

1 October 2023

Submission to the Australian Energy Infrastructure Commissioner Review of community engagement practices by the ANU Institute for Infrastructure in Society (I2S)

Dear Commissioner,

Please find enclosed a submission and recommendations from the Australian National University (ANU) Institute for Infrastructure in Society (I2S) to the AEIC Review of community engagement practices.

I2S is Australia's leading research institute working to transform the relationship between the infrastructure sector and communities. We are based within the Crawford School of Public Policy at ANU.

Since 2017 we have worked with more than 100 participating industry organisations and more than 5500 community members to build an evidence base and practical tools to improve the way the infrastructure sector works with, and delivers for, Australian communities. Our industry partners are delivering \$230B of Australia's estimated \$300B infrastructure pipeline.

The knowledge we have developed speaks directly to the terms of this Inquiry and the evidence-based tools we have developed with industry and community are ready to be applied to the opportunities and challenges currently facing the energy transition.

Recommendations summary:

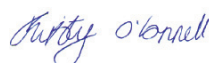
1. Adopt consistent, leading standards for community engagement quality assurance and evaluation, such as the ANU I2S Infrastructure Engagement Excellence (IEE) Standards, currently being used by multiple state governments and private sector infrastructure organisations on over \$10B of major projects.
2. Adopt and embed social risk management frameworks and tools, such as the I2S 3Ps Social Risk Management Framework, to integrate social risk management with technical risk management and improve the systematic, consistent and robust management of non-technical risk.
3. Build industry capacity for best practice community engagement and social risk management through training for industry participants to assist them to understand and embed best practice into their corporate and project planning.
4. Explicitly mention community engagement and social risk management in policies and guidelines to raise the profile and importance of these components in the renewable energy transition, ensuring that they are embedded and integrated into the sector's policy and practice early on.
5. Assist communities to understand and participate more fully in the process of project planning and design by offering appropriate community-facing training and capacity building.

We would welcome the opportunity to meet and discuss our submission and recommendations further.

Sincerely,



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1. What community engagement has worked well and what can we learn from it?

The work of I2S has consistently shown that early consideration of community needs and values is critical for project success and delivery of community benefit. Application of best practice engagement can position projects for success even during initial impact assessments and business case stages. For these reasons it is critical that best practice is adopted as soon as possible in renewable energy developments to allow a social licence to be gained and maintained.

We have proven what works in terms of driving project acceptance and community resilience in the selection, design, delivery and operation of infrastructure projects.

From 2021 to 2023 we have worked with more than 5,500 Australian community members to understand their experiences in the selection, design and delivery of infrastructure projects. In particular we focused on understanding their experiences and expectations with regard to engagement. We targeted communities in metropolitan, growing regional and rural centres nationally and the results are representative of national demographics.

Through this work we mapped the drivers of project acceptance and community resilience. We understand these findings are a world first.

Broadly, the Project Acceptance Model demonstrates that engagement quality, trust, and relationship quality are the strongest drivers of project acceptance, followed by perceived benefits and project importance. Conversely, the amount of infrastructure (or cumulative impacts) and the perceived risks associated are respectively the greatest detractors from project acceptance. The perception of risk can be mitigated through trust and engagement quality.

In addition to developing this baseline of expectations and experiences nationally, we conducted research with almost 2,000 Australians in infrastructure intensive locations across QLD, NSW, VIC and SA to understand how highly impacted communities might differ from the wider community.

As a result, we have also identified the drivers of community resilience and project acceptance among highly impacted communities (metropolitan, regional and rural).

Our findings reveal the differing needs and expectations of these communities (particularly where there are four or more projects occurring within a single Local Government Area) as compared to those in less intensive project environments. These findings on cumulative effects in intensive infrastructure delivery areas are highly relevant to the REZ delivery model.

From this work, we know that communities, particularly those experiencing a high level of cumulative impacts:

- Require high quality engagement to build trust and quality relationships, which drives social licence to operate
- Want to be engaged early enough to influence decisions
- Need to understand the benefits both for their local community and at a strategic level
- Need to be satisfied that proponents are attending to perceived risks
- Believe that project politicisation reduces their opportunities for genuine engagement
- Want to see that the community members engaged by the project are genuinely representative of the wider community and community views (even if they aren't directly engaged themselves)
- Are concerned that the liveability factors they value most (e.g. access to healthcare and education, public amenities, transport) are being delivered

- Can see their levels of resilience improve where community engagement is done very well and where the liveability factors most important to them are being addressed.

2. What is needed to ensure best practice engagement is achieved in all future projects

The Infrastructure Engagement Excellence (IEE) Standards are the result of more than four years of engaged research and reflect the experience of hundreds of infrastructure professionals and more than 5,500 Australian community members who participated in our *Australian Perspectives on Infrastructure* project.

The IEE Standards define, across 10 standards and 56 performance indicators, what best practice engagement looks like in the infrastructure sector and directly target the drivers of project acceptance and community resilience. The IEE Standards support projects to deliver best practice engagement from the early stages of project planning through to project completion. They facilitate delivery of optimal outcomes for communities and support projects to be delivered on time and on budget.

The IEE Standards are complemented by a series of self-assessment, auditing and benchmarking tools that allow for consistent, robust and systematic planning, monitoring and evaluation of best practice community engagement for major projects. The Standards help industry users to understand how they are performing now, and areas of excellence and underperformance relative to both the standards and their peers.

They are currently being used by our industry partners, including the South Australian and Queensland Governments, Transurban, Melbourne Water, Sydney Water, Lendlease and others. IEE Standards assessment tools have been applied to more than \$10B in current infrastructure projects to guide best practice engagement.

The Infrastructure Engagement Excellence Standards provide a benchmark for best practice engagement in the infrastructure sector and are ready to be applied to the energy transition.

The Standards provide guidance on the most common barriers to best practice engagement, as reported by our industry experts, namely:

- poor scoping at project inception
- under-resourcing of engagement and social risk management activities
- project politicisation
- poor communication and understanding between different project disciplines
- a failure to maximise opportunities for social value creation
- a failure to allow appropriate time for consultation to inform project design.

3. How we can improve engagement that that has not worked well

The work of I2S has shown that projects not attending to the matters outlined above, or not valuing community input and social expertise early, can significantly escalate the social risk profile of a project and is likely to result in community and stakeholder opposition.

Community and stakeholder opposition matters. It has been identified by respondents to the annual I2S State of Infrastructure and Engagement Survey as one of the leading causes of project delays for five consecutive years (See Figure 1). We have also seen greater than \$30B in Australian infrastructure

projects significantly delayed, cancelled or mothballed after completion over the past decade alone where such opposition was a feature.

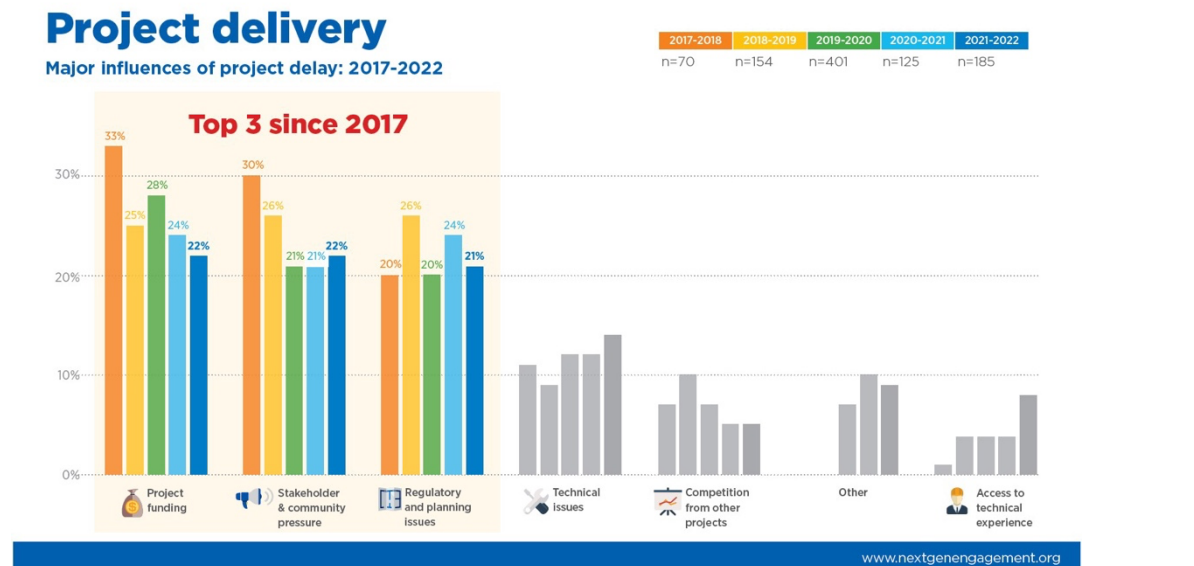


Figure 1: Major influences of project delay 2017-2022. Source: ANU I2S 5th State of Infrastructure and Engagement Survey

I2S is developing world-leading social risk management tools through the support of the Australian Research Council and our industry partners which attend to these risks and can improve future project selection, planning and design.

I2S has developed world-first social risk identification tools which can support proponents, policymakers and regulators to better understand the risk profile of specific projects or project portfolios. This starts with our Social Risk Maturity Model which defines the four most common approaches to social risk management in the global infrastructure sector and demonstrates that an ‘Integrated and Future Focused’ approach to social risk is necessary to support inclusion and deliver sustainable development aims.

This approach:

- Aligns projects with SDGs, ESG and ESF criteria
- Supports efforts towards net zero, including the renewable energy transition
- Integrates climate mitigation and adaptation into projects
- Builds community resilience
- Supports social and economic inclusion
- Fulfills investors’ sustainability performance goals.

The Social Risk Maturity Model is complemented by our Social Risk Scanner which allows governments, proponents and investors to identify and assess the most common social risk factors affecting major projects. The scanner reflects the findings from three years of research to identify social risk factors in the Australian infrastructure sector and to articulate current practices in the identification, assessment and management of social risks.

The tool allows proponents, policy makers or regulators to assess the likely level of social risk for a particular project or group of projects across the '3 Ps' of Proponent, Project and Place.

I2S' expert knowledge in social risk management is being further developed through a \$2.2M Australian Research Linkage Project underway with our government and industry partners. This research will deliver a social risk management toolkit to support the better identification and assessment of social risk factors associated with major projects. This work can be applied at an industry level to define and manage aspirations for social performance.

I2S has identified opportunities to integrate community engagement and social risk management into policy.

As part of our work to understand and support best practice engagement throughout the project lifecycle, I2S has analysed planning regulation and policies, and major project assurance mechanisms (particularly Gateway Assessment Processes) for QLD, NSW, and VIC.

We looked particularly for references to community engagement and social risk management which would support best practice in both areas.

What we found was an almost complete lack of explicit references to either topic.

While we regard this as a missed opportunity, this could be rectified in policy, by making these references explicit and giving them a social context.

4. Recommendations

As a result of our work we would like to offer the following initial recommendations to the AEIC inquiry:

1. It is already possible to define, assess and compare best practice engagement. We recommend that the AEIC addresses the inconsistencies across the industry and sets a strong standard for engagement by nominating the IEE Standards as the standard for engagement across all Australian renewable energy infrastructure projects.
2. We know what causes Australian community members to trust and accept infrastructure projects. We also know how infrastructure projects can build community resilience. We recommend that the AEIC supports the industry to achieve both objectives by:
 - Embedding the IEE Standards across industry and providing training and implementation support for all industry participants and also for interested community groups
 - Adopting the I2S 'Three Ps Social Risk Management Framework' as the industry standard for identifying social risks from the earliest stages of project identification, selection and planning - i.e. business case.
 - Mandating that the identification of risk should include social risk identification and management plans, ideally through a co-design exercise with impacted communities to understand and address perceived risks and opportunities
3. Assist industry participants to understand and embed best practice community engagement and social risk management into their corporate and project planning by offering training in these areas.



4. Explicitly mention community engagement and social risk management in policies and guidelines to raise the profile and importance of these components of the renewable energy transition, ensuring that they are embedded and integrated into the sector's policy and practice early on.
5. Build the capacity of communities to share their knowledge, experiences and concerns with proponents in order to improve project design, reduce social risks and increase benefits to local communities. This could take the form of on-demand online training which helps to explain the project planning and delivery process and which educates communities about what best practice engagement should look like.

We would welcome the opportunity to discuss these recommendations, including potential implementation plans, in detail. Please contact I2S Director, Professor Sara Bice or Industry Director, Kirsty O'Connell, via the contacts above to arrange a meeting.

ENDS