



ABCB

Auditing and compliance

Supplementary information on BCR
recommendation 7

2021

Copyright

© Commonwealth of Australia and States and Territories of Australia 2021, published by the Australian Building Codes Board.



The material in this publication is licensed under a Creative Commons Attribution-4.0 International licence, with the exception of

Any third party material
Any trade marks, and
Any images or photographs.

More information on this CC BY licence is set out at the Creative Commons website (creativecommons.org/licenses/by/4.0)

Enquiries about this publication can be sent to:

Australian Building Codes Board
GPO Box 2013
CANBERRA ACT 2601
Phone: 1300 134 631
Email: ncc@abcb.gov.au
Web: abcb.gov.au

Attribution

Use of all or part of this publication must include the following attribution:

© **Commonwealth of Australia and States and Territories 2021, published by the Australian Building Codes Board.**

Disclaimer

By accessing or using this publication, you agree to the following:

While care has been taken in the preparation of this publication, it may not be complete or up-to-date. You can ensure that you are using a complete and up-to-date version by checking the Australian Building Codes Board website (abcb.gov.au).

The Australian Building Codes Board, the Commonwealth of Australia and States and Territories of Australia do not accept any liability, including liability for negligence, for any loss (howsoever caused), damage, injury, expense or cost incurred by any person as a result of accessing, using or relying upon this publication, to the maximum extent permitted by law. No representation or warranty is made or given as to the currency, accuracy, reliability, merchantability, fitness for any purpose or completeness of this publication or any information which may appear on any linked websites, or in other linked information sources, and all such representations and warranties are excluded to the extent permitted by law.

This publication is not legal or professional advice. Persons rely upon this publication entirely at their own risk and must take responsibility for assessing the relevance and accuracy of the information in relation to their particular circumstances.

Version history

Original

Publish date: 10/12/2021

Print version: v1.0

This version

Publish date: 10/12/2021

Print version: N/A

Details of amendments: N/A

Preface

The model guidance for [Auditing and compliance](#) represents a nationally agreed response to BCR recommendation 7. The recommendation states “that each jurisdiction makes public its audit strategy for regulatory oversight of the construction of *commercial buildings*, with annual reporting on audit findings and outcomes”. The BCR defined *commercial buildings* as Class 2–9 buildings.

This supplementary information provides the context that underpins the development of the model guidance. It details the feedback that was received in a public survey about auditing which was open from 29 June 2020 to 14 July 2021. It also includes research findings and case studies that informed the final model guidance.

Contents

Preface	i
Contents	ii
Principle 1: Auditing information is clear and concise	3
Principle 2: Regulators promote and discuss auditing	5
Principle 3: Regulator performance is publicly reported.....	6
Principle 4: Data collected to support continuous improvement.....	8
Principle 5: Enforcement action is published.....	11
Principle 6: Regulators collaborate within and across jurisdictions	12
Appendix A: Infographic about public survey	15
Appendix B: Extended case study.....	18

Principle 1: Auditing information is clear and concise

Key survey results

Regulators, industry and the public were surveyed about reporting on auditing¹. The survey results show respondents are most likely to rate their awareness of auditing strategies, activities and outcomes as low.

This is despite 24.1 per cent of respondents reporting that they have conducted at least one audit within the last two years. This group of respondents were also more likely to report their awareness as high. By contrast, respondents who reported that they have been audited at least once within the last two years make up only 7.5 per cent of survey respondents.

Respondents who reported having been the subject of an audit were more likely to report having a low level of awareness of auditing outcomes than other respondents. Possible reasons for this could include that people who were audited weren't notified of the outcomes of the audit they participated in or that audit participation made them more aware of their lack of knowledge of auditing outcomes.

The survey also asked participants about how they acquired knowledge of auditing strategies, activities and outcomes. Eighty-two per cent of respondents who reported high levels of awareness, a group more likely to have conducted audits, reported communications from a government regulator increased their knowledge. In contrast only 38 per cent of respondents who reported low levels of awareness for all three aspects of reporting reported this increased their knowledge.

Survey results show the majority of respondents are interested in reporting from, and engagement with, regulators and believe it is important that building regulators report on auditing activities and outcomes. This shows there is opportunity for regulators to provide such information and for it to be valued and used by industry.

¹ ABCB Consultation Hub, available [online](#).

The survey, and consultation to inform the survey questions, also revealed some confusion about the definition of auditing including whether an audit must take place at a particular stage, take a particular form or cover certain information. Some stakeholders have the perception an audit means a desktop activity focused on documentation, whereas others have the perception it means an on-site inspection. This may reflect differences in building legislation across jurisdictions. By providing jurisdiction-specific information about auditing, state and territory regulators can better inform and educate industry and prevent confusion that may stem from accessing information about auditing from another jurisdiction.

Recognising and responding to stakeholder needs

The building and construction industry is a culturally and linguistically diverse industry. In 2015, 52 per cent of the industry's workforce was born overseas compared with 25 per cent of the broader Australian population. Thirty-nine per cent of the industry's workforce were born in a non-English speaking background country.² Anecdotal evidence suggests that limited ability to understand English can affect a practitioner's ability to understand and meet their obligations. Differences in education, experience, accessibility requirements, communication preferences, access to technology and geographic location could also impact a practitioner's ability to access and understand information.

Regulators should not assume a base level of knowledge but should make it easy for a person interested in auditing to learn basic concepts and terms and build up their knowledge. By making information readily available, accessible and easy to understand, regulators increase the ability of a regulated party to comply. It also ensures regulated parties understand the range of consequences for non-compliance.

Regulators should be conscious that the public may also have an interest in information about auditing, given the regulator role in protecting their interests and managing risks.

Finally, survey results showed industry practitioners acquire information about auditing from each other. Given the most common response to level of awareness of auditing strategies, activities and outcomes was 'low', it is important that regulators inform as many

² University of NSW, available [online](#).

industry participants as possible so that the information shared amongst practitioners is accurate. Regulators could explore the application of nudge theory here, particularly the tendency people show to “accept defaults passively”.³

An extended Case study, relevant to Principles 1 to 5, is at Appendix B.

Principle 2: Regulators promote and discuss auditing

Survey respondents were asked to indicate how often they believed certain measures should be reported. The most common response was ‘every three months’, except for the measure ‘Overall number of auditing activities’. This may be because annual reporting would not provide a frequent enough picture for industry participants to respond quickly to emerging trends. It is important that regulators respond to industry’s desire to receive more information about auditing through reporting other than annual reports. It also supports regulators to encourage timely and constructive conversations about auditing and positively impact industry culture and views related to auditing.

Eighty-six per cent of respondents also indicated that they believe reporting on auditing will reduce non-compliance, with 75 per cent indicating they believe reporting on auditing may specifically discourage ‘taking shortcuts’.

Empathic and constructive engagement

[Listening Learning Leading](#) identifies one of three aspects of excellent regulation as ‘empathic engagement’. That is, transparency and public engagement that includes providing public notice of the regulator’s activities, seeking input and educating the public. Principle 2 aims to support empathic engagement, which in turn supports confidence in the regulator.

Creating and maintaining continuous conversation using multiple communication channels about auditing also allows the regulator to hear a variety of views from industry in a timely manner by not containing the conversation to a venue or timeframe, with evidence suggesting social media use particularly can drive innovation in public service

³ Benartzi et al., [‘Should governments invest in more nudging?’](#)

delivery, including through ‘crowd-sourcing’ ideas.⁴ The regulator further benefits by hearing less common views and better understanding the impact of its work on different stakeholder groups.

An extended Case study, relevant to Principles 1 to 5, is at Appendix B.

Principle 3: Regulator performance is publicly reported

Some survey responses showed a level of frustration from industry practitioners that non-compliance may be deliberate, repeated and undetected by the regulator. It can be difficult for the public to distinguish between industry practitioners who value compliance and aim to be compliant from those who do not, so the actions of a few practitioners may affect public confidence in many.

Respondents to the survey were asked whether regulatory oversight of the construction of commercial buildings had changed significantly since the publication of the BCR in 2018. Fifty-five per cent of respondents believe it has not, while 18 per cent believe it has. Three quarters of respondents to the survey indicated that they take an interest in reporting from government regulators about their enforcement activities. This aligns with feedback from industry that auditing and compliance underpin the building regulation system and that it wants building regulators to act to ensure the integrity of buildings in Australia.

Being accountable

Transparency is a key theme of the BCR. To reiterate its importance and encourage a culture where transparency is valued, regulators could set the tone by reporting on their own performance. While building regulators already report some measures in annual reports, these do not always provide a full picture of whether the regulator achieved what it was funded and planned to achieve, and if it did not, the reason why. Ideally, regulator performance could consider outcomes not just activities and output.⁵

⁴ OECD, available [online](#).

⁵ Queensland Audit Office, [Licensing builders and building trades Report 16](#): 2019–20.

In the same way it is important that industry is accountable to regulators to increase public confidence, it is important that regulators are accountable. This increases confidence in the accuracy and integrity of reporting on auditing and the integrity and capability of the regulator in exercising statutory functions and using statutory powers to audit. Confidence in the regulator's integrity and capability will support industry buy-in to responses that are developed to trends identified through auditing.

The Productivity Commission's [Report on Government Services](#) series reports on the performance of government service delivery in key areas including health and justice. It identifies that measurement of performance and public reporting creates incentives for better performance, including by helping to clarify government objectives and responsibilities, promoting analysis of relationships between agencies and enabling better coordination across agencies, making performance transparent through informing the community and encouraging ongoing performance improvement.

While the Report on Government Services series focuses on service delivery, the benefits identified translate to building regulation. As the 2020 report notes, performance reporting "provides a level of accountability to consumers, who have little opportunity to express their preferences by accessing services elsewhere".

Defining regulatory 'success' and managing expectations

Defining regulatory 'success' is important because regulators have limited resources and must make choices about how they protect public interests and protect building users from harm. A building regulator's perception of 'success' may not align with public perceptions. Increased transparency from the regulator may help to manage expectations.

For many regulators, allocating resources efficiently means targeting high-risk activities or roles. Building regulators could consider explaining in reporting how their definitions of 'success' interact with their regulatory approaches and whether this is risk-based. This supports transparency and accountability by allowing stakeholders to understand how a regulator is using its publicly funded resources.

An extended case study, relevant to Principles 1 to 5, is at Appendix B.

Principle 4: Data collected to support continuous improvement

Survey results show respondents consider detailed reporting on auditing to be important. The survey tested potential reporting measures with respondents and responses show respondents want to be informed of the scope and impact of auditing activities and outcomes and how regulators address non-compliance.

Survey respondents also suggested a broad range of additional areas that auditing on reporting could cover, including, but not limited to:

- classes of buildings audited;
- locations of buildings audited (i.e. metropolitan or rural);
- follow-up audits or 're-auditing';
- use of non-conforming building materials or non-compliant use of building materials;
- whether buildings are built in accordance with the building approval;
- accuracy and completeness of documentation, including building plans and design details;
- types of construction contracts e.g. design and construct;
- most common trends identified through auditing;
- most common types of non-compliance;
- underlying reasons for non-compliance;
- major building failures;
- performance of a building following a major event;
- compliance with accessibility requirements such as the [Disability \(Access to Premises – Buildings\) Standards 2010](#);
- costs to industry of rectifying non-compliance i.e. following rectification orders;
- identified need for NCC reform;
- identified need for clarity in the NCC, legislation or Australian Standards;
- 'phoenixing' or 'rebirthing'; and
- experience and qualifications of supervisors and level of supervision provided on-site.

This feedback underscores the need for regulators to develop and maintain reporting measures that enable meaningful analysis and discussion. Industry's concerns are many and varied but can be linked back to the need for increased accountability and transparency.

Respondents' expectations about the benefits of such reporting are below. Non-compliance significantly impacts industry and the public including through impacting the safety of building users, financially impacting building owners and requiring industry to spend time rectifying work. Even if respondents' expectations are only partially met, the benefits that could be realised through reporting on auditing are significant.

Assessing change across reporting periods and over the long-term is important to identify reasons for changes in compliance. If registered practitioner numbers increase by 0.5% year-on-year however there is a disproportionate increase over the same period in referrals to a practitioner licensing board, the regulator should have the ability to monitor and/or investigate this further. Similarly, assessing why there are differences in compliance across jurisdictions is important to identify how policy or regulation could be adapted to increase compliance. Eighty-three per cent of respondents to the survey considered that it was 'important' or 'very important' that reporting on auditing was comparable across jurisdictions, potentially reflecting an interest in not just identifying issues but better understanding their causes to be able to address them.

Possibilities of data

Anecdotal evidence suggests that key stakeholders may believe that governments hold vast data about the building industry and choose not to publish it when this is largely not the case. Building regulators now have the opportunity to design data collection that enables reporting measures to tell a meaningful story to industry and empower industry to participate in the response. Development of data collection mechanisms and identification of appropriate data points will also support insight-driven regulation, which “relies on having appropriate information and data to form the necessary intelligence, and then using the intelligence to identify data-driven opportunities to improve regulatory outcomes.”⁶

Transparency about the collection or analysis of data allows industry and the public to determine their confidence in a reporting measure and can provide key context about why some trends may appear to change significantly from year to year. If, for example, a

⁶ Queensland Audit Office, [Licensing builders and building trades Report 16: 2019–20](#).

regulator reports a significant year-on-year increase in compliance in a particular area, useful context would include comparing the number of audits conducted each year and the areas they targeted e.g. perhaps the auditor had specifically targeted that area the year before, resulting in increased compliance this year or the regulator audited a greater proportion of Class 2 – 9 buildings this year, potentially producing a more accurate finding.

Case study

Civil Aviation Authority (CASA) has surveyed stakeholders most years since 2015 and asked them to rate their confidence in their ability to comply with relevant safety regulations on a scale of 0 to 10. The average rating increased from 5.8 in 2015 to 7.4 in 2018.⁷ Analysis of sub-groups showed:

- Respondents aged 18-29 years reported a mean of 8.3, significantly higher than the survey average.
- Respondents who worked in remotely piloted aircraft systems reported a mean of 8.8 compared with air transport pilots, who reported a mean of 6.4.
- Respondents who had been in the aviation industry less than 12 months or 1 – 3 years respectively reported means of 8.7 and 8.5, compared with those who had been in the industry for more than 40 years, who reported a mean of 6.8.

Without this granularity of data, the regulator may see an overall upward trend, but may not be able to further increase industry participant confidence in complying. This granularity of data provides the regulator the opportunity to further explore, through targeted consultations, why certain participants feel less confident than others in complying with safety regulations and how this could be mitigated, including through auditing, communication and education.

Ultimately, the ability for the regulator to understand what's happening in its industry and respond quickly protects consumers from potential negative safety impacts.

An extended Case study, relevant to Principles 1 to 5, is at Appendix B.

⁷ [CASA Stakeholder Satisfaction Survey](#).

Principle 5: Enforcement action is published

Survey responses noted that a potential drawback of reporting on auditing could be that if the regulator's reporting does not demonstrate ability to take proportionate action, including strong action where necessary, it may act as a disincentive to achieve compliance.

Additionally, some survey responses showed a level of frustration from industry practitioners that non-compliance may be deliberate, repeated and undetected by the regulator. The majority of survey respondents believe the establishment of registers of enforcement action would reduce non-compliance and most comments were supportive. A few respondents, however, indicated that they believe some practitioners are so determined to do whatever it takes to generate profit that not even the establishment of a register of enforcement action would deter them from taking shortcuts or failing to prioritise compliance.

Some responses also noted the importance of regulators drawing attention to registers of enforcement action to ensure they have a meaningful impact. Consumers may not be aware of their existence so the regulator must publicise additions to the registers and engage with consumers to encourage them to check these registers by default prior to engaging industry practitioners to undertake work.

Information asymmetry

Information asymmetry describes the tendency for two parties to a transaction to hold different information. Typically, one party is also more informed than the other e.g. a person engaging the services of an industry participant or purchasing a new building may be unfamiliar with building processes and compliance standards and is unaware of the intention and ability of an industry participant to comply. In contrast, an industry participant typically has detailed knowledge of building processes and compliance standards and their intention and ability to comply.

The Western Australia Government's [Reforms to the approval process for commercial buildings in Western Australia – Consultation Regulatory Impact Statement](#) summarised the need for regulators to demonstrate they are active in identifying and responding to poor industry practice. It stated that "it is widely accepted market forces can drive

industries to produce their products quickly, for the lowest cost, both to offer competitive prices to consumers and to maximise profits. In the building industry, this can result in buildings that are unsafe due to poor design or construction. It is considered that Government intervention is required to set and enforce minimum standards of safety and amenity and to create a basis for all building industry participants to compete fairly.”

In this context, publicising strong regulatory action, including through establishment of a register of enforcement action, signals to industry and the public that the building regulatory system is protecting public interests and protecting building users from harm.

Publicising regulatory action could be accompanied by context about the regulator’s decision. Excellent regulation requires that a regulator explains its decisions fully, “being transparent not merely by providing access to information but also by giving reasons for its actions (including decisions not to act) and addressing important arguments for and against its chosen course of action.”⁸

This context is key to providing industry and the public confidence that the regulator has consideration for the causes of non-compliance and the circumstances of the individuals involved. That is, the regulator must be seen to be able to engage empathetically but still be able to penalise those who repeatedly do the wrong thing.

An extended case study, relevant to Principles 1 to 5, is at Appendix B.

Principle 6: Regulators collaborate within and across jurisdictions

Multiple regulators in each jurisdiction play a role in ensuring newly built Class 2 – 9 buildings are compliant with the NCC, state and territory legislation and Australian Standards. It may be difficult for industry and the public to piece together a full picture of industry trends if reporting from regulators is infrequent, does not align or is difficult to find. There is merit in collating reporting on auditing, however, as noted below, this may be difficult to do.

⁸ C. Coglianese, available [online](#).

Survey results showed that nearly 88 per cent of respondents are interested in reporting on auditing from the state or territory building regulator, while nearly 50 per cent are interested in reporting on auditing from fire safety services.

The survey results also showed a preference from respondents for reporting on auditing to be collated.

Noting that some aspects of regulator reporting may be determined in legislation or by government requirements, it may be challenging to align reporting and collate information in one report. A compromise may be for regulators to explore options to make their reports as easy to find and compare as possible. This would include agreeing to include breakdowns of information according to standard reporting periods e.g. by financial quarters.

Sharing resources

Consultations with regulators have revealed that not all have auditing strategies and there is not regular reporting of auditing outcomes, reflecting a potential tendency for regulators to allocate their limited resources to responding to urgent issues rather than planning and reporting, i.e. being reactive rather than proactive. Increased collaboration between regulators, particularly to share analysis of auditing data, may result in more effective targeting of auditing activities, enabling regulators to ‘do more with less’. It could also support more cohesive communication strategies or targeted development of education and training responses to issues commonly identified through auditing. This in turn may increase compliance and be reflected positively in reporting on auditing.

The BCR identified that the oversight of the construction of buildings is fragmented, “prone to duplication, confusion, unclear lines of responsibility and a lack of information sharing” given the number of regulators. Most industry practitioners and the public do not have the ability to distinguish between the roles of each regulator, which is why it is important for regulators to make information available about their role including their role as an auditor. In the same way that the actions of a few practitioners may affect public confidence in many, lack of transparency and accountability of one regulator could affect confidence in another. By collaborating to increase transparency and accountability through reporting on auditing, all regulators with responsibilities related to the construction of new Class 2 – 9 buildings will benefit from greater confidence.

[Building regulator collaboration \(BCR recommendation 5\)](#) links to Principle 6. Recommendation 5 was that “each state establishes formal mechanisms for a more collaborative and effective partnership between those with responsibility for regulatory oversight, including relevant state government bodies, local governments and private building surveyors (if they have an enforcement role)”. If implemented, this will provide regulators an effective forum to communicate about auditing.

BCR recommendation 12 is about sharing data across jurisdictions. It links to Principles 4 and 6. If jurisdictions are able to collect more building data at state or territory level and make this data available for sharing, and if this data includes auditing outcomes, there will be a larger pool of data for regulators to draw from to more quickly determine the data that is most useful to auditing with the goal of increasing industry compliance. The collection and sharing of data should also support automatic mutual recognition of building industry practitioner registration and licensing across jurisdictions.

APPENDICES



Appendix A: Infographic about public survey

Figure 1 - Key survey results and the principles developed in response

Auditing and Compliance Publication Framework

From 29 June to 14 July 2020, the ABCB surveyed regulators, building industry practitioners and the public about their views on reporting on auditing of the construction of Class 2–9 buildings. This page shows some of the survey results that were drawn on to develop the Auditing and Compliance Publication Framework.

Principle 1:

Auditing information is clear and concise

Information about auditing should be easy to find, accessible and use unambiguous language. Regulators should include definitions of essential terms and use visual aids such as flow charts, diagrams and infographics, where appropriate, to engage with the broadest range of industry participants. Regulators should provide opportunities for industry participants to engage in-person and online.



For the jurisdictions in which respondents undertake the most work,

42%
reported a low level of awareness of auditing strategies

43%
a low level of awareness of auditing activities, and

47%

a low level of awareness of auditing outcomes

This was despite 32% reporting they had either been audited at least once or conducted at least one audit within the last two years.

66%

would like engagement by regulators on auditing activities and outcomes in addition to written reporting.

Principle 2:

Regulators to promote and discuss auditing

Regulators should use formal reporting combined with interactive communication channels such as their websites and social media to encourage continuous conversation with industry and the public about auditing activities and outcomes. Communications should focus on benefits to industry, prevention of non-compliance, learning from case studies and education and training.



86%

believe that reporting on auditing would reduce non-compliance.

75%

believe that reporting on auditing may discourage industry participants from 'taking shortcuts'.

Principle 3:

Regulator performance to be publicly reported

Regulators should report on whether they met auditing targets and/or delivered on their auditing strategies. Regulators should report on how their performance is measured and how they are held accountable. They should explain whether they view auditing outcomes reported as regulatory 'success' and if not, what they define as regulatory 'success'.



74%

take an interest in reporting from government regulators about their enforcement activities.

18%

believe regulatory oversight of the construction of commercial buildings has changed significantly since the publication of the Building Confidence Report in April 2018, while 55% believe it has not.

Principle 4:

Data collection to support reporting and continuous improvement

Data collection should be designed to support reporting measures that enable a story to be told, including of long-term trends. Regulators should be transparent about the sources and limitations of their data. Regulators should regularly review data collection and analysis and adapt reporting measures. Data should be used to inform education and training requirements, and the development of forward auditing strategies.



87%

believe reporting on auditing will benefit industry.

87%

believe reporting on auditing will benefit building owners, tenants and users.

97%

believe that regulators should report on the overall use of at least one statutory power in response to non-compliance identified through auditing activities.

Principle 5:

Enforcement action to be published

Reporting and discussions about auditing should demonstrate proportionate responses to issues identified through auditing, including strong responses where appropriate. States and territories should establish public registers of enforcement action taken against any registered practitioners and report additions to the register using a range of communication tools including social media.



84%

believe establishing public registers of enforcement action against registered practitioners would reduce non-compliance.

Principle 6:

Regulators to collaborate within and across jurisdictions

Regulators within each jurisdiction and, where appropriate, across jurisdictions should collaborate and communicate about auditing regularly.



83%

think it is 'very important' or 'important' for auditing outcomes to be comparable across states and territories.

67%

believe that reporting on auditing may assist the regulator to identify patterns of inadvertent non-compliance and work with stakeholders to provide additional guidance, clarification or training.

Note: the wording of Principle 5 was updated in response to public consultation.

Appendix B: Extended case study

This case study supports Principles 1 to 5.

In its 2014 [Regulator Performance Framework](#), the Australian Government identified six outcomes-based key performance indicators for regulators:

- regulators do not unnecessarily impede the efficient operation of regulated entities,
- communication with regulated entities is clear, targeted and effective,
- actions undertaken by regulators are proportionate to the risk being managed,
- compliance and monitoring approaches are streamlined and coordinated,
- regulators are open and transparent in their dealings with regulated entities, and
- regulators actively contribute to the continuous improvement of regulatory frameworks.

Civil Aviation Safety Authority (CASA) draws on surveys of its stakeholders to inform reporting against these key performance indicators. Between 2015 and 2018, CASA focused on improving its relationship with industry, including through increased stakeholder engagement mechanisms. Its success in better collaborating and communicating with the parties it regulates is reflected in significant improvements in industry satisfaction in its stakeholder survey. By 2018, CASA reported the percentage of ‘satisfied or very satisfied’ stakeholders had risen from 25 per cent in 2015 to 53 per cent, while respondents who were ‘dissatisfied to very dissatisfied’ fell from 46 per cent in 2015 to 20 per cent.⁹ The survey results also showed that CASA is “increasingly seen as working collaboratively and transparently with industry”.

CASA offers stakeholders the ability to interact online and in-person, including through:

- industry forums including in-person aviation safety seminars,
- publication of Flight Safety magazine focused on safety-related industry participant experiences,
- public consultation through the online CASA Consultation Hub,
- complaints processes,

⁹ [CASA Stakeholder Satisfaction Survey](#) 2018. CASA’s 2018 online survey ran from April to June 2018 and invited responses from 11,000 random industry participants. 1,169 respondents completed the survey. 34 in-depth interviews were also conducted.

- social media, and
- the Aviation Safety Advisory Panel. Established in 2017, in 2018-19, it established 19 technical working groups to provide expert technical advice on a range of matters, including fatigue rules, dangerous goods and the flight operations suite of regulations. The Aviation Safety Advisory Panel supports the development of regulations that are fit for purpose and supported by industry.

Using different types of stakeholder engagement mechanisms allows CASA to communicate with a wide variety of stakeholders and supports industry buy-in, particularly in response to new regulations. In addition to the above stakeholder engagement, CASA produces and makes [available on its website](#) a large amount of support and educational material including guidelines, information sheets and checklists. This material is written in plain English but may also reference or explain the intent of legislation, underscoring the expectation that industry participants understand their legislative obligations. E-learning modules are provided on the [CASA website](#).

Surveying stakeholders allows a regulator to analyse changes in stakeholder sentiment and to consider and address underlying causes through the creation of new support or guidance material, education initiatives and/or targeted auditing and compliance activities.

A sample of the CASA stakeholder survey outcomes from 2015 and 2018 are below. They show that building a collaborative relationship with regulated parties increases satisfaction with the regulator's performance, ultimately positively impacting desired outcomes of the regulator and allowing the regulator to better meet the expectations of the public that it protect their interests and regulate risks.

Table 1 - Key metrics from the CASA stakeholder survey outcomes in 2015 and 2018

Metric	2015	2018
Overall satisfaction with relationship with CASA	4.2	6.2
Satisfaction with consistency of CASA's decision making	3.2	5.4
Likelihood of reporting situations of material non-compliance to CASA	6.0	6.9
Satisfaction with CASA's ongoing dialogue with industry	3.7	5.6
Satisfaction with CASA's audit and compliance activity	4.8	6.3
CASA's auditing role is critical to the safety of aviation in Australia	Unknown	7.8
CASA staff undertake audit activities in a professional manner	Unknown	7.5

Metric	2015	2018
CASA staff are fair and reasonable in dealing with those subject to audit	Unknown	6.9
Audits are undertaken in a constructive manner to improve safety	Unknown	6.6
Ease of complying with aviation safety regulations	4.2	5.9
Confidence in ability to comply	5.8	7.4
Regulations covering my activities are easy to understand	3.2	5.4
CASA explains the regulations and how they affect industry stakeholders in a clear and succinct manner	2.9	5.2
I have a sound understanding of all regulations governing my aviation activities	5.1	6.8
Regulations play a key role in ensuring I operate safely	5.7	7.2
I operate in excess of CASA's minimum safety requirements	8.0	8.2
Australian aviation safety regulations and aviation safety best practice are closely aligned	4.7	6.6
CASA seeks to identify and promote safety best practice within the aviation community	4.9	6.7
CASA recognises and values industry knowledge and experience	3.6	5.6

While surveys can provide quantitative insights, they are also able to provide qualitative insights. CASA's 2018 survey revealed the highest priority for the regulator's stakeholders was finalisation of regulatory reforms to ensure stakeholders can have greater certainty and confidence in meeting their obligations. Key feedback was that many stakeholders wanted to see the existing regulatory framework simplified, including clearer practical guidance and use of plain and accessible language.

The 2018 survey also showed a desire for "much greater contact between industry participants and CASA staff outside of the formal audit context", with analysis stating that "there is a common view that greater engagement and dialogue can only help strengthen understanding and mutual respect between industry and CASA, including how regulations can be interpreted and complied with in a practical, efficient and sustainable manner".

Demonstrating that regulation involves responses proportionate to risk and seriousness of non-compliance, analysis of the 2018 stakeholder survey results encouraged CASA to "continue to champion its adoption of its 'just culture' regulatory approach, ideally with case studies and examples of how such an approach has been applied in practice".

CASA defines ‘just culture’ as “an organisational culture in which people are not punished for actions, omissions or decisions taken by them that are commensurate with their experience, qualifications and training, but where gross negligence, recklessness, wilful violations and destructive acts are not tolerated”.¹⁰

While it is difficult to shift an entire industry culture towards greater transparency at all levels, the regulator has a role to play in demonstrating the benefits of such a culture. This includes demonstrating proportionate responses through reporting on auditing, including framing the requirement for additional training or education as beneficial to industry, not punitive.

The analysis of CASA’s 2018 stakeholder survey results noted the importance of consistent decision-making and disclosing proportionate actions to address non-compliance, stating “stakeholders will not be convinced in this change of stance unless they see this in action – and most likely on several occasions. Those that have been in the industry for many years are often very jaded in their outlook towards CASA and will take time to move to even a neutral position. For younger and new industry entrants, attitudes are generally far more positive towards CASA, and the task for this group is to maintain such goodwill into the future.”

Measurement

CASA’s stakeholders have a high level of engagement with their regulator and CASA is able to gauge the success of its interactions through assessing trends and measuring the success of individual programs. Examples of aspects CASA measures include:

- In 2018-19, there were almost 8,000 responses to 37 consultations on CASA’s Consultation Hub, an average of 216 per consultation. This demonstrates industry participants are willing to take the time to provide their views to their regulator.
- In 2018-19, CASA conducted 221 aviation safety seminars, engineering safety seminars and flight instructor safety workshops around Australia, reaching more than 8,500 industry members. CASA reported that 95 per cent of seminar attendees understood the role of CASA’s aviation safety seminars and their positive impact on safety.

¹⁰ [CASA’s regulatory philosophy](#).

- In 2017-18, CASA reported it reviewed social media regularly, with 3,537 stories monitored during the reporting period. Of those, 81 per cent were neutral in tone towards CASA, 2% were positive, 12 per cent were mixed and 5 per cent were negative. Negative stories are trending below the long-term average of 6 per cent.

The feedback and trends shown in CASA's stakeholder survey are highly relevant to the building industry and are reflected in the six principles in the [model guidance for auditing and compliance](#) reporting. Likewise, building regulators need to consider the story they tell to key stakeholders and the data they need to understand why trends occur.