

1 December 2023

Stephanie Jolly
A/Executive General Manager – Consumer, Policy and Markets
Australian Energy Regulator
GPO Box 3131
Canberra, ACT, 2601

Via email: [REDACTED]

Dear Ms Jolly

Submission: Directions Paper – Social licence for electricity transmission projects

IAP2 Australasia welcomes the opportunity to provide a submission to the Directions Paper – Social licence for electricity transmission projects and commend you on leading this important initiative.

As the peak body for the community and stakeholder engagement sector, with almost 15,000 members, IAP2 Australasia believes that engagement, when done well, improves environmental, social and governance outcomes and increases trust in the democratic process.

The importance of effective and authentic engagement is well recognised in the Directions Paper stating:

“Effective engagement is fundamental to gaining the social licence needed to expand the transmission grid.”

“Effective engagement is also necessary to pass the regulatory planning and investment tests required under the National Electricity Rules.”

“Good engagement is also an important foundation for establishing the case for expenditure.”

The evidence for engagement is compelling. Community opposition has contributed to the delay, cancellation or mothballing of more than \$30B+ of infrastructure projects in the last decade (source: State of Infrastructure and Engagement: Highlights Report 2020-2021, ANU I2S). The 2019 Australian Infrastructure Audit found that better functioning cities and towns could deliver a \$29B increase in GDP in the long term and further the license the operate has been consistently highly rated as a key risk for business.

IAP2 Australasia advocates for **engagement to be embedded into policy and regulatory frameworks** and is pleased to provide an additional four recommendations.

1. Be clear what engagement is

There is currently a lack of understanding, among both decision-makers and the broader community, on what engagement is. Therefore, there is an opportunity to include a clear definition of what engagement is. IAP2 defines engagement as

“an intentional process with a specific purpose of working across organisations, stakeholders and communities to shape the decisions or actions of members of the community, stakeholders or organisation in relation to a problem, opportunity or outcome”.

2. Set and maintain standards for engagement

IAP2 advocates for community and stakeholder engagement to be undertaken in alignment with the IAP2 Quality Assurance Standard for Community and Stakeholder Engagement (**attached**).

The IAP2 Quality Assurance Standard for Community and Stakeholder Engagement sets an independent benchmark against which Transmission businesses can report their community engagement.

IAP2 recommends that the requirement to publicly report an engagement plan (and its outcomes) be a critical component of this overall engagement requirement, which would also support gaining and maintaining social licence.

3. Include engagement professionals at the strategic level

Engagement expertise is critical to the strategic considerations for project planning. Strategic engagement expertise will identify appropriate opportunities within a broader project plan to enable engagement to enhance a project, not simply pose a risk to be managed.

Involving engagement professionals at the strategic level, including embedding them as technical experts on advisory groups, will ensure that engagement standards are maintained (and strengthened).

Enhancing the status of the engagement profession, including at the project level, will build trust in the process and contribute to building social licence.

4. Further recommendations and calls to action

IAP2 Australasia advocates for all communities to be authentically engaged in decisions that affect them, in alignment with the IAP2 Quality Assurance Standard for Community and Stakeholder Engagement. We have three calls to action, with nine supporting recommendations (also see **attached**), being:

Call 1: Ensure authentic engagement

1. Earlier and ongoing engagement
2. Integrate stakeholder values
3. Adopt a user-centred approach

Call 2: Demonstrate a commitment to social accountability

4. Build and maintain social license
5. Strengthen collaboration
6. Improve transparency

Call 3: Improve environmental, social and governance outcomes

7. Strengthen governance and accountability
8. Improve contracting
9. Define authentic engagement in policy and/or legislation

We would welcome the opportunity to meet with you and/or relevant officials to discuss IAP2 Australasia's submission. We would also welcome the opportunity to facilitate a broader discussion with our membership, noting that our members have considerable expertise and can share lessons learned from their previous engagements. To organise a meeting, please contact me at [REDACTED].

Kind regards

[REDACTED]
Marion Short
Chief Executive Officer | IAP2 Australasia
[REDACTED]

About IAP2 Australasia

The International Association for Public Participation (IAP2) is the leading public participation organisation globally which seeks to promote and improve the practice of community and stakeholder engagement.

As an international leader in public participation, IAP2 has developed tools that are widely used and acknowledged. These include:

- IAP2 Core Values for Public Participation - for use in the development and implementation of public participation processes.
- IAP2 Spectrum - which assists with the selection of the level of participation that defines the public's role in any community engagement program. The Spectrum is widely used and is quoted in most community engagement manuals.
- **Quality Assurance Standard for Community and Stakeholder Engagement** - which is recognised as the international standard for public participation practice.

IAP2 Australasia has almost 15,000 members throughout Australia and New Zealand – and is committed to championing engagement that improves environmental, social and governance outcomes. Our vision is for “Authentic engagement, everyday”.

Policy Position:

As the peak body for the community and stakeholder engagement sector, IAP2 Australasia believes that engagement, when done well, improves social, environmental, and economic outcomes and increases trust in the democratic process.

We advocate for all communities to be authentically engaged in decisions that affect them, in alignment with the IAP2 Quality Assurance Standard for Community and Stakeholder Engagement.

The Evidence for Authentic Engagement

There is significant evidence to support the need for increased authentic engagement to reduce risk and speed up the delivery of projects to support Australia’s economic recovery. These include:

- Community opposition has contributed to the delay, cancellation or mothballing of more than \$30B of infrastructure projects in the last decade.
Source: State of Infrastructure and Engagement: Highlights Report 2020-2021, AUN I2S
- Better functioning cities and towns could deliver a \$29B increase in GDP in the long term.
Source: The Australian Infrastructure Audit 2019
- 80% of Australians indicate it is important that government considers the views of the community when planning or investing in major infrastructure.
Source: The Australian Infrastructure Audit 2019
- 82% of businesses said, “communicating and engaging with stakeholders openly was seen as the most critical factor for building trust”.
Source: Creating value and balancing stakeholder needs (KPMG and AICD survey – 2019)
- License to operate is the number 1 ranked risk.
Source: Top 10 Business Risks and Opportunities – 2020 (EY)