



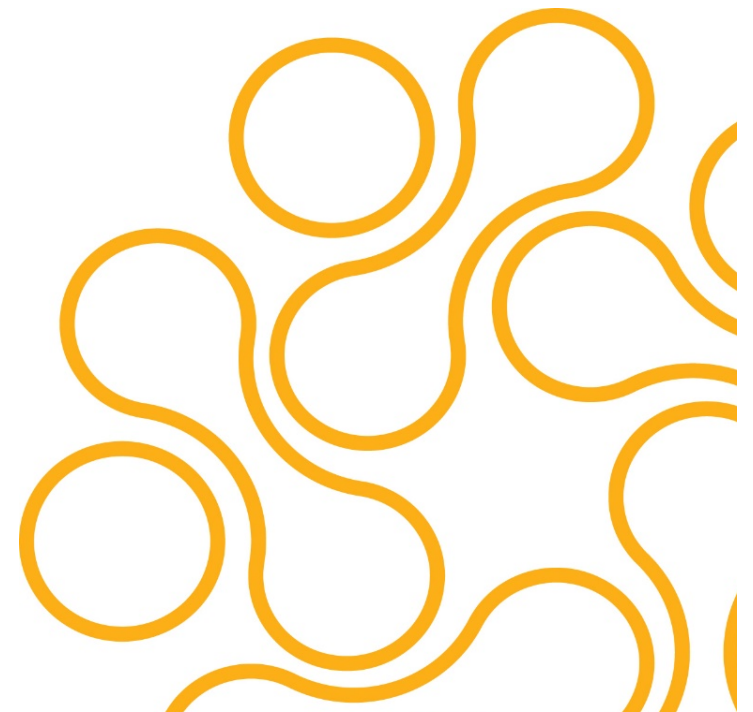
IAIA Seminar

Designing for good social and economic impact

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Seminar Brief

While the IA process is typically rigorous enough to describe the expected environmental impacts it is often carried out within a context of numerous types of uncertainty.

For example:

- The lack, or incompleteness of, base-line data for projects.
- Large projects with potentially significant impacts set in highly sensitive areas.
- Projects using new untested technologies including mitigations and offsets.
- Projects located in areas with small human populations where social impacts could be significant.
- Cumulative impacts.

These proposals represent a real risk that unacceptable impacts, both environmental and social, will occur.

Seminar Brief

How to better identify the nature and extent of uncertainty in projects

Analysis of how uncertainty is managed in IA

Where are we doing well in managing uncertainty and where are we having the most difficulties

What are the key external pressures (e.g. population growth, political and climate change) on the environment that add to the level of uncertainty associated with projects

Best practice in IA that addresses uncertainty and reduces the risk of negative and unacceptable impacts and outcomes

Central Premise

To address uncertainty and reduce the risk of negative and unacceptable impacts and outcomes:

Economic and social impact management needs to be integrated into project design from the beginning.

Integration of social and economic impact assessment into the project development and design process allows for lower risk, greater opportunity and good social and economic impact management.

Social and economic impact management should have equal standing to environmental (i.e. biophysical) impact assessment.

It should be proponent led, risk and opportunity based and assessed within a common national framework but with a set of guiding principles that allow for contextual impact assessment *and management*.

Those other actors in the field, in the community and public sectors in particular, that are involved in the social and economic development of a region should participate in and contribute to the development and implementation of impact assessment and management.

Coordinated efforts should be made between the private, community and public sectors for positive and collective impact in areas that are relevant to what a project can reasonably deliver in a particular context.

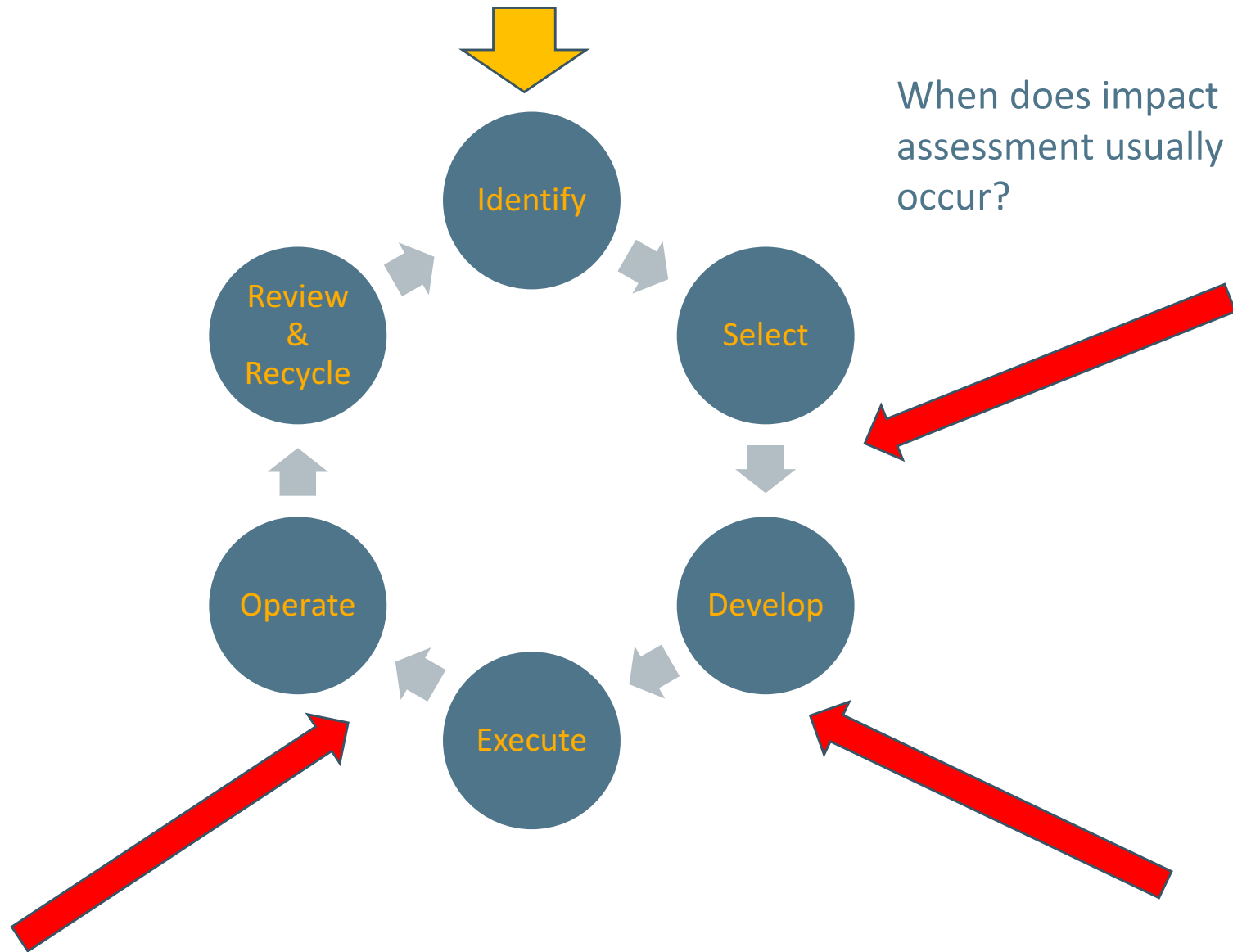
Some impact / uncertainty drivers

- Economics
- Time
- Change
- Politics
- Policy and Regulation
- Land
- Culture
- Community
- Communications and information
- Data

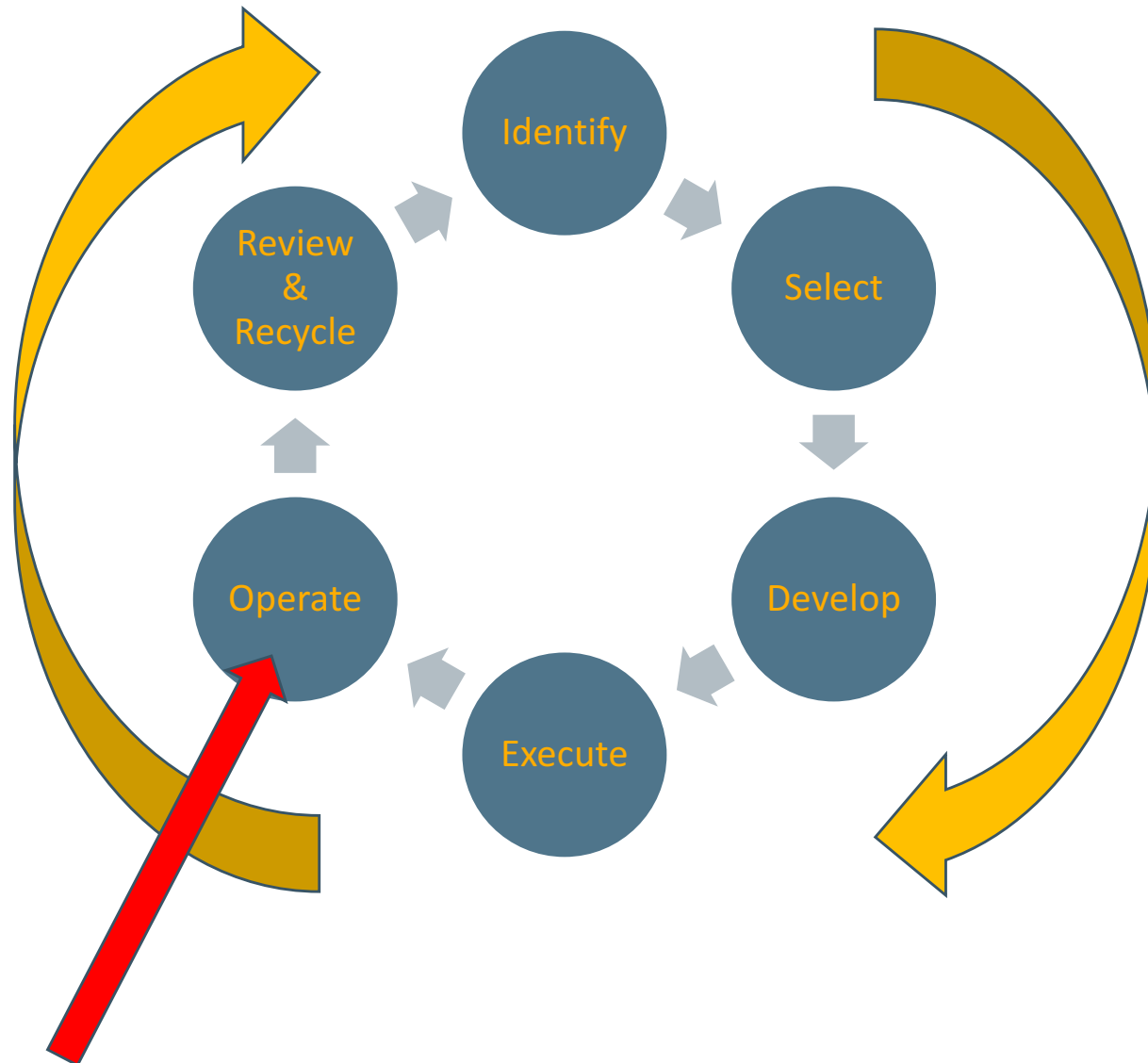
Some uncertainties

1. Commercial viability.
2. Time and economic viability, project approval processes, changing community attitudes.
3. Politics and governance, policy and programs at all levels.
4. Lack of design detail, design has already been decided or rolling changes.
5. Lack of understanding in the general community, regulatory authorities, government agencies, about what projects are about due to information and capacity constraints.
6. Communication with and information provided to communities and vice versa.
7. Subjectivity of the nature of many impacts.
8. Availability of stakeholders.
9. Differentiation in stakeholder influence and disposition.
10. Confidentiality of information.
11. Mismatch and flux between the processes of (a) social and economic impact assessment and management and (b) policy and regulatory approval processes.
12. Lack of understanding about impacts on land, land approval processes, conflicts over rights to land
13. Multiple jurisdictional issues.
14. Impacts on local culture and heritage.
15. Language and educational barriers.
16. Cultural attitudes of project developers in relation to social and economic impact management.
17. Cultural attitudes of community and the public sector in relation to major projects.
18. Data source difficulties – primary and secondary data and data verification / commerciality of data.

Typical Project Development Cycle



Typical Project Uncertainties Cycle



Increasing levels of certainty about what the project is going to be – and therefore the construction and operational impacts.

Ignores impacts that start in the identification and select phases.

Making sense of impacts

Risks and Opportunities

- Land and Culture
- Community Health and Wellbeing
- Economy and Development

Risks and opportunities

Risks

Damage to culture, cultural sites, places and objects

Negative impacts on local community health and safety

Negative impacts on local economy and development

Opportunities

Enhancement of the protection, preservation and promotion of culture and heritage.

Enhancements to community health and safety.

Local economic participation and enhancement.

Opportunity matrix

		Minor - A	Serious - B	Severe - C	Major - D	Catastrophic - E
		CONSEQUENCES		Social & Economic Low or no negative impacts on the socio-economic environment	Minor short term negative impacts on the socio-economic environment	Serious medium term negative impacts on the socio-economic environment
FREQUENCY	Almost Certain - 5 Event is expected to occur in most circumstances	Moderate	High	Extreme	Extreme	Extreme
	Likely - 4 Event will probably occur in most circumstances	Low	Significant	High	Extreme	Extreme
	Possible - 3 Event should occur at some time	Low	Moderate	Significant	High	Extreme
	Unlikely - 2 Event could occur at some time	Low	Low	Moderate	Significant	High
	Rare - 1 Event may occur only in exceptional circumstances	Low	Low	Moderate	Moderate	Significant
RISK SEVERITY LEVEL		RISK MANAGEMENT ACTIONS				
EXTREME		Requires immediate action - highest priority to treat risk - senior level monitoring.				
HIGH		Requires immediate attention - must manage with senior level monitoring.				
SIGNIFICANT		Requires management attention with a degree of priority.				
MODERATE		Requires routine to periodic monitoring.				
LOW		"Business as usual" - should not require much attention but should be reviewed at least annually. Managed by routine policies and procedures.				

Risk frequency



FREQUENCY reference table

Level	Descriptor	Description
5	Almost certain	The risk has occurred recently and is likely to occur again. It is an expected occurrence on a pipeline development project in similar regions.
4	Likely	The risk has a history of occurrence for pipeline development or is difficult to control due to external influences of the region.
3	Possible	The risk occurs on an irregular basis, but has occurred on pipeline developments.
2	Unlikely	The risk would be an uncommon occurrence and would occur in remote circumstances. It has occasionally occurred on pipeline developments.
1	Rare	The risk may occur only in exceptional circumstances and is not likely to occur in this location.

Risk consequence

CONSEQUENCE reference table

Category	A	B	C	D	E
	Minor	Serious	Severe	Major	Catastrophic
Social and Economic	<p>Low level or no disruption to cultural life or damage to cultural heritage sites, places or objects.</p> <p>Low level or no impacts on community health and safety.</p> <p>Low level or no negative impacts on local economy and development.</p> <p>Community can easily adapt or cope with the change.</p> <p>Little or no stakeholder concern.</p>	<p>Minor short term disruption to cultural life and / or minimal damage to cultural heritage sites, places or objects that can be avoided or mitigated.</p> <p>Minor short term potential impacts on community health and safety and that are easily manageable.</p> <p>Minor short term impacts on the local economy and its development that can be easily absorbed.</p> <p>Community has the capacity to adapt or cope with the change, but needs some support.</p> <p>Stakeholder concern that can be managed through good communication.</p>	<p>Severe medium term disruption to cultural life and / or serious damage to cultural heritage sites, places or objects, i.e. that cannot be avoided or mitigated.</p> <p>Severe medium term negative impacts to community health and safety and that are not easily manageable.</p> <p>Severe medium term negative impacts to the local economy and its development that are not easily absorbed.</p> <p>Community has some capacity to adapt and cope with changes, but requires a moderate amount of support.</p> <p>Serious stakeholder concern that cannot be easily managed through good communication.</p>	<p>Major medium to long term disruption to cultural life and / or irreversible damage to cultural heritage sites, places or objects.</p> <p>Major medium to long term negative impacts to community health and safety that cannot be managed.</p> <p>Major medium to long term negative impacts to the local economy and its development that cannot be absorbed in the medium to long term.</p> <p>Community has some capacity to adapt and cope with the changes - requires significant support.</p> <p>Significant and major concern from broader stakeholders and the community, prolonged community annoyance.</p>	<p>Major long term disruption to cultural life and / or major, irreversible damage to cultural heritage sites, places or objects.</p> <p>Significant long term negative impacts to community health and safety.</p> <p>Significant long term negative impacts to the local economy and its development that cannot be reversed.</p> <p>Community has no capacity to adapt and cope with the changes even with significant support.</p> <p>Significant and major stakeholder concern and community outrage.</p>

Opportunity Matrix

		Minor - A	Serious - B	Severe - C	Major - D	Catastrophic - E
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FREQUENCY	Almost Certain - 5 Event is expected to occur in most circumstances	Moderate	High	Extreme	Extreme	Extreme
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RISK SEVERITY LEVEL		RISK MANAGEMENT ACTIONS				
EXTREME		Requires immediate action - highest priority to treat risk - senior level monitoring.				
HIGH		Requires immediate attention - must manage with senior level monitoring.				
SIGNIFICANT		Requires management attention with a degree of priority.				
MODERATE		Requires routine to periodic monitoring.				
LOW		"Business as usual" - should not require much attention but should be reviewed at least annually. Managed by routine policies and procedures.				

Opportunity likelihood & consequence



Level	Descriptor	Description
5	Almost Certain	The local community will almost certainly be able to pursue the opportunity and achieve it through its existing capacity.
4	Likely	It is likely that the local community will be able to pursue and achieve the opportunity through its existing capacity.
3	Possible	It is possible that the local community will be able to pursue and achieve the opportunity through its existing capacity.
2	Unlikely	It is unlikely that the local community will be able to pursue and achieve the opportunity through its existing capacity.
1	Highly Unlikely	It is highly unlikely that the community will be able to pursue and achieve the opportunity through its existing capacity.

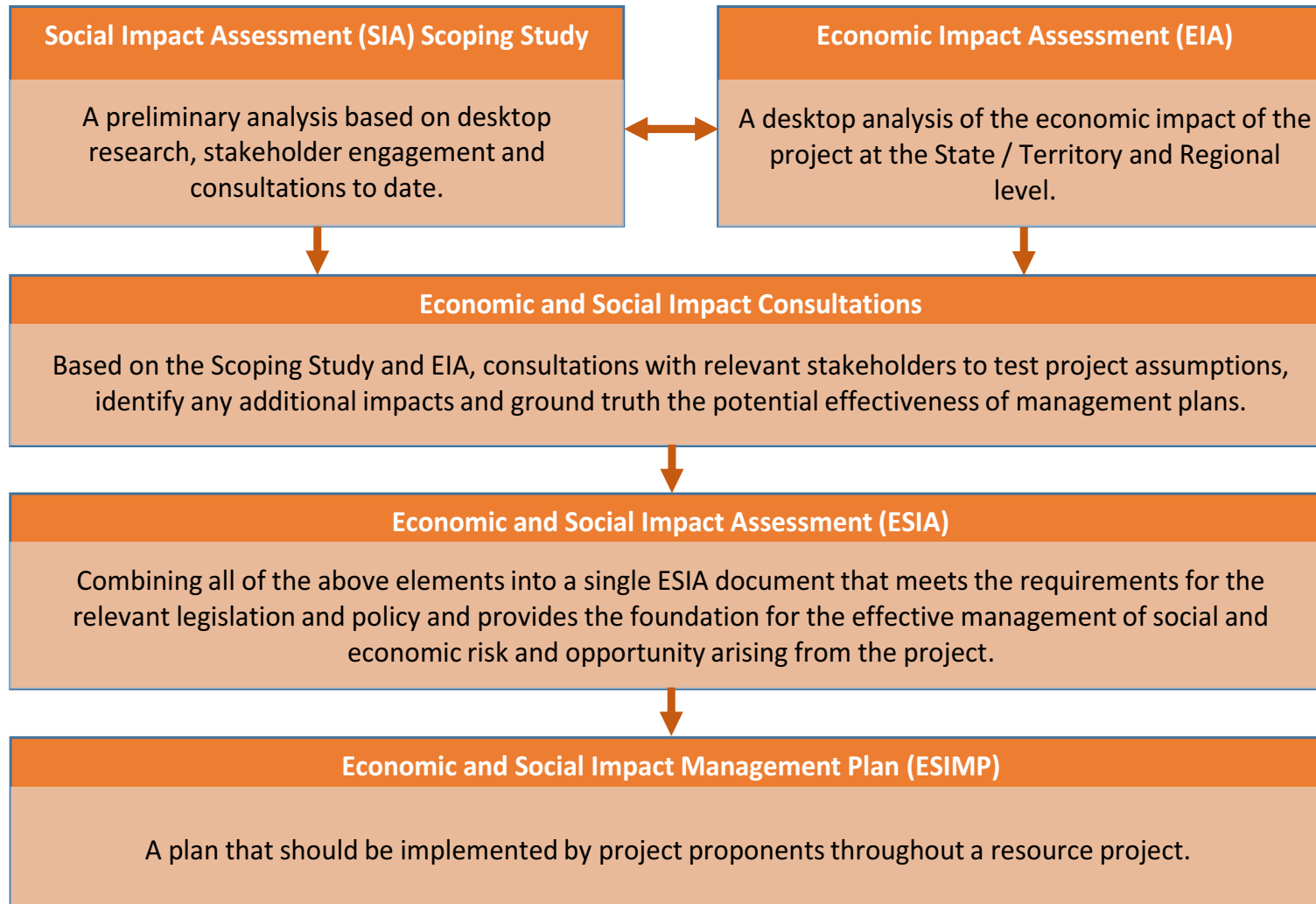
Category	A	B	C	D	E
	Insignificant	Small	Medium	Large	Major
Social and Economic	<p>Limited or no local benefit accrual.</p> <p>Very few jobs and very little contracts.</p> <p>Very little economic contribution.</p>	<p>Benefit accrual only to those with existing skill and capacity.</p> <p>Small number of jobs and few small scale contracts.</p> <p>Minor contribution to the local economy.</p>	<p>Benefit accrual to all those with existing capacity who choose to participate.</p> <p>Jobs to most of those who want them.</p> <p>A number of contracts let locally.</p> <p>A solid contribution to the local economy.</p>	<p>Broad benefit accrual across the community.</p> <p>Significant number of local people employed.</p> <p>Significant number of contracts let locally.</p> <p>Significant contribution to the local economy.</p>	<p>Significant scale positive change in the community through opportunities directly and indirectly associated with the project.</p> <p>Many local people employed in the long term.</p> <p>Many long term contracts let locally.</p> <p>Significant legacy benefit.</p>

Opportunity matrix

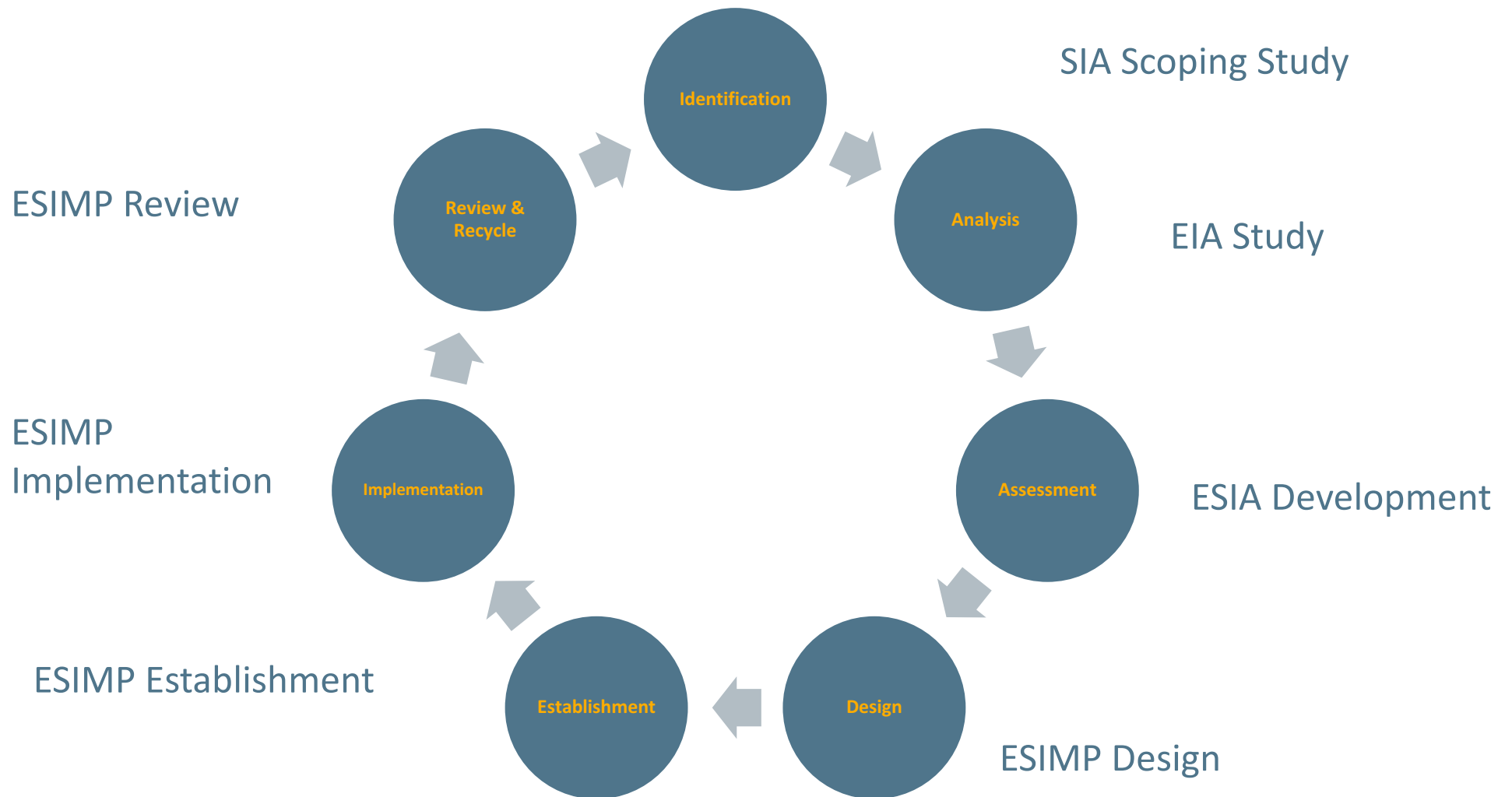


		CONSEQUENCE					
		Insignificant - A	Small - B	Medium - C	Large - D	Major - E	
		Social & Economic	Limited or no local benefit accrual. Very few jobs and very little contracts. Very little economic contribution.	Benefit accrual only to those with existing skill and capacity. Small number of jobs and few small scale contracts. Minor contribution to the local economy.	Benefit accrual to all those with existing capacity who choose to participate. Jobs to most of those who want them. A number of contracts let locally. A solid contribution to the local economy.	Broad benefit accrual across the community. Significant number of local people employed. Significant number of contracts let locally. Significant contribution to the local economy.	Significant scale positive change in the community through opportunities directly and indirectly associated with the project. Many local people employed in the long term. Many long term contracts let locally. Significant legacy benefit.
			A	B	C	D	E
LIKELIHOOD	Almost Certain - 5	Local community will achieve through existing capacity.	Low	Moderate	Significant	High	Transformational
	Likely - 4	It is likely that the local community can readily pursue and achieve through existing capacity.	Low	Moderate	Significant	High	Transformational
	Possible - 3	It is possible that the local community could pursue and achieve through existing capacity.	Low	Moderate	Significant	High	Transformational
	Unlikely - 2	It is unlikely that the local community can pursue and achieve through existing capacity.	Low	Low	Moderate	Significant	High
	Highly Unlikely - 1	It is highly unlikely that the community could achieve the opportunity through existing capacity.	Low	Low	Moderate	Significant	High
OPPORTUNITY IMPACT LEVEL		OPPORTUNITY MANAGEMENT ACTIONS					
TRANSFORMATIONAL		Requires significant commitment and change leadership at the highest levels of the organisation over the life of the project. Suits major, long term projects with a high impact / proximity to local community.					
HIGH		Requires a committed, focused and planned approach in a close and cooperative working relationship with the community.					
SIGNIFICANT		Requires a committed, focused and planned approach in a close and cooperative working relationship with the community.					
MODERATE		Positive social and economic outcomes are likely achievable through a reasonable level of commitment and planning.					
LOW		"Business as usual" - should be achievable through implementing existing policies and procedures, would occur within existing market forces, but should be reviewed within regular project schedules.					

Assessment framework



Impact Management Cycle



Case study: Northern Gas Pipeline

- The NGP is a project of national significance. Linking the existing and future gas fields of northern Australia with the east coast Australian gas market, this 622km long pipeline between Tennant Creek in the Northern Territory (NT) and Mount Isa in Queensland has the potential to cause significant social and economic change in the regions involved, including having a significant impact on the gas market on the east coast of Australia.
- The NGP commences in and traverses one of Australia's largest Local Government Areas (LGA) the Barkly Region which has the lowest population per square kilometre in Australia. The majority of the population in the Barkly Region is Aboriginal. The NGP concludes in the Mount Isa Region of NW Queensland, a mining and processing based economy with a sizable Aboriginal population.
- The NGP is seen to be a driver for the development of the Northern Territory's sizable onshore shale gas industry, itself the subject of significant contemporary public debate over the well production technology, hydraulic fracturing, or fracking as it is more commonly known. Consequently, the cumulative impacts of the NGP could be significant over time.
- The author has just completed the Economic and Social Impact Assessment (ESIA) and management plan for the NGP and is in the process of supporting the owner, Jemena Pty Ltd, in its implementation.

For discussion

- Are governments (and society) ready to contemplate the development of some national standards and guidelines around social and economic impact?
- Is a risk and opportunity based approach realistic?
- Where / how do 'local content' approaches fit into the context of social and economic impact management?

Pretty straight forward really ;)

Any questions?