs presented in Appendix A for the full list, using the Availability and Usefulness indicators.

That is, it is recommended that the Department consider KPIs that either have a high implementation feasibility and high usefulness, or medium implementation feasibility and high usefulness. In some cases, KPIs with low implementation feasibility and high usefulness are recommended especially when there is no other way to measure the performance and the KPIs are expected to provide insight that meets the need of user groups. We understand that collecting this data might require extra resources however, this would potentially result in opportunity for improvement and consequently future cost saving.

Ongoing usage

The Framework consolidates the previous outlined steps into a single table. This allows new KPIs can be assessed in the same way, so as new data becomes available, the Framework process provides a consistent and ongoing means to assess the suitability of new metrics.

Understanding the Framework - Table
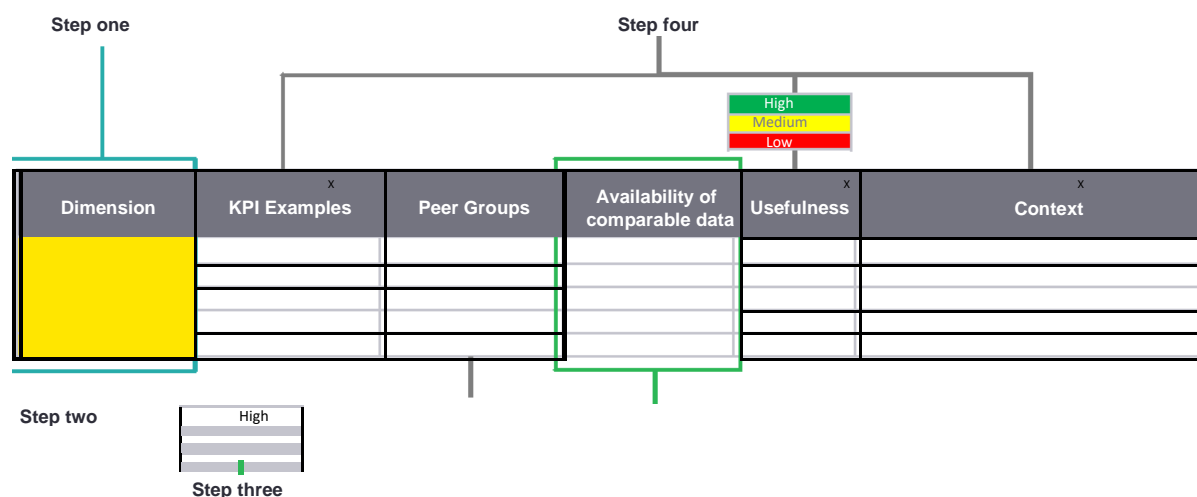
Conclusion

Benchmarking has been known as one of the most effective exercises an organisation could do to improve their operations, from both effectiveness and efficiency perspectives. By performing regular benchmarking, the Department of Agriculture could identify opportunities for improvement and be able to assess how effective their improvement efforts are over time. The biggest challenge facing the Department with benchmarking is data collection, and this might potentially be costly given data collection requires time and resources. However, the benefits of benchmarking would highly likely outweigh its costs, particularly when considering how it could pave the way for new ideas to help streamline activities and remove duplication of effort.

There is a high level of interest in understanding the Department's relative performance, from both internal and external stakeholders. We would recommend the Department undertake regular benchmarking and disclose results to the public as part of their initiative to promote transparency. The Department should also use the metrics in the future to assess how they have improved their operation over time.
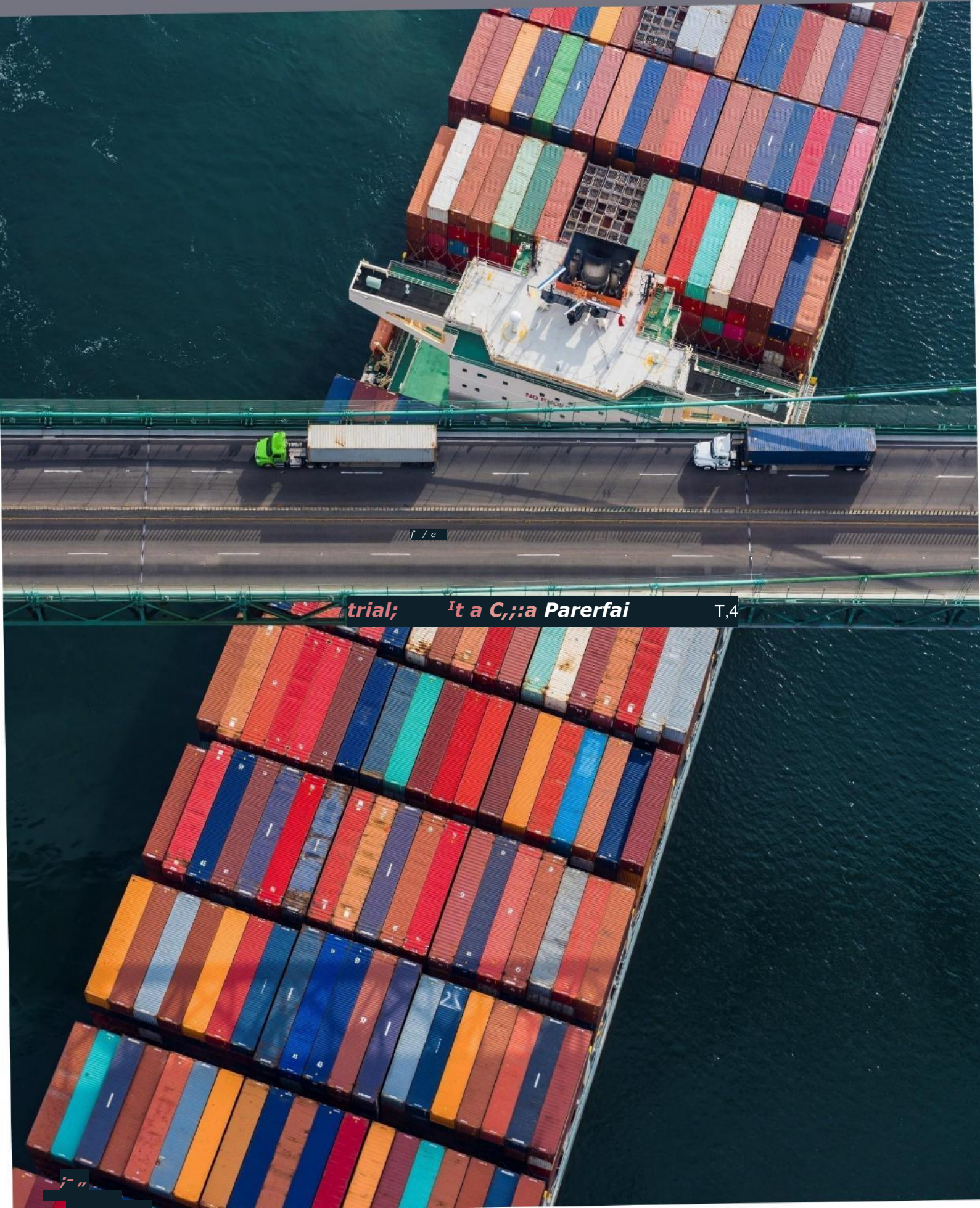
Overview

A Framework in isolation is not a suitable tool. It is only when the benchmarks are populated with the appropriate data that users can begin to assess the efficiency and effectiveness of the Department's processes.

In particular, implementation feasibility depends on the ability to obtain reliable and comparable data. While some KPIs are meaningful, they cannot be reliably measured due to the lack of comparable data whereas other KPIs could be easily measured but do not provide as much insight in measuring and communicating success factors. Developing a complete set of meaningful KPIs takes time; therefore, the best approach is to tackle easier areas first using available information and moving on to the parts requiring more data collection, cleansing and analysis thereafter.

For the purpose of the current CRIS consultation, we recommend the Department consider discussing with Industry what they're most interested in and adjust the benchmarking accordingly. Through external stakeholders' engagement, Industry has communicated their willingness to support with data collection for the benchmark.

Our recommended implementation roadmap includes 5 steps below:
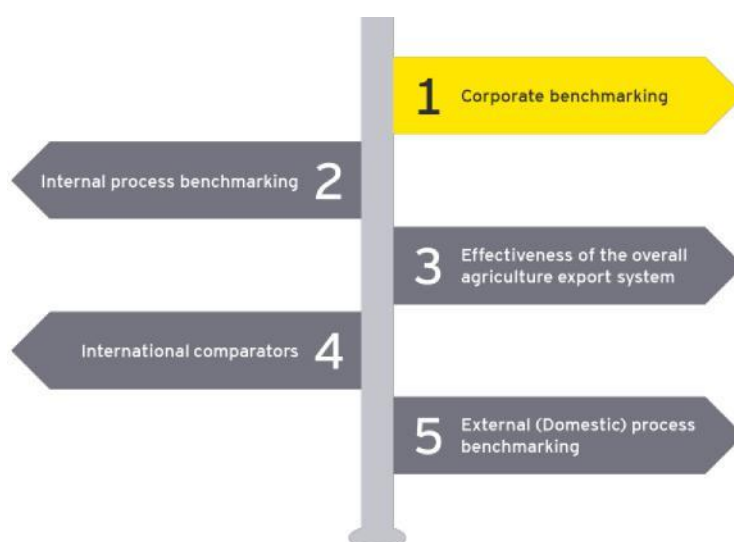
Step one: Corporate Benchmarking

The Department should consider focusing on KPIs which could be measured using readily available data and meet the needs of different interest groups. In particular, several stakeholders were concerned with corporate overheads and whether the allocation of these costs across different commodity groups is appropriate. Corporate costs attract a high level of attention given they are usually overhead in nature and not clearly driven by fee activities. Given data used for corporate KPIs are generally easier to collect, we recommend the Department consider leveraging what has been measured and collected in the past. These KPIs could also enhance transparency between different groups, both internal and external which would help address one of the key issues facing the Department.

The Department could also seek to benchmark certain corporate costs against private companies. These include HR, Property and Finance functions costs. The benchmark could include both industry's best practice and industry's median. As discussed previously, the benchmarking data could be easily sourced from various benchmarking sites and could be tailored using the most appropriate industry, geography and scale of operation.

Step two: Internal process benchmarking

The next focus should be internal process benchmarking between different commodity programs run by the Department. The activities relevant for benchmarking would include audit, assessment, inspection and some levy activities. While stakeholders were primarily concerned with corporate costs, they also would like to obtain further understanding of comparable costs between different commodity groups and their relative performance. In addition, these are key cost driving activities which usually involve a large amount of FTE and therefore, benchmarking would help identify opportunities for efficiency. Internal process benchmarking is considered the most relevant given all comparators use similar processes, systems and workforces. We understand that some of the Service Delivery KPIs have been measured in the past against Service Standard and therefore, would recommend the Department follow this path.

As discussed in Framework Methodology, the Department could also consider sending a survey to Industry to measure certain KPIs, including those relating to service quality for frontline delivery processes. These surveys provide a two-way communication channel with Industry which will help achieve the Department's three key objectives.

Step three: Effectiveness of the overall agriculture export system

While some of these KPIs have been measured in the past, such as number of new market accesses, others will need data collection and interpretation which could be run in parallel with Steps 1 and 2 above.

It is recommended that further Industry stakeholder consultation is undertaken. As a broad guide, the CEBRAS's Evaluating the Health of Australia's Biosecurity System report outlines a framework for the health of the importing biosecurity system; a similar analysis on the export system could be a useful starting point.[16]

Step four: International comparators

Step two of the Framework outlined three steps in which to consider an international peer group, in the context of a new comparator: basic data gathering of Australia's key comparators in different commodity markets, undertaking a process comparison for the Audit, Inspection and Assessment and then implementation of the data collection. However, the ABARES 2015 *Australia's cost recovery arrangements for export certification: implications for Australian agriculture*, already provides a relatively detailed process overview of several countries:[17]

Country	Considered exporting commodity
Chile	Oranges and table grapes
Canada	Grains
Germany	Dairy and grains
Ireland	Dairy
New Zealand	Dairy, sheep meat and wool
Poland	Dairy
Thailand	Live cattle
The Netherlands	Dairy
United States	Almonds, beef, dairy and grains

Source: ABARES, 2015, Australia's cost recovery arrangements for export certification: implications for Australian agriculture, p.8

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16 (CEBRA, 2017)

17 (ABARES, 2015)

While the above commodities are not comprehensive, the document also noted issues in collecting data[18] for other groups (for instance, seafood). Therefore, it is recommended that this report be considered as a starting point when determining appropriate international comparators.

Step five: External (Domestic) Process Benchmarking

Internal process benchmarking is only one side to Process Benchmarking. The next is to expand with External Domestic Process Benchmarking. As previously outlined, there are two types of potential peers in this context: other Australian regulatory agencies and certification organisations in the agricultural industry.

A non-exhaustive list of Australian regulators is provided below:

Area	Regulator	Area	Regulator
Construction	Australian Building and Construction Commission	Health	Aged Care Quality and Safety Commission
Consumer	Australian Capital Territory Fair Trading		Office of the Gene Technology Regulator
	Australian Competition and Consumer Commission	Human rights	Australian Human Rights Commission
	Consumer Affairs Victoria	Infrastructure	Australian Energy Market Commission
	New South Wales Fair Trading		National Competition Council
	Queensland Fair Trading		Economic Regulation Authority (Western Australia)
	South Australia Consumer and Business Services		Essential Services Commission of South Australia
	Tasmania Consumer Affairs and Fair Trading		Essential Services Commission (Victoria)
	Western Australia Consumer Protection		Independent Competition and Regulation Commission (ACT)
Communications	Australian Communications and Media Authority		Independent Pricing & Regulatory Tribunal of NSW
Energy and environment	Clean Energy Regulator		Office of the Tasmanian Economic Regulator
	National Offshore Petroleum Safety and Environmental Management Authority		Queensland Competition Authority
	New South Wales Environment Protection Authority		Utilities Commission Northern Territory
Financial and businesses	.au Domain Administration (auda)	Not-for-profits	Australian Charities and Not-for-profits Commission
	Australian Financial Security Authority	Products	Australian Grape and Wine Authority
	Australian Prudential Regulation Authority		Australian Pesticides and Veterinary Medicines Authority
	Australian Securities and Investments Commission		Australian Maritime Safety Authority
	Australian Taxation Office		Therapeutic Goods Administration
	Foreign Investment Review Board		National Industrial Chemicals Notification and Assessment Scheme
	IP Australia		Electrical Regulatory Authorities Council
	Treasury		Food Standards Australia New Zealand
	Council of Financial Regulators		New South Wales Food Authority
Higher education	Tertiary Education Quality and Standards Agency		Gas Technical Regulators Committee
	Australian Skills Quality Agency		Department of Infrastructure, Regional Development and Cities

The Department should perform a comparator analysis taking into consideration sector, relevant regulatory function, whether the organisation deal with importers or exporters, legislation, jurisdiction, whether there are any similar cost-recovered processes and workforce size. Refer to a worked example overleaf.

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18 Noting that the ABARES report was focussed on the cost recovery arrangements of comparator countries.

Worked example

Area	Activity	Department of Agriculture[19]	Aged Care Quality and Safety Commission (ACQSC)[20]	Australian Competition and Consumer Commission (ACCC)[21]	Australian Energy Regulator (AER)[22]	Therapeutic Goods Administration (TGA)[23]	National Industrial Chemicals Notification and Assessment Scheme (NICNAS)[24]
General	**Sector**	Agriculture	Health (aged care)	All	Electricity distribution, transmission and retail services	Health (therapeutic goods)	Health (industrial chemicals)
	Relevant regulatory function		The purpose of the ACQSC is to protect and enhance the safety, health, well-being and quality of life of aged care consumers. Its four principal functions relate to consumer engagement, complaints, quality assessment and monitoring, and education.	The ACCC is Australia's competition and consumer regulator. This involves investigating and undertaking enforcement actions, producing market studies, merger authorisations, annual monitoring reports for certain industries (petrol, bulk grain ports etc.) and its role in regulated infrastructure.	The AER is Australia's national energy market regulator.	The TGA is part of the Health Products Regulation Group within the Department of Health. It is a key part of the regulatory system for therapeutic goods (including medicines, medical devices, blood, cell and tissue products). This applies to goods exported, imported, supplied and manufactured in Australia.	NICNAS assesses the risks of industrial chemicals and providing information to promote their safe use. Its focus is the industrial use of chemicals.
	Works with exporters or importers?	☐	☐	☐	☐	☐	☐
	Jurisdiction	Australia	Australia	Australia	Australia	Australia	Australia
Does the regulator undertake similar cost-recovered processes?	**Assessment**	☐	☐	☐ (some functions)		☐	
	Inspections	☐		☐		☐	☐
	Audit	☐	☐	☐	☐ (non-annual compliance audits for specific issues)	☐	
	Workforce and Business Management	☐	☐	☐	☐	☐	
	Business System Administration	☐	☐	☐	☐	☐	
	Policy and Instructional	☐	☐	☐	☐	☐	
	Corporate	☐	☐	☐	☐	☐	☐
Workforce size (FTE)	**Frontline service delivery**		260 (estimated from online registry)	☐	☐	Further information required	Further information required
	Policy		Further information required	Further information required	Further information required	Further information required	Further information required
	Back-office		Further information required	Further information required	Further information required	Further information required	Further information required
	All staff (2019-20 ASL)[25]	4,440	430	1,022 (combined ACCC and AER)		TGA and NICNAS are part of the Department of Health, which has an overall ASL of 3,799	
Comparator analysis			The ACQSC does not operate in the agricultural sector, nor does its audit* function interrogate the quality of goods (instead ACQSC auditors check the quality and safety of goods). However, similar to the Department, ACQSC audits are undertaken across Australia, including in regional and remote areas. Consequently, the ACQSC is a potential comparator for the levy processes, particularly Workforce and Business Management. Further, to reduce the data collection burden, it could also be used as a general comparator for the audit and assessment processes.	While the ACCC is a regulator, its core duties are focused on enforcement and monitoring processes. Consequently, it should not be used as a specific process comparator.		While the TGA do not operate in the agricultural industry, their regulatory functions are ostensibly very similar to the Department. Depending on their available data and that of other potential comparators, the TGA could be a useful comparator.	

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19 Information sourced from: https://www.agriculture.gov.au/

20 Information sourced from: https://www.agedcarequality.gov.au/

21 Information sourced from: https://www.accc.gov.au/

22 Information sourced from: https://www.aer.gov.au/

23 Information sourced from: https://www.tga.gov.au/

24 Information sourced from: https://www.nicnas.gov.au/

25 Information sourced from: https://www.budget.gov.au/2019-20/content/bp4/download/bp4_10_staffing.pdf

Appendix A   List of all considered KPIs

Audit

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness
Service Delivery	Average time spent on an audit vs budgeted audit time (given the number of procedures) (Budgeted audit time - the amount of time estimated and expected for an audit to be conducted for a particular commodity given established procedures)	Internal Between: - Different commodity groups - Different geographical offices - Between the Department and similar state regulatory authorities (SRAs) that have responsibility for the conduct of audits, at export registered establishments on behalf of the department.	Medium	Medium
	Average time spent on an audit vs budgeted audit time (given the number of procedures) (Budgeted audit time - the amount of time estimated and expected for an audit to be conducted for a particular commodity given established procedures)	Other Australian regulatory bodies Australian organisation undertaking certification activities	Low	Medium
	Average time to complete an audit versus set timeframe (audit cycle time)	Internal	Medium	High
	Number of AO available for audits on average per timeframe (e.g. month, quarter)	Internal	High	Low
	Percentage (%) of overtime hours over total hours worked	Other Australian regulatory bodies Australian organisation undertaking certification activities	High	High
	Percentage (%) of time spent on training (initial)	Internal	Medium	Low
	Percentage (%) of time spent on training (ongoing)	Internal	Medium	Low
	Number of training hours per FTE (initial for onboarding)	Internal	Medium	Low
	Number of training hours per FTE (ongoing)	Internal	Medium	Low
	Number of audits per year per each establishment (potentially averaged over an appropriate cycle)	Regulatory bodies in competing exporting countries	Low	High

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness
	Number of auditors per audit: average number of auditors presented during a typical audit vs the budgeted number of auditors to be allocated to an audit.	Other Australian regulatory bodies Australian organisation undertaking certification activities Regulatory bodies in competing exporting countries	Low	High
	Percentage (%) of auditor no-show over total number of audits	Internal	Medium	Medium
Service Quality	Number of complaints from establishments in relation to audit	Internal (survey)	Medium	High
Corporate Costs	Audit service delivery unit cost per ASL over time	Internal: Meat exports, seafood and egg exports, dairy exports, live animal exports, plant exports, imports, Associated of Accredited Certifiers (AAC) benchmark, Ministry for Primary Industries (MPI) benchmark	High	High
	Percentage (%) of indirect costs over total costs	Internal (other divisions within the Department)	High	Medium
Effectiveness of the overall agriculture export system	Department's response to each type of non-compliance versus that of other regulatory bodies in competing exporting countries	Regulatory bodies in competing exporting countries	Low	High

Assessment

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness
Service Delivery	Time taken to complete an assessment: from the point of submission to marking of completion per commodity	Internal between different groups of licenses, permits, registrations, accreditations, and exemptions	Medium	High
	Time taken to complete an assessment: from the point of submission to marking of completion per commodity	Other Australian regulatory bodies Australian organisation undertaking certification activities	Low	High
	Number of training hours per FTE	Internal	Medium	Low

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness
	Over-time hours as a percentage of total hours worked	Other Australian regulatory bodies Australian organisation undertaking certification activities	High	High
	Time taken to update certificates in EXDOC from request receipt to completion versus budget	Internal (create a baseline and measure against this baseline)	Medium	Medium
	Number of assessment officers per commodity vs budgeted number of assessment officers	Internal	High	Low
Service Quality	Number of complaints from establishment of relation to assessment	Internal (survey)	Medium	High
	Percentage (%) of documents rejected by importing countries due to Department's internal processes or functions (for example, incorrect information provided to exporters)	Internal between different groups of licenses, permits, registrations, accreditations, and exemptions	Medium	High
	Percentage (%) of interrupted assessment (due to missing certificate or incorrect information)	Internal between different groups of licenses, permits, registrations, accreditations, and exemptions	Medium	High
	Percentage (%) of interrupted assessment (due to missing certificate or incorrect information)	Other Australian regulatory bodies Australian organisation undertaking certification activities	Low	Medium
	Percentage (%) of incomplete assessments vs total number of assessments conducted in a timeframe (per month, quarter, annum)	Other Australian regulatory bodies Australian organisation undertaking certification activities	Low	Medium
Corporate Costs	Percentage (%) of indirect costs over total costs	Internal (other divisions within the Department)	High	Medium

Inspection

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness
Service Delivery	Time taken from the point of inspection application to the point of assignment (or measured based on service standard as a Percentage (%))	Other Australian regulatory bodies Australian organisation undertaking certification activities	Medium	High

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness
	Time taken from the point of inspection application to the point of assignment (or measured based on service standard as a Percentage (%))	Internal (between different commodity groups)	High	High
	Over-time hours as a percentage of total hours worked	Other Australian regulatory bodies Australian organisation undertaking certification activities	High	High
	Number of training hours per FTE (initial for onboarding)	Internal	Medium	Low
	Number of training hours per FTE (ongoing)	Internal	Medium	Low
	Average time to complete an inspection (inspection cycle time; measured per commodity and importing countries)	Internal	Medium	High
	Average time to complete an inspection (inspection cycle time; measured per commodity and importing countries)	Regulatory bodies in competing exporting countries	Low	High
	Number of Authorised Officers available for inspections per commodity versus budgeted number	Internal	High	Low
	Time taken to on-board new employees and complete all required training (speed of new recruit preparation for work)	Other Australian regulatory bodies Australian organisation undertaking certification activities	Low	Low
	Percentage (%) of urgent inspection requests serviced (within 24 hours)	Australian organisation undertaking certification activities	Low	Medium
	Percentage (%) of urgent inspection requests serviced (within 24 hours)	Other Australian regulatory bodies Australian organisation undertaking certification activities	High	Medium
	Percentage (%) of weekend assignment	Internal	Low	Medium
	Percentage (%) of weekend assignment	Internal (measure against a baseline over time)	High	Medium
Service Quality	Number of complaints from establishments in relation to inspection	Internal (survey)	Medium	High
	Number of failed inspections	Internal (measure against a baseline over time)	High	Medium
	Number of failed inspections	Other Australian regulatory bodies Australian organisation undertaking certification activities	Low	Medium

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness
Effectiveness of the overall agriculture export system	The number of failed consignments as part of foreign inspections (importing country)	Internal (between different commodity groups)	Medium	High
Corporate Costs	Inspection service delivery unit cost per ASL over time	Internal: Meat exports, seafood and egg exports, dairy exports, live animal exports, plant exports, imports, AAC benchmark, MPI benchmark	High	High
Corporate Costs	Percentage (%) of indirect costs over total costs	Internal (other divisions within the Department)	High	Medium

Policy and Instructional materials

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness
Effectiveness of the overall agriculture export system	New market access demonstrated by potential $ increase in export value	Internal (between different commodity groups or measuring against a baseline)	High	High
	Improved/maintained/restored market access demonstrated by potential $ increase in export value	Internal (between different commodity groups or measuring against a baseline)	High	High
	Barriers to entry (information accessibility regarding export certification guidelines)	Internal (between different commodity groups or measuring against a baseline)	Medium	High
	Competitive impact of regulatory cost on the value of exports (average regulatory cost/total value of export)	Internal (between different commodity groups or measuring against a baseline)	Low	High
	Error rate of information in MICoR	Internal (between different commodity groups or measuring against a baseline)	Medium	High
	Volume of new markets accessed within a timeframe	Internal (between different commodity groups or measuring against a baseline)	High	High
	Volume of restored market access within a timeframe	Internal (between different commodity groups or measuring against a baseline)	High	High
Service Delivery	How many questions received in relation to exporting requirements for a commodity	Other Australian regulatory bodies	High	High

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness
	Time taken to resolve an enquiry	Internal (between different commodity groups)	Medium	Medium
	Time taken to resolve an enquiry	Other Australian regulatory bodies Australian organisation undertaking certification activities	Low	Medium
	Time taken to update MICoR from when the information is received to when it's successfully updated	Internal (between different commodity groups or measuring against a baseline)	High	High
	Incidence management: average time taken to response to a request of assistance	Internal (between different commodity groups or measuring against a baseline)	Medium	High
	Incidence management: average time taken to resolve per time period (month, quarter, year) over time	Internal (between different commodity groups or measuring against a baseline)	Medium	High
Service Quality	Survey for quality (rating of instructional material and support service)	Internal (between different commodity groups or measuring against a baseline)	Medium	High
	% of successful audits from trading partners	Internal (between different commodity groups or measuring against a baseline)	High	Low

Workforce Management

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness
Service Delivery	% of unplanned activities	Internal (between different commodity groups or measuring against a baseline)	High	High
	% of short-notice request (within 24 hours)	Internal (between different commodity groups or measuring against a baseline)	High	Medium
	Time taken to allocate assignment from point of request	Internal (between different commodity groups or measuring against a baseline)	High	High
	Time taken to allocate assignment from point of request	Australian organisation undertaking certification activities	Low	High

Corporate Costs

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness
Corporate Costs	Proportion of department expenditure on corporate services (Total, executive, finance, procurement, ICT, communications, HR, legal, Compliance, general admin and other)	Other Australian regulatory bodies	High	High
	Proportion of department expenditure on corporate services (Total, executive, finance, procurement, ICT, communications, HR, legal, Compliance, general admin and other)	Other Australian regulatory bodies (Median of 17 Departments)	High	High
	Expenditure on corporate services per agency FTE (Finance, procurement, communications, HR, legal, compliance, general admin)	Other Australian regulatory bodies	High	High
	Expenditure on corporate services per agency FTE (Finance, procurement, communications, HR, legal, compliance, general admin)	External Australian private companies	High	Medium
	Proportion of total corporate services expenditure over time versus total costs (Property admin, levies and cost recovery, design and change, corporate strategy and governance, legal, finance, HR, ISD)	Internal	High	High
	Total corporate services ASL over time (Property admin, levies and cost recovery, design and change, corporate strategy and governance, legal, finance, HR, ISD) versus legislated cap	Internal	High	High
	Comcare premium rates over time	Internal	High	Low
	Proportion of departmental expenditure on ICT	Other Australian regulatory bodies	High	High
	Proportion of departmental expenditure on ICT over time	Internal	High	High
	Proportion of agency FTE in ICT roles	Other Australian regulatory bodies	High	Medium
	Overall cost of ICT FTE ($/FTE) over time	Internal	High	High
	Proportion of ICT expenditure on ICT administration	Other Australian regulatory bodies	High	High
	Proportion of ICT expenditure on end user infrastructure (desktops, laptops and thin clients) over time	Internal	High	High
	Proportion of ICT expenditure on end user infrastructure (desktops, laptops and thin clients) over time	Other Australian regulatory bodies	High	High
	Departmental expenditures over time (Business activities, corporate services, rent and property depreciation)	Internal	High	High

Dimension	KPI Examples	Peer Groups	Availability of comparable data	Usefulness
	IT spending as a % of cost recoveries	Other Australian regulatory bodies	High	High

Appendix B   References

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Release notice

EY was engaged on the instructions of the Department of Agriculture to develop a benchmarking framework, in accordance with Schedule 5 – Official Order reference number C02504, made in accordance with the Deed of Standing Offer for Design, Survey Monitoring and Evaluation Services SON3324750 including the General Terms and Conditions ("the Engagement Agreement").

The results of our work, including the assumptions and qualifications made in preparing the Framework, are set out in the Consultant's report dated 17 January 2020 ("Report"). The Report should be read in its entirety including the transmittal letter, any disclaimers and attachments. A reference to the Report includes any part of the Report. No further work has been undertaken by EY since the date of the Report to update it.

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