

# 2018-22

## POWERLINK QUEENSLAND REVISED REVENUE PROPOSAL

### APPENDIX 2.02

#### Stakeholder Perception Survey 2016 - Summary

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Delivering better value



Powerlink Queensland

# Stakeholder Perception Survey 2016 - Summary

## ACCSR REPORT - INTRODUCTION

Over the last five years, Powerlink Queensland has significantly improved its stakeholder engagement capabilities, systems, and performance. This has been essential to the company's success in navigating a more complex consumer, regulatory and industry macro-environment.

Central to continuous improvement has been the biennial Stakeholder Perception Survey, conducted in 2012 and 2014, with a 'pulse check' in 2015. The survey has consistently tracked progress against Key Performance Indicators (KPIs) including social licence to operate (SLO), aspects of performance, and reputation. The results facilitate ongoing improvements in stakeholder engagement at Powerlink.

The research objectives of the 2016 Stakeholder Perception Survey were to:

- track progress against baseline measures of social licence to operate, reputation, and perceptions of performance, stakeholder engagement, and
- to identify stakeholder issues, interconnectedness of stakeholders and track progress since 2012 and 2014.

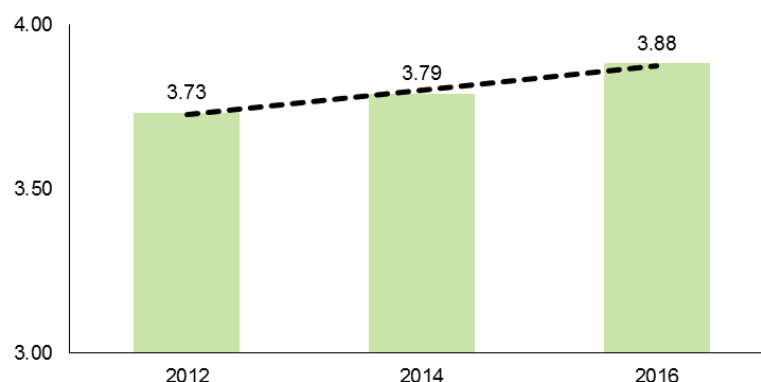
In 2016, 101 nominated stakeholders completed the survey (84% of target completion rate of 120 interviews). Fieldwork was undertaken in August and September 2016 with a broad range of stakeholders.

## EXECUTIVE SUMMARY

Powerlink has demonstrated a steady improvement in the level of social licence to operate (SLO) awarded by stakeholders since 2012. The "Social Licence to Operate" (SLO) is defined as the level of acceptance or approval that an organisation or project enjoys. It is a measure of socio-political risk. Measures of trust, social capital and reputation have also improved on 2014.

The network of stakeholders who granted the highest social licence is much larger and interconnected than the networks for lower levels of social licence. This indicates that among the stakeholder set interviewed, Powerlink's social licence is not only high but is also stable.

**Figure 1. Powerlink's change in SLO since 2012**



Some issues have evolved since Powerlink's first Stakeholder Perception Survey in 2012 while others remain very much on the minds of stakeholders. The broad themes of communication, reliability, community impacts, and leadership are consistent across the years.

New issues include the Queensland Government's merger of Ergon and Energex, greater efficiency expectations of Powerlink, and discussion of shifts in the electricity industry due to the rise of renewables.

Overall, the shift of stakeholder views is largely positive, with more mentions of the relationship improving due to concerted efforts to engage better on the part of Powerlink.

Stakeholders are more concerned with infrastructure efficiency, network reliability, and deeper engagement than previously. This reflects a softer economic environment with an increasing focus on reining in costs and delivering value for money. Environmental and community impacts remain important issues, while health, safety, and communication related concerns have dropped in priority, which suggests that more proactive engagement measures have had some success.

Powerlink's reputation improved in 2016, compared to 2014, but it is not as high as reputation in 2012. However, the direction of reputation is largely positive, with nearly 90% saying it is either getting better or staying the same.

Perceptions of Powerlink's overall performance improved in 2016, with the greatest improvement in environmental performance. Perceptions of customer service were largely considered good or satisfactory. Powerlink's overall stakeholder engagement rating was rated between good and very good.

## **KEY SURVEY FINDINGS**

### **Social Licence to Operate**

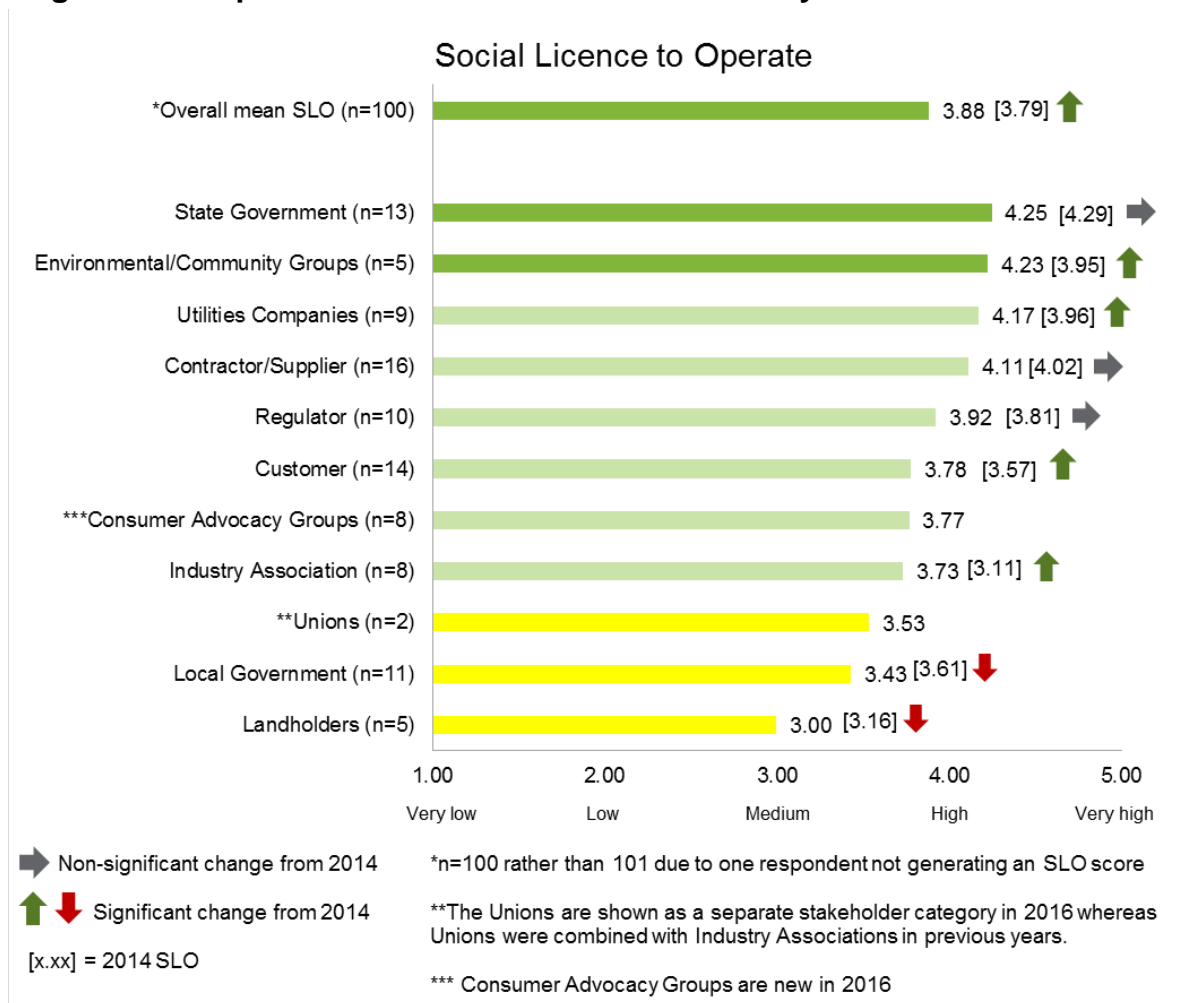
The survey found that generally stakeholders remain positive about their relationship with Powerlink with the overall social licence to operate (SLO) result increasing on previous years in 2016.

The overall SLO granted by stakeholders was 3.88 out of 5. As in 2012 and 2014, this is in the 'medium-to-high' category, and is slightly higher than in 2014 (3.79) and 2012 (3.73). This result suggests that stakeholders overall feel a high level of acceptance towards Powerlink, but most fall short of the highest approval level or full trust in the organisation.

Results between stakeholder groups differed only slightly, with State Government granting the highest level of social licence. Other increases in SLO from 2014 by Customers and Industry Associations indicate that these groups perceive improvements in Powerlink's behaviour and engagement. Environment/Community Groups and Utilities Companies also showed improvement in the SLO result. However, Local Government and Landholders decreased the level of SLO granted.

Unions were assessed in their own right in the 2016 research (previously unions were bundled with Industry Associations for sample size and analytical reasons). The Unions who took part in 2016 granted an average SLO of 3.53, significantly higher than in 2014 (2.28 when separated out from Industry Associations). This is indicative of the progress made by Powerlink in the way it engages with Unions over the last two years. A detailed breakdown of SLO is shown in Figure 2.

Figure 2. Comparison SLO from 2014 to 2016 survey



sextile 1/6th	lower bracket	upper bracket	range and verbal label
6	4.30	5.00	>4.30 to 5.00 = full trust
5	3.93	4.30	>3.93 to 4.30 = high approval
4	3.56	3.93	>3.56 to 3.93 = low approval
3	3.08	3.56	>3.08 to 3.56 = high acceptance/ tolerance
2	2.40	3.08	>2.40 to 3.08 = low acceptance/ tolerance
1	1.00	2.40	1.00 to 2.40 = withheld/ withdrawn

## Reputation

In 2016, Powerlink's reputation is 3.47 (out of 5), placing it in the medium/high range. This is a significant improvement on 2014 (3.24) but not quite as high as reputation in 2012 (3.54). For reference, respondents were asked to rate Powerlink against three specific questions:

- Powerlink has an excellent reputation
- Powerlink is widely admired and respected
- Compared to other companies, Powerlink is among the best.

Strong improvements in reputation were seen across the board (See Figure 3). Stakeholders' perception of Powerlink's reputation had improved for all groups since 2014, with the exception of the Landholders group which dropped considerably from 3.45 down to 2.61. It should be noted that a comprehensive survey of 600 landholders was undertaken in 2016 (as opposed to a sample size of 5 landholders for this survey) and the research findings are supporting development of a dedicated landholder strategy.

The new Consumer Advocacy Group was in the medium to high range for reputation at 3.55, which highlights the importance of the recent focus on this stakeholder group.

**Figure 3. Comparison of reputation measure**

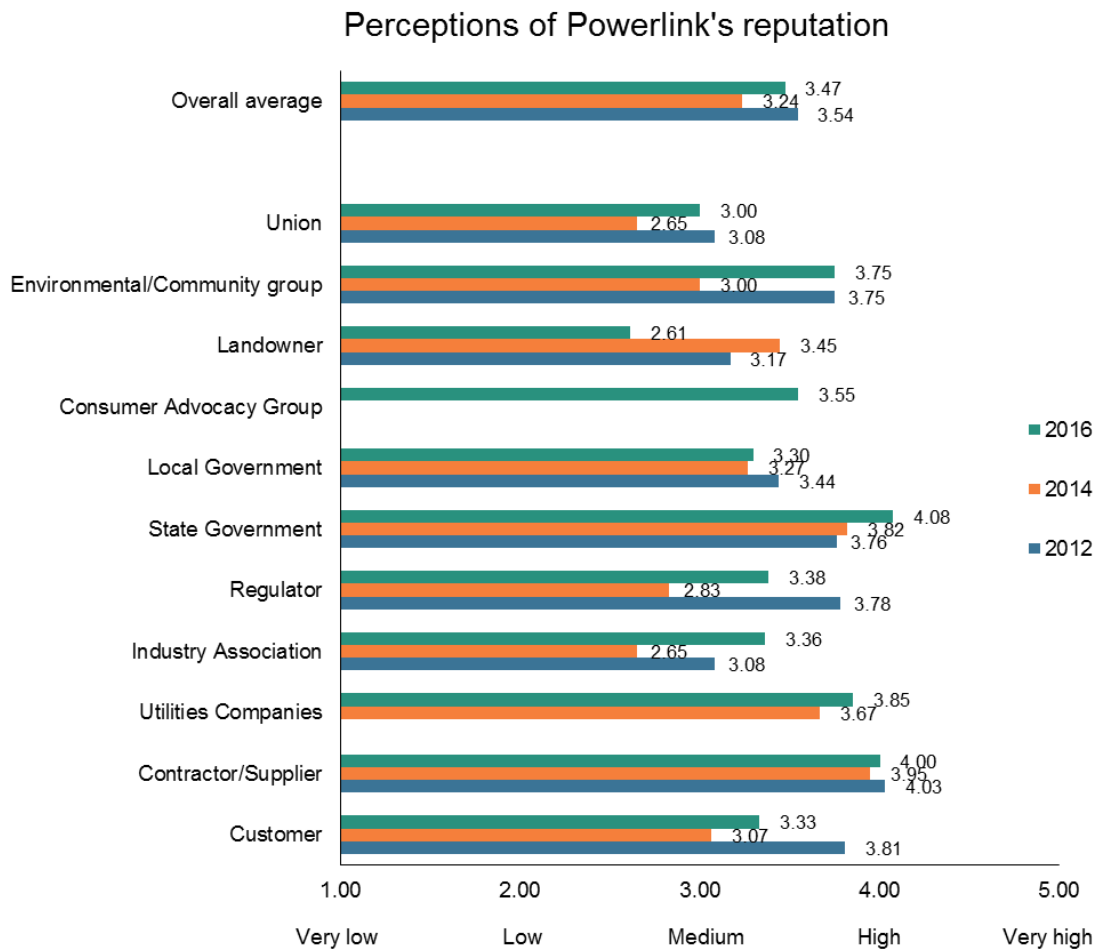
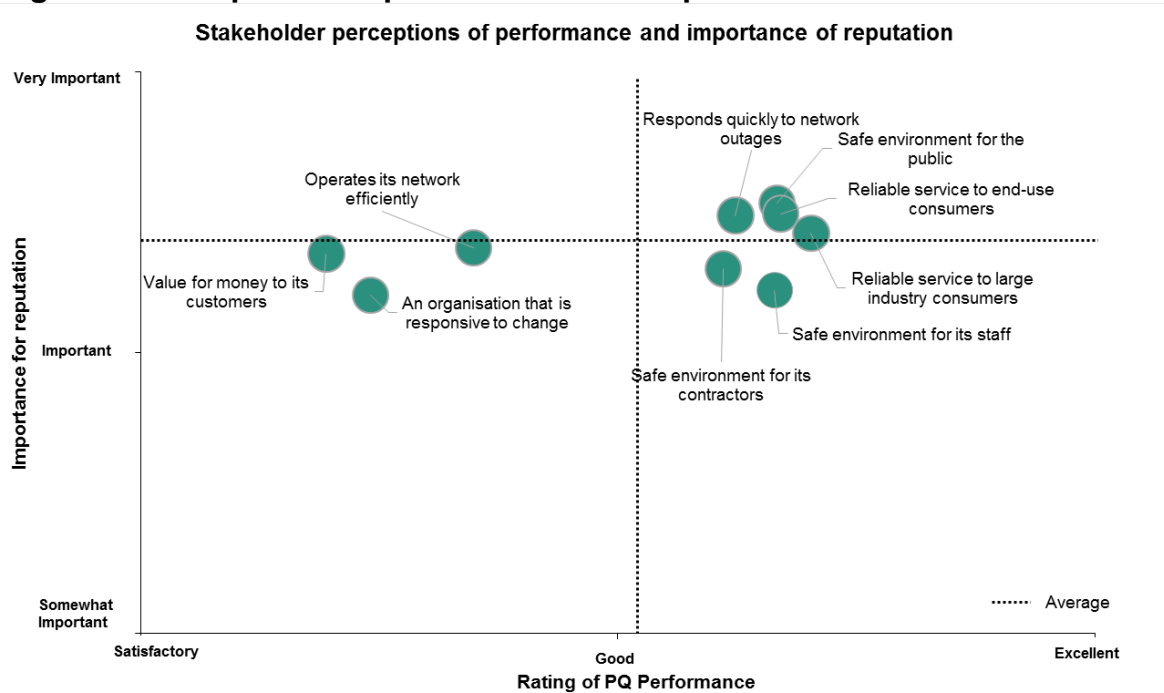


Figure 3 above is a static rating of reputation based on specific questions, Figure 4 (over page) highlights stakeholder perceptions of performance and importance of reputation.

**Figure 4. Perceptions on performance and reputation**



The direction of Powerlink’s reputation in 2016 is largely positive. Of the stakeholders interviewed, 42% of stakeholders interviewed perceived Powerlink’s reputation to be getting better while 46% thought it was staying the same.

Only 4% believed Powerlink’s reputation was getting worse and they included mainly Contractors/Suppliers<sup>1</sup>. The perception of improving reputation was particularly evident among Regulators and the two Unions who took part in the survey. Landholders were largely unaware of Powerlink’s reputation.

Stakeholders were also asked to indicate whether the relationship between their organisation and Powerlink was getting better, getting worse, or staying the same. The majority of stakeholders interviewed perceived their organisation’s relationship with Powerlink to be staying the same or getting better.

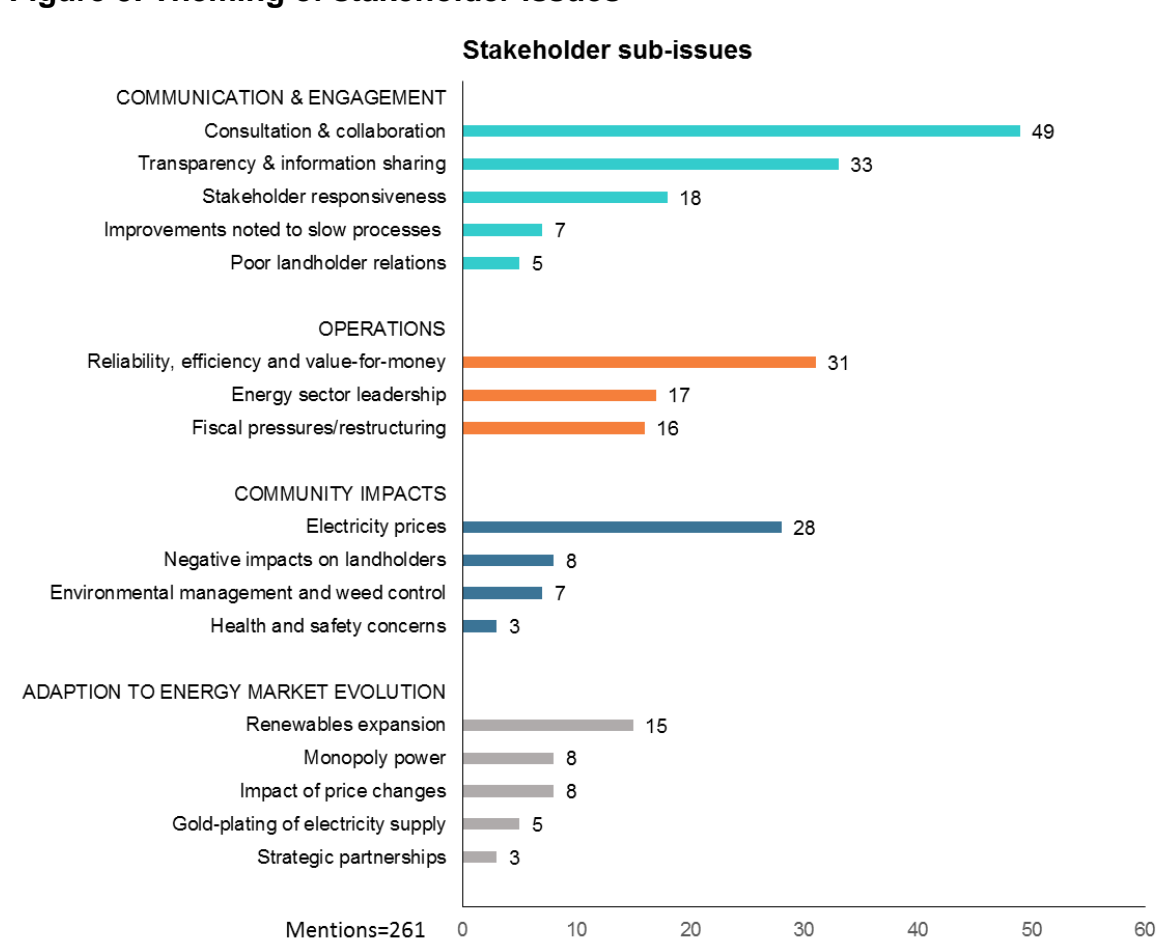
**Stakeholder Issues**

ACCSR analysed the topics mentioned by stakeholders, grouped them into themes, and counted each mention of a topic to clarify what mattered most or least. Figure 5 illustrates the key themes raised by stakeholders in order of importance.

Some issues have evolved since Powerlink’s first Stakeholder Perception Survey in 2012 while others remain very much on the minds of stakeholders. The broad themes of communication, reliability, community impacts, and leadership are consistent across the years, with slight nuances being the differentiator. Overall, the shift of stakeholder views is largely positive, with more mentions of the relationship improving due to concerted efforts to engage better on the part of Powerlink.

<sup>1</sup> Reputation question included ‘don’t know’ responses also. These are not included in the percentages shown.

**Figure 5. Theming of stakeholder issues**



External factors affecting stakeholder perceptions of Powerlink in 2016 are:

- The Queensland Government’s efficiency drive for the three energy businesses resulting in the formation of Energy Queensland – a merger of Ergon Energy and Energex – and an efficiency expectation on Powerlink
- Since 2014 the emergence and acceptance of renewable energy as an alternative energy source
- Electricity prices and perception of impacts on consumers.

In terms of issues of specific interest/concern to individual stakeholder groups:

- Electricity prices were of high interest to Consumer Advocacy Groups and Industry Associations
- Consultation and collaboration was of interest across all stakeholder groups, in particular Contractors/Suppliers, Utilities Companies and State Government
- Customers were most concerned about reliability, efficiency and value for money, along with Consumer Advocacy Groups
- Landholders’ key issue was transparency and information sharing

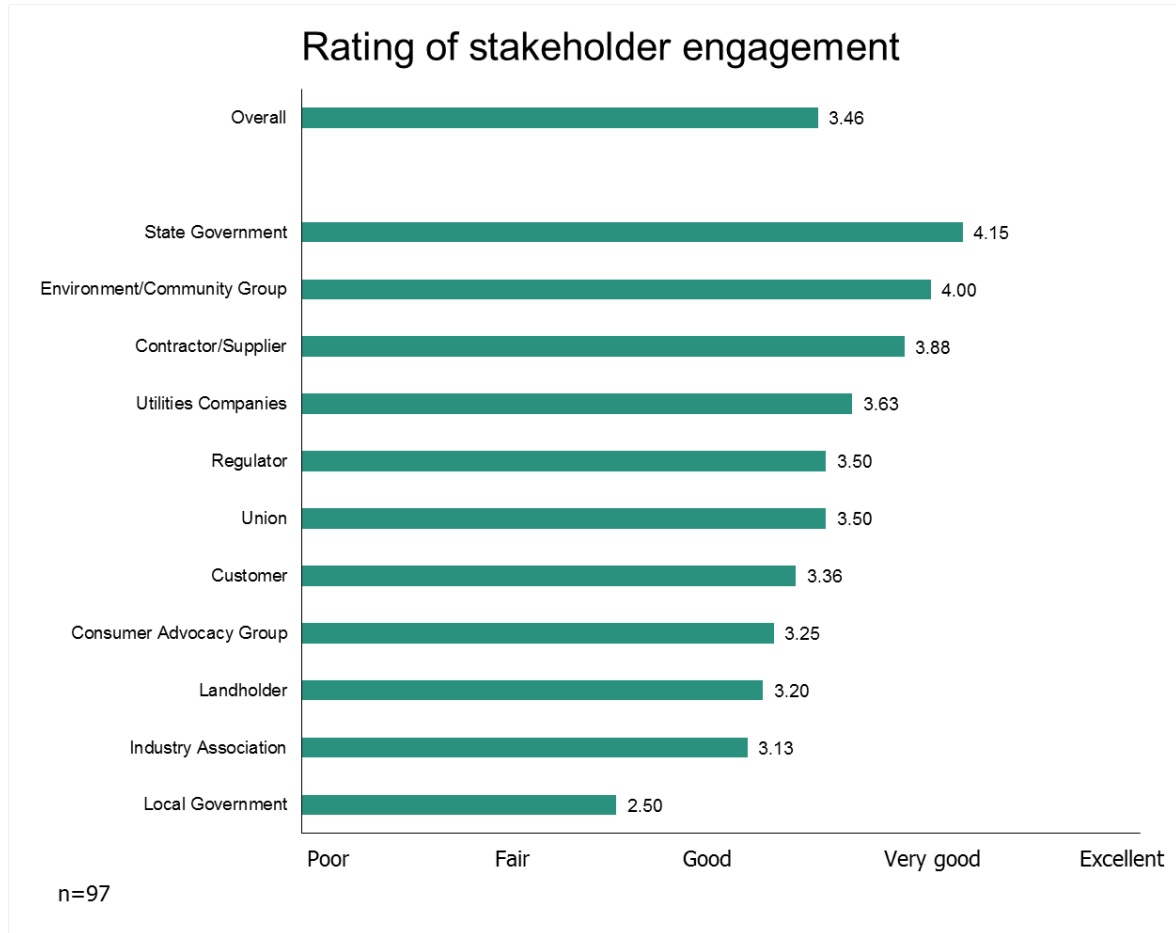
See Attachment 1 for further detail on the most-mentioned issues by stakeholder grouping.



## Stakeholder Engagement

Powerlink's overall stakeholder engagement rating was rated between good and very good (3.46 out of 5).

**Figure 6. Stakeholder engagement rating**



## Individual Stakeholder Themes and High-level Recommendations

Some of the recommendations and strategic insights put forward by ACCSR included:

1. Powerlink's overall approach to stakeholder engagement is bearing good results and should continue.
2. Engagement with Consumer Advocacy Groups should also continue. Powerlink's engagement is well regarded by Government stakeholders, who are the strongest advocates for Powerlink. Pricing and its effect on end-use consumers is the key issue for Consumer Advocacy Groups.
3. Industry stakeholders should be an increased focus of engagement because they drive the infrastructure and energy agenda in Queensland.
4. Contractor engagement should also entail increased consultation and collaboration generally, as they are nervous about the impacts of energy sector restructuring on their forward work plans.
5. Transparency and information sharing with stakeholders remains paramount to future success for Powerlink. The two stakeholders who granted the lowest level of social licence to operate (Local Government and Landholders) were concerned with Powerlink's level of transparency and information sharing willingness and capability.

## ATTACHMENT 1 – Most-mentioned issues by stakeholder group

Figure 2 from the report shows which of the top seven-most mentioned issues were mentioned by different categories of stakeholders. Issues mentioned by less than 10% of stakeholders in any category are excluded. Reading across the rows shows which issues were mentioned by more stakeholders. Reading down the columns shows which issues were mentioned by each stakeholder category.

Figure 2. Per capita frequencies of mentioning the 7 most mentioned issues by 11 stakeholder groups

