

DEPARTMENT OF NATURAL RESOURCES & MINES

Planning Guidelines for Water Supply and Sewerage

Chapter 4

STAKEHOLDERS

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Stakeholders

1.0 Purpose

The purpose of the Stakeholders chapter is to:

- Provide an outline of how to identify stakeholders and analyse stakeholder needs and requirements.
- Identify what stakeholders are important through the different stages of planning.
- Provide an outline of the tools used to identify the relative importance or significance of, different stakeholder groups and their potential to impact or influence the project or to be impacted on, or influenced by, the project.

2.0 Key Principles

Stakeholder involvement can beneficially influence planning and project outcomes.

Stakeholders can provide useful information in identifying feasible options and quantifying constraints.

Documenting benefits and risks can assist in gaining Stakeholder support for planning outcomes.

Stakeholders can generate or impose constraints.

Stakeholders can influence or select outcomes.

Stakeholders should be provided with the appropriate level of information commensurate to their involvement or decision making responsibility.

3.0 Defining Stakeholder Involvement

3.1 Who or What Are Stakeholders?

Stakeholders include persons or groups who will define, constrain, influence or decide on planning options and all those affected through implementation of the planning recommendations to those using or receiving the resulting services.

Key stakeholder groups will include customers, business owners and regulators. For most planning exercises, “environmental representatives”, the “community” and the “service provider” will be stakeholders. A “stakeholder” may also be defined as anyone who directly or indirectly receives the benefit, or sustains the costs, resulting from the implementation of a project. This includes designers or operators who may be faced with higher costs due to sub-optimal planning.

Primary stakeholders are those stakeholders that will be closely linked to a particular aspect or phase of the planning or asset lifecycle. These primary stakeholders may change over the planning or asset lifecycle.

Primary stakeholders will include those who:

- pay for services provided as a result of the project (Customers)
- sign off on capital works, investment programs or budget allocations (Business Owners)
- specify project constraints and standards (Regulators)

- define planning constraints and parameters (design, construction, operational and financial staff)
- contribute financially to the project
- are affected during the construction or implementation phases of the project
- are impacted on in the ongoing operation, eg property owner with an easement or dam
- are traditional owners of the land.

Secondary stakeholders will include:

- those who represent minority and interest groups only indirectly connected to the matter being addressed
- service users or consumers who are neither paying customers nor shareholders.

The list of stakeholders should be specific and clearly linked to the planning issues under examination. Considerable overlap may exist between certain stakeholders in terms of their representation.

3.2 Why Involve Stakeholders?

Identifying and effectively managing stakeholder relationships is critical to successful planning and project delivery. Stakeholder involvement can be used to:

- identify and develop collaborative approaches
- identify a shared vision
- formulate creative solutions
- define requirements, constraints and risks
- assist with identification of options
- provide information and education
- test acceptability of asset and non-asset solutions.

There is a mandatory requirement for public consultation for Planning Schemes under the *Integrated Planning Act 1997*.

In involving stakeholders it is necessary to have a clear appreciation of the overall objectives of the stakeholder and in particular how they will be able to contribute.

A comprehensive map of stakeholders is needed to help clarify the desired outcomes. The desired outcomes and impact need to be expressed in terms that stakeholders understand. Analysis of stakeholder interests and influence is needed to help assess delivery options. The linkages between risks, options and stakeholder expectation, needs to be understood in order to ensure that stakeholder involvement contributes positively to the planning process. Stakeholder involvement needs to be interactive for successful planning.

3.3 When Should Stakeholders Be Involved?

It is important to begin stakeholder involvement early in any planning process and continue involvement throughout all planning phases. Different stakeholder groups will be important from the start of planning to the final phases of planning. Stakeholder analysis should be used to identify when to engage different stakeholders (see Section 4.2).

3.4 How To Involve Stakeholders?

Service providers need to plan and manage for a variety of stakeholder involvement and interaction. These interactions could be based on the need for:

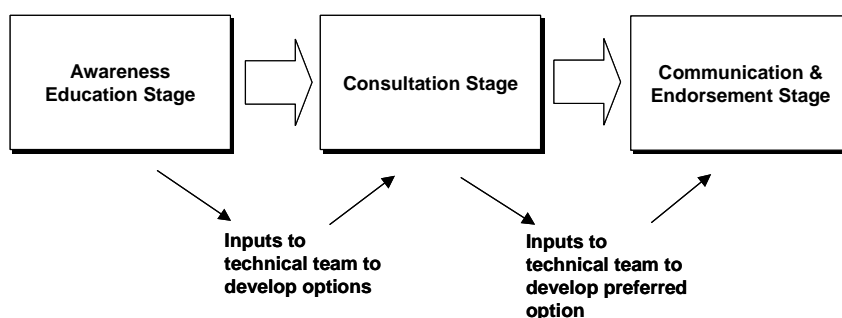
- compliance
- consultation
- co-operation
- partnership/joint planning
- persuasion
- education
- information feedback
- empowerment
- influence
- negotiation
- participation

To achieve effective stakeholder involvement a planner needs to ensure a number of conditions or prerequisites are met. These include:

- Reliable information is available to stakeholders in a form they can understand.
- Time to participate, to build trust, to learn, to resolve disputes, to create solutions.
- Commitment of stakeholders.
- Willingness to learn amongst stakeholders.
- Shared authority and responsibility to affect and implement decisions.

How stakeholders are involved will depend on the project. For most planning initiatives, it will be desirable for service providers to prepare a Stakeholder Management Plan, which outlines the role each identified stakeholder needs to represent, the way stakeholders can involve themselves and the process for dealing and resolving issues that arise. Figure 3.1 outlines an overall approach that may be adopted in the planning process.

FIGURE 3.1: Involving Stakeholders



From Stakeholder Management Strategy (Gold Coast Water 2003)

It is a fact that a high number of stakeholders will add substantially to the overall cost of the planning phase. Good planning has the potential to save a lot of money, but poor planning has the potential to greatly increase the cost of a project. Considerable financial savings may eventuate by allowing the project to progress unopposed and be accepted/owned by all stakeholders throughout the life of the assets.

Clearly a balance must be made between stakeholder representation, the time able to be taken to complete the planning process and the overall cost. In general, stakeholder representative groups

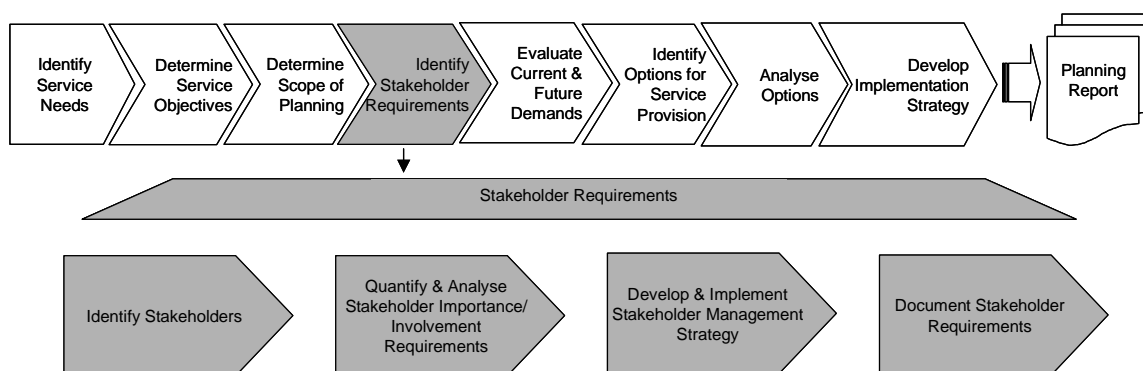
such as customer advisory groups who are able to represent multiple interests may need to be favoured when compared with addressing single interest stakeholders.

4.0 Key Elements

The key elements in planning for stakeholder involvement are illustrated in Figure 4.1 and include:

1. Identifying stakeholders
2. Quantification and analysis of stakeholder importance/requirements
3. Development of a Stakeholder Management Strategy
4. Implementation of the Stakeholder Management Strategy.

FIGURE 4.1: Key Elements



4.1 Identify Stakeholders

For successful planning outcomes, all stakeholders should be identified and their specific requirements and/or needs analysed to assess stakeholder importance and influence. Typical Stakeholder groups will include:

- customers
- business owner
- regulatory authorities
- funding agencies
- lobby and interest groups
- individuals or groups impacted by construction or by on-going operational activities
- individuals or groups impacted when service levels are not met
- traditional owners.

The stakeholders will vary depending on the type of planning initiative and the phase of the asset lifecycle.

A number of tools can be used to assist with the identification of stakeholder groups. These include:

Use of social, environmental & financial accountability framework - evaluation of current accountability and reporting frameworks can be used to identify stakeholders.

Relationship diagrams illustrating relationships between the service provider and various stakeholders (elected members, owners/shareholders, customers, suppliers).

Process diagrams which outline the stakeholders involved in processes such as the project approval process from need identification, project planning and prioritisation through to financing and budget approval.

Infrastructure lifecycle diagrams which indicate the stakeholder groups impacted or have an interest in various stages of the asset lifecycle eg operators, maintainers, asset managers.

Customer Stakeholder groups include:

- Stakeholders that **provide revenue** sources e.g.:
 - residential customers
 - industrial/commercial customers
 - developers
 - agencies providing grants and subsidies
 - other Council departments
 - other local government agencies.
- Stakeholders that **consume** products/services without direct payment e.g.:
 - tenants (in some cases)
 - tourists and visitors
 - general public using public facilities provided by Council and other establishments.
- Stakeholders with **special requirements** e.g.:
 - high risk and critical community facilities
 - crisis centres
 - hospitals
 - dialysis users.
- Stakeholders **affected during implementation/construction** include groups affected by:
 - land acquisition
 - construction access
 - easements
 - traffic control.
- Stakeholders **involved in planning/project approval** including those involved in:
 - setting or adopting service levels
 - establishing priorities for forward planning and capital works projects
 - development of business cases and budget submissions
 - prioritising construction works.

Special Interest Groups include:

- political with representation
- political with no representation
- vocal minority
- silent majority.

4.2 Quantify and Analyse Stakeholder Importance/Involvement and Requirements

Stakeholder mapping will identify the relationship and relative importance of each stakeholder group. The stakeholder analysis seeks to answer questions such as:

- Who depends on the project?
- Who are interested in the outcome of the project?
- Who will influence the project?
- Who will be affected by the project?
- Who will work against the project?

Tools such as Stakeholder Importance Analysis (refer to Table 4.1) and 'Stakeholder Concern Analysis' (refer Table 4.2) will assist in identifying stakeholder importance to the planning initiative and their anticipated requirements. These requirements will be further clarified through interaction with the stakeholders. Section 3.4 outlines a number of options available for stakeholder interaction.

The importance, involvement and requirements of stakeholders are time and project phase dependent. Stakeholder analysis needs to recognise these dependencies and identify specific stakeholders for each phase of the planning.

TABLE 4.1: Stakeholder Importance Analysis

Stakeholder Group	How will they influence the project?	At what Phase?	How can the project take advantage of the stakeholder?	What can the project do for the stakeholder?	Importance Rating	Involvement Rating
Customers		Choose from: <ul style="list-style-type: none"> ▪ Constraints Identification ▪ Option Identification ▪ Planning ▪ Approvals ▪ Funding Allocation ▪ Prioritisation & Budget Allocation ▪ Implementation 			Choose the level of importance: <ul style="list-style-type: none"> ▪ Limited ▪ Influential ▪ Mandatory 	Choose the level of involvement: <ul style="list-style-type: none"> ▪ Seek participation & empower ▪ Consult ▪ Inform ▪ Maintain Awareness
Business Owners						
Regulators						
Others (specify)						

When analysing the long list of possible stakeholders, consideration needs to be given to the general categories of stakeholder groups, identifying those who:

- are affected by, or significantly affect, the issue
- have information, knowledge and expertise about the issue
- control or influence implementation instruments relevant to the issue.

TABLE 4.2: Stakeholder Concerns Analysis

Stakeholder	Affected by or Affect the Outcome	Control or Influence	Requirements or Desired Stakeholder Outcomes	Importance Rating	Involvement Rating
Public Sector Agencies Specific Agency Staff	Choose: <ul style="list-style-type: none"> ▪ Affected by the Planning Process ▪ Affected by the Implementation ▪ Affected by the Outcomes 	Choose the area of control or influence: <ul style="list-style-type: none"> ▪ Funds ▪ Compliance ▪ Property Issues ▪ Information ▪ Knowledge ▪ Expertise ▪ Other (specify) 		Choose the level of importance: <ul style="list-style-type: none"> ▪ Limited ▪ Influential ▪ Mandatory 	Choose the level of involvement: <ul style="list-style-type: none"> ▪ Seek participation & empower ▪ Consult ▪ Inform ▪ Maintain Awareness
Private Sector					
Interest Groups					

Planners should develop an evaluation matrix such as outlined in Figures 4.2 and 4.3 to evaluate stakeholder importance or level of involvement.

FIGURE 4.2: Importance Rating

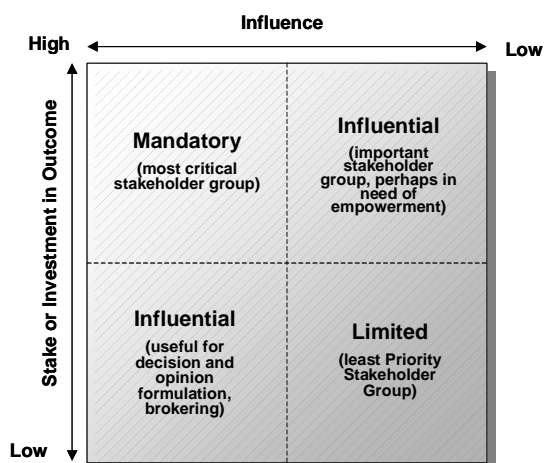
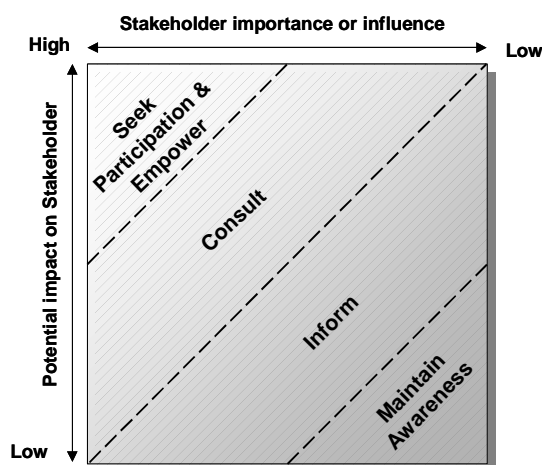


FIGURE 4.3: Involvement Rating



Analysis of stakeholder importance/significance can take many forms. Other types of analysis include:

- evaluation of stakeholder rights, risks and responsibilities
- evaluation by level of participation e.g. involvement by consultation, active, collaboration, empowerment etc
- scenario analysis by identifying and analysing key stakeholders for a range of scenarios including organisational and customer risks. For example:
 - loss of service, or
 - reduced service levels during droughts.

Customers represent one stakeholder group with a specific and significant importance.

- From a **business perspective**, the importance of customer groups can be quantified in terms of the revenue generated e.g. significant customer groups by annual revenue, capital contributions or subsidies. Preferably this should be graphically presented to illustrate the level of importance.
- From a **social perspective**, there may be a need to identify how the project may impact on customers' lifestyle.
- From a **life-cycle perspective**, may need to consider total contributions over the life-cycle of the proposed planning outcome to get a clear perspective of the most significant stakeholders in terms of benefits and "full" costs. e.g. Developers contribute during construction, where as consumers contribute to operations, maintenance and renewals.

4.3 Develop and Implement Stakeholder Management Strategy

As part of the planning process, a stakeholder management strategy (SMS) should always be prepared. For many routine initiatives this will be a simple, straightforward process. However, for some initiatives it will require a significant investment in resources. The SMS is used to define and implement the activities and responsibilities for managing stakeholders. It also ensures that the stakeholders' role in the study is defined and understood by the stakeholder. The SMS should include:

- identification of stakeholders
- the outcomes of analysis and mapping of stakeholder requirements
- broad description of the direction and approach that will or has been used for stakeholder management at all phases of planning and implementation
- the strategy for issue and concern management
- the communications strategy
- the involvement strategy
- analysis and mapping of influence and impact for each stakeholder group
- description of how the program will engage with all stakeholders including mechanisms for encouraging, receiving and responding to feedback from stakeholders, and advising stakeholders of the outcomes from the consideration of their feedback and input
- description of how the program will empower relevant stakeholders to make decisions and find solutions
- measures to determine how well the communication process is engaging with stakeholders
- measures to check that stakeholder expectations have been met.

The communications strategy is aimed at ensuring ongoing commitment and support by all key stakeholders for all aspects of the project.

4.4 Document Stakeholder Requirements

The last phase of addressing stakeholder requirements is to summarise and document the results of identifying and analysing stakeholder needs, expectations, concerns and requirements etc. This phase of the planning process is most significant and should identify some of the key issues to be addressed in developing the supporting business case for the project.

The findings of a stakeholder analysis need to be included (with different amounts of detail) into the planning report. Such a summary can be brief, depending on the nature of the initiative, and the analysis will probably be revised as the initiative develops, interests change, and more information becomes available.

5.0 Checklist

- Have all key stakeholders been identified?
- Has a summary been provided detailing the nature of stakeholder relationships and the potential impact of the proposal?
- Has a consultation strategy been identified?
- Have the key stakeholders providing information been identified and the accuracy of the information used quantified?
- Have all customer requirements been identified?

For identifying stakeholders, has the planning process included:

- Listing of all primary and secondary stakeholders?
- Identification of all potential supporters and opponents of the project?
- Analysis to identify different types of stakeholders (at both primary and secondary levels)?

For assessing which stakeholders are important for project success, has the planning process included:

- Which problems affect which stakeholders?
- Identification and prioritisation of stakeholder needs, interests and expectations?

For high risk – high expenditure projects, has the planning process included:

- Stakeholder mapping?
- Stakeholder segmentation analysis?
- Communication strategy?
- Stakeholders involved in development of the planning report?
- Stakeholder issues/constraints/support fully documented and impacts analysed?
- Process documented in planning report?

For low risk – low expenditure projects, has the planning process included:

- Interviews of key stakeholder representatives?
- Stakeholders advised on a well-informed “as required” basis?

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