



Australian Government
Civil Aviation Safety Authority

OFFICE OF THE CHIEF EXECUTIVE OFFICER

CASA Ref: G116/875

31 October 2016

Mr David Brunoro
Committee Secretary
Joint Committee of Public Accounts and Audit
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Mr Brunoro

**Inquiry on the Commonwealth Performance Framework—Inquiry based on
Auditor-General's reports 6 (2016-17) and 31 (2015-16)**

Thank you for your letter of 20 October 2016 inviting the Civil Aviation Safety Authority (CASA) to provide a submission to the above Inquiry.

Please find attached a submission addressing CASA's approach to the corporate planning categories examined by the Australian National Audit Office (ANAO). The ANAO report found that CASA was fully mature in three of the four categories:

- Assessment of corporate plans as an entity's primary planning document;
- Assessment of entities' development processes; and
- Entity self-assessments.

The submission also updates the Committee on CASA's plans for the fourth category '*Maturity of entities' monitoring arrangements*' in which CASA was placed by the ANAO as being just short of achieving full maturity.

I trust the submission will be of assistance to the Committee.

Yours sincerely



Shane Carmody
Acting Chief Executive Officer and
Director of Aviation Safety

Joint Committee on Public Accounts and Audit Inquiry on the Auditor-General's Report into Corporate Planning in the Australian Public Sector

Submission from the Civil Aviation Safety Authority (CASA)

The Auditor General's report No. 6 (2016–17) *Corporate Planning in the Australian Public Sector* recognised the Civil Aviation Safety Authority's (CASA) performance as fully mature in three of the four corporate planning categories it examined.

CASA was assessed as fully mature against the categories of:

- Assessment of corporate plans as an entity's primary planning document,
- Assessment of entities' development processes, and
- Entity self-assessments'.

In addition, in the Report CASA was included in a range of examples of better practice relating to the presentation of mandated matters in corporate plans. This was a welcome endorsement of the work undertaken by the Authority to date.

Background to CASA's corporate plan process

Primarily the *Civil Aviation Act 1988* and the Minister's Statement of Expectations, followed by the *Regulator Performance Framework, Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the Portfolio Budget Statements were used by CASA to define its purposes for the corporate plan.

CASA's corporate plan is developed in consultation with the Director of Aviation Safety, executive leadership team, CASA Board and Department of Infrastructure and Regional Development (DIRD). Discussions are held throughout the process to discuss approaches and progress.

One key strategic planning workshop is held with the Board in February each year and two with the executive leadership team (usually one prior to, and one following, the Board workshop). The strategic planning workshops are informed by the organisation's risks and external risk factors which could impact on CASA. CASA's enterprise-wide risk management framework is an ongoing process which is continually updated.

The Board is provided with a Strategic Risk Management and Audit Plan each year which is compiled through the consideration of all divisional Business and Risk Management Plans (BRMP), internal audit activities, Board Audit Committee consideration, and interviews with the executive leadership team and the CEO. The commencement of the corporate planning cycle aligns with the commencement of the updates to the divisional BRMPs and therefore all agency risks are identified and considered at the same time.

CASA contracted the Synergy Group to undertake an independent review of its 2015–16 to 2018–19 corporate plan to ascertain if the intent of the performance framework requirements in the PGPA Act and Regulator Performance Framework were adequately captured.

In their final report, Synergy states "Overall, Synergy's review has concluded that the draft suite of performance indicators appropriately reflect the core purposes and outcomes of CASA in accordance with the PGPA Act and its requirements at this time. The indicators align with CASA's current strategic context as defined by CASA's Ministerial Statement of Expectations, the recent Aviation Safety Regulation Review recommendations and CASA's stated vision, mission, values and role. The framework provides good coverage of CASA's

major activities and will enable CASA to tell a clear performance story in the Annual Performance Report.”

CASA has a well-established process for tracking progress against the initiatives and performance measures outlined in the corporate plan. Templates are sent to each member of CASA's executive leadership team prior to the end of each quarter to document their progress, including available evidence to support their claims, against each of their relevant performance measures. A traffic light system of achievement is assigned to each measure.

Some performance measures are quite advanced, however a number are in their infancy and it is expected that it will take some time to determine the appropriate data available for collection and analysis, to then set benchmarks and ultimately to commence target setting to assist in continuous improvement of the evidence used for the Key Performance Indicators.

The progress information provided by the executive leadership team is compiled into a 'whole of CASA' quarterly corporate performance template. A review of this report is done by executive management prior to submission to the CASA Board for endorsement. The approved quarterly report is then submitted to the Minister.

The fourth quarter/full year corporate performance report forms the basis of the annual performance statement section in the annual report. This is a mature process which is well established. A review of each quarterly report is also conducted by DIRD to ensure the reporting continues to meet expectations and to adjust as necessary if there are any emerging concerns.

Implementation status update

Solid progress has been made against the single category of 'Maturity of entities' monitoring arrangements' in which CASA was assessed as being just short of achieving full maturity by the ANAO. At the time of the ANAO assessment, CASA was deemed to be at the third level of maturity: 'systems and processes for monitoring the plan were in place but not fully operating'.

In addition, CASA was used as an example of good practice against this category with the report commenting *'The Authority has mature arrangements for measuring its performance, involving a traffic light system for each performance measure that is reported quarterly to senior management and the board. The Authority's management reports also include reporting against the organisation's capability.'*

Work is underway to ensure that CASA will be further advanced towards full maturity in this category in the next 12 months.

It should be noted that the CASA corporate plan has allowed for a period of three further years to progressively implement its complete and comprehensive set of performance measures and indicators across its five key performance areas.

In order to meet its obligations under the Regulator Performance Framework and consistent with the PGPA Act, CASA established an external performance validation panel during the first half of 2016. The panel comprises a representative from DIRD, a representative from a comparable regulator (the Australian Maritime Safety Authority), a CASA representative and two industry representatives.

The panel, in support of the CASA Board, will:

- assess the appropriateness of, and monitor, key performance measures for CASA

- review the relevance of the evidence used to support the performance measures
- monitor the appropriateness of the regulatory service standards and the measurement of performance against those standards.

The panel met for the first time in July 2016 and broadly endorsed CASA's approach to performance measurement for the 2015–16 annual performance statement. Further meetings are planned for the first half of 2017 to further refine CASA's proposed performance measures and metrics in readiness for the 2016–17 reporting period.

Outline of future plans/milestones for actions still to be completed

The ANAO report found that CASA's development process for its corporate planning is well established and mature. In order for continuous improvement to take place, CASA undertakes an internal review on completion of the planning cycle to capture any lessons learnt, organisational changes, and/ or changes to legislation.

A key focus for CASA through the first half of 2017 will be to continue to develop the organisation's approach to self-assessment in readiness for the 2016–17 reporting period.

The key milestones for this are expected to be an internal trial run of self-assessment for CASA's executive leadership team using the second quarter (September to December) corporate performance reporting process. During this process, the proposed evidence metrics will be used to ascertain performance against the mandatory key performance indicators under the Government's Regulator Performance Framework.

Following this process, CASA plans to convene a further two meetings of its external performance validation panel to further discuss CASA's approach to self-assessment and the appropriateness of its performance measures and proposed metrics.

This additional work is expected to further strengthen the Authority's performance monitoring and measurement practices and should be a key contributor to the improvement of CASA's assessment by the ANAO in the category of 'Maturity of entities' monitoring arrangements'.

CASA is confident that the processes described above will enable the Authority to achieve full maturity across all four of the corporate planning categories as assessed by the ANAO.