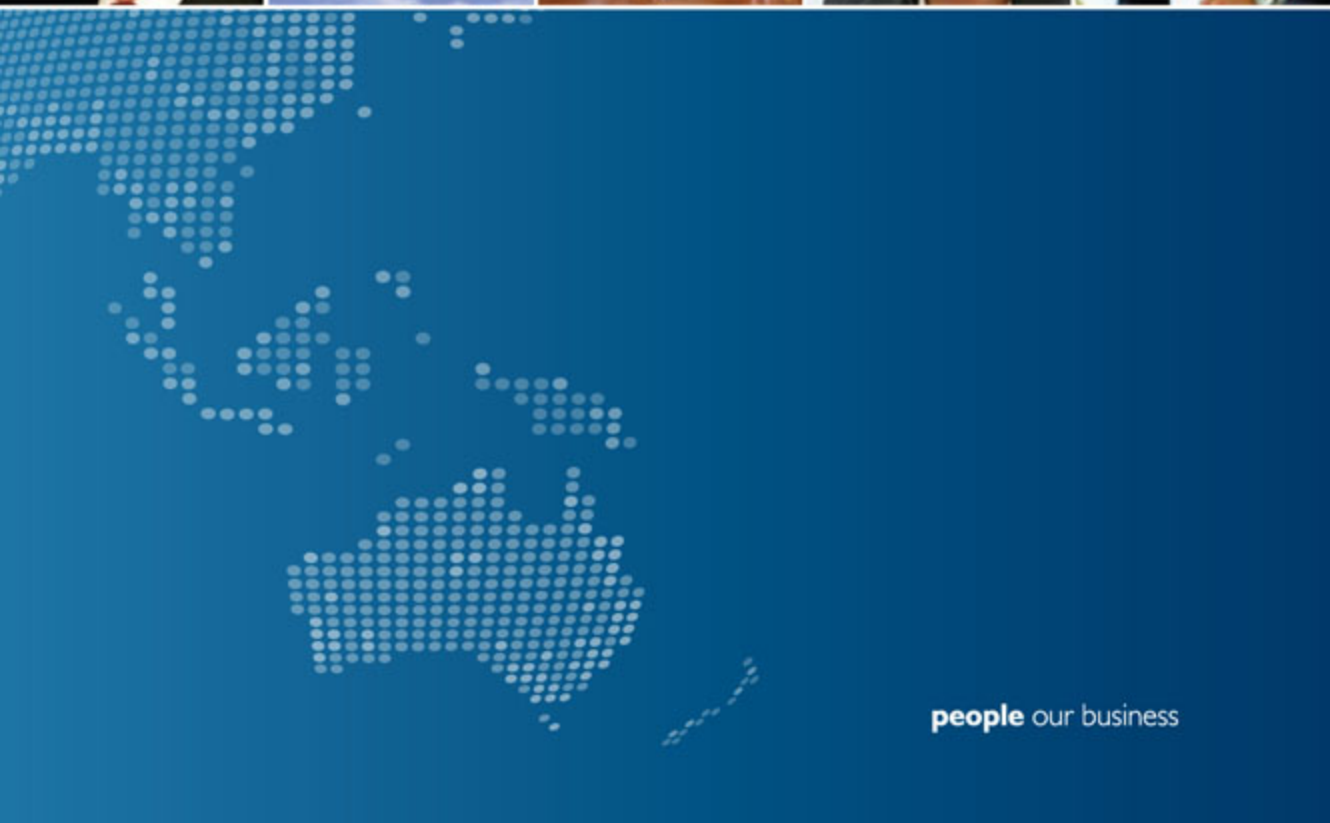




Australian Government  
Department of Immigration  
and Citizenship

# Stakeholder Engagement

## Practitioner Handbook



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## Preface

It is a high priority for the Department of Immigration and Citizenship that the community and stakeholders have confidence in our work. Building that confidence relies on good practice across all our business at all levels.

While the government decides policy, it is important that we operate in a way which optimises both advice to government and the implementation of policy. Key stakeholders can help significantly in both regards if our relationships are robust.

We all need to identify key stakeholders and their issues and incorporate the resulting information into the way we do business where possible. Our engagements need to be high quality and the benefits maximised wherever possible.

This handbook is a practical guide for staff in national office, the states and territories and overseas who engage routinely with stakeholders. The work you do at the local level is the foundation of our relationships and community confidence. The internal Stakeholder Engagement Steering Committee, which I chair, oversees work at the agency level to support you in this practice.

The handbook brings together in one place guidance on good practice which will be valuable for those new to this aspect of our work. Much of it will be second nature to those experienced in this area but it can be a useful tool to help review your practice from time to time.



The handbook was first released in a draft format in 2007. It was provided to external stakeholders and senior departmental staff for comment.

The response to this request was significant and since then the feedback has been collated and applied to this revised handbook. It now contains eight case studies provided by our colleagues and I would like to thank each of them for their participation. The case studies serve to illustrate various aspects of our stakeholder engagement.

I want to encourage you to understand and use terminology consistently. In particular we have agreed on a distinction between 'stakeholder' and 'key stakeholder' and that our clients are a major category of stakeholders. We refer to 'engagement' (which implies a two way relationship) rather than 'management' of stakeholders.

Maintaining productive relationships with stakeholders in an often volatile and sensitive environment relies on sustained and effective practice over time. Each one of our engagements contributes to the larger picture and I hope this handbook is a support to each of you in your own efforts.

**Andrew Metcalfe**  
Secretary  
May 2008

# 1. Stakeholder engagement in the department

## 1.1 Introduction

Stakeholder engagement is integral to the department's business. The department comes into daily contact with external stakeholders, whether it be in the National Office, state and territory offices or overseas posts. Key stakeholders influence and impact our policy development, the nature of our work and outside perspectives of the department.

Stakeholder engagement has recently been increasingly identified as key to business success both within private and government sectors. There are an increasing number of references on how to appropriately engage with stakeholders.

This handbook was first published as a draft in 2007. At the time, a key objective was to create and maintain strong relationships with stakeholders that would sustain media attention and public opinion and were capable of weathering high levels of criticism. Along with other initiatives, the need for a pragmatic guide to stakeholder engagement became apparent and saw the drafting of this text.

Following input from both internal and external stakeholders, the handbook was reformulated in early 2008. It has been simplified, and now contains eight case studies, collated through interviews with departmental staff. The case studies were included to give the reader a more tangible sense of how stakeholder engagement functions, but also to indicate the good work and strong relationships already built.

The body of the text is based around the Departmental Stakeholder Engagement Model, which has three key elements (thinking

and planning, preparing and engaging and responding and measuring), which are broken down into five key steps that are fluid and interchangeable (see Diagram 1). Each of these elements are explained and case studies are given as illustrative examples. The material should be used to support strategic business planning processes. The handbook also contains several diagrams and appendices, which will be useful in mapping, understanding and measuring stakeholder engagement. It will be revised periodically to reflect changes in the stakeholder engagement model and new initiatives.

The Stakeholder Engagement Practitioner Handbook seeks to guide you in your relationships with stakeholders from the start of the process (identifying key stakeholders), through to the end (lending an analytical eye to the progress or shortcomings of the engagement). These guidelines provide help for an activity that is often mistakenly perceived as being completely intuitive. This handbook can be consulted when planning is required, when difficulties arise, when solutions are needed and when you wish to review to assess the success of your engagement.

## 1.2. A strategic approach to stakeholder engagement

Stakeholder engagement in the department has been important for many years. Networks of stakeholder relationships exist within the department and with external organisations, departments, groups and key individuals.

In 2005–06 the department identified that it was a priority to support this activity by a

more systematic and strategic approach at the agency level. It was apparent that in many ways, across significant areas of the department we had not worked with the community and key stakeholders to build the sort of relationships that are sustainable under a high level of pressure.

Too often relationships with stakeholders are conducted in an ad hoc or intuitive manner. A strategic approach (a plan with clear objectives, milestones and an evaluation) builds better ongoing relationships and is more likely to realise the benefits for the department and the stakeholders.

At the agency level we are applying the same framework that has been used in the handbook (see Diagram 1). We have mapped our national stakeholders, identified significant issues, and produced information on our engagement initiatives and structures for the internet. We have embedded stakeholder analysis into our business planning processes.

We reviewed our current formal engagement structures. The creation of new structures and the evolution of previous ones is ongoing and is responsive to evolving needs and government imperatives. The concept of stakeholder leaders, which is being considered should improve early identification of issues and promote better and consistent information exchange.

Stakeholder analysis should be a fundamental part of business planning and operations. Activity should be well targeted and resourced appropriately. Related risks should be incorporated into risk assessments. It is important that significant issues are identified early and escalated to a senior level.

One of the key issues identified in late 2006 was that staff did not receive enough support. This handbook is one response to this requirement. The Executive Leadership Program (ELP), graduate training and staff stakeholder seminars are other initiatives which look to address this issue.

### 1.3. What is a stakeholder? The department's definitions

The following definitions, adapted from the definitions used by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) are to ensure consistency in the use of stakeholder terminology across the agency, and especially to avoid confusion between the use of the terms stakeholder and client.

**Stakeholder:** any individual or group who has a vested interest in the outcome of a body of work.

**Key stakeholder:** any stakeholder with significant influence on or significantly impacted by the work and where these interests and influence must be recognised if the work is to be successful.

**Clients:** people who use our programs and services or are subject to our regulation. Clients are included in the department's key stakeholder template as a major category of stakeholders.

Stakeholders can be defined by one or more of the categories simultaneously. Some industries or industry groups are key stakeholders (see Diagram 2). In some instances an individual employer will be a key stakeholder and in others the same employer will be a client.

These definitions and other material in this handbook may be applied to internal and external stakeholders, although they are primarily externally focused. Most areas of the department will have stakeholders in both categories.

## 1.4. Principles of engagement

Principles should underpin your stakeholder engagement. They can be used in planning new activity, or as a template to review current or previous efforts. There is a definitive split between strategic and operational principles. Strategic refers to a higher level understanding and structuring of stakeholder engagement and involves identifying stakeholders, significant issues and expectations. While operational principles concern the action of dealing with stakeholders, for instance the stakeholder engagement plan and consultation. The following should help you in understanding the difference between the two. Strategic and operational principles have been drawn from the Stakeholder Engagement Standard (AA1000SES) – Institute of Social and Ethical Accountability (Exposure Draft September 2005).

### Strategic principles

- **Significance:** deal with issues of significance to stakeholders and the agency.
- **Completeness:** understand the concerns, views, needs and expectations.
- **Responsiveness:** respond coherently and appropriately.

### Operational principles

- **Communication:** open and effective communication means listening and talking.
- **Transparency:** clear and agreed information and feedback processes.
- **Collaboration:** work to seek mutually beneficial outcomes where feasible.
- **Inclusiveness:** recognise, understand and involve stakeholders in the process.
- **Integrity:** conduct engagement in a manner that fosters mutual respect and trust.

The actions which indicate that you are operating according to the principles have been structured into a checklist to help explain and use them effectively (Appendix 1).

## 1.5. Commitment and responsibility

If you are responsible for a particular engagement strategy, make sure you get the required senior support. It is advisable to have thought through the strategy including the benefits, so you can be clear for senior managers what it is that you are asking them to endorse. Be clear about who is responsible for which elements of your strategy, and gain their agreement before you begin.



## 2. The Departmental Stakeholder Engagement Model

As previously indicated, the handbook is based on the Departmental Stakeholder Engagement Model. The model is drawn from the international framework developed for stakeholder engagement (see Diagram 1) and has been supplemented with material from other sources.

While it is not obligatory that staff use the model when engaging with stakeholders, it is a useful reference to check that you are covering all aspects of successful stakeholder engagement and may give ideas for improvement.

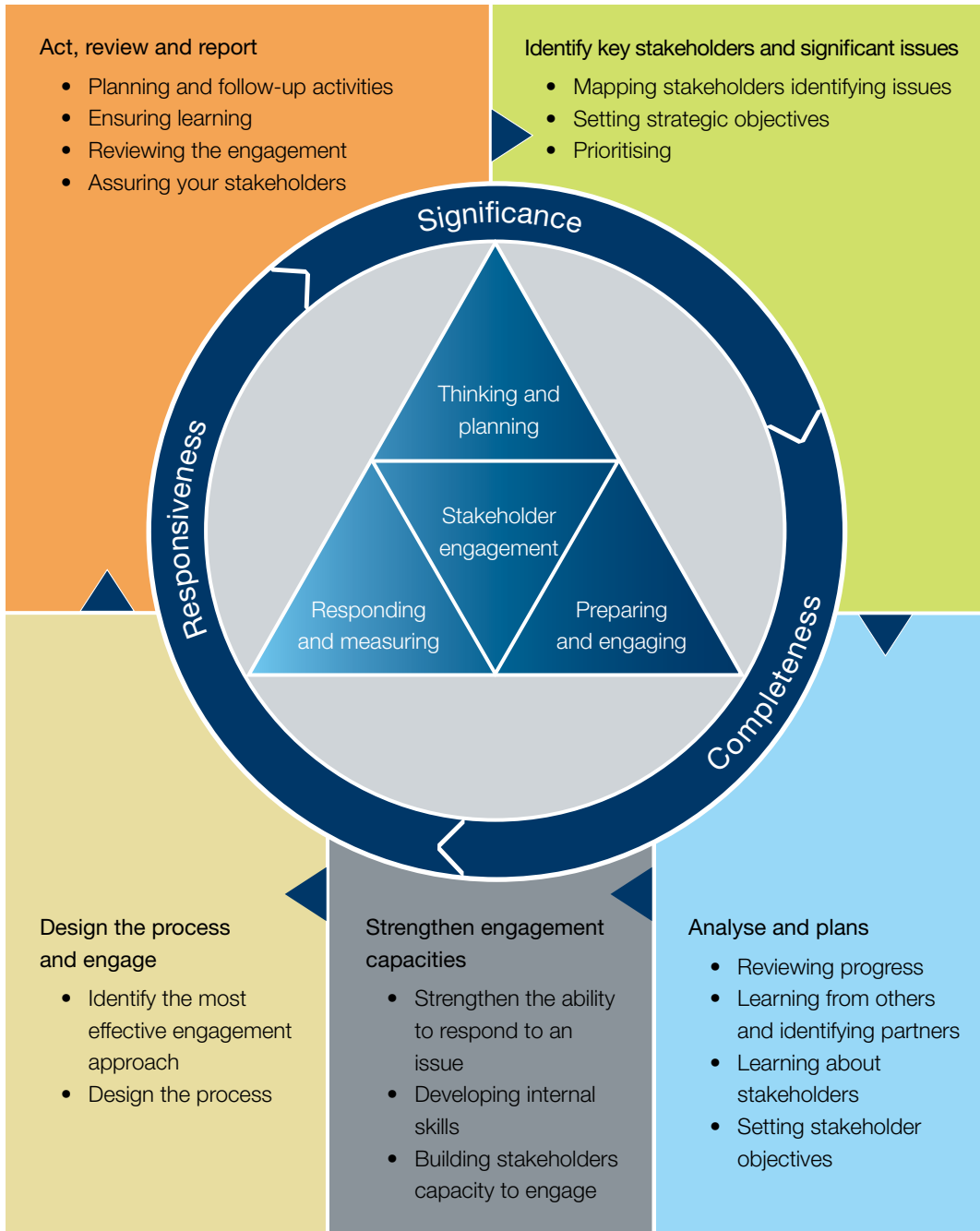
The framework, or model, is action oriented and consists of three elements of engagement, which are broken down into five key steps.

These elements are:

- Thinking and planning
- Preparing and engaging
- Responding and measuring.

The elements take you in a circular fashion from the initial preparatory work, through deciding on objectives and activities, deepening your understanding of the stakeholder, responding, reviewing and re-assessing. They are fluid and interchangeable. They are spelled out in more detail in the sections to follow.

Diagram 1: Five-stage stakeholder engagement model



Adapted from Stakeholder Engagement Standard AA1000SES (Institute of Social and Ethical Accountability 2005)

## 3. Thinking and planning

### 3.1 Why do we engage with stakeholders? Realising the benefits.

Effective stakeholder engagement relies on a commitment to engage and communicate openly and honestly with stakeholders. The following is a list of possible benefits adapted from the Business for Social Responsibility (BSR) staff paper, titled 'Stakeholder Engagement' (2003).

It is not exhaustive nor will all the benefits apply to your case, however these points may help you to be clear about what benefits you expect from your stakeholder engagement activities.

- Cooperation on operations/activities and at times on policy development, allows for enhanced community confidence.
- Creating more user-friendly, community/industry targeted services.
- Reducing future costs (for example, time saved later in managing crises in confidences that could have been avoided).
- Improved access to emerging issues and communities and the capacity to handle them before they develop negatively and/or confidence is lost.
- Avoiding negative press by engaging positively and proactively.
- Increasing organisational effectiveness. This means more effective and efficient practice, higher quality policy input.
- Enhancing two-way communication skills and better understanding on both sides.

- Bridging cultural gaps.
- Developing a culture of innovation and learning, for example by building the knowledge into our decisions and practices.
- Simplifying conflict resolution through a build up of trust, and a clearer articulation of what cannot be resolved.

It is important to distinguish between objectives and benefits. Short term objectives include open and transparent dialogue, obtaining input on the potential impact of a regulation change and receiving early advice on emerging issues. Longer term benefits from delivering those objectives could be effective implementation of an unpopular regulation change.

While there are several benefits associated with open dialogue and communication with stakeholders, there are also detrimental impacts associated with poor engagement or lack thereof. Many of these are simply the opposite of the benefits stated above, for example, loss of community confidence, conflict and lack of cooperation on activities. It is important to weigh these risks against the benefits of proactive engagement to fully understand the effects.

The following case study illustrates the benefits associated with effective stakeholder engagement. The first part is a departmental perspective (Seaport Policy Section) on engagement with the Shipping Industry Ltd regarding the Maritime Crew visa, and the second part is a key industry stakeholder's perspective.

## Case study 1a

### Developing the Maritime Crew visa (MCV) through proactive industry engagement

The Maritime Crew visa (MCV) was announced by the government in 2005 as a \$100 million border security initiative. The department held a number of concerns about how the shipping industry (and the 130 000 individual seafarers that visited each year) might respond to a new border processing regime that sought to bring ships' crew into line with other visitors to Australia.

Historically foreign seafarers simply arrived at Australia's ports and showed their crew identification and passports to meet the entry requirements. Similar arrangements exist worldwide. The only country to have introduced a seafarers' visa, the United States, did not enjoy a positive reaction from the shipping industry. Therefore, unless the visa was implemented seamlessly, the department ran a significant risk of international criticism from the shipping industry that could affect Australia's trading reputation.

To help manage such risks, it was imperative the department engaged closely with the shipping industry, particularly its peak body, Shipping Australia Ltd. The objective was to ensure that the visa product was developed with a sound understanding of how the industry operated and would access the visa. It was also important to determine how to communicate this requirement effectively to a global clientele involving shipping operators, agents and crew themselves. To this end, the department and Shipping Australia Ltd agreed to establish an industry working group that would meet approximately every three months. Involving only a few key industry representatives, the director of Seaport Policy Section and the First Assistant Secretary Border Security Division, the working group acted as a sounding board for the MCV's policy and legislative development and provided critical assessment and advice in relation to the MCV communication strategy.

In the six months following the introduction of the MCV on 1 July 2007, over 238 000 MCVs were granted to foreign crew. Since the visa became mandatory on 1 January 2008, over 99.7 per cent of arriving foreign crew have complied with the requirement.

A significant factor in the success of the MCV was the department's stakeholder engagement with Shipping Australia Ltd. Like most relationships, it relied on honesty, openness, compromise and a commitment to achieving mutual benefits. To otherwise engage in a consultation process without such ingredients would have seriously jeopardised both the outcomes of the initiative and the longer-term relationship with a valued client.

## Case study 1b

### The flipside – industry's experience of engaging with the department in the development of the MCV

Similar to the department's reaction, the CEO of Shipping Australia Ltd, Llew Russell, said, 'Frankly our initial reaction to the visa was not very positive. The only other country in the world to have a visa of this type is the United States, and their history with the visa is not a happy one. In their case it proved costly, time consuming and damaging to the industry.'

In the ensuing eighteen months after the announcement most of Shipping Australia Ltd's fears were resolved through consultation with the department and effective stakeholder engagement.

Mr Russell indicated that some of the main concerns Shipping Australia Ltd had, were:

- the MCV would be problematic for crew members who were simply in transit in Australia
- the visa would be difficult to apply for given the nature of seafarers
- the change wouldn't be well accepted by international shipping bodies, given that Australia only contributes 3–4 per cent of the container shipping trade worldwide.

He said, 'We brought all these concerns to the table, and through compromise and discussion, most of our fears were alleviated'.

An international communication campaign was also launched, which informed the industry of the change and a six month transitional period was established, where seafarers could apply for the visa from the 1 July 2007 but would not be penalised for arriving without one until 1 January 2008, when the visa became mandatory. Concerns regarding visa processing timeframes and high risk applicants were also allayed through dialogue, discussion and explanation of processes. The internet and third parties were included as channels for making applications, creating greater accessibility for seafarers.

Mr Russell also indicated three key elements of this positive outcome were:

- bringing the frontline troops to the table
- centralised dealings with the department. There were no changes in staff and that meant there was continuity on both sides
- the department was responsive to the concerns raised by industry and either accepted the recommendations or frankly and openly explained why they could not be accommodated.

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## 3.2. Identify key stakeholders and significant issues

The first element of the Stakeholder Engagement Model involves identifying key stakeholders and the issues of concern to them. Stakeholders are diverse for each team, section and division and may change as a response to circumstances. It is important that you bring team members together to brainstorm possible stakeholders, identify objectives, and think strategically about the relationship.

Drafting a map, illustrating key stakeholders and their relationship to each other is an effective way of identifying all relevant stakeholders.

There is a copy of the current departmental key stakeholder map with the major categories at Diagram 2.

The map plots the organisations currently identified as key stakeholders at the agency level by agreed categories. The map is not an exhaustive list of departmental stakeholders and is reviewed periodically. It is for reference by business areas when identifying their own key stakeholders. A blank template is also provided for local use. There is a current mailing list sitting behind the map, which can be consulted if needed.

A note on the media: media/commentators/key individuals have been identified as a category of key stakeholders (see centre of Diagram 2). It is important that particular care is taken in relation to relationships with the media and that you comply with departmental protocols. You must also work through the appropriate channels, particularly involving your State and Territory Office (STO) director or National Communications Branch.

As part of this step you will also need to identify significant stakeholder issues. There are two

steps in this process; the first involves answering the questions below.

- What are the issues for these stakeholders?
- Which are the most frequently expressed?
- Are the real issues apparent?

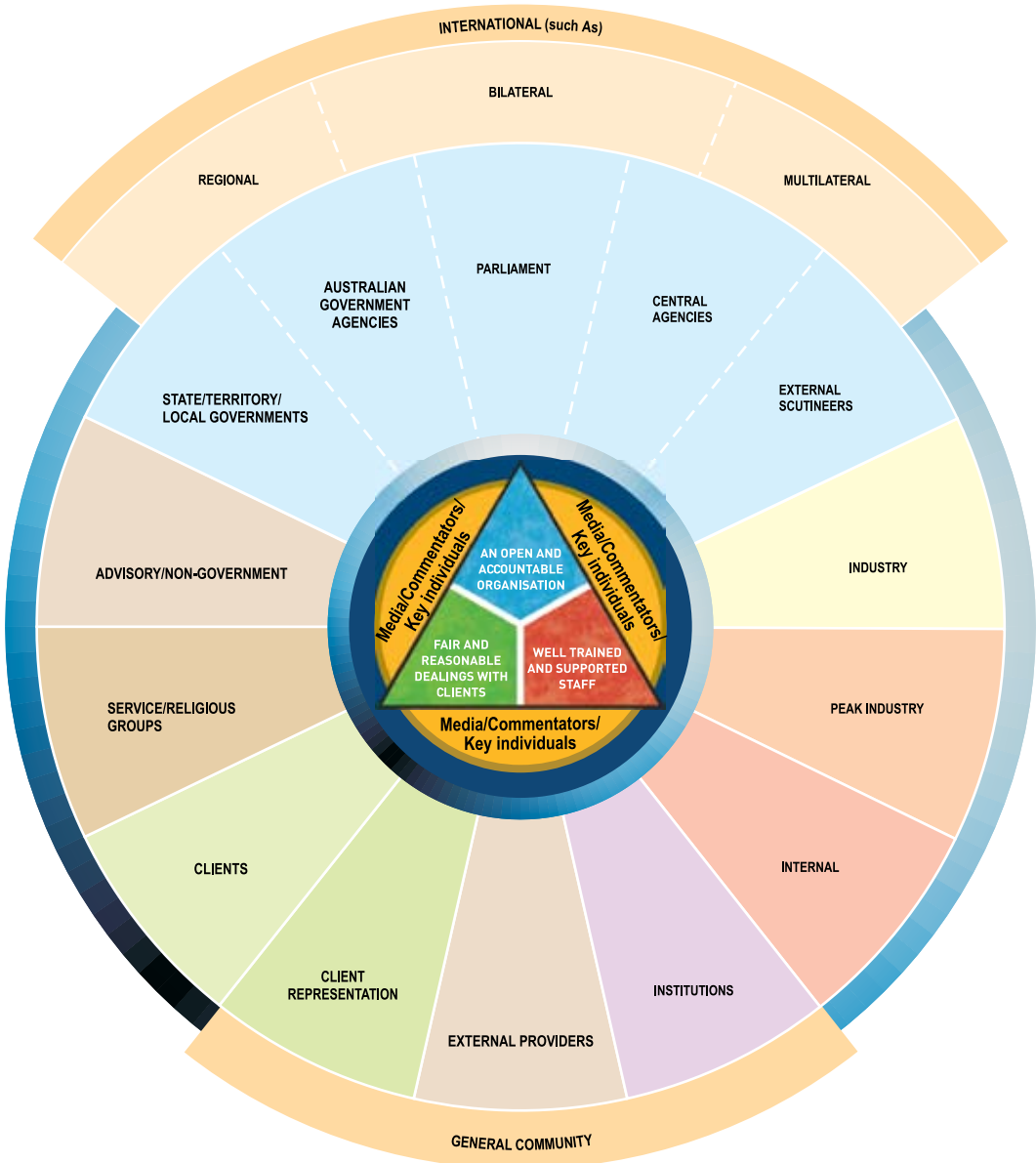
The second step involves identifying how significant these issues are?

To decide whether an issue is significant ask the following questions:

1. Is the issue related to government or department policy, a department outcome or output or other public commitment?
2. Are there elements related to our financial or legal compliance?
3. Are there Australian Public Service norms involved, regardless of whether the department has a specifically stated position (for example the Commonwealth Procurement Guidelines)?
4. Are the issues likely to impact on the decisions and behaviour of stakeholders – either towards the department or in more general terms?
5. Are there societal norms involved (for example issues of due process or need to know)?

Refer to Appendices 3 and 4, which function as checklists for stakeholder and issue identification. The following case study highlights the department's strategic approach to dealing with the media.

Diagram 2: The departmental key stakeholder categories



Only the categories used in the departmental key stakeholders map have been included in this diagram. The full listing of key national stakeholders is comprehensive but not exhaustive.

## Case study 2

### Identifying issues and strategically engaging with the media

The media is one of the National Communications Branch's (NatComms) most important stakeholders and is an interesting group for the department as it acts as a conduit to other stakeholders, for example, the public. Hence dealing with the media requires that significant issues are identified and fully explained.

The National Communications Manager identified two key factors for engaging with the media: being proactive and being timely in reactivity. Because of the nature of the industry around 75 per cent of the work produced by NatComms is reactive, 25 per cent is proactive.

The manager has provided an example of proactive stakeholder engagement with the media that occurred around the issue of compliance. He said, 'we thought there was a lot of ignorance out there about compliance operations; in terms of what's involved, who does it, who the players are, what the purpose is and of course the outcomes'. In order to demystify process, the media team engaged with media stakeholders to produce news stories that clarified processes and helped the public to understand the rationale and scope of compliance procedures.

'As part of proactive stakeholder engagement we decided to engage with a selected journalist and photographer. We worked with a team of compliance officers and put together a story. We were telling people what it was all about and opening the doors to the department,' he said.

Quite often, the increasingly important role that media liaison and interaction with journalists plays ultimately results in more balanced reporting, more comprehensive coverage and better outcomes for all.

### 3.3. Analyse and plan

Often the importance of research to stakeholder engagement is overlooked. It allows you to identify strengths and weaknesses and ultimately develop strategies to engage effectively.

Within this section planning refers to business plans, not to stakeholder engagement plans. If stakeholder engagement is a critical element to the success of your work, it may be useful to develop a stakeholder engagement plan (see Appendix 2).

In researching use all sources, conventional and unconventional, whether it is media, online, literature or word of mouth. When research is completed you can then move towards a comprehensive analysis of the stakeholder and the issues. As part of the analysis you should examine existing, current and past relationships, available resources and constraints.

It is important to note that stakeholder engagement is not an end in itself and the specific engagement objectives must be an integral part of your primary business objectives.



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As part of your strategic business planning establish ways to monitor and assess the quality of your stakeholder engagement practice. When you document benefits and objectives, you need to work out how you will measure whether you have achieved them. Setting indicators of performance during the planning stage helps you to stay realistic about benefits and objectives. Some suggestions of possible performance indicators, based on the list of benefits in section three, are in Appendix 5. You could also assess the quality of your processes against the checklist of operational principles and the action elements in Appendix 1.

### 3.4. Risks and opportunities

A risk management plan should be in place at the onset of engagement. This plan should be monitored and reviewed while consulting with the stakeholders, as risks can fluctuate, change, or become more or less important.

As part of better understanding key stakeholders consider the risks that might relate to engagement. These will vary considerably, however there are three basic questions.

1. What are the risks associated with engagement?
2. What are the risks associated with not engaging?
3. What are the risks associated with engaging poorly?

At the same time, clearly identify and continually capitalise on opportunities for both your own work and the stakeholders.

The following five steps are taken from the Australian and New Zealand Risk Management Standard (ASNZ 4360:2004) and you may wish to apply these when analysing possible risks.

1. **Establishing the context:** you need to understand the situation clearly and without blinders. Ask yourself what type of stakeholder engagement this is, for example is it high-level strategic project or a localised initiative?
2. **Identifying the risks:** take the time with your team to brainstorm the risks, thinking strategically and outside the square.
3. **Analyse the risks:** what is the likelihood that this risk will occur and what broader implications will ensue?
4. **Evaluate the risks:** draw all the information together in a written document and prioritise them.
5. **Treat the risks:** action is required now, not after the issue has arisen. Look for methods to mitigate or dissipate the risk.

Throughout these five steps you should be consulting and communicating with stakeholders and monitoring and reviewing the process.

The following case study reflects management of expectations, a risk which is common to stakeholder engagement.

## Case study 3

### Management of expectations

As part of defining the process of engagement it is important to be clear with your stakeholder about what is negotiable and what is set in stone. When dealing with policy and legislation, aspects of consultation will be non-negotiable as there may already be an existing framework. Stakeholder engagement conducted merely to tick the boxes instead of for a consultative goal becomes arbitrary and consultation becomes superfluous, time consuming and unsatisfactory, especially for stakeholders whose opinions are not being heard.

The Acting Branch Head of AMEP Review indicated, 'I find stakeholders are angry if you consult them about an issue that cannot be changed, for example a policy issue, where there is no movement. The consultation then seems false and it undermines future dealings with the group'.

You may be consulting with respect to basic policy, or ideas for implementation and value the stakeholder's opinion. However it is important to identify what element can and can't be changed.

'In instances such as this I tell them what is and isn't possible. This is about expectation management. I indicate the possibilities and changes that can occur, and the benefits to the stakeholder of having input to the processes.'

One of the most effective means of isolating a stakeholder is going into consultation, and having them later discover that their opinion has not in anyway been taken into consideration.

'They need to know what cannot be changed while they're in consultation, not later on through a press release... You need to go back to them and let them know how things have progressed, the consultation can't just fall into a black hole' she said.

## 4. Preparing and engaging

### 4.1. Defining the rules of engagement

When dealing with stakeholders it is important to define the rules of engagement. In the initial stages of the engagement you should define your work, position, the reasons for dialogue, and your capacity to meet stakeholder needs. The stakeholder must know the rules of engagement and also the limitations. In many cases the departmental officer works within the bounds of policy, and is not able to comment on stakeholder wishes because of legislation or policy (government) constraints. The consultation may be occurring with regards to a whole-of-government activity, and the department may be constrained by what stage this has already reached. To clarify this issue you can explain the policy and legislation framework and how it applies to your engagement.

When defining the rules of engagement you should ask the following questions.

- Who are the key stakeholders?
- What are our strategic objectives and how do these relate to stakeholders?
- What are the specific issues in dealing with these stakeholders?
- How can I undertake an initial prioritisation of stakeholders and issues for further analysis?
- What issues are able to be addressed and which are not?

Once you have established the responses, you can tailor engagement to the stakeholder. Some of the methods we use to contact stakeholders include meetings, phone conversations, face-to-face or emails. These all carry a different weight and substance and are more or less appropriate

when dealing with diverse stakeholders. You must 'know' your stakeholder and what form of communication is best suited to them.

If you are conducting a meeting, consider locations and formats to present the information. The scene in which the engagement is conducted may influence the eventual result or the quality of the dialogue.

### 4.2. Communication is fundamental to stakeholder engagement

The core of all relationships is communication, and stakeholder engagement is essentially a complex relationship. Yet we walk a fine line with communication. When have we said too much or too little? And how important are fine tuned negotiation skills?

Negotiation occurs when two people or more are prepared to bargain to achieve a mutually acceptable solution. The department is rarely in a position to bargain with stakeholders. Due to the nature of our business, the department often holds all the power within the stakeholder relationship. It is important to acknowledge this and the effects it may have on the relationship.

Communication also involves being open and honest about your objectives and planned activities. You should try to keep the stakeholder in the loop as much as possible, whether it is through email trails, phone calls or face-to-face engagement. The latter is often the most effective form of stakeholder engagement as it gives the relationship a more human element. Refer to Appendix 1 for a more thorough communication checklist.

## Case study 4

### Effective communication methods

Communication is key to good stakeholder engagement. In many cases disagreements occur between two parties due to a lack of communication and empathy. However there are various communication methods that can be used and these can be more or less suitable to the case and situation.

New legislation came into effect in August 2007, making it a criminal offence to knowingly or recklessly allow a worker to work, or to refer a worker for work, where that worker is someone from overseas who is either illegally in Australia or who is working in breach of their visa conditions.

The Employer Compliance Section came to the conclusion that conventional methods of email and phone conversations were not sufficient to communicate with stakeholders. It was important the department understood the issues and challenges being faced by employers. The Employer Compliance Section resolved to tailor the communication method carefully to the objective.

The result was a series of meetings in late 2007 with key stakeholders to inform them about the introduction of the legislation, their obligations and possible penalties, as well as the way the department could help them meet their obligations under the legislation. A further and more extensive stakeholder engagement will be completed during May 2008. This will involve unions, ethnic groups, government agencies and a wider range of peak bodies. Recognising that employers have obligations under 457 sponsorship undertakings, as well as employer sanctions legislation, Compliance and Case Management and Migration and Temporary Entry Division are taking a 'one department' approach to engaging with employers. Staff from the Employer Compliance Section are partnering with staff from Business Branch to engage with stakeholders across Australia.

In doing so the Employer Compliance Section and Business Branch staff are demonstrating a commitment to transparency and communication and the benefits of listening to our stakeholders.

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### 4.3. Strengthen engagement capacities

As part of strengthening engagement capacities you need to consider the strengths of your organisational systems and also identify the gaps and weaknesses. Similarly it is important to consider the individual skills and capacities needed for engagement and areas of improvement. In doing so, think about your own team and the various skills individuals bring to the role(s).

Team members will most probably have differing skills and backgrounds, which can enhance your capacity to engage with stakeholders in an effective manner. In terms of technical skills some may have stronger IT, communications, negotiation or managerial skills. Each of these can be harnessed effectively to maximise your stakeholder engagement.

One way to use this handbook is to discuss some of the issues and processes it raises in the team and to jointly develop ways to realise team capability.

It is essential to also consider the capacities of, and practical issues for, your key stakeholders and identify ways to address these. Each stakeholder has their own agenda(s) and may have constituents that they are representing. They may also be working within financial and time constraints and may not have access to the same facilities as you. In many cases community members are not in paid work but work fulltime for their own communities. Other stakeholders work in a pro bono capacity. Departmental processes are often time consuming. In effect the stakeholder may be drawn from their own core business or constituents. Acknowledging, understanding and recognising these issues and the role they play in the engagement will allow you to tailor your strategy more effectively to the stakeholder.

### 4.4. Define the process and engage

Once you have identified your key stakeholders and issues, thought about overall engagement, researched, done some high level planning and considered capacities, implementation can occur.

At this point you may consider developing a stakeholder engagement plan, which outlines your objectives, scope and methods. This should be an integral part of your overall business plan. See Appendix 2 for further information on developing a business plan and a stakeholder engagement plan. An implementation schedule identifies (and potentially provides to key stakeholders) related information on timing. Try to be as open and honest with stakeholders as possible. Identifying viable timeframes may enhance their confidence in the engagement. This might be as simple as notice of community or industry consultation, a series of meetings of a formal advisory group, or published dates and agenda for workshops. At the agency level we publish information about the purpose, membership and meetings of our major formal advisory groups and other engagement structures.

You then need to consider ways of engagement that work for you and also the stakeholder. As indicated previously location, timing, number of meetings and methods will impact greatly on your result, for example you may be dealing with a community that does not respond well to written dialogue and prefers face-to-face contact, or vice versa. It is important that the method suits the need and the client.

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In creating your stakeholder engagement plan keep in mind that the engagement plan needs to relate to the overall business plan objectives, however contain more explicit reference to the task. You may wish to consider the following when developing an engagement plan:

- what is the purpose of the engagement?
- stakeholder representation (what groups and at what level of representation?)
- level of engagement (from passive monitoring and informing to more active consultation and collaboration)
- the engagement medium (for example internet, telephone, video conference, direct (local) interaction, print, broadcast, or any mixture of these)
- timing (set specific timeframes for each step in the process)
- facilitation type (for example facilitated, debate, convened, mediated)
- method of engagement (for example surveys, focus groups, local representatives, one-on one, online forum, road shows, stakeholder networks, panels or committees, public meetings or forums, partnerships including alliances, collaborative projects, initiatives or ventures).
- how do we measure the success of overall outcomes?

In deciding how you will work, be especially conscious of the following points.

1. Be clear to stakeholders where the department does not control the decision making.
2. Be clear about what is negotiable and what is not negotiable.
3. Consider related management issues: governance implications; sign-off and associated implications; stakeholders' willingness to engage; conflicts of interest; differing and/or conflicting stakeholder interest; time frame; cultural differences; capacity implications; maturity of issues.

The following case study from the Student Policy Section identifies how engagement methods can change and shape your stakeholder relationship.

## Case study 5

### Engagement methods

Tailoring the engagement method to the stakeholder's needs supports effective stakeholder engagement, two way communication and, subsequently, positive outcomes. This became apparent to the Student Policy Section while they were organising quarterly meetings with their stakeholders. Key stakeholders include over 1200 education providers, the Department of Employment and Workplace Relations and various state and territory organisations.

Previous meetings were convened by the department and were conducted in a teacher/student format, where stakeholders sat in the audience and were informed by the department and other sources on changes and issues. This would often result in contentious feedback and negative stakeholder relationships.

The format has since changed to a more dynamic, informal and open arrangement, which has contributed to positive stakeholder relationships. While still convened by the department, a more interactive format is in place, where agenda papers are circulated prior to meetings and possible inclusions to and exclusions from the agenda can occur. Attendees can also indicate which presentations they see as most useful and what topics should be discussed.

The floor is opened to attendees to air questions and issues. This is central to the change in relations that has occurred, as stakeholders can now raise issues that are central to their constituents. Fundamental to positive stakeholder engagement is listening, understanding and registering the issues voiced by the stakeholder.

In an open arrangement such as this stakeholders may comment on government policy, which is not the purpose of the engagement nor within your control. Nevertheless significant key stakeholder concerns should be communicated to the government. The stakeholders can do this directly but the department can also use such views in providing advice where relevant. This process can be explained to stakeholders if necessary.

It is important to tailor the format of discussion to the stakeholder, whether it be emails, informal conversations or forums. Not to be underestimated is the context in which the discussion occurs in shaping the behaviour of stakeholders and their overall view of the quality of your engagement.

## 5. Responding and measuring

### 5.1 Act, review and report

The key aim in this element is to translate the learnings, insights and agreements from the engagement into action. Businesses, organisations and departments often conduct stakeholder engagement and review the process, however fail to appropriately document the results and act on the information gained through engagement.

It is important that you identify with stakeholders which elements or policies cannot be changed, so they do not think that they have been misled or their consultative views have been worthless. Stakeholder engagement is essential for advancing policy and decisions, and developing outcomes that are tailored to contemporary Australian society and to our clients.

The ideal is that we would provide complete, coherent and consistent responses to all significant issues identified during the engagement and communicate with stakeholders on how they will be managed. In practice in a government agency this will not always be either feasible or desirable. It is also not often feasible that management strategies be made public.

However, engagement is a two way activity and if stakeholders invest time and other resources to enable us to improve our practice, and we wish them to continue to do so, it is reasonable to respond to that input. Where possible stakeholders should be informed of the impact of their contribution, if only in a generic way. Government processes sometimes take many months before approval but strong ongoing relationships provide opportunity to supply some information on outcomes.

All information gained from the consultation should be brought together in a formal evaluation, either conducted by an internal staff member, or an external source.

Periodically, and especially following major engagements, we should review, and if needed revise, our stakeholder maps, strategy, objectives and scope, plans and performance measures.

Measuring performance in stakeholder engagement is difficult and sometimes quite subjective. At the beginning of the process, however, you should decide how you are going to determine whether your engagement was, or is, working and what benefits were/are being achieved. If the outcome is less than satisfactory all parts of your process should be reviewed to find where it can be changed.



## 6. Recognising all stakeholder engagement is different

All stakeholder engagement is different. There is no single framework; however it is important to have a guide to help you in the process.

You may have to engage interdepartmentally, with industry, non-profit organisations or with community groups. Each of these groups have specific needs, wishes and constraints, that you must identify. Tailor your engagement to the stakeholder.

Similarly you may be working within policy, contractual or other work related constraints. These too will dictate the manner in which your engagement is conducted, for example the forum, tone and communication.

The following case study looks at how departmental staff members deal with stakeholders within the bounds of a contract. Third party providers such as the Adult Migrant English Program (AMEP) English language tuition providers are classified as key stakeholders to the department.

## Case study 6

### Engaging with stakeholders within the bounds of a contract

Stakeholder engagement is an important element of contract management. Establishing a professional, constructive relationship with the contractor is a key ingredient in the successful delivery of the contract outcomes.

The AMEP section nationally manages the contracts for the provision of English to eligible new arrivals. Contract managers work hard to develop strong working relationships with service providers, promoting transparency and accountability in line with the department's key strategic themes.

'A professional and constructive relationship with the contractor is essential,' said the Director of the AMEP section. 'AMEP service providers are our most direct link to our clients (migrants who need English) and in order to ensure successful delivery of our program my team concentrates on positive, non adversarial communication based on mutual understanding.'

Communication and negotiation skills are a must for contract managers in the AMEP when developing contractor relations. As with any business arrangement, issues of compliance and performance will arise. In these situations, the contract manager's role is to liaise with the contractor and resolve the issue. She noted that 'maintaining a good relationship with contractors does not mean the terms of the contract are not enforced. It means that there is a greater likelihood that such issues can be discussed and resolved in a cooperative manner.'

Contract managers conduct their relationship with service providers through informal, day-to-day discussions and interactions as well as formal reporting and quarterly contract meetings. Other meetings are held as required.

'AMEP contract managers are involved in continuous stakeholder engagement,' she said 'Contract and stakeholder management skills are not necessarily intuitive, they can be learnt, enhanced and refined through training and experience.'

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## 7. Conclusion

The nature of our business brings us into contact with hundreds of stakeholders each day, and many of these relationships are successful and thriving and should be applauded.

All of the case studies illustrated in this handbook are positive examples of stakeholder engagement. They highlight various types of engagement, for example pragmatic and intuitive, diverse objectives, methods of engagement and results. Strong stakeholder engagement does not always reflect perfect

communication, relations and results from start to finish. Stakeholders may be initially hostile, or sour during the course of the consultations for both internal and external reasons, the important factor is how you deal with these hurdles.

This handbook concludes with a case study where relations between the department and stakeholders changed and matured and became beneficial to both parties.

### Case study 7

#### Detention Health Advisory Group (DeHAG)

Following the Palmer Report, the Detention Health Advisory Group (DeHAG) was established. This was at a time when public opinion was particularly critical of the department, the government's detention policy and specifically the detention of women and children. DeHAG was a bold initiative and comprised of key health professionals with an interest in immigration issues, some of whom were high profile advocates.

The Assistant Secretary of the Detention Health Branch, who has worked within the public service and specifically health areas for many years, headed the branch that established the advisory group.

He said, 'Following the Palmer report, and as a response to the urgency of the matter, it was clear that the department had to engage with its critics, that's why a taskforce was set up to engage with its constituencies'.

He took reference from the department's strategic triangle when dealing with stakeholders. The triangle (below) is now a central element of training for all staff and articulates the department's change agenda.



The Assistant Secretary structured the engagement around these core elements. In being open and accountable it was important to engage with our critics. He said, 'We were inviting people into "the tent" to be part of designing solutions, and they were highly assertive and challenging'.

The next aspect of engagement was showing transparency and proving that there was a level of trust within the relationship. He said, 'Important to the relationship was that they had to believe that we could be trusted in our dealings with them. So we let them see, and we took them out to Baxter and the other detention centres, which were at the forefront of criticism, and we opened the doors'. This was a tangible example of transparency and honesty which brought critics to the table and allowed for meaningful communication and dialogue.

The next stage in the process was listening and taking on board the opinion and ideas of the critics. 'It was a pattern of showing, listening and responding to the immediate issues,' he said. In response the department also had the opportunity to explain why decisions were made and how officers worked within the bounds of the Migration Act 1968.

What followed was a period of give and take, where the department gave the specialists within DeHAG appropriate leverage within the bounds of migration law, and the specialists helped the department in developing appropriate and ethical processes. DeHAG has been commended as an exemplary example of stakeholder engagement, seeking open and accountable communication to achieve fair and reasonable outcomes.

## 8. Tools

We recognise that tools are required to help in the understanding of stakeholder engagement. While you may wish to read this guide when initiating contact with your stakeholders or establishing advisory groups you may also require clearer measurables and check lists. The appendices contained in this guide should serve to help you in planning the process and establishing whether you have covered all bases.

Appendix 1, Stakeholder engagement, operational principles and actions, is a checklist you should use in establishing whether or not you have actioned all appropriate operational principles in engaging with your stakeholders. See section 1.4 on operational principles for further information.

Appendix 2, Stakeholder Engagement Plan, is an example of how to structure your strategic engagement plan. An objective from the overall business plan (strategic) should inform your stakeholder engagement plan (operational).

Appendix 3 and 4, Identifying your key stakeholders and Identifying significant issues, are checklists you can use to identify your key stakeholders and significant issues associated with the engagement. These checklists are part of strategic planning.

Appendix 5, Benefits and possible performance indicators can be used to measure the effectiveness of your stakeholder engagement. These are an example of performance indicators, however you may like to come up with others more tailored and suited to your engagement.

## Appendix 1

### Stakeholder engagement: operational principles and actions

The following functions as a checklist. Place a tick in one of the right hand columns to clarify whether you have actioned all appropriate operational principles in engaging with stakeholders.

Communication Open and effective engagement involves both listening and talking	N/A	Yes	No
<b>Two-way communication (Who does the department need to talk and listen to?)</b>			
1. Foster co-ownership of the communication process.			
2. Clearly define lines of communication.			
3. Maximise community and stakeholder opportunities to say what they want and to provide information and feedback.			
4. Ensure departmental representatives take part in consultation and are accessible to communities and stakeholders.			
5. Demonstrate active listening by responding to the issues of each community and stakeholder group and being sensitive to their concerns.			
6. Determine and use the right channels of communication to ensure the method of communication is appropriate to the relevant communities and stakeholders.			
7. Identify appropriate individuals and contacts to ensure the right people are engaged. Ensure the contacts are representative of their group.			
8. Build and maintain honest working relationships through the provision of accurate and timely information.			
9. Understand individual and group capacities to participate and incorporate this into planning.			
10. Recognise the importance of engaging at the most direct level and ensure the level is appropriate for the purpose.			

*Continued...*

Communication Open and effective engagement involves both listening and talking	N/A	Yes	No
<b>Clear, accurate and relevant information (What is communicated? What do key stakeholders want to know?)</b>			
1. Identify and assess all relevant social, environmental and economic effects of activities.			
2. Provide information and analysis (where appropriate) that is technically or scientifically sound and relevant.			
3. Provide information in a form that is understandable by the target audience and in a way that genuinely helps people to understand and make informed decisions.			
4. Use independent expert advice when appropriate.			
5. Ensure access to information.			
6. Ensure the information provided is delivered in a culturally appropriate manner.			
7. Provide opportunities for communities and stakeholders to ask questions, to seek clarification of information provided and to contribute their own experiences and information.			
Communication Open and effective engagement involves both listening and talking	N/A	Yes	No
<b>Timeliness (When do we communicate?)</b>			
1. Seek community and stakeholder views as early in the proposal development stage as possible.			
2. Understand and recognise the need to build relationships, capacity and knowledge before making decisions.			
3. Allow enough time for community and stakeholder issues to be raised and addressed and for stakeholders to review and respond to information.			
4. Establish clear and realistic timeframes for community and stakeholder input.			
5. Maintain engagement throughout the life of the project, from the planning stage through to construction/implementation, operation/review and finally through to closure.			
6. Respect timeframes that will allow community and stakeholder			
7. Provide information within appropriate timeframes and contexts and identify the reporting period. Make any critical deadlines and timeframes clear to communities and stakeholders.			
8. Ensure timing is convenient to allow adequate community and stakeholder representation.			
9. Recognise, respect and accommodate changes to timeframes where necessary.			

*Continued...*

<b>Transparency</b> Clear and agreed information and feedback processes	N/A	Yes	No
<b>Transparency (How is information about the engagement process communicated?)</b>			
1. Clearly identify government or departmental objectives for the project. Clearly articulate the preferred outcomes of the engagement process.			
2. Identify the objectives of the community and stakeholders.			
3. Clearly explain or negotiate (where required) the decision-making processes and ensure that communities and stakeholders understand government or departmental objectives.			
4. Clearly outline and negotiate (where required) the boundaries of the engagement process, commitment of resources and level of influence of the various parties involved in the process.			
5. Clearly articulate the preferred outcomes of the project (for example operating conditions, environmental objectives, effective implementation of changes to minimise impact on clients).			
6. Clearly set out the process and provisions for two-way feedback.			
7. Reinforce the expected outcomes throughout the process. Provide information immediately on any changes to the expected outcomes.			
8. Report openly the input from all communities and stakeholders and include feedback on their input.			
<b>Reporting (What is documented?)</b>			
1. Document decisions and outcomes of meetings with communities and stakeholders.			
2. Report appropriate performance information on the consultation through an agreed process.			
3. When appropriate and practicable, support performance information with verification.			
<b>Collaboration</b> Working cooperatively to seek mutually beneficial outcomes	N/A	Yes	No
<b>How capable are stakeholders and community groups of participating in the process? Where can help be found to support community groups in this process?</b>			
1. Recognise that adequate time and resources are needed by industry, governments and communities to effectively engage.			
2. Share expertise.			
3. Work in cooperation.			
4. Establish joint ownership of outcomes, seeking mutually beneficial outcomes where feasible.			
5. Comprehensively deal with the issues and seek stakeholder input into responses.			
6. If appropriate, take an active role in local community affairs.			
7. Consider independent mediation processes to deal with disagreements and disputes.			

*Continued...*



Inclusiveness Recognise, understand and involve communities and stakeholders early and throughout the process	N/A	Yes	No
<b>What are the cultural characteristics of communities and stakeholders? Do they have the ability, experience and/or access to support or deal with this process?</b>			
1. Identify the relevant communities and stakeholders, recognising they may change over time.			
2. Identify and, where possible, understand community and stakeholder issues, interests, aspirations and concerns to better define what matters most to the community.			
3. Facilitate (where appropriate) community and stakeholder engagement.			
4. Acknowledge and respect the diversity of communities and stakeholders.			
5. Respect the culture and heritage of local communities, including the traditional owners of the area.			
6. Accept the different agendas of different communities and stakeholders and ensure that dominant groups are not the only voices heard.			
7. Ensure there are appropriate systems, with minorities and other marginalised groups having equitable and culturally appropriate ways to engage, so groups that may be under-represented or hard to reach take part.			
8. Acknowledge that in few circumstances is it feasible to involve the entire community.			
9. Prepare a consultation plan and tailor engagement strategies to meet the needs of community and/or stakeholder groups, their accessibility and information needs.			
Integrity Conduct engagement in a manner that fosters mutual respect and trust	N/A	Yes	No
<b>What is the ability to build credibility and confidence?</b>			
1. Agree on the ground rules for the process and obey them — explain what the process is trying to achieve.			
2. Be open about the nature of the engagement process and make it clear from the beginning what decisions are outside the scope of the process.			
3. Clearly articulate what is negotiable and what is not negotiable in the engagement process. Give reasons for decisions.			
4. Ensure realistic expectations are set and agreed early in the process.			
5. Take responsibility for departmental actions and live up to promises.			
6. Report often on progress — accurately and promptly.			
7. Ensure the proclaimed values of departmental policies and codes of conduct at the corporate level are consistent with practice on the ground.			
8. Ensure that all stakeholder opinions and rights to object or support a project/policy are respected. Acknowledge and respond to stakeholder concerns.			
9. Treat people fairly and without discrimination.			
10. Respect legal, ethical, and human rights.			
11. Be honest, even when the news is not good or favours the department.			

\* *The Stakeholder Engagement: Operational Principles and Actions* have been adapted from the *Principles for Engagement with Communities and Stakeholders: Ministerial Council on Mineral and Petroleum Resources* (2005)

## Appendix 2

### Stakeholder engagement plan

The following is an example of how a stakeholder engagement plan may be structured. A stakeholder engagement plan should link to the overall business/project plan. This will enable users to plan the engagement required to support the achievement of individual business/project objectives.

Business/project objective:	
1. Who are the stakeholders (internal and external)?	
2. What are the objectives of engagement?	
3. What are the issues associated with the engagement?	
4. What are the opportunities of engaging?	
5. What are the risks of engaging?	
6. What are the risks of not engaging?	
7. What are the methods of engagement? (phone/e-mail/face-to-face forums/conference/etc.)	
8. How will we know if we are successful and how will we build in the lessons learnt for next time?	

## Appendix 3

### Identifying your key stakeholders

List your key stakeholders on the left-hand side of the page and then tick which box relates to the stakeholders. If the stakeholder has several ticks you can then identify them as central to your process.

Stakeholder	Responsibility	Influence	Proximity	Dependency	Representation	Policy and strategic intent
Criterion	Description					
Responsibility	Stakeholders to whom you have a responsibility					
Influence	Stakeholders with influence or decision-making power					
Proximity	Stakeholders with whom you interact most, including internal stakeholders, those with long-standing relationships and those on whom you depend for day-to-day operations					
Dependency	Stakeholders who are directly or indirectly dependent on your activities					
Representation	Stakeholders who through regulation or custom or culture can legitimately claim to represent a constituency (including especially our clients)					
Policy and strategic intent	Stakeholders whom we directly or indirectly address by policy or practice					



## Appendix 5

### Benefits and possible performance indicators

The following are examples of possible performance indicators which could be used to measure the effectiveness of your stakeholder engagement.

Description	Measure of success
Enhanced community confidence	Majority of difficult significant issues identified and addressed before they impact on confidence.
Improved access to emerging issues	Issues identified and strategies in place prior to their escalation.
Protection against negative client actions	No letter writing and/or internet campaigns aimed at changing departmental practice (not policy).
Simplify conflict resolution	No significant conflicts exist with key stakeholders which are not being addressed.
Increased organisational effectiveness	Strategic Engagement activity aligned to strategic intent as outlined in division or STO business plan. No instances of systemic 'poor' practice reported by stakeholders which are not being addressed. Percentage of specific practice suggestions made by key stakeholders that have been adopted in whole or part.
Enhanced two-way communication skills	Department staff and external stakeholder satisfaction with quality of two way dialogue, especially amongst formal reference/advisory group members.
Reduced costs	Reduction in legal and reputational costs (where applicable). Estimate of resources realised by effective engagement.
Bridge cultural gaps	Appropriate and ongoing relationships with specified cultural groups.
Promote a culture of innovation and learning in policy advice and practice responses by incorporation of stakeholder perspective	These issues formally considered in preparation of policy advice and practice plans (specific identification in templates used).