



# *Draft* AER Stakeholder Engagement Framework

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# 1 Introduction

The Australian Energy Regulator (AER) recognises that the decisions we make and the actions we take in performing our regulatory roles and other activities affect a wide range of individuals, businesses and organisations. While we have always engaged with the stakeholders impacted by our work, we are committed to improving the quality of our engagement.

Our vision is for our stakeholders to have the opportunity to engage with us across a range of our functions. To achieve this, we recognise that our stakeholders need to have trust that their input will be valued and, importantly, that the regulatory process can deliver outcomes that reflect stakeholders' needs and interests.

Our Stakeholder Engagement Framework works towards this vision by providing a structure that allows stakeholders' needs and interests to be consistently, transparently and meaningfully considered in our activities, including those processes through which we reach decisions.

The core objectives of our Stakeholder Engagement Framework are to:

- promote the achievement of national energy legislation objectives, so that energy services meet in the long term interests of energy consumers
- increase the transparency of our regulatory activities and processes, and increase participation in these activities and processes
- facilitate our ability to understand stakeholder concerns and interests and incorporate them into our processes and activities
- improve the way we communicate and engage with our stakeholders, including enhancing the clarity, accessibility, relevance and timeliness of our communication throughout our engagement processes.

## 2 About the AER

The AER regulates energy markets and networks. We operate under the Competition and Consumer Act 2010 (The Act). Our functions are set out in national energy market legislation and rules, and mostly relate to energy markets and networks in eastern and southern Australia. These functions include:

- setting the prices charged for using energy networks (electricity poles and wires and gas pipelines) to transport energy to customers
- monitoring wholesale electricity and gas markets to ensure suppliers comply with the legislation and rules, and taking enforcement action where necessary
- regulating retail energy markets in the ACT, South Australia, Tasmania (electricity only) and New South Wales. This includes enforcing compliance with retail legislation; authorising retailers to sell energy; approving retailers' policies for dealing with customers in hardship; administering a national retailer of last resort scheme; reporting on retailer performance, educating consumers and small businesses about their energy rights and managing the energy price comparison website, Energy Made Easy
- publishing information on energy markets, including the annual State of the energy market report and more detailed market and compliance reporting

We aim to make energy markets work better for consumers. Our decisions are guided by the objectives set out in national energy legislation.

These aim to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security of supply.

To achieve these objectives, we pursue the following goals:

- Promoting efficient investment, operation and use of energy networks.
- Building consumer confidence in energy markets.
- Promoting competitive and efficient energy markets.

We recognise that strengthening stakeholder participation in energy market decision making processes is an important element of achieving these goals.

This Framework is one of a range of actions we are taking to increase consumer participation in the market.

### **3 Purpose of the Stakeholder Engagement Framework**

This Stakeholder Engagement Framework provides the context in which we will plan and implement stakeholder engagement for identified projects, strategies and decision making processes.

It sets out the principles we will adhere to when we plan and carry out our engagement activities, so that the views and interests of our stakeholders are consistently and meaningfully considered, and that our stakeholders know this to be the case.

The Framework sets out the:

- scope of our engagement activities – who we will engage with and the kinds of issues we will engage with stakeholders on
- principles that will underpin our engagement activities
- different levels of engagement and the mechanisms we will use to engage with our stakeholders, recognising that tools and strategies must be tailored to suit the decisions, activities and processes we are seeking to engage on.

## 4 Scope of this Framework

### 4.1 Who are our stakeholders?

While the Stakeholder Engagement Framework relates closely to our engagement with energy consumers, we also need to engage constructively with energy businesses, policy bodies and other regulators and agencies affected by our activities and decisions. The principles and practices set out in this document are intended to cover our public engagement with these groups.

This Framework covers our public engagement with:

- *energy consumers* – including households; small and large businesses; large and industrial energy users
- *advocates and representative bodies* – including residential and small business advocacy groups; advocates for large energy users; consumer caseworkers
- *government/other regulatory agencies* – including jurisdictional energy ombudsmen; jurisdictional energy regulators; state, territory and national government departments
- *energy businesses* – including electricity generators; energy network operators; wholesalers; retailers; industry peak groups
- *investors* in the energy sector
- *media*, who may report on our decisions and activities.

### 4.2 What activities does this framework cover?

This framework covers a wide range of our public engagement activities, including:

- Engagement around regulatory issues, such as:
  - regulatory reviews of network pricing proposals
  - development of industry guidelines (such as our Retail and Better Regulation guidelines)
  - AER participation in Australian Energy Market Commission rule change processes.
- Strategic issues, such as:
  - our compliance and enforcement priorities

- changes to our processes and policies that have an impact on stakeholders
- Consumer capacity building and education activities
- Other specific projects that have the potential to impact on our stakeholders



## 5 Engagement principles

We have taken a principles-based approach to our stakeholder engagement activities. Each principle seeks to clarify the purpose of our engagement with stakeholders and guide how that engagement occurs.

### **Principle 1 – Clear, accurate and timely communication**

We will provide information that is clear, accurate, relevant and timely, recognising the different communications needs and preferences of different stakeholders and that effective communication involves listening and talking.

#### **How will we do this?**

We will provide information in a form that is understandable by the target audience and in a way that assists people to understand and make informed choices. This includes:

- using language that is appropriate for the target audience
- providing plain English summaries of key issues, impacts of decisions
- using a range of methods and mediums to communicate with consumers, and take steps to identify stakeholders' communication preferences
- providing opportunities for stakeholders to ask questions, seek clarification of information provided and to contribute their own experiences and information
- enabling stakeholders to access relevant information
- seeking stakeholder views as early in the process as possible
- establishing clear and realistic timeframes for stakeholder input
- maintaining engagement throughout the life of the process, activity or program (that is, from the planning phase to review and closure).

### **Principle 2 – Accessible and inclusive**

We will seek out stakeholders potentially affected by or interested in our activity, process or decision and provide them with the information they need to participate in a meaningful way.

#### **How will we do this?**

We will:

- as part of the planning for each project, identify the relevant stakeholders that may be interested in, or affected by, the issue
- identify and, to the extent possible, understand the interests and concerns of the relevant stakeholders
- recognise that adequate time and resources are needed by all stakeholders to effectively engage
- where necessary and appropriate, assist stakeholders to engage with us
- for each engagement activity, tailor engagement strategies to meet the needs of stakeholders
- acknowledge and respect the diversity of communities and stakeholders
- accept the different agendas of different stakeholders and take steps to hear all voices so that the dominant groups are not the only ones heard.

### **Principle 3 - Transparent**

We will clearly identify and explain the role of stakeholders in the engagement process and communicate how their input affected the decision or project.

#### **How will we do this?**

We will:

- clearly communicate to stakeholders the purpose of the engagement, our objectives, and what level of engagement we are undertaking (under the Stakeholder Engagement Spectrum, see further detail below)
- clearly articulate the processes for engagement in the decision, activity or process
- clearly communicate the decision-making processes
- provide feedback to stakeholders about their input, ranging from verbal feedback to written 'reasons for decisions'
- report openly the input from stakeholders
- provide information on any changes to the decision making process, engagement process or our objectives
- publicly report on the outcomes of engagement activities on our website and in our annual report.

## **Principle 4 – Measurable**

Evaluating our engagement activities is a critical element of good engagement as it allows us to understand what is effective, and improve the quality of our stakeholder engagement over time.

### **How will we do this?**

We will:

- use a range of methods to evaluate the effectiveness of each engagement activity, using this information to refine and improve future engagement activities
- publicly report on our engagement activities.

## **6 Stakeholder engagement spectrum**

We recognise that different levels of stakeholder engagement are appropriate depending on the objective, outcomes, timeframes, resources and levels of concern or interest in the project.

We have adopted a Stakeholder Engagement Spectrum (see Table 1 below) to illustrate the increasing levels of engagement we may use depending on the particular project or activity, and the different engagement methods that can accompany each level.

The spectrum provides a methodology for us to determine what level of influence stakeholders can have over an activity and therefore what level of engagement is appropriate.

At lower levels, we may determine that engagement simply means ensuring stakeholders are well-informed about our processes and outcomes. At higher levels, the spectrum illustrates that for some issues we may seek more direct stakeholder input. The level of engagement we use will be determined by the issue and what we are trying to achieve.

A key element of the spectrum is the recognition that each level of engagement involves a promise made to our stakeholders. At all levels, the promise should be clearly defined and understood by all participants and the decision makers.

The Engagement Tools are not included as an exhaustive list, but an indication of the kinds of techniques we may use, depending on the issue and our objective.

**Table 1 – Stakeholder Engagement Spectrum**

Stakeholder Engagement Spectrum	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
<b>STAKEHOLDER PARTICIPATION GOAL</b>	To provide stakeholders with balanced and objective information to help them understand the process, problems, proposed solutions and outcomes.	To obtain stakeholder input on analysis, proposed solutions and outcomes.	To work directly with stakeholders throughout the process to ensure that public issues and concerns are consistently understood and considered.	To partner with stakeholders in the process, including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
<b>OUR PROMISE TO STAKEHOLDERS</b>	<i>We will keep you informed.</i>	<i>We will keep you informed, listen to and acknowledge concerns and provide feedback on how stakeholder input influenced the decision.</i>	<i>We will work with you so that your concerns and issues can be directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.</i>	<i>We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.</i>	<i>We will implement what you decide.</i>
<b>EXAMPLE OF ENGAGEMENT TOOLS</b>	Fact sheets Email bulletins Media releases Dedicated project web pages on the AER website Written reports	Public analysis and advice Focus groups Surveys Public meetings Webinars and other online forums	Work-shops Consultative committees (e.g. the AER's Consumer Consultative Group)	Advisory committees (such as the Consumer Reference Group) Consensus-building Participatory decision-making	Citizen juries Delegated decisions

## **7      Reviewing this framework**

We are committed to improving the effectiveness of our engagement process over time. A key element of this improvement will be evaluating our performance under this Framework and, if necessary, amending and adding to this document based on that review process.

While evaluation will be part of each engagement process, we will formally review this Framework with three years of publication, seeking the views of stakeholders in that process and publicly reporting on our findings.

## 8 Other relevant AER documents

We have published a number of key documents relevant to our interaction with our stakeholders.

### **AER Strategic priorities and work program 2013-14**

[http://www.aer.gov.au/about-us#Strategic\\_publications](http://www.aer.gov.au/about-us#Strategic_publications)

### **AER Service Charter [being finalised]**

Our Service Charter will set out the role of the AER and the standard of service you can expect to receive from us.

[link to be added once Charter finalised]

### **ACCC and AER Information Policy**

This guideline sets out the general policy of the ACCC and the AER on the collection, use and disclosure of information.

<http://www.aer.gov.au/sites/default/files/ACCC%C3%A2%E2%82%AC%E2%80%9CAER%20information%20policy.pdf>