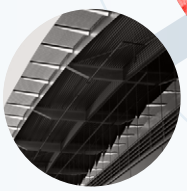
Legacies that last:

Creating social value through Australia's infrastructure and built environment



Infrastructure Sustainability Council

wsp

CONTENTS

	Foreword	3
01	**Introduction**	5
02	**The state of social value**	6
	What makes life good?	7
	Social value around the globe	8
	Building a happier, stronger Australia	11
	Balancing people, purpose and profit	12
03	**Building social value in a changing landscape**	13
	Engagement and social value unlock social licence	14
	Communities are seeking authenticity	15
	Diversity and inclusion enrich social value	16
	How infrastructure projects can add social value	17
	Social procurement builds social value	18
	Competing demands	19
04	**Everything in its place**	20
	Organisations don't determine social value – communities do	21
	A social value framework for Australian infrastructure	22
	Context and place are key	23
05	**Social value for better business**	25
	A stronger reputation and brand	26
	Greater competitive edge	27
	Enhanced recruitment and retention	28
	What gets measured, gets done	29
06	**Where to from here?**	31
	1 We need a flexible and shared language	31
	2 Frameworks must be fit for purpose	31
	3 Progress depends on knowledge sharing	32
	4 A competitive approach can increase momentum	32
	5 Every individual can play a role	32
	Your views matter	33
	Acknowledgments and Disclaimer	33
	Glossary	34
	Future Ready cities, environments and communities	35
	Contacts	36

ACKNOWLEDGMENT OF COUNTRY

WSP and the Infrastructure Sustainability Council acknowledge that every project we work on takes place on First Peoples lands. We recognise Aboriginal and Torres Strait Islander Peoples as the first scientists and engineers and pay our respects to Elders past and present.

ABOUT THIS INSIGHTS PAPER

The insights presented in this paper are the result of focus groups, interviews and desktop research conducted between March and June 2023 by WSP and the Infrastructure Sustainability Council. Focus group and interview participants included consultants, public servants, advisors, professionals and executives with expertise in planning and delivery of infrastructure – from across architecture, finance, government, property, academia, engineering and consulting.

FOREWORD - *WSP*

At WSP, we know that investing in social value delivers immense rewards. We've seen this in our own projects, the communities in which we work, and our people.

By building social value into infrastructure projects, we can unlock a powerful force for good. Social value is not a 'feel-good' add-on. It actually makes life better now. And it shapes a more equitable, inclusive and sustainable future for generations to come.

In 1968, Robert F Kennedy famously said that GDP measures 'everything in short, except that which makes life worthwhile'. That's also true of any approaches to infrastructure that weigh outcomes purely in terms of dollars. The much broader value that infrastructure projects can deliver to Australian communities must be acknowledged and celebrated.

But investing in social value must also be incentivised and accelerated across the sector because Australians need and deserve more opportunity and support, particularly in communities experiencing disadvantage. Government policy is a strong driver of investment in social value, but the private sector must also raise its social value ambition in line with the increasing expectations of investors, shareholders, communities and employees.

When we focus on people and purpose over profit, it's good for the nation, but it's also good for business. It's clear that investments in social value have the potential to deliver returns in brand, reputation, commercial advantage, and employee attraction and retention.

This insights paper shows that Australia's infrastructure sector is keen to contribute to the good of our nation and local communities. It shows that although we're looking towards greater consistency and standardised frameworks, we also deeply appreciate the nuances of local context, of place, and of the differing needs and priorities of a diverse Australia.

Overwhelmingly, it identifies opportunities for the infrastructure sector to work authentically and in partnership with communities to create lasting positive change so that every Australian can share in the riches of our national infrastructure.

The recent release of the 'Measuring What Matters Statement' is an important milestone in the conversation about a better future. We're proud to have been working with the Infrastructure Sustainability Council on what this means for our sector and how we can make a difference together.

Guy Templeton
CEO, WSP Asia Pacific

FOREWORD
- *Infrastructure Sustainability Council*

The purpose of infrastructure is to enable people and communities to thrive. Infrastructure assets are enabled by people for people. Recognising this clear purpose, our sector has an opportunity to provide a foundation for cooperation, and the ability to bridge differences across diverse perspectives and backgrounds with shared respect.

The positive outcomes enabled by infrastructure assets have progressed beyond time, cost and quality – but not ubiquitously. Where the focus has shifted, the impact of short-term productivity gains is coupled with the broader community benefit over an assets longevity. Globally, the demand for Environmental, Social and Governance (ESG) returns is both investor-led and policy-driven. The beneficiaries of these returns however, remain deeply local which requires common frameworks rather than universal force, to guide the choices and actions we make so infrastructure delivers benefits for the people it serves.

At the Infrastructure Sustainability Council, our purpose is to ensure all infrastructure delivers social, cultural, environmental and economic benefit for a positive future for people, the planet and the economy. Like social value, we are anchored by people and place – we measure what matters.

Social value considers the unique challenges and opportunities of a particular place and the unique needs of the individuals that live within that place. It is these stakeholders that have the unique insight into local and community needs. The Infrastructure Sustainability Rating Scheme recognises that stakeholders are integral to delivering social outcomes. A principles-based approach recognises every infrastructure project is different.

Each project has different challenges and opportunities, as well as different stakeholders with different interests. Therefore, there is no one-size-fits-all approach to engaging stakeholders to deliver social value — each interaction needs to be tailored.

It's been our pleasure to partner with the specialists at WSP to deliver this social value thought-leadership insights paper. This is another important milestone as we accelerate social outcomes from infrastructure, across Australia and New Zealand.

The recommendations in this paper make clear that as individuals we each have a role, and together as a sector, we have the responsibility to lead with respect and learn through sharing. Together we can pick up the pace, build momentum and advance social outcomes across all infrastructure asset types. Infrastructure is at its core a network of networks that connects us all.

Ainsley Simpson
CEO, Infrastructure Sustainability Council

01

Introduction

Sustainable, resilient and connected infrastructure is vital to Australia's success. The critical infrastructure in our communities – such as transport, energy, water, telecommunications, housing, health, education and justice – enables economic growth, fiscal prosperity and quality of life. Delivering social value from this infrastructure investment has never been more important.

All levels of government are increasing their focus on social value. The National Cabinet met in April 2023 to agree on 'A Better Future for the Federation', a national and state approach to a range of priorities that require holistic investment and planning for a thriving Australia. The Australian Treasury is weaving wellbeing and social value into government decision making as demonstrated in a 'Measuring What Matters Statement', released 21 July 2023.[1]

In April 2023, WSP, in partnership with the Infrastructure Sustainability Council, held a series of focus groups and interviews with Australians across various sectors to explore social value. Our investigation was designed to better understand the social value imperatives of diverse stakeholders who play a role in shaping the infrastructure and built environment sectors.

It is clear from our conversations with industry, social value experts and practitioners that delivering social value is a must. However, it requires a considered approach, appropriate investment, and frameworks that support coordination across projects and stakeholders to create meaningful impact.

1. Source: https://treasury.gov.au/publication/p2023-mwm

02

The state of social value

Social value is both a concept and an approach to valuing what matters to people and communities.

It is the cumulative value of benefits created through an organisation's projects or activities and reflects the relative importance people place on the change they experience – for instance, through changes to wellbeing, social capital and environmental impacts.

From our research, we've found that not all industries consider social value in the same way, nor use the same language. Some also question whether assigning a quantitative value or measuring benefits creates the desired outcomes or could move organisations, communities and stakeholders in the wrong direction.

> **Stop framing social value as something that's soft – it is something that's sensible. It's not just the right thing to do. It's the responsible thing to do. It's the respectful thing to do.**

Ainsley Simpson

CEO, Infrastructure Sustainability Council

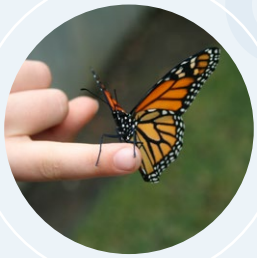
WHAT MAKES LIFE GOOD?

INCOME AND WEALTH

SAFETY

KNOWLEDGE AND SKILLS

WORK-LIFE BALANCE



ENVIRONMENTAL QUALITY

HOUSING

HEALTH

CIVIC ENGAGEMENT

SUBJECTIVE WELLBEING

WORK AND JOB QUALITY

SOCIAL CONNECTIONS

Source: OECD Wellbeing Framework – Key dimensions

SOCIAL VALUE AROUND THE GLOBE

Our investigation highlighted the importance of looking to global examples of social value frameworks to learn from their strengths and shortcomings.

The true state of a nation can't be captured by broad economic measures such as GDP alone. Understanding the value of social impact is a concept that is gaining momentum and attention around the world. Social outcomes are well recognised globally as fundamental for achieving 'quality of life' or 'wellbeing'. To articulate, explore and track the value of social outcomes, many countries have made progress on developing and implementing national social value frameworks – such as the United Kingdom, Canada, Germany and New Zealand. Many of these frameworks draw on the indicators used in the OECD Well-being Framework but add, remove or tailor aspects to suit their particular national culture and priorities.

Wellbeing objectives and goals are also included in global frameworks such as the United Nations Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI).

In Australia, the federal government has developed the 'Measuring What Matters Statement', which includes a Wellbeing Framework developed for the Australian context. The approach was informed by successful elements of international frameworks, as well as by the social value frameworks established by state and territory governments, such as the Australian Capital Territory and Victoria. The framework encompasses five key themes of wellbeing: Healthy, Secure, Sustainable, Cohesive, and Prosperous. These are elaborated in 12 dimensions and tracked with 50 key indicators. The new framework complements rather than replaces existing reporting processes such as Closing the Gap[2] and State of the Environment[3] reporting.

> **I'm really pleased to be releasing *Measuring What Matters* — Australia's first ever national wellbeing framework. It's all about tracking our progress so we can better align our economic and social goals in our communities and right across our country.**
>
> ***Measuring What Matters* helps us put people and progress, fairness and opportunity at the very core of our thinking about our economy and our society, now and into the future.**

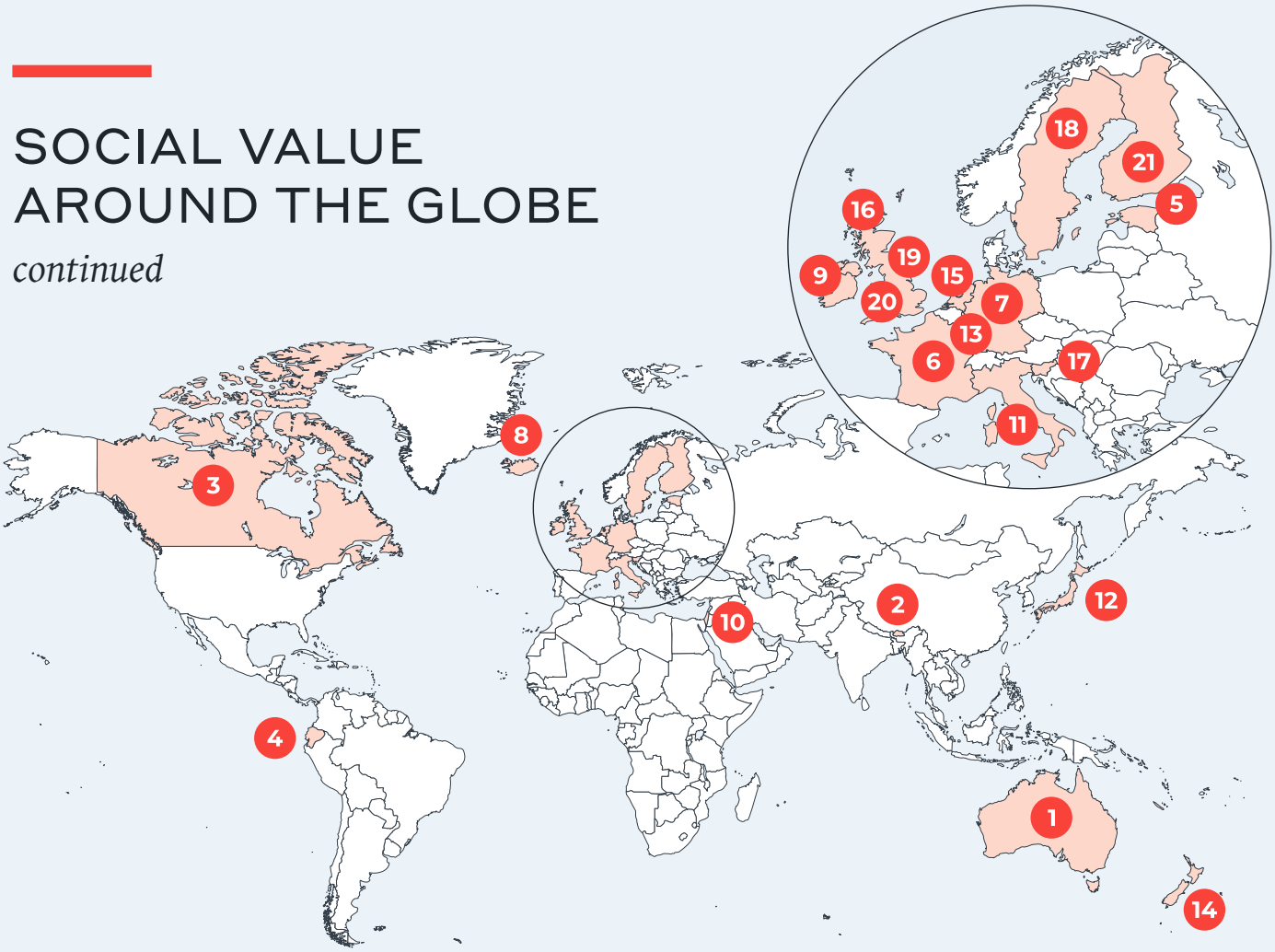
The Hon Jim Chalmers MP

Treasurer of Australia[1]

1. Source: https://treasury.gov.au/publication/p2023-mwm
2. Source: https://www.closingthegap.gov.au/national-agreement
3. Source: https://soe.dcceew.gov.au/

SOCIAL VALUE AROUND THE GLOBE

continued



1. **Australia**
   Measuring What Matters
2. **Bhutan**
   Gross National Happiness Index
3. **Canada**
   Quality of Life Framework
4. **Ecuador**
   Plan Nacional para el Buen Vivir
5. **Estonia**
   The Tree of Truth
6. **France**
   Les nouveaux indicateurs de richesse
7. **Germany**
   Gut Leben in Deutschland
8. **Iceland**
   Wellbeing Indicators for Iceland
9. **Ireland**
   Understanding Life in Ireland: A Well-being Framework
10. **Israel**
    Well-being, Sustainability and National Resilience Indicators
11. **Italy**
    Benessere Equo e Sostenibile
12. **Japan**
    Measuring National Well-being
13. **Luxembourg**
    Projet PIBien-être
14. **New Zealand**
    Living Standards Framework and He Ara Waiora
15. **Netherlands**
    Monitor Brede Welvaart
16. **Scotland**
    National Performance Framework
17. **Slovenia**
    Slovenian Development Strategy 2030
18. **Sweden**
    nya mått på välstånd
19. **United Kingdom**
    Measures of National Well-being Framework
    Public Services (Social Value) Act 2013
    Social Value National Themes, Outcomes and Measures (TOMs) framework
20. **Wales**
    The Wellbeing of Future Generations (Wales) Act 2015, including 7 wellbeing goals
21. **Finland**
    Findicators

SOCIAL VALUE AROUND THE GLOBE

continued

From the 'Measuring What Matters Statement', there are four areas that will impact the infrastructure and built environment most:

01 HEALTHCARE INFRASTRUCTURE

Our infrastructure needs to account for people's wellbeing, as Australian's life expectancy and the prevalence of chronic conditions increases, our healthcare infrastructure must grow to meet the needs of the communities it works for by expanding and modernising hospitals, clinics, and other healthcare facilities, with particular attention to accommodating an ageing population and mental health.

02 ACCESSIBILITY AND INCLUSIVITY

In modern Australia, infrastructure needs an inclusive design approach, by using social procurement and employment of social enterprise in the design and building of infrastructure to ensure that facilities are accessible to all people, including those in remote or rural areas, with disabilities, the elderly, and culturally diverse populations.

03 ACTIVE LIFESTYLES

Our infrastructure and built environment plays a vital role in promoting healthier lifestyles for all people, including our public spaces and parks. These spaces also contribute positively to mental health, with the inclusion of green spaces and recreation facilities as a part of urban planning.

04 SUSTAINABILITY

Our infrastructure and built environment must be built to provide wellbeing long-term, and these spaces will need to be sustainable, resilient, and capable of supporting good health over generations. The wellbeing of people and the sustainability of our places are no longer separate issues to be solved. They are linked, and places that are cooler and greener support healthier communities.

BUILDING A HAPPIER, STRONGER AUSTRALIA

Many Australians are facing challenging times. The 'gap' experienced by First Nations peoples is far from closed, and communities across the country are facing cost-of-living pressures, housing stress, ongoing social inequalities and workforce transitions.

These pressures have been growing for some time. In fact, Australia's average happiness has been in decline since 2009. Factors such as employment, job security and wealth are major contributors to happiness – and the level of income needed to support happiness seems to be moving out of reach for more Australians.

When organisations embrace social value considerations, they can stimulate the creation of jobs and wealth, directly influencing happiness and quality of life. Our investigation confirmed that the infrastructure sector can play a significant role if social outcomes, such as traineeships and jobs, are built into the fabric of major projects.

> **Incomes are stagnating and happiness levels are declining, which is likely to drive further inequities in well-being between the rich and poor in Australia.**
>
> Richard Morris & Nick Glozier
>
> University of Sydney, 2021[2]

2. Source: https://theconversation.com/why-happiness-is-becoming-more-expensive-and-out-of-reach-for-many-australians-170877

BALANCING PEOPLE, PURPOSE AND PROFIT

Sustainable infrastructure meets the needs of diverse users – not just a select few – throughout its lifecycle. Australian governments, communities, consumers, investors and other stakeholders are growing their expectations of social value as a core component of sustainability. Australian businesses, too, are actively exploring ways to integrate social value into their strategies and operations.

Our participants highlighted this shift in perception of social value from a 'nice to have' to a critical component and reinforced the need to elevate the focus on people rather than profit or perfection.

It also highlighted the need for holistic and place-based approaches to social value, characterised by collaboration, partnerships and the inclusion of diverse perspectives, particularly the voices of First Nations communities.

Of course, how an organisation implements social value initiatives will vary, depending on its industry sector, size, values and stakeholder expectations. But every organisation and every project has an opportunity to make a difference.

> **Aboriginal cultural elements, both tangible and intangible, are the responsibility and obligation of all peoples that belong to Australia. This element is what can bring our ancient world and modern Australia closer to greater understanding of both worlds.**
>
> Matt Pellow
>
> Senior Consultant, Aboriginal Affairs, WSP

03

Building social value in a changing landscape

Infrastructure involves an immense investment in Australia's future. The five-year infrastructure pipeline for utilities, buildings and transport was valued in 2022 at $647 billion across public and private sectors.[3]

Federal and state governments have also allocated considerable funding to the new clean energy generation, storage and transmission projects urgently needed in the race to net zero.

This level of spending on new infrastructure, as well as on upgrades and maintenance, brings enormous opportunities to produce social value for communities across Australia through initiatives such as jobs and skills development. It also supports sustainable supply chains, wellbeing outcomes, considers the value of water and resources, and the liveability of our places. Our investigation confirmed that the infrastructure sector can play a major role if positive social outcomes are designed and built into the fabric of projects.

> **The Budget proudly builds on the Government's ambitious climate and energy agenda ... It includes clean energy projects in the regions, skills development, international climate leadership to drive investment, and close engagement with First Nations communities.**

The Hon Chris Bowen MP

Minister for Climate Change and Energy, 2022

INVESTMENTS IN THE ENERGY TRANSITION, FEDERAL BUDGET 2023–24

Growing and modernising our electricity grid (Powering Australia):

$23 billion

Investing in transmission (Rewiring the Nation):

$20 billion

Powering net zero industries and jobs in hydrogen, critical minerals, and low-emissions growth opportunities:

$17 billion

Accelerating large-scale renewable hydrogen projects (Hydrogen Headstart Program):

$2 billion

Driving growth across the regions (Powering the Regions Fund):

$1.9 billion

Energy saving upgrades:

$1.3 billion for households &
$310 million for small business

Targeting renewables and low-emissions tech from the National Reconstruction Fund:

<$3 billion

Supporting electric vehicles:

$800 million

3. Source: https://www.infrastructureaustralia.gov.au/listing/media-release/Infrastructure-market-capacity-2022-risks-to-project-delivery-increase-as-5-year-investment-climbs-by-%2415b

ENGAGEMENT AND SOCIAL VALUE UNLOCK SOCIAL LICENCE

For Australia's major infrastructure pipeline to progress and succeed, every project will need to achieve a 'social licence to operate'. Social licence is an informal social contract, in which a project's community and stakeholders accept, trust and support the project because it aligns with their expectations, values and interests.

Achieving buy-in from communities is crucial for managing project risks, avoiding extra costs and delays, and meeting the expectations of stakeholders and investors.

For social value approaches to be authentic, they must consider the scope and scale of the project and clearly identify who will benefit and in what ways. Participants underlined that clarity about constraints is critical to ensure transparency and develop trust.

A resounding message from those we spoke with was the importance of community participation, not just engagement, as a key building block for social licence. Participants reinforced that an invitation to participate must start early and continue throughout the project lifecycle and that it must be active, respectful and authentic.

Communities need to be engaged in meaningful conversations about social value and determine the social benefits that reflect their needs. They need the opportunity to have their say about how a project may deliver social outcomes and be able to learn about the project's objectives, progress and challenges. Organisations, in turn, must listen actively to deepen their understanding of community needs, values and aspirations and reflect on the alignment of project outcomes with community expectations.

Some industries are moving away from the concept of social licence towards the concept of social performance. They see this as a more proactive approach that requires a shift in mindset and organisational practices to support the consistent management of social risks and impacts of a business.

To manage expectations and to make social value concepts more relatable and accessible, focus groups recommended using storytelling, simple language and clear examples of the positive social value outcomes that have been achieved in successful projects.

COMMUNITIES ARE SEEKING AUTHENTICITY

We really have an opportunity to think differently about consultation ... In New Zealand, it's about partnership. When we embark on projects for community on Country and you partner as opposed to consult or engage, you will get social outcomes.

Ainsley Simpson

CEO, Infrastructure Sustainability Council

The concept of 'authenticity' resonated throughout our focus groups and interviews. Authenticity and transparency were identified as critical for achieving successful outcomes within communities. Participants viewed authenticity as the opposite of 'greenwashing' and an antidote to 'tick box' social value approaches.

Participants described authenticity as stemming from an organisation's people, culture, ideals and genuine desire to create positive outcomes, not because it's good for the bottom line but because it's good for people.

DIVERSITY AND INCLUSION ENRICH SOCIAL VALUE

The protection of Aboriginal cultural heritage, tangible and intangible, is the greatest gift that we can give to create understanding and bring harmony to all communities in Australia. Australia has a great mix of multiculturalism with many different cultures, and Aboriginal culture provides us with the way to tie us all together.

Matt Pellow

Senior Consultant, Aboriginal Affairs, WSP

Another fundamental component of social value identified in our research is that people of different backgrounds, genders, abilities, experiences and characteristics should all be able to participate optimally and equitably in society.

Our research identified that as well as being an element of social value, diversity is also a powerful driver. In other words, a more diverse range of decision-makers enables a broader consideration of social value in projects and directs a better understanding of social value across the organisation.

Diversity and inclusion bring new lenses to organisations to build social value in their workplaces, products and projects, and in society more broadly. Our research indicated that diversity within teams and organisations makes for better stakeholder engagement, more inclusive and culturally appropriate design, and greater innovation.

HOW INFRASTRUCTURE PROJECTS CAN ADD SOCIAL VALUE

ACTUAL AND PERCEIVED SAFETY

INCLUSIVE COMMUNITIES

USER COMFORT AND EXPERIENCE

ACTIVE COMMUNITIES

COMMUNITY SATISFACTION

DEPENDABLE AND ADAPTABLE TRANSPORT NETWORK

LOCAL AMENITY AND QUALITY OF PLACE

ENHANCED PUBLIC VALUE

PUBLIC SAFETY AND SECURITY

PROTECTION OF ENVIRONMENTAL VALUES

A LESS CARBON-INTENSIVE TRANSPORT NETWORK

TRANSPORT NETWORK EFFICIENCY

RESOURCE EFFICIENCY

REDUCED EXPOSURE TO COSTS

INCREASED EMPLOYMENT OPPORTUNITIES

BUSINESS EFFICIENCY AND GROWTH

BUSINESS AND INDUSTRY ATTRACTIVENESS

SOCIAL PROCUREMENT BUILDS SOCIAL VALUE

The scale of the infrastructure pipeline translates into significant buying power. This can be leveraged through social procurement to generate social value that exceeds and outlasts the goods or services being purchased. Governments are increasingly using this lever – either directly or through supply chains – to use their purchasing power to generate wider social benefit.

For example, the Victorian Government's social procurement[4] approach includes procuring goods and services from Victorian social enterprises, Aboriginal businesses and other social benefit suppliers such as disability enterprises. It also preferences businesses that prioritise social impact.

Our participants showed widespread enthusiasm for an increased focus on social procurement while recognising that meeting specific social procurement targets is only a baseline and that the ultimate goal should be to achieve tangible social outcomes with lasting value.

Focus group participants expressed a desire for governments to provide clear social procurement targets and to articulate the social value outcomes sought through the procurement process.

Participants commented on the importance of place-based approaches, in which social procurement is tailored to the capacity and needs of the region and local communities. For example, on a large infrastructure project, multiple small social enterprises may need support to collaborate and partner in order to achieve the scale required. Or, for a project in a regional area where few social enterprises operate, tailored approaches may be needed to ensure that procurement maximises local benefits.

According to peak body **Social Enterprise Australia**

There are currently

12,000

Social enterprises across Australia, **contributing**

$21b to the economy

Nationally, social enterprises **employ** over

200,000 people

Last year, business and government **spent**

$171m with certified social enterprises, and

two-thirds

of businesses **increased or maintained** their level of **social procurement**

The number of certified social enterprises is **increasing** each year by

29%

on average

And almost

80%

of social enterprises reported **revenue growth**

4. Source: https://www.buyingfor.vic.gov.au/social-procurement-victorian-government-approach

COMPETING DEMANDS

Participants expressed concern that current inflationary and cost pressures could constrain investment in social value initiatives. They discussed the importance of preserving social value amid competing demands, tight budgets and project delivery timelines.

Another finding was a perceived misalignment between business and community drivers, in which a short-term focus and the imperative to drive value for shareholders can sometimes overshadow delivering real value for communities. Direct feedback from communities and stakeholders can realign and shape the priorities for business' and communities to deliver better outcomes for both.

Balancing individual needs with wider community outcomes can be challenging, especially in the short-term. Participants highlighted the lack of adequate guidelines for social value related engagement and the importance of going beyond the loudest voice or those 'in the room'.

Participants reported that balancing competing demands on projects would be easier to manage if there was a standard way to calculate social value and demonstrate benefits. A transparent decision-making framework could also be useful to support clear communication with stakeholders and communities when competing demands or tensions arise.

Participants suggested that social value needs to be considered and discussed at every stage of a project, integrated across workstreams, aligned with key performance indicators, and prioritised at the executive level.

It was proposed that client requests relating to social procurement could be incorporated into contracts to establish consistent expectations. It was also suggested that more effort be invested in exploring counterfactuals to quantify the long-term costs of infrastructure projects where social value has not been prioritised.

> **We need to 'bake' social value into our work and not shirk from asking challenging questions of our teams, partners and clients. In the management of projects, one way of doing this is by allowing a diverse range of voices to be heard from the start so that, where possible, outcomes are delivered in synergy with community needs and priorities.**

Emily Binning

Director Corporate ESG, WSP UK

04

Everything in its place

Our investigation highlighted a strong desire for a shared definition of social value and a standard approach or framework to provide clear guidance on its delivery and measurement. Crucially, though, our investigation identified that any framework must be flexible and adaptable to capture social value across the diversity of experiences in the Australian context.

Participants agreed that a standard industry approach would be useful and could encourage wider adoption of social value initiatives by demonstrating the outcomes of investing in social value. It would also elevate social value reporting to a more sophisticated level, support greater consistency and comparability, and increase the cultural capability of leaders and decision-makers.

Our investigation suggested that development of a standard framework could encourage healthy competition and enhance recognition, tracking and accountability. Participants agreed that a standard framework could also be a force to generate meaningful project outcomes – by articulating clear goals and tracking progress toward them.

There was widespread agreement that review and adaptation of existing international frameworks (such as the UK's TOMs model) offer early opportunities. However, the message from our participants was clear that local context is key, which – in a highly diverse Australia – will make it challenging to achieve a one-size-fits-all solution.

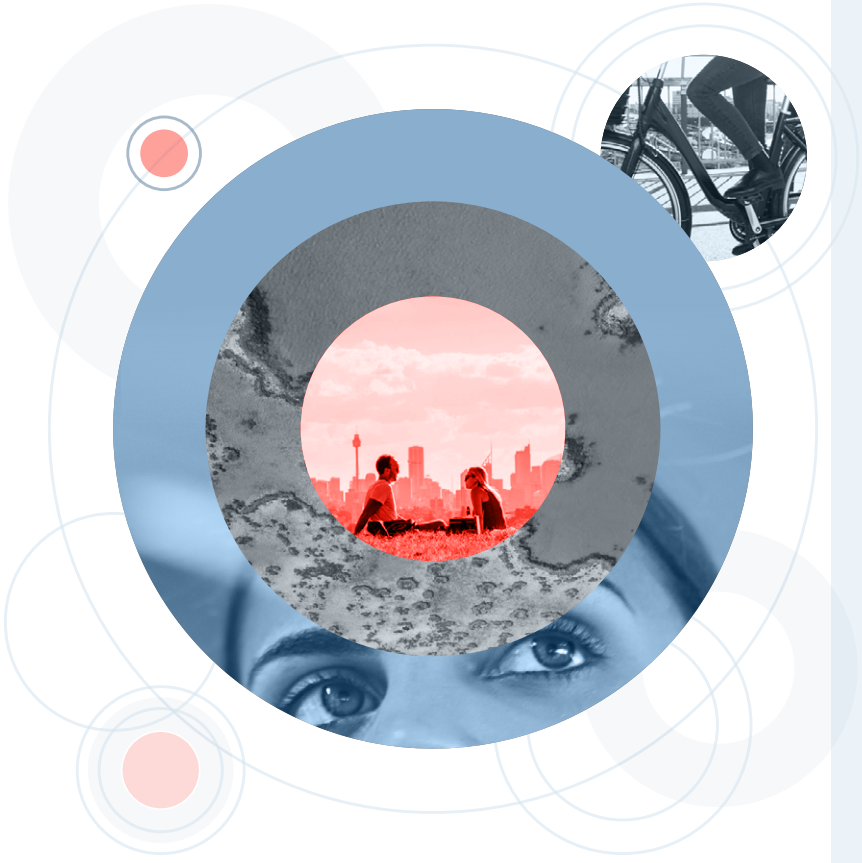
Participants believed strongly that any framework should be flexible enough to accommodate a range of organisational needs and values, as well as reflect different communities and their varying needs and priorities.

ORGANISATIONS DON'T DETERMINE SOCIAL VALUE – COMMUNITIES DO

Social value should, ideally, be considered early in the project planning phase and always before infrastructure delivery has commenced. This provides opportunities for project leaders and designers to consider place-based social outcomes designed to meet the specific community's needs and aligned with the aspirations of the organisation.

Social value starts with a vision, which should be guided by community beneficiaries. The key factors to focus on must be determined through partnerships with communities that go beyond consultation or engagement.

However, it is also possible to consider social benefits in the design and pre-delivery approval phases of projects. What's important is the ongoing discussion with community beneficiaries and monitoring, tracking and reporting on agreed social value targets.



SOCIAL VALUE IN THE PROJECT LIFECYCLE

WSP's approach to quantifying social value for projects is community-led. We have a strong record in community participation to identify the benefits that are valued by communities, including First Nations peoples.

Project initiation

+ Identify place-based benefit
+ Start with Country
+ Determine social value outcomes

Business case development

+ Develop targets and measures (SROI and CBA) and non-economic value
+ Social procurement strategy
+ Wealth sharing strategy

Design

+ Validate against social value vision and outcomes

Procurement

+ Apply social procurement principles

Delivery

+ Social benefit tracking

Post-commissioning

+ Social benefit measuring
+ Ongoing monitoring and reporting
+ Legacy communication

In partnership with communities, from start to finish, and continuing

A SOCIAL VALUE FRAMEWORK FOR AUSTRALIAN INFRASTRUCTURE

Our investigation revealed that industry participants want a social value framework that is:

Flexible

so that indicators can be tailored to specific communities, contexts, scales and timeframes

Multi-focused

to factor in the value for both individuals and communities

Place-based

recognising urban, regional and rural differences and unique place character

Realistic

with meaningful indicators and acknowledging the need to compromise among competing priorities

Transparent

Contextual and community-focused

to accommodate the unique needs, priorities and desires of the local community

Inclusive and participative

informed by diverse stakeholder voices

Strength-based

rather than deficit-based in its accounting approach

Adaptable across timeframes

to accommodate both short-term and long-term indicators and outcomes

Sophisticated but simple to use

A SOCIAL VALUE FRAMEWORK FOR AUSTRALIAN INFRASTRUCTURE

continued

To fast-track the collective adoption of social value, participants stressed the importance of collaboration and the need for an industry platform to share examples of success and best practice, tools, methods and case studies among government and industry stakeholders.

Participants outlined a multi-level model that would allow for a structured and consistent framework:

+ **Level 1**
  Federal guidelines with key indicators and definitions of value

+ **Level 2**
  State guidelines that localise and contextualise the indicators and look at budgets and reporting

+ **Level 3**
  A sector-specific model based on these refined indicators.

Any model would also need to account for First Nations concepts of social value and include Indigenous knowledge, traditional practices, community cohesion, and relationship to Country, aligning and integrating with an organisation's Reconciliation Action Plan.

> **We need a measurable and concrete way to evidence the existing and future social outcomes delivered by projects. While many social value outcomes have proxy values on various databases – they are not consistent, and often not always fit-for-project. Our practitioners understand the unique context of each infrastructure sector and Australian communities – and we have been adapting and localising social value without resorting to 'off the shelf' metrics that are not fit-for-project.**

Shalini Gonsalves

Principal, Social Strategy and Outcomes, WSP

CONTEXT AND PLACE ARE KEY

An overwhelming finding of our study was how deeply contextual social value is, particularly in nations like Australia, with its diverse communities and cultures, landscapes and industries.

Across different market sectors and locations, there are many nuances and variations in social value drivers. Our infrastructure and built environment will always pass through a community, and these nuances and variations will vary dramatically for a community, whether they're culturally and linguistically diverse or not.

Participants commented that perspectives may differ even within small local communities. To create value, it's therefore important to anticipate and balance differing perspectives. This calls for approaches that appreciate the nuances across and within communities and strive for the best outcomes, particularly for those who are most vulnerable.

Participants strongly articulated the need to engage with First Nations communities and to recognise that the needs and values of First Nations peoples may vary significantly across larger urban centres and regional and remote communities.

05

Social value for better business

It's clear that social value is good for people, places and projects – but it's also increasingly good for business. Most organisations see it as an opportunity to differentiate themselves in the market, to grow their customer base through values alignment, and create a positive impact for people and communities at the same time as they continue to generate strong commercial outcomes and reduce risk.

Our investigation emphasised, however, that developing and implementing a social value strategy is a long game. Some social outcomes may only be realised many years or even decades into the future, thus requiring adequate funding in the business case for ongoing social benefits tracking and reporting back to communities is what will build social licence you can 'bank'.

With pressure on both public and private sectors to achieve near-term success – delivering on election commitments or meeting corporate targets and shareholder expectations – it's crucial that long-term value is also recognised and captured.

> **Socially valuable projects developed in consultation with communities are key to achieving more sustainable infrastructure. When projects are built by the community for the community, we see social value in practice.**

Paul Williams

Managing Director, Mining & Energy, WSP

SOCIAL VALUE IN ACTION

While generic metrics are available for measuring social value or social benefit, our team at WSP is skilled at localising these metrics and, when possible, quantifying or monetising them.

WSP recently completed exploratory work to identify the social, economic and environmental benefits attributable to a stormwater hydration and harvesting project in Sydney.

WSP recommended that the project team start with building a shared understanding of the local stakeholders' and communities' preferences, including First Nations communities' connection to water and land in the area, and to be guided by these conversations when identifying social value targets and metrics at a project level.

The team also illustrated how collaborating on traditional water management practices could offer opportunities for shared benefit, whereby Indigenous design principles guide stormwater harvesting and hydration approaches, and Indigenous community members gain meaningful connections to Country by contributing to the water project design and delivery.

Through stakeholder engagement and with the guidance of WSP's Indigenous Specialist Services team, we identified direct and indirect beneficiaries of social value generated by the project and were able to recommend options for co-funding through non-regulated revenue.

For example, by quantifying the number of local hospital visits avoided when the effects of localised urban heat are reduced through access to water and green space hydrated by local wetlands, the project can demonstrate cost savings for a state health department. However, WSP recognises the importance of assigning benefit to capital costs incurred by a project and is conscious of the dangers of 'double-counting' benefits delivered by inter-dependent or inter-related projects. An organisational level social benefits framework is recommended to manage this holistically.

A STRONGER REPUTATION AND BRAND

One of the drivers for incorporating social value into organisational decision-making is how powerfully it builds reputation and branding. Investors, stakeholders and customers expect robust and transparent sustainability reporting.

Promotion of social inclusion and positive social outcomes generates goodwill, not only from shareholders but also from employees and communities. It can also mitigate regulatory and reputational risks.

Participants viewed organisations that prioritise social value as being equipped to make better decisions and deliver quality. They felt that such organisations are more likely to achieve a strong reputation in the communities in which they work, achieving higher levels of community trust and support.

The participants suggested that organisations that adopt a social value framework and facilitate collaboration on social value will achieve reputational benefits and credibility.

> **Social value is important to Indigenous communities for self-determining outcomes for the benefit of economic prosperity, which will then create economic growth and wellbeing for all.**
>
> Matt Pellow
>
> Senior Consultant, Aboriginal Affairs, WSP

GREATER COMPETITIVE EDGE

Our investigation identified broad agreement that while investing in social value is a 'cost', it delivers considerable measurable 'benefit', and organisations can, in fact, see improvements in their bottom line from their investment in social value.

Clearly, the increased reputation and brand can create a competitive edge for winning work. But it is also expected that organisations that prioritise positive social outcomes are more likely to achieve higher valuations, attract investment and financing, access new markets and innovation, realise greater productivity and operational efficiencies, and avoid costly project risks.

Our study suggests that a framework clearly articulating return on investment for organisations as well as communities would help to build a strong business case for social value across the industry. It would also support organisations to align social value with their commercial decisions.

> **Where businesses don't actively promote and deliver social value through their projects, they are likely to lose work ... In short, social value is fast becoming a key contributor to commercial success.**
>
> Emily Binning
>
> Director Corporate ESG, WSP UK [5]

5. Source: https://www.constructionnews.co.uk/long-reads/opinion/expert/without-social-value-businesses-will-lose-work-27-02-2023/

ENHANCED RECRUITMENT AND RETENTION

Given the skills and labour shortages facing all sectors, employee attraction and retention will be a major competitive advantage. Our investigation showed broad consensus that organisations that invest in social value tend to build stronger and more appealing workplace cultures and are more attractive to employees.

People are increasingly seeking out employers that they perceive as having a strong social purpose and being committed to the planet and communities where they operate. Younger generations, in particular, are placing high importance on the alignment of their values with their chosen employer.

Where organisations invest in local training, apprenticeships, graduate placements and job creation as part of their social value approach in infrastructure projects, there is also an opportunity to tap into a more diversified workforce. For instance, including First Nations peoples, women, young people, older adults, people living with disabilities, disadvantaged or vulnerable individuals, and the long-term unemployed.

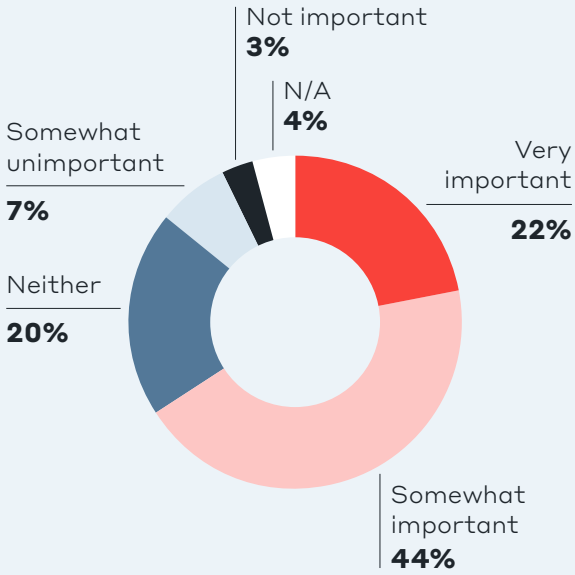
> **For businesses looking to recruit highly skilled talent, a quantifiable social value impact and clearly defined ESG plan can differentiate one organisation from another as an attractive employer.**

Emily Binning

Director Corporate ESG, WSP UK

WSP, with input from partners including EngineeringUK, surveyed nearly 4,000 16–23-year-olds to test the importance of social value as an organisational priority.

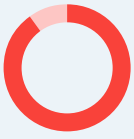
The data shows that two-thirds of young people perceive an organisation's prioritisation of social value impact as either 'very important' or 'somewhat important'.[6]



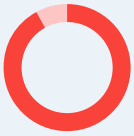
In a 2020 study of American employees: [7]

95% of employees believed business should benefit all stakeholders, not just shareholders

69% of employees said they wouldn't work for a company without a strong social purpose



90% of employees working at companies with a strong sense of purpose said they were more inspired, motivated and loyal



92% of employees working at socially responsible companies said they would be more likely to recommend their employer to other job seekers.

6. Source: https://www.wsp.com/en-gb/campaigns/green-jobs-for-a-green-future
7. Source: https://www.porternovelli.com/wp-content/uploads/2021/01/02_Porter-Novelli-Tracker-Wave-X-Employee-Perspectives-on-Responsible-Leadership-During-Crisis.pdf, cited in Harvard Business Review at https://online.hbs.edu/blog/post/corporate-social-responsibility-statistics

WHAT GETS MEASURED, GETS DONE

The outcomes and benefits of social value inclusion can indeed be quantified and monetised. WSP's methodology appreciates the unique context of Australian communities, adapting and localising without resorting to 'off the shelf' metrics which are not adequately 'fit for project'.

One approach is the Cost Benefit Analysis (CBA) which aims to identify and monetise all the gains and losses created for all members of society by comparing changes between case studies with and without the project. If the comparison reveals a net positive value with the inclusion of the project, it is deemed an economically efficient use of resources. The CBA approach ideally includes all impacts on society, including social impacts, encompassing government, businesses and the wider community.

However, the scope of the costs and benefits included in a CBA is inherently limited due to the difficulty in identifying, quantifying and monetising all impacts. While CBA aims to be as comprehensive as possible, it often ends up being a partial analysis, as not all impacts can be reliably monetised. As such, a CBA approach may not always take into account wider considerations or unintended consequences.

WSP'S SOCIAL VALUE PERFORMANCE MODEL

Inputs

+ Project and partner / supply chain resources (e.g. capex, knowledge, existing infrastructure)

Activities

+ Project activities e.g. asset creation to enable growth, mitigating stormwater runoff to waterways, offsetting carbon

Output Categories

+ Livability and amenity
+ Education and skills uplift
+ Human health
+ Environment stewardship
+ Resilience
+ Social equity

Outcomes

+ Economic wellbeing
+ Social wellbeing
+ Environmental benefit

Social Value

Monetised measure
+
Narrative-based evidence

WHAT GETS MEASURED, GETS DONE

continued

Social Return on Investment (SROI) is another approach, which aims to identify and monetise the various benefits of a project, some of which may not have been identified or included in other analyses, possibly because of difficulties in reliably monetising their impacts.

This focus on previously overlooked benefits can serve as a catalyst for further research into quantifying and monetising their impacts and, subsequently, lead to greater influence in decision-making among businesses, funders and government.

Both SROI and CBA approaches consider value in monetary terms, albeit in different ways. CBA aims to identify a project's costs and benefits for the government, businesses and the wider community from the outset but cannot always identify, quantify and monetise all aspects. While SROI can be used to highlight the unaccounted benefits and reliably monetise their impacts. It's important to consider both approaches to obtain a more holistic view of a project's impacts.

What gets measured gets done. If our projects are to deliver more to our communities, we must use both qualitative and quantitative data to give us a deep and realistic understanding to inform our practices for the best possible outcomes.

Paul Williams

Managing Director, Mining & Energy, WSP

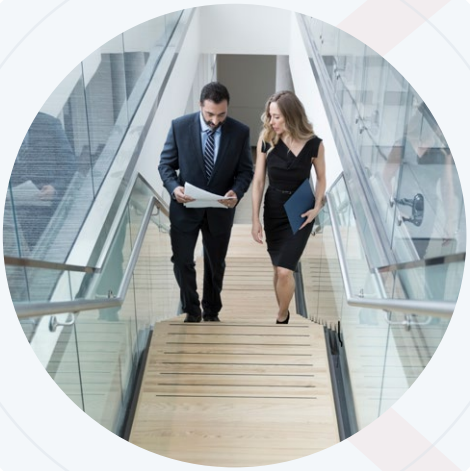
06

Where to from here?

From our investigation, we have distilled five recommendations to help guide the next steps for embedding, growing and tracking social value through Australia's infrastructure sector.

01
WE NEED A FLEXIBLE AND SHARED LANGUAGE

Our participants emphasised the need for clear and realistic indicators and a standard framework for capturing social value but with the flexibility to account for the nuances of local context. Any overarching social value framework may need to be tailored into sector-specific or region-specific approaches and could be harnessed by the private sector to develop industry-focused frameworks. Participants reiterated that there were many approaches to understanding social value, and different sectors used different language. They stressed the importance of finding a shared language to discuss social value and reach a collective understanding.



02
FRAMEWORKS MUST BE FIT FOR PURPOSE

Our participants suggested that once a holistic standard approach is developed, elements could be incorporated into existing industry frameworks and guidelines to avoid 'starting from scratch'. A tiered approach could include:

+ Federal guidelines with key indicators and definitions of particular social value dimensions
+ State guidelines that localise and contextualise
+ Infrastructure sector models that align social value indicators with industry processes
+ Strength-based approaches, or SROI, that can assign dollar values to social value outcomes.

WHERE TO FROM HERE?

continued

03
PROGRESS DEPENDS ON KNOWLEDGE SHARING

Participants indicated a strong appetite for learning from global as well as local experiences and articulated strong support for the development of a knowledge-sharing platform. They suggested that organisations establish a base of case studies to build a collective understanding of successful social value initiatives.

04
A COMPETITIVE APPROACH CAN INCREASE MOMENTUM

Our participants identified that investing in social value can provide a range of economic benefits for organisations and foster a healthy level of competition. Participants highlighted the lever of incentivising executives and teams by linking key performance indicators to social value. We have seen examples of this idea in other frameworks across Australia, including Reconciliation Action Plans and the Workplace Gender Equality (WGEA) models, which encourage competition across and between organisations to outperform each other. This can accelerate change and drive success and sustainability.

05
EVERY INDIVIDUAL CAN PLAY A ROLE

Participants described the need for individuals to explore how to progress social value at a personal level and to infuse that throughout their work. Small actions are a starting point and can be scaled up over time. The key is starting somewhere, rather than waiting for others to drive change. What can you do in your organisation to be part of the solution?

YOUR VIEWS MATTER

We value your time and interest in this insights paper on creating social value through Australia's infrastructure and built environment. If what you've read has sparked curiosity and you have questions, or if you see the potential for including social value in work, please connect with us.

We're eager to expand this conversation, hear your insights, and explore how we can work together to drive meaningful change.

ACKNOWLEDGEMENTS

WSP and the Infrastructure Sustainability Council extend our deepest gratitude to all those who contributed to this paper, particularly the individuals who generously gave their time and shared their valuable insights and experiences in our focus groups and interviews. Your contributions were instrumental in shaping the direction of this insights paper.

DISCLAIMER

This insights paper focuses on the sectors of infrastructure and the built environment; however, we recognise that numerous other industries in Australia warrant further investigation and are at different stages of the social value journey.

The findings presented here are based on a comparatively small sample size and, thus, may not be wholly representative of the larger population or all possible scenarios. This insights paper primarily utilises qualitative data, and while this approach offers valuable insights, it is important to recognise the potential complementary value of more expansive quantitative data.

GLOSSARY

‘Measuring What Matters Statement’

Is Australia’s first step towards a national framework on wellbeing. It will be used to help assess Australia’s progress and guide efforts to create more opportunities for more Australians in more parts of our country.

Social impact

A significant, positive change that addresses a pressing social challenge. Creating social impact is the result of a deliberate set of activities with a goal matching this definition.

Social inclusion

The process of improving the terms on which individuals and groups take part in society – improving the ability, opportunity and dignity of those disadvantaged on the basis of their identity.

Social licence

The informal ‘licence’ granted to a company by various stakeholders who may be affected by the company’s activities.

Social performance

Refers to how well companies understand and manage the social and environmental impacts and benefits of their operations on the communities, stakeholders and ecosystems they interact with.

Social licence (to operate)

The informal ‘licence’ granted to a company by various stakeholders who may be affected by the company’s activities as socially acceptable or legitimate. It is made up of three components: legitimacy, credibility, and trust.

Social outcomes

The changes or impacts of a program, project or initiative in a specific population or community. These can include changes in knowledge, attitudes, behaviours or living conditions. Social outcomes can include increased access to education, reduced poverty, improved health and increased engagement.

Social procurement

When organisations use their buying power to generate social value above and beyond the value of the goods, services or construction being procured.

Social return on investment (SROI)

A systematic way of incorporating social, environmental, economic and other values into decision-making processes. By helping reveal the economic value of social and environmental outcomes, it creates a holistic perspective on whether a development project or social business or enterprise is beneficial and profitable.

Wellbeing

A complex combination of a person’s physical, mental, emotional and social health factors, not just the absence of disease or illness. Wellbeing is strongly linked to happiness and life satisfaction. In short, wellbeing could be described as how you feel about yourself and your life.

WSP FUTURE READY

Future Ready – WSP's flagship innovation program – helps us see the future more clearly through key trends in climate change, society, technology and resources.

Social value is a part of WSP's Society Future Ready Trend – helping us to close the gap between access, health, diversity, First Nations and place.

Society

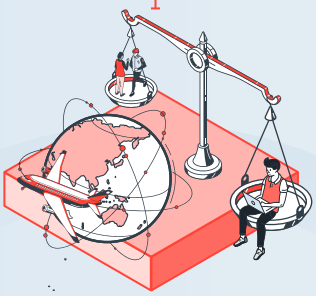
FUTURE READY™

Local Places

Even before the COVID-19 caused a rethink of the distinction between home and work, there had been a trend towards place-based planning focused on unique regional attributes and opportunities.

Diverse and Divided

Net overseas migration is expected to increase to around 74% of total population growth by 2060-61, further increasing Australia's cultural diversity.[8] In parallel, we are seeing greater polarisation and inequality of opportunity in our society.



Access for All

We increasingly understand the importance of designing places to cater for the 18% of all Australians with a disability. However, we also need to design for inclusiveness along other lines, such as age, ethnicity, religion and gender.[9]

Indigenous Influence

In 2018, Victoria became the first state to pass a legal framework for Indigenous treaty negotiations. State governments and infrastructure agencies are increasingly committed to meaningful Indigenous influence in decision-making and project delivery.

A Focus on Health

Government spending on health has increased an average of 4.3% per year over the last 20 years. Improving health and wellbeing outcomes is increasingly central to how we plan, design and deliver our built environment.[10]

8. Source: Commonwealth Department of Treasury Intergenerational Report 2021, https://treasury.gov.au/sites/default/files/2021-06/p2021_182464.pdf
9. Source: Australian Bureau of Statistics, https://www.abs.gov.au/statistics/health/disability/disability-ageing-and-carers-australia-summary-findings/latest-release
10. Source: https://www.aihw.gov.au/reports/australias-health/health-expenditure

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