

**Senate Standing Committee on Education Employment and Workplace  
Relations**

**QUESTIONS ON NOTICE  
Additional Estimates 2012-2013**

**Agency - ABCC/FWBC**

**DEEWR Question No. EW0771\_13**

**Senator Abetz provided in writing.**

**Question**

**FWBC Stakeholder Engagement Strategy**

What is the FWBC Stakeholder Engagement Strategy? Can a copy of the strategy be provided to the committee? What was the cost of developing the strategy? What is the expected cost of implementing the strategy?

**Answer**

*Fair Work Building and Construction has provided the following response:*

**What is the FWBC Stakeholder Engagement Strategy?**

The FWBC Stakeholder Engagement Strategy drives FWBC's work against one of four key strategic goals in its strategic plan (Goal 3 'Deepen engagement with key stakeholders').

**Can a copy of the strategy be provided to the committee?**

Yes, at Attachment A.

**What was the cost of developing the strategy?**

Staff time.

**What is the expected cost of implementing the strategy?**

- \$71 448.00 – comprising specialist research into internal and external stakeholder opinion of agency stakeholder engagement, creation of an FWBC Stakeholder Engagement Management Framework, training staff in Stakeholder Engagement Management Framework, specialist governance advice.



**Australian Government**

**Fair Work Building  
& Construction**

# Fair Work Building & Construction Stakeholder Strategy

## Contents

<u>Executive summary</u> .....	4
<b>FWBC Stakeholder Strategy – Executive Summary</b> .....	3
<b>Why FWBC needs a stakeholder strategy</b> .....	3
<b>Who are our stakeholders?</b> .....	4
<b>FWBC’s operational capacity is advanced by deepening engagement</b> .....	4
<b>How FWBC engages – current practices</b> .....	4
<b>Designing the FWBC Stakeholder Engagement Program</b> ..	5
<b>Principles of FWBC stakeholder engagement</b> .....	6
<b>Key Strategies – FWBC Stakeholder Engagement Program</b>	6
<b>Stakeholder Engagement Team will coordinate – FWBC will deliver</b> .....	7
<b>Part 1: Background</b> .....	8
<b>Part 2: Analysis of strategic context</b> .....	12
<b>2.1 Stakeholder research</b> .....	13
<b>Stakeholder Interactions</b> .....	15
<b>2.2 Current stakeholder engagement practices in the ABCC/FWBC</b> .....	16
<b>2.3 Analysis of best practice stakeholder engagement methodologies</b> ..	19
<b>2.3.1 AA1000 Stakeholder Engagement Standard</b> .....	19
<b>Determining the scope of engagement</b> .....	20
<b>Planning, preparing, implementing and acting</b> .....	21
<b>The AA1000 Accountability Principles Standard</b> .....	23

<b>Inclusivity</b> .....	23
<b>Materiality</b> .....	24
<b>2.3.2 Salience model</b> .....	25
<b>2.3.3 IAP2 Public Participation Spectrum</b> .....	28
<b>Conclusion</b> .....	31
<b>2.4 Review of public and private sector use of AA1000SES</b>	32
<b>Part 3: Strategy</b> .....	36
<b>3.1 Drive culture change through leadership staff</b> .....	37
<b>3.2 Build staff capacity to engage</b> .....	39
<b>3.3 Increase knowledge of stakeholders and facilitate information sharing</b> .....	41
<b>3.4 Create high-level stakeholder reference workshops</b> ...	43
<b>3.5 Stakeholder Engagement team to nationally coordinate strategies</b> .....	45
<b>Literature review: Strengthening regulatory outcomes through stakeholder engagement</b> .....	46
<b>Centrelink: building citizen-focused, collaborative services</b> .....	50
<b>Disability services in WA and Queensland: Local Area Coordination</b> .....	52

## FWBC Stakeholder Strategy – Executive Summary

### Why FWBC needs a stakeholder strategy

1. The *FWBC Stakeholder Strategy* articulates a comprehensive program for deepening engagement with key stakeholders (FWBC’s Strategic Goal 3).
2. Good stakeholder engagement is central to FWBC’s object of providing a framework for cooperative, productive and harmonious workplace relations in the building industry.
3. FWBC must work with stakeholders and the community to deliver improved workplace relations practices in the building and construction industry.
4. All FWBC business groups will implement the *FWBC Stakeholder Strategy*.

## Who are our stakeholders?

5. At FWBC our stakeholders can be grouped as follows:
  - **Key stakeholder:** any stakeholder with significant influence on, or significantly impacted by, the work and where these interests and influence must be recognised if the work is to be successful.
  - **Stakeholders:** any person, group or organisation with a vested interest in the outcome of a body of work.
  - **Clients:** people who use our services and programs or are subject to our regulation.

## FWBC's operational capacity is advanced by deepening engagement

6. FWBC engages with stakeholders daily to deliver comprehensive regulation and advice, and ensure effective compliance. FWBC's operational work will be enhanced by deepening engagement with key stakeholders in the following ways:
  - FWBC will have wider access to information, resources and networking opportunities in the industry. Widening our industry networks makes our compliance activities easier.
  - FWBC will improve its decision-making capacity by enabling input from a wider range of stakeholders in the regulatory community.
  - FWBC's capacity to tap-in to local knowledge when disputes occur on regional projects will be advanced.
  - FWBC will develop its organisational knowledge about complex issues happening in the industry. FWBC's regulatory solutions and responses will be enhanced by expanding and implementing systems for sharing this organisational knowledge.
  - Trust in FWBC's operations will be strengthened through the development of greater transparency and accountability in stakeholder relationships.
  - Behaviour change that is required within the industry can be facilitated by the creation of a two-way dialogue with FWBC as an accessible and responsive regulator.

## How FWBC engages – current practices

7. A key component of developing the FWBC Stakeholder Engagement Program involved interviewing FWBC executive leaders nationally.
8. Before considering implementing a program to enhance stakeholder engagement, it was important to understand FWBC's current practices and drivers for engaging.

## Designing the FWBC Stakeholder Engagement Program

9. In designing the FWBC Stakeholder Engagement Program, I&PA examined several major stakeholder engagement programs currently operating in both public and private organisations.
10. Additionally, I&PA undertook a literature review of stakeholder engagement theory and models.
11. In examining a number of theoretical models, I&PA determined FWBC should adopt a program that draws on aspects of the [AA1000 Stakeholder Engagement Standard](#), a model developed after consultations with business, government and civil organisations across 20 countries.

## Principles of FWBC stakeholder engagement

12. These principles will guide and influence how we engage with stakeholders and make decisions about our stakeholder relationships. We will:
- Engage with our stakeholders early.
  - Determine at the outset what we want from our stakeholders and understand what it is that they want from us.
  - Keep our stakeholders informed and deliver on our promises.
  - Work collaboratively.
  - Treat our stakeholders with respect.
  - Listen to our stakeholders' perspectives and listen to their individual needs.
  - Share our stakeholder learnings with our colleagues.

## Key Strategies – FWBC Stakeholder Engagement Program

13. The FWBC Stakeholder Strategy recommends **five major strategies** to advance the agency's stakeholder engagement practices.
1. Drive stakeholder engagement through leadership staff
  2. Build staff capacity to engage
  3. Increase our knowledge of stakeholders and facilitate information sharing
  4. Create high level stakeholder reference workshops
  5. Stakeholder engagement team to coordinate national strategies

## **Stakeholder Engagement Team will coordinate – FWBC will deliver**

14. The Stakeholder Engagement Team in the Industry and Public Affairs branch delivers FWBC's media campaigns, parliamentary liaison and presentations strategy and supports the FWBC Chief Executive, Executive Board and leadership team through the provision of advice and issues-management.
15. Stakeholder Engagement will coordinate the implementation of the FWBC Stakeholder Strategy, but a key component of implementing the strategy is building strong engagement capacity internally. All business groups will be involved in implementing and integrating engagement initiatives.
16. The Stakeholder Engagement team's key implementation function will be creating systems and programs that help FWBC staff understand the priorities, capabilities and cultures of FWBC's stakeholders and the impact these may have on the delivery of all FWBC programs.

## Part 1: Background

Fair Work Building and Construction (FWBC) is a statutory authority which was established to ensure that building work is carried out fairly, efficiently and productively for the benefit of all in the building industry and for the Australian economy as a whole.

FWBC has four strategic goals that work together to deliver impartial and comprehensive workplace regulation and advice and achieve our vision of fair and productive workplaces in the building and construction industry.

FWBC's Statement of Strategic Intent introduces the vision and mission for the agency, along with four strategic goals.

**Vision:** Ensure that Australian building and construction workplaces are fair and productive

**Mission:** Deliver impartial and comprehensive workplace regulation and advice

### FWBC strategic goals:

Goal 1: Ensure effective compliance and responsive enforcement

Goal 2: Implement a comprehensive regulation and advisory service

Goal 3: Deepen engagement with key stakeholders

Goal 4: Support and resource our staff

### What is stakeholder engagement?

Stakeholder engagement is a structured, considered interaction with key stakeholders. Goals and outcomes are decided before the engagement takes place.

It is not just providing information or advice, but a process whereby various stakeholders can work together to achieve common goals.

Through stakeholder engagement, an organisation harnesses the knowledge, resources and competencies of its stakeholders to work towards mutual advantage.

Stakeholder engagement is the process used by an organisation to engage relevant stakeholders, for a clear purpose, to achieve accepted outcomes.

### FWBC strategic objective of engaging with stakeholders

To offer meaningful regulatory services we must maintain a strong appreciation of the concerns, views, needs and expectations of people in the building and



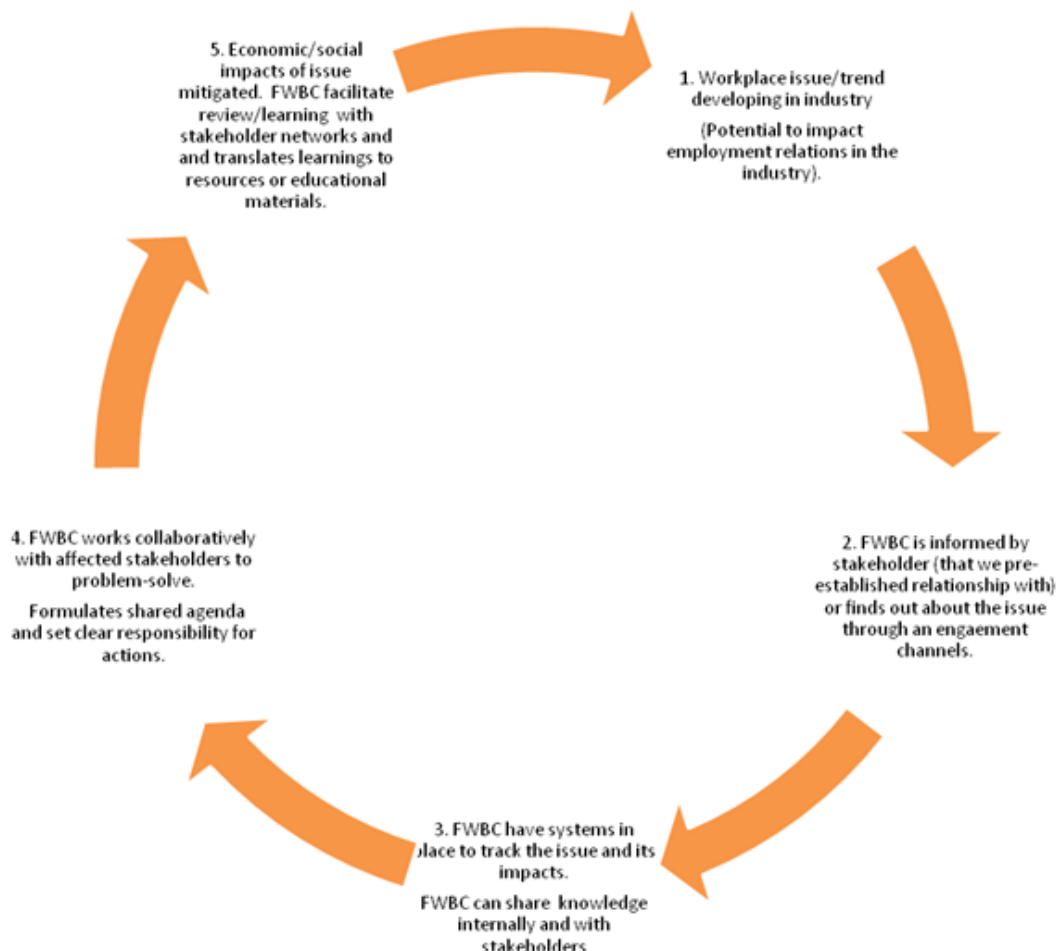
construction industry.

FWBC prioritises facilitating an ongoing two-way dialogue between the agency and the industry, to support good workplace relations practices in Australia's construction sector. By deepening engagement with stakeholder groups we also improve our identification of emerging issues and needs within the industry, so that FWBC is better positioned to respond to these in a timely and considered way.

Any stakeholder engagement we do must further the regulatory outcomes of the agency.

### Feedback loops - systematic approach to improved service delivery

*Basic model: Information-flow improves FWBC regulatory effectiveness*



### What benefits can we gain from stakeholder engagement?

Effective stakeholder engagement provides the opportunity to manage challenges, find innovative solutions and create value for the building and

construction industry.

Effective and strategically aligned stakeholder engagement can:

- Enable better management of risk and reputation
- Allow for the pooling of resources to solve problems and reach objectives that are not achievable by any one organisation
- Enable better understanding of the building and construction environment including market developments and identification of new strategic opportunities
- Enable FWBC to better learn from stakeholders, resulting in regulatory and process improvements
- Inform, educate and influence stakeholders to improve their decision making and actions
- Build trust between FWBC and its stakeholders
- Provide a hedge against reputational issues through deep and pre-existing relationships.

Government agencies, corporations and communities strategically engage with stakeholders to gather information, inform decision-making, provide education, and develop partnerships so that decision-making is shared.

### What is a stakeholder?

- **Key stakeholder:** any stakeholder with significant influence on, or significantly impacted by, our work and where these interests and influence must be recognised if the work is to be successful.
- **Stakeholders:** any person, group or organisation with a vested interest in the outcome of a body of work.
- **Clients:** people who use our services and programmes or are subject to our regulation.

## The role of the Stakeholder Engagement team

The Stakeholder Engagement team's role is to embed national engagement as a general mindset and competency of all staff in FWBC to ensure that we are an expert and effective regulator. It is to ensure that the SoSi Goal 3 is as central to FWBC's way of doing business as our compliance function in Goal 1.

The team's role is to move FWBC's stakeholder engagement from a traditional to emerging model of corporate stakeholder engagement

<b>Traditional</b>	<b>Emerging</b>
Fragmented	Integrated and systematic
Issues-based	On-going
Focus on managing relationships	Focus on building relationships
Emphasis on buffering the organization	Emphasis on creating opportunities and mutual benefits
Linked to short-term business goals	Linked to long-term business goals
Idiosyncratic implementation dependent on division interests and personal style of managers	Coherent approach driven by business goals, mission, values, and corporate strategies

The Stakeholder Engagement team aims to:

- Build stakeholder engagement capacity in FWBC staff
- Facilitate and support stakeholder engagement with resources and information
- Provide decision makers within the organisation with better quality stakeholder data
- Take the lead on relevant national stakeholder engagement opportunities
- Partner with other business units who are conducting stakeholder engagement exercises
- Improve and manage FWBC's relationship with the media and the Parliament

## **Part 2: Analysis of strategic context**

As part of the preparatory work for this strategy we:

### **1. Harvested relevant findings from the 2011 ABCC stakeholder research**

- Awareness and understanding of the ABCC
- Stakeholder engagement expectations
- Stakeholder views on the ABCC
- Stakeholder interactions

### **2. Consulted with State Directors and key leadership staff in Field Operations to:**

- Open a dialogue on Stakeholder Engagement
- Understand current practices
- Learn what currently works and does not work
- Gauge priority focus areas for improvement
- Determine what new or improved support and resources would be needed to deliver on our Stakeholder Engagement focus and

### **3. Analysed best practice**

A literature review was conducted analyzing:

- AA1000 Stakeholder Engagement Standard (AA1000SES)
- Salience model for mapping stakeholders
- International Association for Public Participation (IAP2) engagement model

### **4. Reviewed public and private sector use of AA1000SES**

Conducted research into government agencies that employ AA1000 Stakeholder Engagement Standard.

- Department of Immigration & Citizenship
- Department of Families, Housing, Community Services and Indigenous Affairs (FAHCSIA)
- Department of Sustainability, Environment, Water Population and Communities 2005-2006 (Now Department of Environment, Water, Heritage and the Arts)
- Private sector use of AA1000

## 2.1 Stakeholder research

During 2011, the ABCC engaged research firm newfocus to conduct [stakeholder research](#).

The research involved an initial series of unbranded telephone interviews of 15-30 minutes in length and internal consultation, and additional mini-sessions with building workers.

Participants included unions (7), industry associations (10), building companies (12), building workers (10), and FWBC staff interviews (15).

### Awareness and understanding of the ABCC

During the qualitative study, industry associations and building companies were the most likely to be aware of the ABCC and the agency's roles.

Union participants had low levels of top of mind awareness and generally only mentioned ABCC when prompted, while the majority of building workers interviewed had not previously heard of the ABCC.

Most of the descriptions of the ABCC's functions provided by industry associations, building workers and building companies, related to compliance functions.

Of the 27 common stakeholder descriptions of the role played by the ABCC, only one related to advice and education.

None of the common descriptions related to pay and entitlements.

These views are shaped by:

- past interactions/personal experiences with FWBC representatives
- media communications (what they read and hear in the media)
- history of the industry
- performance in prosecutions (the outcome of audits and other investigations)
- through announced policies
- discussion papers
- direct speeches by the Chief Executive

## Stakeholder Engagement expectations

Building companies felt that the ABCC generally performed all functions well, although they felt that the agency can improve direct education to the workforce.

Interestingly, building companies and building workers both thought that using their union or employer association was a good way of reaching them.

Other general views were that the nature of the building industry means that direct methods of communication, such as face to face, are the most effective.

Factors that deepen stakeholder relationships included:

- Regular interactions;
- Willingness to understand needs;
- Better communication with smaller geographic areas;
- Assign a single liaison point for union contact rather than a few different people;
- Remain accessible, open, transparent and consultative;
- Provide high quality information and knowledge;
- Face to face communication.

Worksafe was identified as a best practice model for engagement.

## Stakeholder views on the ABCC

### Positive

#### 1. Building Companies

- Generally feel the ABCC is doing a good job, but can enhance educative functions through increasing contact, incorporating education in to the professional development points system.
- Anything that can be done to reduce interruptions to work is welcomed, and building companies feel that the ABCC needs to do more

#### 2. Building Associations

- Building associations feel the ABCC is doing a good job but that the ABCC must ensure that the agency does not get distracted from enforcing the rule of law.
- Building associations rate the ABCC's public relations activities very highly.
- Building associations noted that they would like to see a continuity of staff and be dealing with the same person, rather than different staff all the time.

### Neutral

### **3. Building workers**

- Based on the findings of the research, the ABCC could consider building workers to be a largely latent audience.
- Generally awareness was low. Among those that were aware of the ABCC their perceptions of the ABCC were mildly negative, but not as passionately held as those in the union movement.
- Building workers generally thought that ABC Inspectors have little knowledge of the industry.

#### **Negative**

### **4. Unions**

- Awareness is high but unions feel that the ABCC is a politically driven organisation and power hungry organisation that is focusing on the wrong areas of the industry.
- Union interviewees stated resentment at having their powers being taken over by the government and at aspects of their job being made more difficult.

### **Stakeholder Interactions**

- Majority of participants in most stakeholder groups (with the exception of industry associations) reported having no or irregular contact with the ABCC.
- Participants in stakeholder groups who had the most contact with us, had the most positive reactions.
- Satisfaction measured where participants had contact with the ABCC at least once per year.
- Overall satisfaction indicates a low of 19% satisfied/very satisfied among unions and up to 88% among both industry associations and employees.
- Satisfaction driven primarily by following through following through as promised, staff knowledge and staff ability to resolve problems.
- The report indicates email, newspaper/trade magazine/newsletter, and in person/face to face were the top three communication preferences and media consumption answers.

Tracking research is currently being conducted with FWBC's stakeholders to measure the current opinion of the ABCC and the base line understanding and beliefs about FWBC.

## **2.2 Current stakeholder engagement practices in the ABCC/FWBC**

The Stakeholder Engagement team interviewed a number of members of Field Operations at all levels and right across the country. Interviews were conducted to gain knowledge of how the organization currently conducts stakeholder engagement and the priorities in these states.

In general, although the Field Operations group performs an excellent role of engaging with large stakeholders in their day-to-day work, there are some missed opportunities to work at a national level on issues that could have regulatory impact and expand our reputation to being a true full service regulator.

### **Field Operations' view of our stakeholders**

Field Operations staff had a good understanding of who our stakeholders were:

- Head Contractors (Thiess, John Holland etc)
- Sub Contractors
- Workers in the Building and Construction industry
- Employer associations (MBA, Master Plumbers, ACCI, AiG, Chambers of Commerce)
- Unions (CFMEU, ETU, AWU)
- Gov Stakeholders – (Minister, DEEWR, DIAC, ATO, ASIC, Federal Police, State police)

However, there was limited contact with the majority of these stakeholders. Head Contractors and employer groups were the primary stakeholders that we engage with. This is primarily around Code visits, sharing of information, and attending sites where there was industrial action.

### **Engagement with large stakeholders**

There has been some in-depth consultation with stakeholders such as head contractors about their major projects. For instance, in some states, staff had meetings with some head contractors about the number of industrial instruments on site, the unions on site, and key dates when they expect industrial action.

Most State offices have good relationships with their local Master Builders office.

### **Engagement with smaller stakeholders**

There was a consistent theme that FWBC did not engage well with sub contractors and small business. While this has been noted by the Stakeholder Engagement team, sub contractors and small businesses are better targeted by awareness raising campaigns rather than in-depth stakeholder engagement. This will be a more efficient and effective way of communicating with these participants in the construction industry.

### **No engagement with more diverse stakeholders**



There is substantial room for engaging with more diverse stakeholders such as representatives of Culturally and Linguistically Diverse (CALD) communities, women in construction and others.

This engagement should keep our overarching focus on improving our ability to respond as a regulator.

### **No structured forums for engagement with stakeholders**

There is currently no structured engagement with the industry such as forums or events being run by ABCC/FWBC. Engagement is based on an ad hoc and 'as needs' basis around specific issues.

### **MoUs and Government working groups**

Although we have a number of MoUs with various government agencies, they are not used as effectively as they could be.

Some states had involvement in government working groups around complex whole-of-government issues. These included the cash economy liaison group, ATO Building and Construction forum, Phoenix Company forum.

However, other states performed very little government relations work or did not provide input into the work of those that did.

### **Site visit protocols are not standardized**

There is a wide diversity in how site visits are conducted and not many measurements of quality control. Inspectors are expected to fill in a site visit activity form to ensure that they collect important information for the site visit, however this is strictly information based. A well designed visit tool could support an inclusive day-to-day engagement with stakeholders. Engaging with unions & business groups on the development of the tool can contribute to improved ownership & engagement in the process & outcomes of visits.

### **Management and reporting systems**

There is currently no central repository for feedback from stakeholders that is then acted upon. Information and methods are not shared and stakeholder insights are not fed back to a central area. This means FWBC may not be aware of all stakeholder issues, particularly as they are emerging. Being across emerging issues enables an organisation to respond & address these issues before they escalate. There is also no central repository with information on who our stakeholders are and what focus we should take with them or what's happening in the industry.

### **Events strategy**

Attendance at events, such as a trade shows, is decided on an ad hoc basis and is not assessed strategically. Attendance is rarely assessed for return on investment afterwards, or leads on where we can put resourcing in the future.

## Staff support

There is no support to help staff with their stakeholder engagement. Currently, some State Directors and Team Leaders put in place a mentoring program. They pair staff that they know are good with stakeholder engagement, with other staff that need training.

Areas identified where staff needed more support include:

- Standardised, consistent nation-wide site visit protocol
- Standard templates for project management and engagement
- Correct, in-depth, up-to-date information on stakeholders
- Soft skills on how to engage
- Stakeholder engagement planning.

## 2.3 Analysis of best practice stakeholder engagement methodologies

An analysis of industry best practice was conducted to determine the best methodology for FWBC stakeholder engagement. The methodologies selected for review were:

1. AA1000 Stakeholder Engagement Standard
2. The salience model
3. International Association of Public Participation Engagement model (IAP2).

### 2.3.1 AA1000 Stakeholder Engagement Standard

The [AA1000 Stakeholder Engagement Standard](#) is an internationally recognised framework that provides a simple set of overarching principles for stakeholder engagement. It deals with the quality of stakeholder engagement, rather than simply the mechanisms and processes that make up the engagement process. Stakeholder engagement is defined by the Standard as ‘the process used by an organisation to engage relevant stakeholders for a clear purpose to achieve accepted outcomes.’

The framework is open source and is designed to be compatible with other key standards such as the GRI guidelines, SIGMA guidelines, SA8000, the ISO Series and financial accounting standards.

The Standard is regularly used by the public and private sector for diverse types of stakeholder engagement. Government departments that have used the Standard include FAHCSIA, DIAC, and the Department of Environment, Water, Heritage and the Arts. Private sector companies include Rio Tinto, Wesfarmers, Transurban, Amcor, Shell, AGL, NAB, ANZ and Westpac.

The AA1000 Standard outlines how it is essential for an organisation to understand its stakeholders, their issues, and how to engage them. In addition, in order to be really accountable, a business must act according to these issues and subsequently communicate their progress in addressing them.

### Determining the scope of engagement

Stakeholder Engagement planning under the Standard starts with:

1. Establishing the purpose of the engagement
2. Determining the mandate ownership and stakeholders of the engagement
3. Establishing the scope of the engagement associated with the purpose.

Successful engagement is dependent on understanding why the organisation should engage, what to engage on and who needs to be involved in the engagement.

This is summarised in the diagram below:



## Planning, preparing, implementing and acting

Having established the purpose, scope and stakeholders for the engagement, the organisation needs to ensure that a quality stakeholder engagement process is in place. The AA1000 Stakeholder Engagement Process includes four stages:

1. Plan
2. Prepare
3. Implement
4. Act, Review, Improve.

This is summarised in the diagram below:



Each of the four stages includes specific steps:

**1. Plan**

- Profile and map stakeholders
- Determine engagement level(s) and method(s)
- Identify boundaries of disclosure
- Draft engagement plan
- Establish indicators

**2. Prepare**

- Mobilise resources
- Build capacity internally
- Identify and prepare for engagement risks

**3. Implement the engagement plan**

- Invite stakeholders to engage
- Brief Stakeholders
- Engage
- Document the engagement and its outputs
- Develop an action plan
- Communicate engagement outputs and action plan

**4. Review and improve**

- Monitor and evaluate the engagement
- Learn and improve
- Follow up on action plan
- Report on engagement

## The AA1000 Accountability Principles Standard

Following the AA1000 Stakeholder Engagement Standard requires that organisations also sign up to the [AA1000 Accountability Principles Standard](#).

Commitment to the AA1000APS principles and the integration of stakeholder engagement into governance, strategy and operations require stakeholder engagement to be used systematically and regularly across the organisation by every externally facing business unit.

There are three AA1000 Principles:

- Inclusivity
- Materiality
- Responsiveness

### Inclusivity

Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to issues. Inclusivity requires a defined process of engagement and participation that provides a comprehensive and balanced involvement and results in strategies, plans, actions and outcomes that address and respond to issues in an accountable way.

An organisation will adhere to the principle of inclusivity when:

- It has made a commitment to be accountable to those on whom it has an impact or who have an impact on it.
- It has in place a process of stakeholder participation that:
  - is applied across the organisation (e.g. group and local level);
  - is integrated in the organisation, and
  - is ongoing and not 'one off'.
- It has in place, or has access to, the necessary competencies and resources to operate the process of stakeholder participation.
- The stakeholder participation process:
  - identifies and understands stakeholders, their capacity to engage, and their views and expectations
  - identifies, develops and implements appropriate, robust and balanced engagement strategies, plans and modes of engagement for stakeholders
  - facilitates understanding, learning and improvement of the organisation
  - establishes ways for stakeholders to be involved in decisions that will improve performance of the agency
  - builds the capacity of internal stakeholders and supports building capacity for external stakeholders to engage, and

- addresses conflicts or dilemmas between different stakeholder expectations.
- The stakeholder engagement results in the involvement of stakeholders in developing and achieving an accountable and strategic response to material issues.

### Materiality

Materiality is defined as determining the relevance and significance of an issue to an organisation and its stakeholders.

A material issue is an issue that will influence the decisions, action and performance of an organisation or its stakeholders.

To make good decisions and actions, an organisation and its stakeholders need to know what issues are material to the performance of the organisation.

The process is designed to ensure that comprehensive and balanced information is input and then analysed. An organisation needs to input the right types of information from the right sources, covering an appropriate time period.

An organisation will adhere to the principle of materiality when:

- It has in place a materiality determination process that:
  - is applied across the organisation (e.g. group and local level);
  - is integrated in the organisation, and
  - is ongoing and not 'one off'.

It has in place, or has access to, the necessary competencies and resources to apply the materiality determination process.

- The materiality determination process:
  - identifies and fairly represents issues from a wide range of sources including the needs and concerns of stakeholders, societal norms, financial considerations, peer-based norms and policy-based performance and understands their context
  - evaluates the relevance of the identified sustainability issues based on suitable and explicit criteria that are credible, clear and understandable as well as replicable, defensible and assurable
  - determines the significance of the identified issues using criteria and thresholds that are credible, clear and understandable as well as replicable, defensible and assurable
  - takes into account the changing context and maturity of issues and concerns, and includes a means of addressing conflicts or dilemmas between different expectations regarding materiality.
- The materiality determination process results in a comprehensive and balanced understanding and prioritisation of its material issues.

### Responsiveness



Responsiveness is an organisation's response to stakeholder issues that affect its performance and is realised through decisions, actions and performance, as well as communication with stakeholders.

Since responses will compete for available resources, responses are necessarily prioritised. This prioritisation needs to be consistent with other strategies and operations, as well as with stakeholder interests, and communicated to stakeholders. An organisation seeks to allocate adequate resources for responses.

Resources are adequate when they allow the organisation to achieve its stated commitments within the stated time period and to communicate its responses in a way that is consistent with stakeholder interests and expectations.

An organisation will adhere to the principle of responsiveness when:

- It has in place a process for developing appropriate responses that:
  - is applied across the organisation (e.g. group and local level);
  - is integrated in the organisation
  - is ongoing and not 'one off'
  - is based on a comprehensive and balanced understanding of the response to material issues expected by stakeholders
  - involves stakeholders as appropriate
  - considers the relationship between the maturity of an issue and the appropriateness of a response
  - prioritises responses, taking materiality and resource requirements into account, and considers the timeliness of response.
- It has in place, or has access to, the necessary competencies and resources to achieve its commitments.
- It responds in a comprehensive and balanced way to material issues.
- It responds in a way that addresses the needs, concerns and expectations of stakeholders.
- It responds in a timely way.
- It has in place a process to communicate with stakeholders that:
  - is applied across the organisation (e.g. group and local level);
  - is integrated in the organisation, and
  - is ongoing and not 'one off'.
- The communications process:
  - reflects the needs and expectations of stakeholders;
  - is comprehensive and balanced, identifies shortcomings and prevents material misstatements, and is accessible to stakeholders.
- It uses suitable principles, frameworks or guidelines for reporting.

### 2.3.2 Salience model

The Salience model is a popular way of mapping stakeholders and is regularly used as a model in the Project Management Body of Knowledge (PMBOK).

Salience is the intensity of claim, attention and priority attached to a stake. It is also the degree to which a claim demands immediate attention. The urgency associated with stakes therefore is often not static but dynamic. In each project,

there is a need to monitor the stakeholders and their stakes and respond to their dynamism in order to avoid any negative effects.

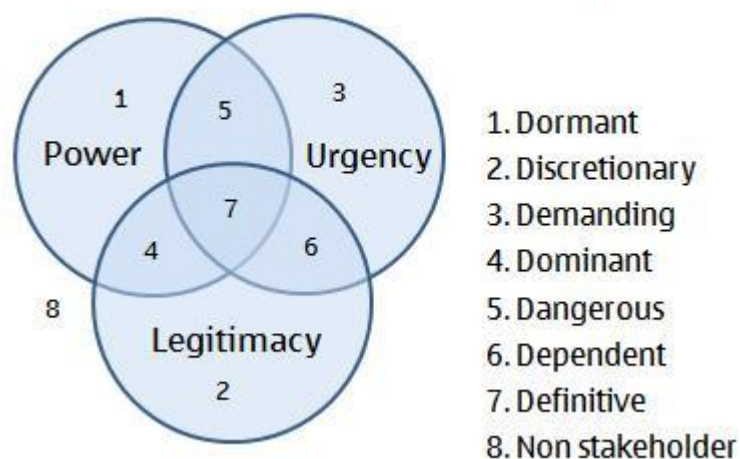
Relevant stakeholders are those individuals, groups of individuals or organisations that affect and/or could be affected by an organisation's activities, products or services. An organisation may have many stakeholders, each with distinct attributes and often with diverse and sometimes conflicting interests and concerns.

The salience model identifies stakeholders and classifies them according to three major attributes -

1. Power – to influence the organization or project deliverables (coercive, financial or material, brand or image)
2. Legitimacy – of the relationship & actions in terms of desirability, propriety or appropriateness
3. Urgency – of the requirements in terms of criticality & time sensitivity for the stakeholder.

Based on the combination of these attributes, priority is assigned to the stakeholder and an engagement method is recommended.

### Stakeholder Management: Salience Model



Below is a description of each type of project stakeholder as per the Salience Model:

- 1) Dormant:** These stakeholders only get into the project if something goes wrong. They must be kept in the loop with status updates, but are generally not involved.
- 2) Discretionary:** Give these stakeholder regular status updates only.
- 3) Demanding:** If you spend too much time and effort on these stakeholders, you won't actually gain project mileage. There are other more important people to work with.
- 4) Dominant:** Such project stakeholders have power and legitimacy, but do not have urgency. You should focus on their expectations, but there is not a lot of urgency.

**5) Dangerous:** These stakeholders have power and urgency, but no legitimacy. There are generally a senior stakeholder trying to force their views on the outcome of your project, without really being a part of it. A Project Manager needs to keep such stakeholders appropriately engaged or satisfied.

**6) Dependent:** These project stakeholders have no real power on the project. However, they need to be managed because they can quite easily choose to align themselves with other project stakeholders and hence influence your project.

**7) Definitive:** These are the critical project stakeholders. A project manager needs to provide focused attention to these stakeholders.

**8) Non-stakeholders:** These people are not stakeholders in the project. Investing time and effort on such people will not help you shape the outcome of your project in any manner.

## Willingness to engage

The Stakeholder Engagement team recommends that stakeholders are also assessed on their willingness to engage as well as their salience. If there is unwillingness, it is advisable to investigate the reasons for this. Sometimes, this may be due to circumstances which you can control and change. In other circumstances, it is important to acknowledge the stakeholders' right not to engage.

### 2.3.3 IAP2 Public Participation Spectrum

The IAP2 Public Participation Spectrum represents stakeholder engagement as a continuum of activities, as shown below. At one end of the spectrum, community engagement may involve no more than a basic level of interaction with the local community, such as providing information about the operation. This is often facilitated through information booths, media releases, newsletters, brochures, mail out programs,

Once key stakeholders have been identified, the process becomes more than information gathering and dissemination and moves towards a two-way interactive mode.

The involvement and collaborative steps represent more active and, at times, stakeholder-driven interaction. Activities in these areas can include workshops and discussion groups, learning circles, interviews, reference groups and community consultative committees. At the other end of the spectrum, empowerment represents a level of engagement that can extend to participation in planning and decision-making. The more advanced an operation or project is in terms of its engagement processes, the more use it will make use of techniques to the right of the spectrum.

Sometimes more basic forms of engagement, such as information provision, will be entirely appropriate. These processes should be used and viewed as being part of an overall engagement process designed to enable appropriate engagement by all stakeholders. Empowerment is important, but it should not be the objective of every stakeholder interaction. A variety of approaches will be required at different times and on different issues.

The IAP2 Public Participation Spectrum was specifically developed for public policy development and is helpful for thinking about engagement. However, it applies more easily to consultation processes around specific events or decisions than to relationships that may span decades.

## IAP2 Public Participation Spectrum

INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
Public participation goal:	Public participation goal:	Public participation goal:	Public participation goal:	Public participation goal:
To provide the public with balanced and objective information to assist them in understanding the problems, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
Promise to the Public:	Promise to the Public:	Promise to the Public:	Promise to the Public:	Promise to the Public:
We will keep	We will keep you	We will work with	We will look to	We will

You informed.	informed, listen to and acknowledge concerns and provide feedback on how public input influenced the decision.	you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	implement what you decide.
Example Techniques to Consider:	Example Techniques to Consider:	Example Techniques to Consider:	Example Techniques to Consider:	Example Techniques to Consider:
<ul style="list-style-type: none"> <li>• Fact sheets</li> <li>• Web Sites</li> <li>• Open houses</li> </ul>	<ul style="list-style-type: none"> <li>• Public comment</li> <li>• Focus groups</li> <li>• Surveys</li> <li>• Public meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Workshops</li> <li>• Deliberate</li> <li>• polling</li> </ul>	<ul style="list-style-type: none"> <li>• Citizen Advisory</li> <li>• Committees</li> <li>• Consensus building</li> <li>• Participatory Decision making</li> </ul>	<ul style="list-style-type: none"> <li>• Citizen juries</li> <li>• Ballots</li> <li>• Delegated decisions</li> </ul>

## Conclusion

While both the salience model and IAP2 public participation model are popular in Australia, they are most useful for stakeholder engagement around discrete projects with a defined beginning and end point. For example, engagement around a specific policy decision, or a decision that may affect people's environment.

Both the salience model and IAP2 are simple models for engagement that do not contribute much to helping manage relationships that should last and develop across a long period of time. Specialist Federal and State building industry workplace relations regulation has existed for at least two decades, and currently there is agreement on both sides of politics for a need for a strong workplace relations regulator in the building and construction industry. FWBC should aim to create strong stakeholder relationships with this long term view of its placement in the industry.

The AA1000SE is transferable and applicable for any organization that is seeking to significantly improve its stakeholder engagement function. As the AA1000SE does not prescribe a particular methodology for specifically mapping stakeholders or deciding on how to engage with stakeholders, stakeholder engagement professionals are able to integrate components of the salience mapping model, the IAP2 Participation Spectrum and other methodologies into their use of the AA1000 SE Standard.

The AA1000 SE Standard also has the benefit of being developed by industry experts and a multi-stakeholder audience, and is being rolled out into international policy, government and industry (See 2.4 below for examples).

Importantly, leading organisations in the assurance/insurance industry have stated that they will not underwrite construction and mining projects that fail to properly demonstrate effective engagement of stakeholders in processes. The AA1000 SE Standard allows for companies and agencies to be externally assessed for their ability to effectively engage with stakeholders. Once implemented across the organization there is a measurable standard that the agency can be assessed against in the quality of its processes for stakeholder engagement.

For these reasons, the Stakeholder engagement team is recommending that FWBC choose the AA1000 standard as the primary framework when engaging with stakeholders, and that it form a central training plank of the agency's staff development.

## 2.4 Review of public and private sector use of AA1000SES

[AccountAbility](#) built upon the [GRI Reporting Guidelines](#) to form the internationally utilised AA1000 assurance standard. This framework provides guidance on establishing a systematic stakeholder engagement process to generate indicators, targets and reporting systems. AA1000 can be used in two ways: as an independent tool or in conjunction with other corporate responsibility (CR) standards.

Many public and private sector organisations use the AA1000 SES as the primary methodology for their conducting of stakeholder engagement. Some examples are detailed below:

### Department of Immigration & Citizenship

The department's stakeholder relationships - national and regional - are supported by a strategic approach at the agency level. This is overseen by a high level Steering Committee chaired by the Secretary. The strategic work draws upon the AA1000 international standard on stakeholder engagement.

DIAC's initiatives include:

- Client reference groups
- Specific purpose groups (Migration Institute, Onshore Protection Practitioners Meetings, Quarterly Local Migration Review Tribunal/Refugee Review Tribunal liaison meetings, Settlement Planning Committees)
- A publically available [Stakeholder Engagement Practitioner handbook](#), based on the AA1000 Stakeholder Engagement Standard
- ongoing identification of key national stakeholders
- continued development of a stakeholder mapping template so all areas can identify and categorise stakeholders
- consulting with key stakeholder groups in relation to overall approach and performance
- application of government and international good practice to the department's environment
- review of the scope and performance of current formal structures
- developing systems to monitor and measure the effectiveness of the Department's stakeholder engagement.

For more information, see:

<http://www.immi.gov.au/about/stakeholder-engagement/>

**FAHCSIA**



FAHCSIA developed a program that draws on AA1000 which culminated in their issuing an Independent Assurance Statement as a component of sustainability reporting.

FAHCSIA's process included:

- Development of a materiality register using the five-part materiality test, including a comparison of FaHCSIA against its peers, a risk review, a review of selected Australian media reports and a policy review
- Branch and Section manager interviews to assess the effectiveness of policy, procedures and frameworks in place to manage sustainability within the organisation.
- A review of the processes used by FaHCSIA to engage with its internal stakeholders and the outcomes of this engagement undertaken during the reporting period, in order to understand the nature of material issues raised by stakeholders.
- A review of FaHCSIA's key sustainability strategies, policies, objectives, management systems, measurement and reporting procedures and supporting documentation.
- A series of interviews with key personnel responsible for collating data and writing various parts of the report in order to substantiate the veracity of selected claims.
- A review of the report for any significant anomalies, particularly in relation to significant claims as well as trends in data.
- Examination of the aggregation and/or derivation of, and underlying evidence for 50 selected data points and statements made in the report and evaluation of the data and statements against the GRI G3 principles of quality.
- Collecting and evaluating evidence to support the assurance work undertaken.
- A GRI G3 application level check.

For more information see:

<http://www.fahcsia.gov.au/about/publicationsarticles/corp/sustainability/Documents/2009/attachment2.htm>

## **Department of Sustainability, Environment, Water Population and Communities 2005-2006 (Now Department of Environment, Water, Heritage and the Arts)**

The Federal Environment Department commissioned URS Australia Pty Ltd (URS) to provide independent assurance of the non-financial content of their Triple Bottom Line Report in 2005-06.

URS's approach was based on the AA1000 Assurance Standard and involved:

- interviewing management and key selected internal and external stakeholders to ascertain their views on, and responses to, the material social and environmental issues faced by the Department, and the communication of these issues;
- a review of the Department's key social and environmental strategies, policies, objectives, targets, management systems, measurement/data collection and reporting procedures and background documentation;
- a review of the report for any significant anomalies;
- an overall assessment of the embeddedness of the Department's key economic, environmental and social policies;
- a series of interviews with key personnel responsible for collating and writing various parts of the report in order to ensure selected claims were discussed and substantiated;
- the examination of the aggregation and/or derivation of, and underlying evidence for, 50 selected data points that would form part of the report; and
- a review of selected external media sources relating to the Department's social and environmental performance. Our scope of work did not involve verification of the accuracy and robustness of financial data, other than that relating to broader environmental and social accounts. The Australian Antarctic Division in Tasmania was visited as part of the assurance process, but the Parks Division's data was only verified by desk-top analysis of selected data sources and through electronic communication with the Division's staff. It is recommended that the Division and its Supervising Scientist located in Darwin be visited next year.

For more information see:

<http://www.environment.gov.au/about/publications/sustainability/05-06/assurance.html>

## Private sector use of AA1000 Standard

Several corporate stakeholders employ AA1000 including:

- Wesfarmers
- Transurban
- NAB
- ANZ
- Westpac
- AGL
- Woolworths Ltd
- Amcor
- Shell
- Samsung
- Hyundai
- Rio Tinto
- Coca Cola
- Vodafone
- AA1000 is also endorsed by the International Council of Mining and Metals.

## Part 3: Strategy

The role of the Stakeholder Engagement function in FWBC is not to conduct all stakeholder interactions for the agency, but to facilitate and support the agency in its capacity to conduct its stakeholder interactions.

The Stakeholder Engagement team can act as a coordinator and capacity builder within the organisation, just as FWBC acts as a capacity builder in the industry it regulates.

Five major strategies have been developed, with specific tactics to sit underneath them to ensure that the entire agency engages as a whole with its stakeholders.

The strategies are:

1. Drive culture change through leadership staff
2. Build staff capacity to engage
3. Increase our knowledge of stakeholders and facilitate information sharing
4. Create high-level stakeholder reference workshops
5. Stakeholder Engagement team to nationally coordinate strategies to access key stakeholders

### 3.1 Drive culture change through leadership staff

Successful engagement depends on understanding the purpose, scope and stakeholders in the engagement (Why, what and who). Each external facing business unit in FWBC has the best knowledge of their stakeholders and should take responsibility for managing and engaging with them.

FWBC needs to adopt an approach to stakeholder engagement that is:

- more systematic
- aligned with strategic imperatives and integrated with existing systems
- subject to regular performance evaluation
- more consultative and collaborative to the development of relationships with major stakeholders. It must include early issues identification and effective issues and opportunities management
- owned by the management and staff of FWBC.

In order to raise the general level of competency in strategic stakeholder engagement, and ensure that FWBC leadership staff own the outcomes, it is proposed that a stakeholder engagement training forum is conducted for all FWBC leadership staff and professionally facilitated.

The forum will consist of:

- training in stakeholder engagement methodology for all leadership staff (AA1000SES, IAP2, salience model)
- Analysis of SoSi Goal 3 in the context of strategic stakeholder engagement
- mapping of issues facing the agency
- business unit/geographic specific stakeholder mapping exercise
- identification of key stakeholder engagement targets for the next financial year (for example, the union movement)
- Prioritisation of stakeholder groups to engage with on specific issues
- nomination of designated stakeholder managers for management of relationships with key stakeholder groups.

After the forum, there will be a period of development of annual stakeholder engagement plans for each business unit. These will be implemented by designated stakeholder managers across the organisation. Each plan will have clear objectives, strategies, key messages, activities and accountabilities.

The Stakeholder Engagement team will be charged with managing the framework/system and supporting the stakeholder managers in their engagement roles.

The performance of the agency as a stakeholder engaging agency will be tracked by using stakeholder tracking research and, in time, external assessment against the AA1000 SES framework.

**Tactics**

- Professionally facilitate a stakeholder engagement forum for leadership staff
- Build stakeholder engagement plans into the business planning process of the agency
- Continue tracking research into stakeholder opinions of FWBC
- Investigate gaining AA1000SES assurance for the FWBC

### 3.2 Build staff capacity to engage

The Stakeholder Engagement team will take primary responsibility for facilitating the development of the strategic understanding, behaviours, mindsets and people skills that our employees need to effectively engage internal and external stakeholders.

This will be done through:

- Training
- Improved governance processes
- Recruitment policies
- Internally promoting best practice engagement stories.

The Stakeholder Engagement team is also committed to providing the tools, templates and resources for employees to engage effectively with their stakeholders.

This will be done through:

- Organisation wide gap analysis against the criteria in the AA1000 Stakeholder Engagement Standard
- Creating templates, tools and resources to aid best practice engagement
- Providing advice on best practice stakeholder engagement.

#### **Tactics:**

- Integrate stakeholder engagement into governance
  - Stakeholder Engagement team will review and integrate best practice stakeholder engagement practices into all relevant policies and processes for strategy development, governance documentation and operations management
- Training
  - Training for all leadership staff (EL1+) in strategic stakeholder engagement (e.g. IAP2, AA1000SES)
  - Work with PLC and Field Operations to ensure that all relevant training and learning programs incorporate a stakeholder engagement section e.g. the 5 day Introduction to Field Operations and any technical training in Field Operations. The Stakeholder Engagement team will provide scenarios and case studies to support the training.
  - Stakeholder Engagement team to assist other branches to access their relevant stakeholder groupings and advise on best practice engagement
- Tools, templates and resources
  - Organisation wide gap analysis - Identification of areas where stakeholder engagement can be improved and implementation of solutions
  - Templates, tools and resources created to embed stakeholder engagement into the organisations business (e.g. templates on how to consult, how to profile and map stakeholders, manage a project, letters, best practice site visit behaviours, stakeholder engagement

toolkit)

- Recruitment and induction
  - Consultation with People, Learning and Culture to ensure that the agency's organisational structure, processes and capabilities can achieve the FWBC's strategic intent in Goal 3
- Internal promotion
  - Promoting good examples of stakeholder engagement internally to ensure that staff are aware of our commitment to SoSi Goal 3.



### 3.3 Increase knowledge of stakeholders and facilitate information sharing

There is a need for better systems to support agency stakeholder engagement, including the capacity to:

- Give business units a way to compile a profile of their key stakeholders before project planning
- Segment stakeholders into different groups, and flag the approach appropriate for this group
- Track our interactions with stakeholders more closely
- Systematically analyse the stakeholder data that results from engagement so that business units can extract full value from this data
- Find information on the Building and Construction industry more generally.

Research allows business units to identify strengths and weaknesses and ultimately develop strategies to engage effectively with their stakeholders.

The Stakeholder Engagement team will source and support the use of industry and stakeholder intelligence for staff.

Current database resourcing of the Stakeholder Engagement team includes:

- Nexis
- CCH Political
- Ibis World Reports
- AAP Media monitors
- Directory of Australian Associations
- Stakeholder contact details
- National Guide to Government
- BCI
- Who's who in Australia
- CEDA
- Company 360
- OECD Olisnet
- ABS microdata
- Ejournals portal
- Margaret Gee's Australian Media Guide
- Media Monitors
- AAP
- Construction Industry News

In the short term, the Stakeholder Engagement team will provide instructional guides and templates for staff on how to use these resources and research available technology for how best to use the data contained in them.

In the long term, the team will feed into the scoping of the AIMS replacement to ensure that the organisation can distil and report on stakeholders in a way that is relevant, easy to access and use.

**Tactics:**

- Conduct a knowledge audit of agency databases and intelligence. Centralise stakeholder databases
- Stakeholder Engagement team to scope and create an up-to-date database of stakeholder contact details
- Instructional guides and stakeholder profiles templates created
- AIMS replacement – commence scoping of a CRM integrated/aligned with the FWBC case management system.
- Explore available products for a stakeholder knowledge bank support system

### 3.4 Create high-level stakeholder reference workshops

While FWBC has traditionally worked well on a state-by-state basis with large stakeholders such as employer groups and head contractors, this has rarely been conducted with a consistent nationwide focus. Similarly, although the FWBC has tried to work with unions, this has rarely resulted in any response

Large industry and unions regularly interact with us through our compliance processes. To improve our regulatory outcomes and to facilitate voluntary compliance, we should approach these interactions in the context of a relationship, and look to how this relationship can both be developed and maintained.

Large industry and unions expect from us:

- increased openness and dialogue
- certainty
- consistency
- timely response and good guidance
- speedy resolution of issues.

In addition, FWBC must engage by:

- coordinating our contact with them, rather than multiple contacts being initiated by different sections of the organisation
- ensuring that we contact the appropriate stakeholder in an organisation for the issue at hand.

With the transition to the new agency, a new Act, new powers and a change in agency focus, there are a multitude of topics that we can engage with industry and unions over. These include consultation on:

- The Building Code
- New regulatory regime consultation process
- Setting up information sharing with industry
- Separate union consultation on new regulatory regime as well as information sharing on issues such as sham contracting, underpayments, discrimination and education.

**Tactics**

- Periodic stakeholder forums with specific terms of reference to work through with MBA, CFMEU, Head Contractors. These will be similar to the social partner working groups or the ATO Engagement framework
- Consultation with unions and employer orgs on the new guidance notes and manuals
- Implementation of social partner working groups for consideration of next steps from the sham contracting research
- Consultation on education and regulatory materials

### 3.5 Stakeholder Engagement team to nationally coordinate strategies

The Stakeholder Engagement team already nationally coordinates a number of strategies that manage our interactions with key stakeholder groupings. This includes:

- Promotion and management of the media profile of the organisation
- Management of the agency's Parliamentary relationships, including the Senate Estimates process.

The team will also take on responsibility for the management of:

- Culturally and Linguistically Diverse stakeholders engagement strategy
- Coordination of the social partner working group
- A consistent well thought out national events strategy
- A sponsorships strategy.

The Stakeholder Engagement Team will select, support and take responsibility for other future stakeholder engagement opportunities. The team will also facilitate and help co-ordinate the work of state offices.

#### **Tactics**

- Promote and manage the media profile of the organisation
- Management of the agency's Parliamentary relationships, including the Senate Estimates process
- Stakeholder Engagement to advise and help coordinate management of MOUs
- Culturally and Linguistically Diverse stakeholder engagement strategy developed
- Coordination of the social partner working group according to AA1000 methodology
- A consistent well thought out national events strategy
- A sponsorships strategy

## Appendix A

### Literature review: Strengthening regulatory outcomes through stakeholder engagement

#### The role of government regulators in citizen-engagement

- The Australian Public Service has been involved in ongoing reform toward integrating concepts such as co-creation and co-production since the 1976 Coombs Royal Commission from which emerged a whole-of-government approach to public administration.
- The Australian Government's report *Ahead of the Game*—the 2010 'blueprint' for the reform of the APS reflects that over the past decade government agencies and regulators have increasingly viewed the public as 'citizens', whose agency matters and whose right to participate directly or indirectly in decisions that affect them should be actively facilitated.
- In a similar vein, the 2010 APSC report *Empowering Change: Fostering innovation in the Australian Public Service* argued for 'openness in the development and implementation of government policy'.
- One of Australia's most senior public servant, Terry Moran AO, advocates that the engagement of citizens is 'not only the right thing to do but will provide a rich new source of ideas to government'.<sup>1</sup>
- Creating genuine engagement in the 'co-production' of regulation and services strengthens the regulatory capacity of the Australian government. Joint determination of outcomes confer legitimacy of outcomes:

"Citizen engagement has both an *intrinsic* and *instrumental* value. It has an intrinsic value because it leads to a more active citizenry. It elevates the public discourse, enhances transparency and accountability. It increases the sphere within which citizens can make choices.

It has an instrumental value by encouraging debates that lead to broad-based consensus in support of government initiatives. In that sense it reduces political costs, and improves the likelihood of success of government actions."

The Honourable Jocelyne Bourgon PC, O.C (Canada)

---

<sup>1</sup> Moran, *The future of the Australian Public Service: challenges and opportunities*, CPA Australia's 2010 Neil Walker Memorial Lecture, 13 October 2010, viewed 6 January 2011, [http://www.dpmc.gov.au/media/speech\\_2010\\_10\\_14.cfm](http://www.dpmc.gov.au/media/speech_2010_10_14.cfm)

- Prominent British public policy adviser (and adviser to the Australian Government) Geoff Mulgan stresses governments must have sophisticated knowledge of the end-user of their services, if they intend to deliver usable services:

“[Today’s] citizens are far more educated, more knowledgeable, and more confident than their predecessors. As they use scientific knowledge and evidence of all kinds in their own lives-in everything from dietary choices to business decisions-they expect the same of their governments, are less willing to accept that governments have privileged insights, or that government is a mysterious dark art. Instead, in fields as varied as health care or climate change, they may have access to at least as much reliable information as government and are unlikely to respect governments which ignore what is known.

Geoff Mulgan

*‘Government Knowledge and the Business of Policy-making’,  
Canberra Bulletin of Public Administration, No.108, June 2003, p. 1*

### **Strengthening regulatory governance**

- Strengthening regulatory governance to support an integrated regulatory policy starts with the question of who exercises regulatory power, and a comprehensive understanding of “who does what” in terms of regulation, and how the different actors interact.
- At FWBC, we are increasingly acting on higher quality information about our stakeholders and their interactions.
- Through the Stakeholder Engagement Strategy we can now institutionalise this knowledge to improve our regulatory processes.
- By adopting a deliberative practice (resourcing a stakeholder engagement function) FWBC can improve the capacity of the industry it regulates to be self-relating. It can also improve the likelihood that claims a regulatory negotiation will be resolved swiftly by having pre-established trust and legitimacy with stakeholders involved in negotiations.

### **International perspectives**

- The results of an Organisation for Economic Co-operation and Development (OECD) survey undertaken as part of the *2011 Government at a Glance* on

service delivery indicate that the majority of OECD countries have adopted some form of co-production.

- Results show OECD governments primarily increase the involvement of citizens to achieve better quality service delivery (60%) and to reduce costs (23%), (See **ATTACHMENT 1** for further results).

#### **Examples of user-centred collaborative approaches in service delivery:**

- Volunteer community groups partnering with local police to increase the safety of their neighbourhoods.
- Patients with chronic diseases taking control of their health with the support of health care professionals.
- Faster roll-out of the NBN after deliberative community consent and collaboration process.
- Better implementation of land management regulations by engagement with remote Indigenous communities and employment of local indigenous rangers in those communities.
- ATO garnering ideas on governance arrangements for specific sectors from sector representatives, then using those networks to enforce compliance.

#### **Why engagement matters to Australian Governments**

Several Australian state, territory and local jurisdictions have articulated their commitments to citizen engagement in the form of specific, public declarations to that effect. Reasons given for prioritising stakeholder engagement in these declarations include:

- It improves the quality of policy being developed, making it more practical and relevant, and helping to ensure that services are delivered in a more effective and efficient way.
- is a way for government to check the health of its relationship with citizens directly—to check its reputation and status.
- reveals ways in which government, citizens and organisations could work more closely on issues of concern to the community.
- gives early notice of emerging issues, putting government in a better position to deal with them in a proactive way, instead of reacting as anger and conflict arise.
- provides opportunities for a diversity of voices to be heard on issues that matter to people.
- enables citizens to identify priorities for themselves and share in decision-making, thereby assuming more ownership of solutions and more responsibility for their implementation, and
- fosters a sense of mutuality, belonging and a sense of empowerment, all of which strengthens resilience.



[Research Paper No.1 2011-12](#) Parliament of Australia Parliamentary Library,  
*Brenton Holmes, Politics and Public Administration*

## **ATTACHMENT A: - Citizen engagement programs: Australian case studies**

*[extract - [Research Paper No.1 2011-12](#) Parliament of Australia Parliamentary Library, Brenton Holmes, Politics and Public Administration]*

### **Centrelink: building citizen-focused, collaborative services**

Centrelink was established in 1997 as a one-stop-shop for the integrated provision by the Australian Government of various human services and social support payments. It rapidly earned an international reputation for its cutting edge approach to service delivery. While Centrelink's statutory charter and institutional culture has 'historically been dominated by universalism and rule-based compliance, Centrelink is now seeking ways to be 'customer-centric, collaborative and flexible'.

Increasingly, Centrelink has responded to the complex needs of its clients by pursuing 'community engagement ... focussed on assisting the customer along a pathway to participation'. Creating opportunities for participation 'represents significant new ground for Centrelink and also best demonstrates the capacity of large government organisations to share resources and build community capacity'. At the heart of this new model is 'the development of relationships with other groups and individuals in the community' so that Centrelink can 'better understand who they are and what they offer'.

Relationships developed as a result of this 'better understanding' lead to shared initiatives to improve the accessibility of service delivery ... and then to collaborative efforts to address service gaps. ...

What is unfolding are initiatives which move beyond the existing service system, to create, together with other groups, new opportunities for participation.

Partnerships at the so-called 'creative level' involve more broad ranging strategies to address emerging community issues... The most successful partnerships engage people all over the community.

Pursuing such collaborative approaches has challenged Centrelink 'to bring about major cultural and institutional changes to support its partnership capability' and to deal with the more complex operational issues arising from genuine collaboration with citizens and non-government partners.

Centrelink has already developed a strong track record of on-the-ground activity in achieving its four key aims of communicating, coordinating, collaborating and creating opportunities for participation. Relationships between agency staff and communities, and personal trust, 'are critical to this process'.

## Collaborative approaches to complex environmental problems in Victoria

In 2001, the Victorian Government devised a statutory mechanism to facilitate 'community-based processes of decision-making and action' in dealing with local environmental issues commonly arising as the cumulative impact of multiple sources of pollution. This mechanism—which provides for the establishment of a Neighbourhood Environment Improvement Plan (NEIP)—establishes a formal process to bestow Environment Protection Authority (EPA) legitimacy upon locally developed responses to environmental issues. It 'abandons command and control in favour of collaboration and community-based decision-making'.

Under the legislation, a NEIP can be initiated by individuals, households, social organisations, businesses, 'green' groups, professional associations and financial institutions. Each NEIP must be sponsored by one of a list of prescribed protection agencies that have official duties or responsibilities under the Act. There is a series of steps that the community-based initiator(s) and their partners must go through to ensure the robustness, and broad community endorsement, of their proposal. The sponsor is required to act on behalf of the group to bring the proposal to VEPA for endorsement, and ultimately approval as a plan with legal status that is published in the Government Gazette.

An evaluation of three pilot NEIP projects (published in 2007) judged that 'it is clear ... NEIP is flexible and potentially capable of engaging with a diverse range of complex environmental challenges' and 'well-suited to policy solutions'. However, several challenges were thrown up by the pilots, including that:

- project participants were not broadly representative of the community
- the action plans, in order to comply with the NEIP legal framework, took between two and three years to develop, which acted as a deterrent to people's participation; and
- mobilising resources and funding for implementing planned initiatives in a timely and efficient way was the 'most problematic' issue.

A subsequent evaluation of NEIP, published in 2010, revisited some of these issues. It found that citizens' participation, for example, depended significantly upon the size of the community involved, the personal stake of individuals in the issue being addressed, and the perceived urgency of the matter. The demands made on the time and skills of participants were also found to be something of a barrier, and migrants' involvement was circumscribed by limited English-language skills. However, the evaluator judged that 'all programs included representation from a wide variety of affected individuals ... organisations ... and interests in numbers that appear significantly more "participatory" than traditional centralised regulation (which primarily relied on bureaucratic experts)'.

Key implications of the study focused on the capacities of potential participants, and the capacities of the public service agencies as facilitators of participation. For participants, time, effort and resources must be applied to reducing participatory barriers and imparting the 'necessary foundational capacities' for people to come to the table. For the public agencies, limited direction from senior managers, or vague

procedural guidance, about engaging with citizens and communities 'saw officials fail to scrupulously foster participation'.

### **Disability services in WA and Queensland: Local Area Coordination**

Local Area Coordination (LAC) emerged in Western Australia in 1988 'partly as a response to concerns about quality, costs and outcomes of traditional services' as well as a response to 'a range of new ideas about how individuals, families and communities can make a difference'.

The LAC framework observes a range of key democratic and autonomy-enhancing principles, including:

- people with disabilities have the same rights and responsibilities as all citizens to participate in and contribute to the life of the community
- people with disabilities and their families are in the best position to determine their needs, their goals, and to plan for the future
- people with disabilities and their families have natural (legitimate) authority and are best placed to be their most powerful and enduring leaders, decision-makers and advocates
- the lives of people with disabilities and their families are enhanced when they can determine their preferred supports and services and control the required resources to the extent that they desire.

LAC is essentially an exercise in enabling people with disabilities to co-design and co-produce the services and supports they need while also enabling them to contribute and share their own knowledge, skills and assets through their local LAC-inspired networks. Local Area Coordinators build and maintain effective working relationships with individuals, families and communities, provide accurate and timely information, assist with goal-setting and clarifying people's strengths and needs, facilitate practical solutions and support, promote self-advocacy and contributes independent advocacy when required, and build inclusive communities through partnerships and collaboration.

The entire endeavour militates against the disempowering condition of people feeling under-valued, not listened to, lacking control and having to 'fit in with the agenda of experts'.

If traditional services tend towards pigeon-holing people according to the needs they identify and the available service options before them, many co-produced services start somewhere else – more like: what sort of life does this person want? What does this person feel is a good life for them? They definitely don't start with the question: what services does this person need?

LAC is now operating across many Australian states, Scotland, Canada, Ireland and New Zealand, and a valuable body of research on its effectiveness has emerged. In the UK, analysis has shown that costs per person accessing the LAC approach are

'35 per cent lower than the average support package' and that LAC has 'a 58 per cent higher take up of people in receipt of disability support than other services'.

The findings of a detailed evaluation report on LAC for Disability Services Queensland were similarly positive. The evaluation found that 'in comparison with other DSQ programs, LAC offers highly cost effective support' and is 'a very low cost program ... which potentially offers supports to people with disabilities and families across most of the state's area, to those who have never received disability services'. It has given Queensland 'the most coverage in terms of disability services ever in its history'.

The LAC methodology has demonstrated personal, community and economic benefits. Its emphasis on 'bottom up', citizen-centric approaches has proven not only successful but sustainable.

There has been a very strong commitment to supervision and support in this program and this must be seen as a cornerstone of the success of the program. LAC has invested considerable time and money into the supervision and support of LACs and LAC practice. This has been an important safeguard in enabling the program to meet its objectives not just at the outset but to keep meeting those objectives. (*Emphasis in original.*)

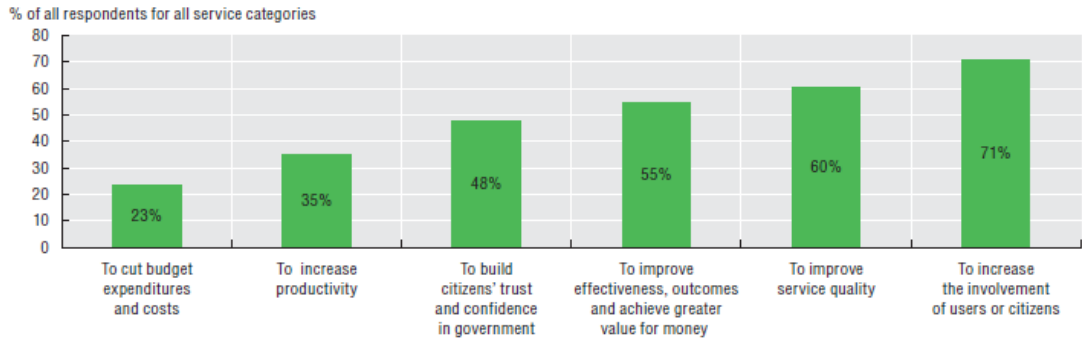
There are two significant implications for the work of LAC in this signpost. First, sustaining practitioners in difficult contexts is a serious challenge for all health and human services in rural and remote areas. Second, the translation of service ideals to the lived experiences of people with disabilities and families has proven to be a complex and difficult task. ...

It is our view that LAC has demonstrated a model for ongoing support and supervision which can begin to address both these challenges. (*Emphasis in original.*)

The assessors' overall view was unequivocal: 'we would state categorically that ... LAC ... has had a positive effect ... both short term and long term. We believe that the LAC program will be seen as the bench mark for best practice'.

## **ATTACHMENT B: OECD Survey Results – Partnering with citizens for service delivery**

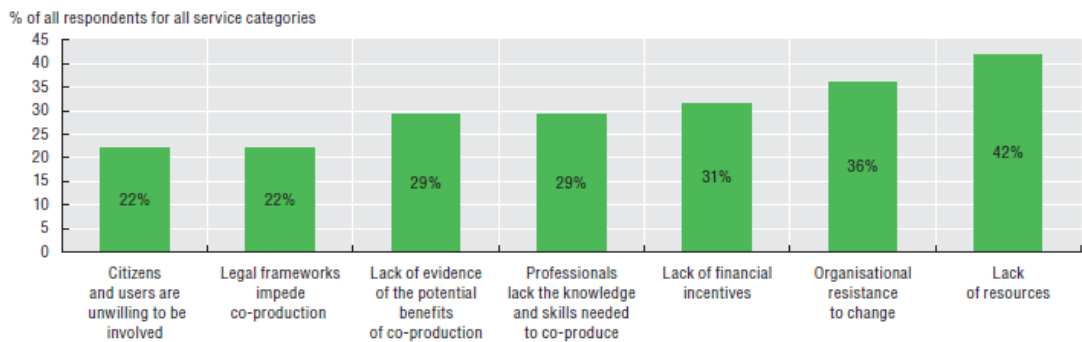
### 50.1 Reasons for partnering with citizens in public services delivery (2010)



Source: 2010 OECD Survey on Innovation in Public Services.

StatLink <http://dx.doi.org/10.1787/888932391336>

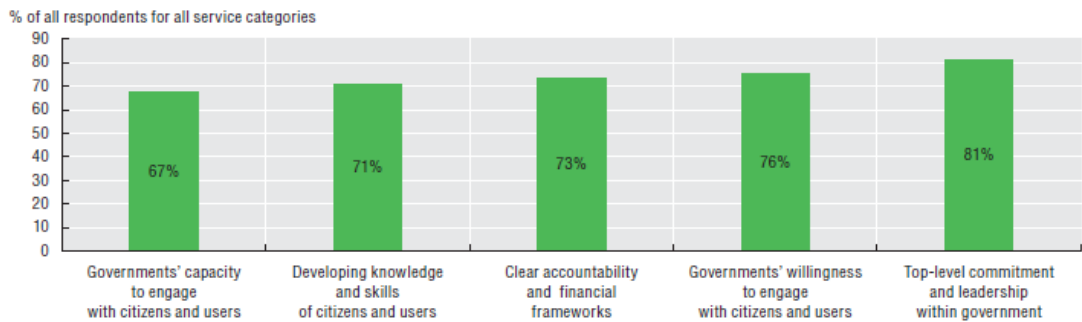
### 50.2 Barriers to partnering with citizens in public services delivery (2010)



Source: 2010 OECD Survey on Innovation in Public Services.

StatLink <http://dx.doi.org/10.1787/888932391355>

### 50.3 Factors leading to effective partnership with citizens in public services delivery (2010)



Source: 2010 OECD Survey on Innovation in Public Services.

StatLink <http://dx.doi.org/10.1787/888932391374>

OECD Directorate for Public Governance and Territorial Development – *Government at a Glance 2011*

Special Feature: *Partnering with citizens for service delivery:*