

Paul Vittles' final comments on AER Stakeholder Engagement Framework

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Dear AER

Well done on a thorough process, with ample opportunity to comment, an excellent workshop on 23 February, and evidence that you heard stakeholders and have taken their views into account (with just one exception, on empowerment - see below).

My final comments are largely positive and supportive, with just two minor flags around 'Transparent' (your heading needs to be 'Transparent and Accountable' - see below), 'Measure' (it should be 'Feedback & Evaluation' - see below), and one major flag for 'Empower' (please revisit this and set some stretch goals!).

The resulting draft framework has many strengths:

1. It demonstrates that the AER 'gets it' in terms of what stakeholder engagement is. There are many managers, senior business leaders, and Board Members in the Australian energy sector who do not understand what stakeholder engagement is and what it can achieve. They are stuck in old models of hierarchical top down command and control, where they think their role is to 'control the agenda' and 'manage expectations' - and these poor delusional creatures actually believe this is still possible in the digital age of accountability!
2. Reviewing after 3 years and planning another review after 3 years makes sense. Give the framework a chance but don't set it in stone.
3. It is underpinned by recognised frameworks such as IAP2 (although AER still needs to shift more to the right of the Spectrum and have discussions with IAP2!).
4. It takes account of feedback from the stakeholder survey but also qualitative feedback.
5. It explains the 'why' as well as outlining the 'what' and 'how'.
6. It has clear and relevant principles to underpin AER's plans, policies, and activities - and not too many principles so it has a clear focus.
7. It is a framework to be applied and doesn't try to be a straitjacket (which doesn't work and would be anti-engagement).
8. It recognises the importance of 'informal' interactions - effectively a 'continuous conversation' with periodic formal consultation. That is what good practice engagement is in the modern era.
9. It recognises the importance of 'clear, accurate and timely communication' (including a reasonable time to respond), plus 'accessible and inclusive' - good principles, and well thought out.
10. The four 'levels' of engagement effectively build upwards from a base of 'information' (AER = "*provide information*") to 'consultation' (AER = "*seek your views and provide feedback*") to 'involving' (AER = "*work with you*") to 'collaborating' (AER = "*partner with you*") - so effectively the IAP2 Public Participation Spectrum as a hierarchy or maturity continuum (or as nice circle diagram on p9!); and ok for the AER to use terminology it is more comfortable with, e.g. "*partnering*" with stakeholders. We know what it means, and the intent is there.
11. Good to give practical examples of how the framework relates to the real (regulatory) world, e.g. p10 diagram.
12. Good to document how stakeholders have influenced the draft framework (although I think it misrepresents feedback re 'Empower' - see below).
13. It acknowledges that there are lots of methods and that different methods are needed for different types of engagement, without getting prescriptive. As the energy sector is not yet mature, there is a tendency to let methodology drive the process rather than serving the process. And if AER highlights a method, businesses might follow it slavishly rather than innovate and share around what is 'fit for purpose'.
14. It acknowledges that 'Using plain language' is a priority. If we want to shift the power base from the professionals and managers to customers and new market entrants, we have to empower them through using plain language. There is no excuse. Every meeting, forum, online engagement should have an 'acronym & jargon alert' so we can all call it out!

Enhancing Principle 3 - just needs a heading change!

Customers and stakeholders I meet with distinguish between 'Transparency' (which is being open, providing information, circulating data, informing re decisions, etc) and 'Accountability' which is wanting customers and stakeholders to understand what is going on and actively guiding them through (e.g. simplifying complex information, plain English summaries, clear one page narrative commentaries with the data, explaining decisions). Transparency is a foundation for Accountability. Accountability is a higher order goal/state.

It has been pointed out to me that some organisations can even use 'transparency as a smokescreen' as they 'throw out lots of information without explaining what it means'.

In the detailed text, the AER demonstrates that it understands the distinction, and is committed to accountability. It would therefore be helpful to acknowledge this by changing the heading for Principle 3 to '**transparent and accountable**'.

Enhancing Principle 4 - just needs a heading change!

The AER has also demonstrated that it has listened to qualitative and quantitative feedback from customers and stakeholders. It is limiting, however, to just have 'measure' as a Principle 4 heading. It would be good practice, and consistent with what the AER is doing, for Principle 4 to be '**feedback and evaluation**'. Then within that principle, there is continuous informal feedback, formal qualitative engagement, and structured quantitative research and evaluation.

Embracing Empowerment - needs more than a heading change!!

This is the one area where I am critical, so please take that as a compliment!

Firstly, I was disappointed to see the draft framework document (p13) implying that stakeholders had concerns about the AER moving too far to the right of the IAP2 Public Participation Spectrum. What I was hearing from stakeholders, especially customer advocates, including at the AER stakeholder workshop on 23 Feb, was that stakeholders want the AER to move further to the right of the Spectrum but it is reluctant to do so.

When I asked an AER representative "*why do you say 'the AER doesn't do Empower'?*", they initially replied "*because we're the AER!*" They seemed to be puzzled as to why I was even asking the question. In a more considered discussion later, after I had collated feedback from my break out group about the AER needing to shift more to 'Empower' with some practical, relevant examples on how it could do this, the explanation was expanded to "*because the AER is the final decision maker and we can't hand over decisions to others*".

Yes, that is true, but that is not what we were suggesting. We were suggesting more empowerment of customers and customer advocates through 'arming' them with relevant information and facts, working with them to give them more power in the market, working with them to make energy businesses more transparent & accountable, plugging important gaps in knowledge (where no business is prepared to tread - or publish their data), commissioning (non-binding) citizens' juries on key issues such as medium-term price v reliability trade offs.

I have discussed this issue since with various stakeholders from the AER and elsewhere and part of the problem is a strict interpretation of what 'Empower' means in the IAP2 Public Participation Spectrum. If you go to the IAP2 Australasia website, it is true that it says Empower = "*To place final decision making in the hands of the public*":

https://www.iap2.org.au/Tenant/C0000004/00000001/files/IAP2_Public_Participation_Spectrum.pdf

However, seasoned practitioners like myself have always taken a more flexible interpretation of this IAP2 diagram, outside of the Political arena, and not a literal reading.

I called IAP2 and discussed this with them, and they were pretty relaxed about it too. We all share a desire to move across the Spectrum at the appropriate pace and tailor to prevailing circumstances. We share a 'worldview' that "*people should be involved in decisions that affect their lives*".

We all agree that in complex markets, like the regulated energy market in Australia, customers & stakeholders need help in working their way through it, so there is also a continuum from information to informed choices from someone else's menu to having input into setting the menu.

These later, or higher order, stages of customer and citizen involvement should be pushed as far as they can go, and there is definitely a higher state beyond 'collaborating' or 'partnering'. We just have to find it - not ignore it like AER and AEMO have done (AEMO deleted the Empower column in its Stakeholder Engagement Framework - not a lead we want anyone else to follow!).

IAP2 also helpfully pointed me to other frameworks it has developed, such as its new Community Engagement Model:

<https://www.iap2.org.au/ccms.r?Pageid=6000&tenid=IAP2&DispMode=goto%7C10137&Return=pageTop%7C56%7C10100>

Everyone in the sector, including network businesses, the AER, and AEMO, should be digging deeper than simply taking the IAP2 Public Participation Spectrum, downloading it from a website page and then taking a literal read. We should be interpreting and tailoring, and not get frightened away by specific language used.

To some extent 'final decision making' is actually 'in the hands of the public' because it is residents and business owners wearing both their 'customer' hat and their 'citizen' hat, including their 'voter' hat, who decide what happens with the energy market. At the moment, they are not empowered - they are a long, long way from being empowered - and it is our job to empower them. We can all benefit from the wisdom of the crowd too.

I would ask the AER to revisit 'Empower':

1. set itself a stretch goal to go much further in empowering customers;
2. embrace the word 'empower' rather than shy away from it;
3. develop a 'Customer & Citizen Empowerment Plan';
4. develop practical ways in which the AER can empower customers & citizens (e.g. simplifying complexity, commissioning deliberative forums, commissioning non-binding citizens' juries);
5. ...and go talk to those lovely people at IAP2 about developing better wording that facilitates better empowerment in line with our shared philosophy and shared goals around the long term interests of customers.

Regards

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