Policy brief

Creating public value and social value through the decarb agenda

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The University of Queensland. Published 19 April 2024

Key definitions

- **Public value** refers to the value created by government through its actions including through providing services, developing and enforcing laws and regulation and developing and implementing policies and programs.
- **Social value** refers to the positive value created, beyond core business aims, for the economy, local communities, the environment and society. In the past, mining companies have referred to this as a social license to operate and it applied to businesses only. In this brief we refer to social value created by governments recognising the need to address the broader impact of policies and programs.

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Queensland's path to decarbonisation is fundamentally about creating public value by mitigating contributing factors to climate change while creating new economy industries and jobs as well as shoring up energy security and supply. In implementing the decarbonisation agenda, it is worth remembering that there are multiple publics that need to be considered, each of which may prioritise different values. The success of a sustainable decarbonisation agenda relies on managing these tensions effectively by working with communities and industry to co-create both public and social value.

There is little disagreement that an important element of good governance involves working in the public interest. The non-profit research organisation Australia21 defines the public interest as "the long-term welfare and well-being of the general population".[1] Elenie Poulos goes further to include the long-term wellbeing of the planet as being in the public interest.[2] Working in the public interest is operationalised through policies which aim to "maximise public good" [1] through "a web of decisions and actions that allocate values"[3]. The idea of **public value** draws on these ideas to refer to efforts by governments aimed at resolving societal problems and achieving shared goals or purposes.

The concept of Public Value Management has emerged as a way of understanding the strategic decision-making process by public managers when they aim to create public value. Importantly, it recognises that there will inevitably be trade-offs between different publics and pluralistic values which are common in contemporary policy settings.[4] Thus, a core focus of Public Value Management emphasises collaborative negotiation and co-design through inclusive dialogue and deliberation, especially between public managers and other stakeholders. As such, it focuses attention to the broader ideas of what government is about and the role that public managers play in creating public value.[5]

Public Value Management (PVM) addresses some of the problems with the narrowly utilitarian focus of the better-known approach known as New Public Management (NPM). Under NPM, public managers developed efficient programs to deliver well defined policy goals. In contrast, PVM provides a less prescriptive model that includes goal setting and political management as core functions. The new model sees the need to establish a 'substantive purpose' when setting goals [6] for a public that is called into being for the issue being considered. [4] The purpose is then brought into reality (or created) through the marshalling of authorisation (or political consensus) and resources – both of which rely on securing legitimacy.

The strategic triangle of public value

Moore's Strategic Triangle summarises the process of creating public value through three interconnected elements: authorisation, ability and value (**Figure 1**). [7]

Authorisation *(is it acceptable?).* Authorisation stems from formal government decision-making processes. These help to ensure policies are, and are seen to be, 'legitimate'. However, for elected officials to expend their political capital on a decision, they need to see that there is widespread acceptance of both the proposed solution and that the consequences of implementing that solution will produce good results. Collaborative policy development processes have been implemented as part of the public value model to address issues of representation and differential levels of influence of different groups. These processes often help to focus policies on the creation of positive shared outcomes, which can involve balancing the values of different publics.[8]

Ability *(is it achievable?).* Ability, or ensuring that a policy is 'doable' is one area where public managers have a direct influence, and consequently is often where most effort is expended. Assessing existing and necessary resources allows public managers to design policies to maximise 'public good', while minimising any negative outcomes. This is based on the application of efficient practices and internal principles governing fairness and professional ethics.[8]

Value *(does it create public value?).* Value is perhaps the most fraught element of the equation. In pluralistic societies, when dealing with complex problems, there is often a lack of agreement on what the problem is and how it might be solved.[9] As such, incorporating different voices is important to understand the perspectives of all those who are impacted by the proposed approach. [8] This involves seeking to understand both the positive and the negative effects of a proposal, not just in the economic domain, but also in the social and, increasingly, the environmental domains.

Value also involves questions of fairness – including whether the benefits outweigh the costs and if they are spread fairly across society. It also means assessing whether the costs of implementing the policy are borne disproportionately by some sectors of society. For this reason, it is useful in a contested policy environment such as decarbonisation to talk about public and social value. The mining industry has long recognised the need to build social value in their communities, to the extent that they are now firmly embedded in many aspects of residents' lives. For example, BHP "invested over US$1.7 billion in social investments in the last decade" (Social Value Brief BHP).

The Queensland Government's commitment to net zero emissions by 2050 means they must now find ways to 'navigate the complex suite of issues involved'.[10] A managed approach to decarbonisation has the potential to create public and social value by ensuring the risks and benefits are spread evenly – across sectors, regions and communities – and by balancing economic, environmental and social issues. Applying a public value lens "broadens our understanding of what interests matter"[11] and focusses our attention on how to manage the tensions in this highly contested policy domain.

Current situation

The Queensland Government has committed to net zero emissions by 2050 with two interim 2030 targets: 50% renewable energy and 30% emissions reduction below 2005 levels. According to the Queensland Universities Vice Chancellors Forum, [10] this ambitious agenda presents three main challenges: energy reliance on thermal coal, economic reliance on resource exports, and broadscale land clearing (reducing carbon stores). A clear initial focus has been supporting renewable energy and network infrastructure development.

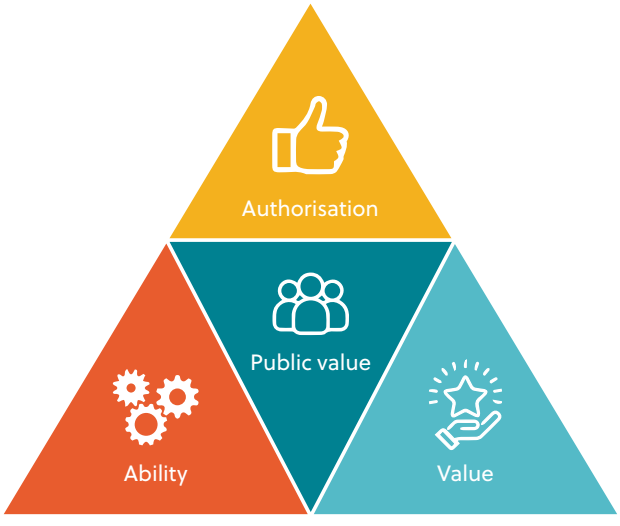

Figure 1: Moore's Strategic triangle

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Creating decarbonisation public and social value will require governments to work towards behavioural, technological and policy innovation – both in the policy domain and in the way that they work to implement policies.[10] Applying a public value lens to the challenge highlights the issues that will require attention.

Authorisation

Building authorisation is difficult in a contested environment. Strong leadership with clear goals and direction provides public managers with the legitimacy to be able to address contestation. Public managers need to work on acceptance of the need for change, acceptance of whether the proposed change will be useful and acceptance of the consequences of that change. Building acceptance will rely on effective co-design and bottom-up approaches. This means engaging at the *problem definition phase* as well as at the *solution development phase*, as this allows for the balancing the needs of differing interests at the design stage.

Participatory and deliberative approaches are one way to achieve this,[10] but this also involves building local capacity (and interest) for involvement in these processes.

Public managers will also need to think about political and media influences. Public managers have an important role in helping to bring about shifts in discourse, particularly in the media (and increasingly, social media). Shifts can be assisted through sharing positive stories, highlighting different perspectives and highlighting ways of valuing beyond the economic.

Focussing on building a new social license to operate will be important. This means focussing on creating social value as well as public value. Such an approach also assists with building trust, which is critical for legitimacy. Governments can build a social license by shifting discourse, but also by demonstrating their commitment to supporting the social as well as the economic fabric of communities. Adopting environmental and social justice goals is one way to do this.

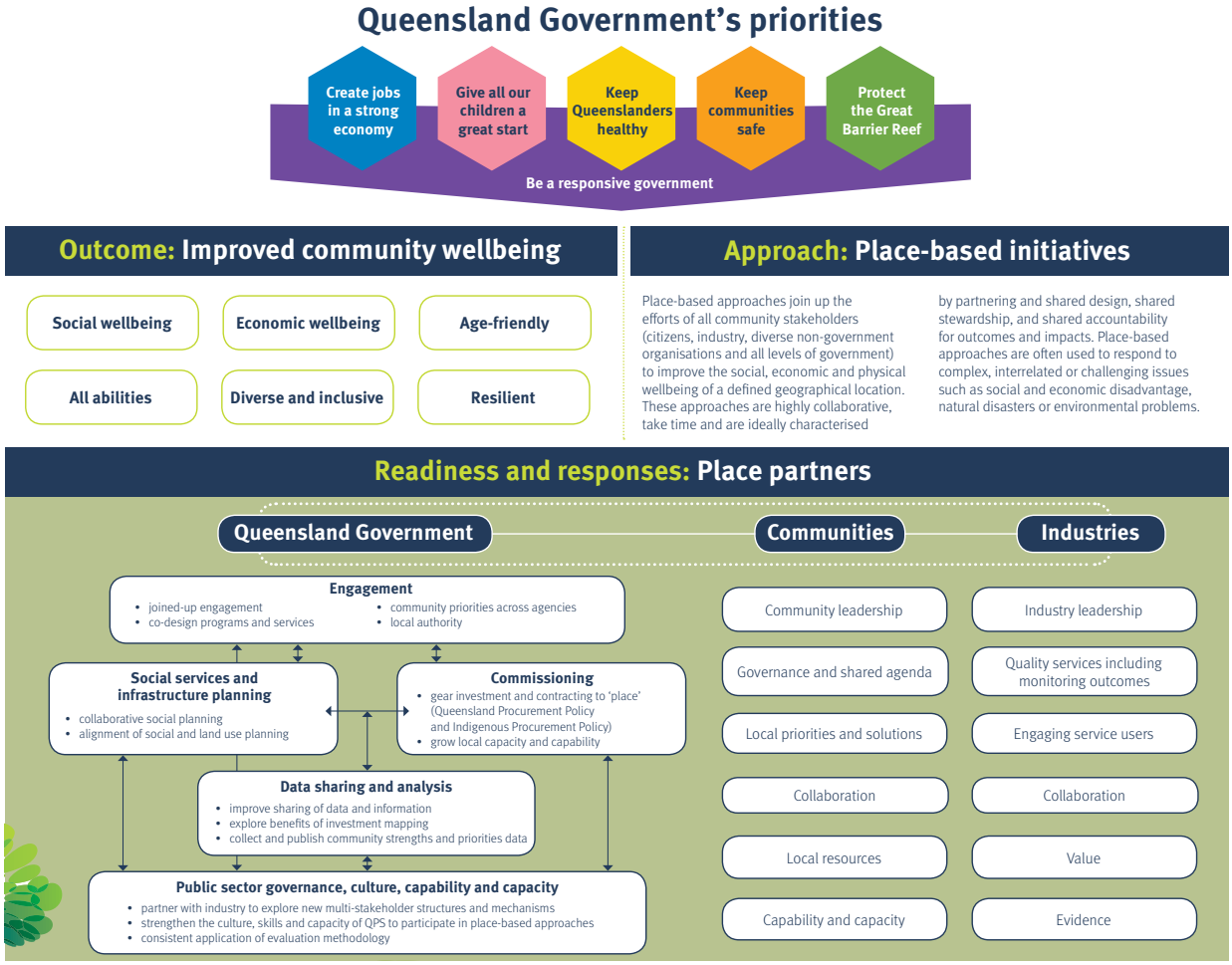


Figure 2: Queensland Government framework for place-based approaches.

Balancing different values

One of the main areas that can challenge authorisation is the disparate publics relevant to the issue – for example miners (those employed directly and those indirectly), farmers, environmentalists, people in the region, people outside the region and Indigenous interests. Finding ways to balance these interests is important to the long-term success of any initiative. This is one of the reasons that place-based approaches (within a broader strategic context) are important, because the relevant public for the issue becomes more clearly defined. Focussing on place-based approaches also means that values that might otherwise be swamped in a larger conversation are taken into account.

In 2018, the Queensland Cabinet endorsed a whole-of-government framework for guiding place-based work. It is unclear whether this is currently being utilised for energy initiatives, however, it could (and should) be drawn upon for developing place-based decarbonisation policies and programs (Framework for place-based approaches (cabinet.qld.gov.au))

In terms of addressing energy reliance on thermal coal, the government has focussed on winding down existing coal fired power stations, supporting renewable energy in the form of new wind and solar farms, and building new grid infrastructure across the state. The impact of these initiatives is being felt across the state, but significantly in the regions where there is the space needed for new developments. Pressure is also being brought to bear on existing energy-intensive industries to increase their use of renewable energy. Furthermore, it is well recognised that regions that have traditionally had a strong mining presence will need to transition. In all of these efforts, the focus has largely been on economic issues. Government does have an important role to play in promoting and supporting new energy sources and industries (including mining apart from coal), and in providing incentives to companies to transition. But it also has an important role in supporting social value for regional communities impacted by the removal of existing industry support and by new state-wide infrastructure development. Focussing on social value helps to build the acceptance and legitimacy for successful transitions.

Values are shifting, particularly as climate change accelerates, so public managers will need to think more broadly about what is valuable, moving beyond economic considerations to also think about environmental and social values. The global shift away from coal is challenging for many regions which have difficulty imagining a future without the economic and social value of traditional mining activity.

Public managers have a role in providing the strategic guidance for new development to imagine new economic, social and environmental futures for these communities (Australia's renewable energy goals can't come at the cost of biodiversity – we need a strategic approach | Hugh Possingham | The Guardian). Climate variation is also challenging existing modes of agricultural production, but new approaches are possible that are adaptive to the new conditions. Governments have a role through supporting farmers to transition, and to introduce (and enforce) regulation which encourages the shifts needed.

Consideration of the issues

Building acceptance

To build **acceptance**, collaborative processes are needed. Stakeholders need to accept the need for change to occur and the consequences of that change and collaborative processes can assist public managers to be able to understand what is needed to help this to occur. We explore what this means in practice below.

Building acceptance requires public managers to work to build the capacity of communities from the ground up and to be engaged with the issue and motivated to participate in an informed policy process. This is part of most collaborative efforts (see **case study 1**) but is often neglected in policy processes. As a result, important voices can be absent from the policy process. As **case study 2** highlights, some stakeholders who were supportive of the development of the 4WD-only Bloomfield Track in Far North Queensland were hostile to the *process* and did not participate. If they had, the results of the deliberations of the Citizen's Jury may have been different.

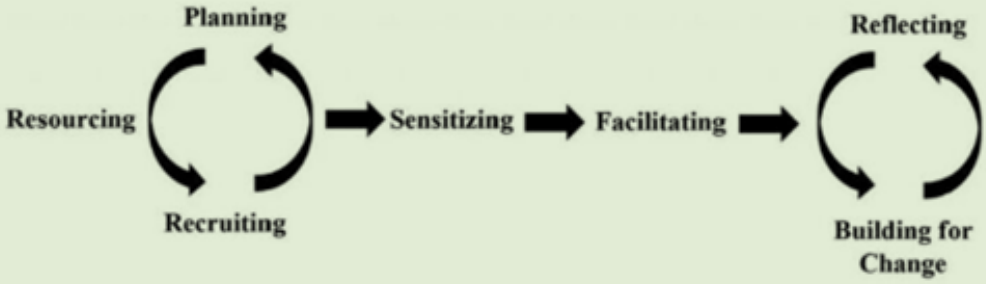
Public managers also need to think differently about the types of policy-relevant evidence they must consider. Two important sources that are sometimes neglected are the lived experiences of individuals or groups and the voices of the marginalised. These voices are at times not valued by policy makers and so minimised in policy processes. This kind of evidence can also be difficult to collect and may require concrete demonstrations of the value placed on stakeholder views, for example being prepared to remunerate those participating in policy processes. To a large extent, valuing these voices in policy processes also requires public managers to rethink ideas around accountability. Traditionally, accountability is often up to the Minister, but co-design requires accountability to also be downward to local communities.[13]

Case study 1.

Developing a co-design model for user-driven ideas in public service design

Researchers conducted a Queensland-based study in 2018 which synthesised the findings from six different public service co-design processes to understand what is involved in effective co-design of policy options [12]. The focus of the individual projects included developing alcohol education programs, reducing food waste, and weight management. As a result, researchers proposed a seven-stage model, with two iterative elements (Figure 3).

Figure 3: Seven-stage model for co-design



Source: Co-design: from expert to user-driven ideas in public service design | ANZSOG

Co-design provides the opportunity for stakeholders to become part of the design team, contributing fresh perspectives and so driving more innovative solutions. To stimulate novel ideas, it is important to provide a balance of information – on the one hand not too much that ideas are steered in a particular direction, but on the other, enough information so that participants are sufficiently informed about the issue to overcome inherent biases formed with incomplete information.

Preparation for interactive co-design involved resourcing (stage 1) and iterative planning and recruiting (stages 2 and 3). Iteration is needed because participant backgrounds interact with the type of tasks and approach taken, which can then lead to a review of the participants to be involved in the project. Participants are then sensitised to the issue (stage 4), to ensure they are engaged with the issue and motivated and confident to contribute to the design of policy solutions. This sensitisation can involve providing information on the issue, exposure to expert perspectives and to the lived experience of those affected by the issue. In the facilitation stage (stage 5), the study found that assisting participants to navigate the issue and the process was most effective when participants were encouraged to form into groups. This is because groups then took the initiative to navigate the design process.

The final stage of developing policy options was again an iteration between reflection (stage 6) and building options for change (stage 7). As noted in Case Study 2, the co-design process does not always result in consensus, but does provide valuable policy insights for further consideration and consultation. The group can then be used as a sounding board to explore new proposals.

The authors concluded that the main benefit of co-design is to provide "user-driven ideas" to build into consultation with other stakeholders. An iterative final process can then allow for other stakeholder interests to be integrated into the development of feasible policy options.

More information: Co-design: from expert- to user-driven ideas in public service design – Jakob Trischler, Timo Dietrich and Sharyn Rundle-Thiele, Public Management Review, Volume 21 2019 – Issue 11, pp 1595-1619.

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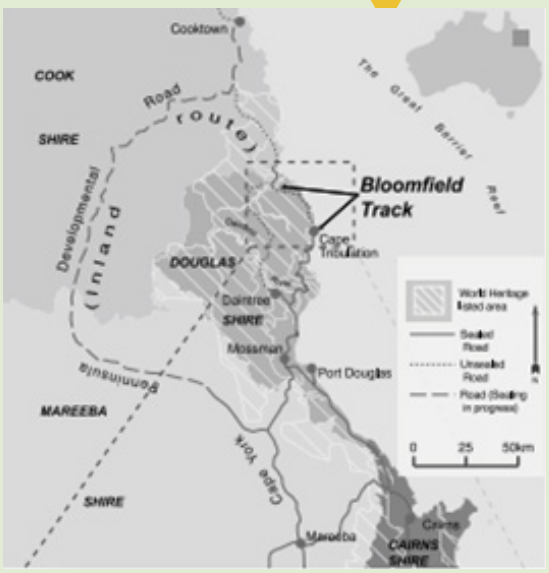
Case study 2.

Far North Queensland citizen's jury

The Daintree Rainforest in far north Queensland is a protected area with very high conservation value, which some claim is under threat from increased human habitation on the fringes, especially at Cape Tribulation and two settlements on the Bloomfield River – Ayton and Wujal Wujal (an Indigenous community).[14]

The 4WD only Bloomfield Track was constructed in the early-mid 1980s amid considerable protests to provide access from Cape Tribulation to Bloomfield River. It is used predominantly by tourists, with tourism being the dominant economic activity in the region. Some local residents would like to see an upgrade of the track, including the construction of a bridge over the Daintree River, although they are not happy with the tourist activity. In contrast, opponents cite the threats to the rainforest and the possibility of increased runoff which is damaging to the Great Barrier Reef. The issue neatly illustrates the tension between the needs of humans and environmental considerations.



Source: Deliberation in the wilderness: the Far North Queensland Citizen's Jury (dbca.wa.gov.au).

To help settle the dispute, a four-day deliberative process was conducted with 12 residents (deliberators) of the region randomly selected from 2,000 addresses. The deliberators were provided a tour of the track and then experts discussed with them the engineering, cost, planning, regional, environmental (reef and terrestrial), tourism, local community and Indigenous impacts.

Following this process, there was a marked convergence in the policy recommendations that these locals would support for the future management of the track. Nonetheless, no consensus was reached as two positions were endorsed. The first was a staged closure over a period of 10-15 years (7/12 deliberators). The second was maintaining the status quo with no further upgrade or regulation of access (5/12 deliberators). Participants did however agree on a number of key points. These included that no facilities should be constructed on the track, no upgrades should be conducted and that any future management should be sensitive to local Indigenous issues.

This case study illustrates that while deliberative processes do not always provide definitive policy options, they can provide valuable inputs to guide decision making in complex issues that is informed by information rather than symbolic politics.

More information: Deliberation in the wilderness: the Far North Queensland Citizen's Jury (dbca.wa.gov.au)

Public managers also need to commit to engagement earlier in the policy process so that the substantive purpose to be addressed by the policy is accepted by the public relevant to the issue (see **case study 3**). This is particularly important in contested issues such as decarbonisation as views of 'the problem' can be very different to different publics, and indeed can diverge from the understanding of public managers. Public managers therefore need to commit to thinking broadly about the different groups whose voices need to be heard in the process. This can be part of the iterative preparation phase described in Case Study 1, where growing understanding of the issue and of who needs to be involved in developing solutions build concurrently.

Public managers also have a role to play in bringing about discursive shifts to foster what Moore called a public value creating imagination. By this, he meant that public managers need to think more broadly about what the government is working towards and how that might be achieved. This will be critical if the kinds of innovations needed are to occur to implement this challenging policy agenda and to provide the strategic guidance to communities struggling to reimagine a decarbonised future.

Creating public and social value

In terms of creating public value, public managers will need to extend their focus to develop policy proposals that create ***social value*** **as well as** ***public value.*** This will require public managers to recognise the relevance of public value to their work, and think about the relative weight they put on differing values in their deliberations.[15] They will also need to move away from narrow notions of benefit, performance or outcomes to think in terms of 'public value aims' which embrace broader ideas about the role of government and the broader impact of a proposal.[16] Incorporating these practices will enable public managers to recognise the trade-offs that are necessarily employed in pluralistic settings, as well as the need for strategies to ensure a fair distribution of costs and benefits.[4]

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Recommendations

It is recommended that the Queensland Government:

1. Provide (additional) resources for agencies to implement the existing *Framework for place-based approaches*
2. Promote the need to recognise the relevance of public value and the need to better assess the weight put on differing values in public manager deliberations
3. Provide resources to bring about the discursive shifts needed in the broader community and within the public service to support a focus beyond the economic to also embrace the social and environmental
4. Develop a strategic approach to creating social value as well as public value in the decarbonisation agenda.

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Case study 3

The problem with pre-emptively deciding on what the problem is.

Work by anthropologist Maggie Brady provides a case study of the problem in first defining what the problem is and then trying to work with stakeholders to design policy options. She describes a research project to work with an Aboriginal community to "act upon the various social ills that appeared to impede the simple process of living day-to-day life with a minimum of suffering, discomfort and anxiety". The issues under consideration were the high levels of juvenile crime and substance abuse.

A co-design process was envisaged, whereby researchers encouraged community members to define actionable problems and then assisted them to collect and analyse data for presentation to the community, who then were asked to develop solutions. It was at this last stage that the process faltered because the community – despite perceiving the problems as disruptive – were unwilling to intervene to address the 'problems' that had been defined.

They did not agree with the problem definition and so were unwilling to participate in a project which they saw was not as pressing as other issues facing the community. In a subsequent project Brady uncovered gaps between perceptions of problem behaviour between Aboriginal community members and bureaucracies which can thwart co-design projects.

An important finding from these processes is that even with the best intentions, false assumptions about "the problem" can derail attempts at collaborative community development.

More information: Brady, M. (1990). The problem with 'problematising research'. Australian Aboriginal Studies, 1990(1), 18-20.