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24 November 2016

Mr David Brunoro  
Committee Secretary  
Joint Committee of Public Accounts and Audit  
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Canberra ACT 2600

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Andrew Fawcett  
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**By email: [jcpaa@aph.gov.au](mailto:jcpaa@aph.gov.au)**

Dear Mr Brunoro,

### **Submission to the JCPAA inquiry on the Commonwealth Performance Framework**

The Australian Securities and Investments Commission (ASIC) has been requested to make a submission to the Joint Committee of Public Accounts and Audit (JCPAA) inquiry on the Commonwealth Performance Framework, based on Auditor General's report No.6 (2016-17) *Corporate Planning in the Australian Public Sector* (ANAO Report).

### **ANAO's audit of ASIC's 2015 Corporate Plan**

ASIC was one of nine entities selected to take part in the audit. The ANAO reviewed our 2015 Corporate Plan published in August 2015 and covering the period 2015—16 to 2018—19, as well as our systems and processes supporting its development.

### ***Assessment criteria***

On a four-point maturity scale, ASIC was assessed at either the third or fourth point of the scale against all criteria.

- ASIC's corporate plan as its primary planning document: we were placed on the third point of the scale—that is, ASIC is working to fully establish our corporate plan as our primary planning document. ASIC met the mandatory publication requirements, and was noted as being one of five entities reviewed that has demonstrated a commitment to position our corporate plan as our primary planning document in line with the policy intent of the new performance framework, and one of three entities working towards fully establishing our corporate plan as our primary planning document.

- ASIC's development process: we were placed on the fourth point of the scale—that is, all key elements in our development process were evident and operating as intended. ASIC has roles and responsibilities for developing corporate plans that were clear and tailored to suit our planning arrangements. We were also identified as one of three entities that consulted the relevant portfolio department and other entities, and one of two entities that consulted stakeholders outside the public sector such as advisory boards, industry bodies and community groups.
- Maturity of monitoring arrangements: we were placed on the third point of the scale—that is, systems and processes for monitoring the corporate plan were in place, but not fully operating. ASIC was one of six entities that had made good progress in developing arrangements for monitoring and reporting on progress in achieving our measures and other commitments included in our plans.

The ANAO also requested that entities undertake a self-assessment about the extent to which the corporate plan outlines how ASIC intends to measure and assess its performance in meeting its purposes. We placed ourselves on the third point of the scale—that is, ASIC's corporate plan partially outlines how it intends to measure and assess our performance in achieving our purposes and is committed to enhancing our approach in developing future plans.

### **ASIC's response to the ANAO Report and key learnings**

ASIC's response is included in the ANAO's report. In summary, we:

- agreed with the conclusions and supporting findings that the report sets out;
- noted our belief that the report reflects an accurate assessment of our state in implementing corporate plan requirements for the first time in 2015, and
- committed to considering good practices and key learnings in developing our future corporate plans, and improving the processes we use to do so.

### ***ASIC's corporate plan as its primary planning document***

ASIC's 2016 Corporate Plan, published in August 2016, demonstrates our continued commitment to position our corporate plan as our primary planning document. Our 2016 Corporate Plan explains how we will achieve our vision, by outlining the long-term challenges to our vision and our strategy for responding to our long-term challenges and key risks. The body of the report is divided into sections that address each long-term challenge and sets out our 4 year response and specific projects for the coming year. For example, a long-term challenge for ASIC is complexity driven by financial innovation. Our 2016 Corporate Plan sets out how we will respond to this challenge over the next four years with a focus on supporting the benefits of financial innovation, such as lower costs and more tailored products, while managing the risk that products may not align with consumers needs or understanding.

We have also better aligned the content, including performance measures, of ASIC team business plans with the Corporate Plan. Team business plans are publically available, alongside the Corporate Plan, on the ASIC website.

### ***Maturity of monitoring arrangements***

The process of acquitting our 2015 Corporate Plan through our 2015-16 Annual Performance Statement demonstrated the effectiveness of our current roles, responsibilities and accountabilities in monitoring the implementation of the Corporate Plan.

Ultimately our Commission has responsibility for implementing the corporate plan. As has been the case for some years, Senior Executive Leaders have responsibility for implementing their business plans, and report through a variety of internal arrangements, including regular meetings with reporting Commissioners and fortnightly reporting.

Our Strategic Communications Program Board has Terms of Reference that require it to provide direction, guidance and oversight of ASIC's strategic risk, planning and performance reporting framework, and its composition, including the ASIC Commission, clearly demonstrated engagement by our leadership.

### ***Performance measurement***

Like all regulators worldwide, measuring regulatory performance in terms of outcomes remains a challenge, especially given the innate difficulties associated with establishing clear and discrete causal linkages between regulatory outputs and subsequent conduct in the regulated area.

We have presented a performance evaluation framework in our 2016 Corporate Plan:

- key market outcomes: which are indicators of perceived and actual behaviours that demonstrate trust and confidence in the financial system, and
- key regulatory outcomes: which reflect what we do using our regulatory tools.

We are working towards an approach to measuring and assessing performance that entails a greater focus on outcomes. For our future corporate plans, we have committed to refining our approach to more regularly measure stakeholder trust and confidence in industry sectors, and will use a mix of indicators and metrics such as:

- existing sectoral benchmarking surveys, net promoter scores, ASIC's Australian Financial Attitudes and Behaviour Tracker and public polls;
- sector specific research focusing on key areas of risk, potentially including consumer and investor pulse surveys and /or focus groups, and
- measures of the cleanliness of the Australian listed equity markets, by analysing price movement or shifts in trading behaviour before material announcements, on an annual basis.

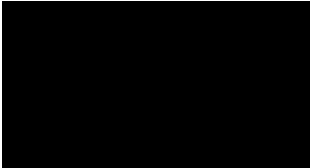
As noted in our 2016 Corporate Plan we also use more specific tools to evaluate our performance and communicate with our stakeholders. For example, ASIC's Service Charter covers our most common interactions with stakeholders such as applications for licences or relief from the law, and how we respond to reports of misconduct.

***Consultation with external stakeholders***

We consulted with our External Advisory Panel and Consumer Advisory Panel in Q1, 2016 as part of our 2016—17 strategic risk identification, and will continue to enhance our consultation in future years.

We trust these representations will assist the Committee in its inquiry. Please contact me on [REDACTED], or Barton Hoyle, Acting Senior Manager on [REDACTED] if you have any further requests.

Yours sincerely,



**ANDREW FAWCETT**

SENIOR EXECUTIVE LEADER, STRATEGIC POLICY