



Establishing regional indicators of social sustainability in the Tasmanian aquaculture industry – a pilot study

Maree Fudge, Morag Anderson, Tom Lewis



Project No. 2010/219

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Non-Technical Summary

2010/219	Establishing regional indicators of social sustainability in the Tasmanian aquaculture industry – a pilot study
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OBJECTIVES:

- 1: A recommendation of social return on investment (SROI) metrics that can be incorporated into assessment of aquaculture developments and activities.
- 2: An understanding of community perceptions of aquaculture in two aquaculture regions in Tasmania.
- 3: An understanding of demographic profile and social infrastructure for each study region.
- 4: An analysis of the contribution of aquaculture development on relevant social indicators for each region.
- 5: A community consultation and engagement strategy that could be adopted by industry for each aquaculture region.
- 6: Recommendations for how similar projects could be delivered in other regions in Australia.

NON TECHNICAL SUMMARY:

OUTCOMES ACHIEVED TO DATE:

- Increased focus on collaborating with community stakeholders;
- Increased engagement with 'quiet voices' within communities of interest;
- Increased industry capacity to understand and build social licence within communities of interest;
- Increased awareness of the value of community engagement in informing business decisions including supporting innovation from within the workforce and improved HR management.

Understanding the social contribution of aquaculture and fisheries activities is becoming increasingly important as community and market expectations continue to demand greater ethical and responsible social and environmental stewardship from the industry.

The SROI processes and principles offer a structured approach to assessing social impact in partnership with the relevant stakeholders, or communities of interest. In other contexts, the SROI has delivered strong, two-way relationships with stakeholders (Social Ventures Australia, 2012), creating a context within which an enterprise's future direction, including growth, can be discussed and designed on realistic terms that take into account social impact.

The purpose of this research project was to pilot the use of the SROI principles and processes as a basis for structured community engagement within the aquaculture industry in Tasmania. The research focused on testing the extent to which the methodology would:

- be manageable for commercial operators (resources and processes)
- deliver useful insight into social contribution that relates in a practical way to building and maintaining social licence to operate.

The methodology was tested through two Tasmanian aquaculture case studies: (1) mussels on Tasmania's east coast with Spring Bay Seafoods, and (2) salmon farming in southern Tasmania with Huon Aquaculture Group and Tassal Group.

This project sought to engage these two sectors (mussels and salmon) within the aquaculture industry so as to explore ways to build effectiveness in engaging with comparable communities of interest, and to develop a better understanding of what can support building and maintaining a social licence to operate.

In the original proposal, it was suggested that the project would support increased social (and therefore economic), benefits accruing to Tasmanian communities through sustainable aquaculture development via:

- increasingly open and respectful engagement and collaboration between industry and the communities of which it is a part;
- increased understanding of how industry activities can increase positive social outcomes and decrease negative ones; and
- increased community engagement with the aquaculture industry within each Tasmanian region.

This project found that the methodology tested during this project was an effective tool and could be used to help meet these aims in other sectors of the national aquaculture and fisheries industries.

This project tested and refined a process that can be used to:

- directly engage key stakeholders in a spirit of genuine collaboration to discuss and agree what is of positive or negative value in the activity; and, in doing so,

- potentially reframe the capacity of stakeholders to influence aspects of company/industry decision-making, and at the same time provide intelligence to that company/industry on critical components of maintaining and growing its social licence to operate.

The process utilized could be modified, as needed, and used by all sectors of the Australian aquaculture and fisheries industries to:

- build understanding of the values held by communities of interest; and,
- modify activities, in consultation with stakeholders, to increase the social value generated by industry and therefore increase the relevant social licence to operate.

An important factor to note is that engaging in the SROI principles and processes required a substantial time commitment from the participating companies.

A number of key success factors emerged regarding engaging with industry partners:

- identifying the value proposition in the process for the company as well as the individual contact person;
- independent intermediary to facilitate the process;
- establishing project scope including risks assessment, stakeholder analysis, clarity on level of commitment and investment in responding to results; and
- ensuring the company is able to invest adequate time into the process:
 - to monitor and follow the process,
 - to co-review and analyse data and results at key points,
 - to identify strategy and action based on the results.

Working with committed industry partners is critical for the effectiveness of the SROI principles and methodology. There are a number of dimensions to this: investment in the process for it to be effective; risk management; and responding to the results.

The SROI, as a stakeholder informed methodology, can create a perceived risk for the participating company related to discussions surrounding, in SROI terminology, the 'destruction' of social value as opposed to the 'creation' of social value.

However, the benefits from open and honest engagement can be far reaching.

The ethics of community engagement and consultation suggest that having engaged in a discussion there is an implied commitment to responding and taking into account the results.

In turn, engaging in discussions about social contribution implies a commitment to work with the results to either improve on results that indicate the diminution of social value, or build on areas that indicate the creation of other social values.

The important factor for participating companies with respect to risk management is ensuring appropriate investment in the process – particularly in scoping the project with the independent facilitator and identifying a level of investment and appetite for responding to the results of the formal analysis.

The benefits of utilizing SROI processes and principles align well with the overall direction of FRDC efforts to promote and advance best practice activities that are critical to the Australian seafood industry and are of concern to local and regional communities.

Through implementing SROI processes and principles, the future of fisheries and aquaculture sectors can be set more solidly on a path that systematically takes into account the needs and aspirations of all stakeholders.

Key words: Social indicators, social return on investment, SROI, social licence to operate, community engagement, regional communities.

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The FRDC is Australia's leading agency concerned with planning, investing in, and managing fisheries research, development and extension.

The FRDC is a statutory corporation founded in 1991 under the *Primary Industries and Energy Research and Development (PIERD) Act 1989*. It is responsible to the Minister for Agriculture Fisheries and Forestry.

The FRDC's mission is to maximise economic, environmental and social benefits for its stakeholders through effective investment and partnership in research, development and extension.

Social licence to operate – a key strategic issue

The issue of social licence to operate has increased in significance over the past few years for the seafood and fisheries industry.

The project team's sincerest thanks go to the following people for working with us to continue to open up the industry's consideration of this important issue.

To our industry project partners:

- Zac McGee, Production Manager, Spring Bay Seafoods;
- Fiona Ewing, Community Engagement Officer, Tassal Group; and
- David Morehead, Business Development Manager, Huon Aquaculture Group.

To the FRDC steering group who oversaw the project:

- Kate Brooks, Social research consultant (KAL Analysis) and FRDC Social Science Research Program Manager;
- Ian Duthie, Tasmanian Oyster Research Council;
- Linda Sams, Chief Sustainability Officer, Tassal;
- Penny Wells, General Manager – Resource Management and Conservation, Tasmanian Department of Primary Industries, Parks, Water and Environment;
- Peter Lauer, Manager - Primary Industries and Regions, South Australian Department of Aquaculture Policy, Planning and Environment;
- Stewart Pederson, Senior Project Manager – Food and Beverages, Tasmanian Department of Economic Development; and
- Tony Thomas, Manager – Marine Farming Branch, Tasmanian Department of Primary Industries, Parks, Water and Environment.

Thanks also to Simon Faivel, of Social Ventures Australia (www.socialventures.org.au) for conducting peer review of the case studies from an SROI perspective. Simon is an internationally accredited SROI consultant and trainer.

Project design, delivery, analysis and reporting were provided by the following project team:

- Maree Fudge, Project Leader, RDS Partners;
- Kiros Hiruy, Associate, RDS Partners;
- Jodie Presnell, Project Manager, RDS Partners;
- Morag Anderson, Consultant, RDS Partners;
- Ray Murphy, Consultant, RDS Partners; and
- Tom Lewis, Consultant, RDS Partners.

1. Background

The FRDC has traced the issue of social licence to operate for some years. Recently this has included investigating indicators and consideration of cost effective ways for the aquaculture industry to develop capacity in communicating with communities of interest (Brooks et al 2010).

Brooks found important gaps in formal reporting and processes for data collection and community engagement with respect to social benefit. Further, the authors emphasised the need to build the industry's capacity to engage with communities of dependence, or local residential communities, as one of the keys to building the social licence to operate.

Integral to this project (FRDC 2010/219) was looking at ways that the industry could build and maintain a social licence to operate with respect to the shared access of public resources in ways that are within its capacity.

The social licence to operate has become a critical aspect of the commercial environments of most companies and industries. Learnt the hard way by some major industries, social licence to operate is a management and leadership issue that goes to the heart of triple bottom line public accountability.

Social licence to operate is in essence a multifaceted relationship focused on building trust and working through compromises. It is a negotiated relationship between the industry and the influencing communities of interest. It is formed through beliefs, perceptions and opinions on which data and formal reporting will have some important contribution, though limited. As a negotiated relationship, a social licence to operate is non-permanent, albeit materially significant, is sensitive to the ebbs, flows and changes in public expectations and values and must be built and maintained through engagement processes that reflect power sharing.

It is community aspirations that increasingly underly a company's and/or an industry's social licence to operate. It is this two-way benefit and partnership that can be leveraged for both partners: industry and community, creating what is currently described as "shared value" (Porter and Kramer 2011). Working with the social licence to operate creates opportunities for communities to leverage industry investment and commitment to build regional development and innovation. Understanding and identifying the local realities and differences through community engagement represents a potentially significant win-win for industry alongside communities of interest. For industry, it is relatively easy to gauge financial value of an activity but far more difficult to assess social contribution – that is, the social value created and/or destroyed in the process of going about its activities.

Social impact assessment (SIA) is a well-established discipline of applied social science that seeks to understand, as the title would suggest, the social contribution of particular activities or projects. The discipline has developed alongside regulatory frameworks to assist in decision-making on major development projects, and is often partnered with environmental impact assessment (Vanclay 2006). Vanclay argues strongly that SIA is often used as a predictive strategy to support decision-making, with

little focus on evaluative analysis, benchmarking, monitoring or improving outcomes, particularly for residential communities of interest, or what Brooks et al. (2010) term “dependent communities”.

The Social Return On Investment (SROI) is a methodology that draws on cost-benefit analysis in combination with stakeholder driven social impact analysis. A distinguishing feature of the SROI is meaningful engagement with key stakeholders who have an interest in the activities under review – particularly those on whom the activities have significant impact. The purpose of the engagement is to build a picture of the impact, but also to ‘co-identify’ significant impacts – positive or negative – *with* the stakeholders on which the activities impact. Further, the SROI involves stakeholders in the process of identifying and/or validating the usefulness or relevance of financial proxies used to monetise the impacts in the financial analysis.

The SROI processes and principles offer a structured approach to assessing social contribution in partnership with the relevant stakeholders, or communities of interest. In other contexts, the SROI has delivered strong, two-way relationships with stakeholders (Social Ventures Australia 2012), creating a context within which the enterprise’s future direction, including growth, can be discussed and designed on realistic terms that take into account social contribution.

The purpose of this research project was to pilot the use of the SROI principles and processes as a basis for structured community engagement within the aquaculture industry in Tasmania. The research was focused on testing the extent to which the methodology would:

- be manageable for commercial operators (resources and processes)
- deliver useful insight into social contribution that relates in a practical way to building and maintaining social licence to operate.

2. Need

The Tasmanian government, communities and the aquaculture industry in Tasmania recognise that the keys to ensuring continued industry profitability and increasing aquaculture's positive benefit to regional communities in Tasmania, is continued access to shared coastal and marine resources.

The existing aquaculture planning system can help facilitate the opportunity for social licence by including the community in the process that examines the pros and cons of development in their region. However, future opportunities beyond the planning stages for linkages and collaborative partnerships between industry and the community are not well defined.

Critical to building and maintaining a social licence to operate is developing robust and collaborative partnerships between industry and the communities in which it operates. Such partnerships need to be structured to allow meaningful dialogue aimed at increasing the benefits of aquaculture development to the community as a whole, balanced against the potential costs.

Community perceptions of aquaculture vary widely. The challenge for planners and the industry is to understand regional perceptions in order to develop policies and approaches that respond to community concerns, improve community understandings and bolster the recognition and acceptance of this sector as a responsible and valuable community member.

Specifically, industry and policy makers need to understand the social and economic profiles of specific regions as well as community perceptions of the industry, as the foundation for designing a community engagement strategy that will:

- establish a sound platform of social understandings and values from which the industry can develop its business case, and
- maximise the benefit communities derive from sustainable aquaculture development.

This project has been designed as a pilot study to test methodology and to deliver outputs that will contribute to the needs mentioned above, thereby helping to increase public good outcomes from marine farming both in Tasmania and on the mainland

Social licence to operate is a 'live issue' in Tasmania as the state continues to experience significant change in a major industry (forestry). Local communities, including residential communities, environmental activist and other community groups, are increasing their influence on the issues related to access to shared public resources. The aquaculture industry continues to be subject to public scrutiny in Tasmania, with some sectors, notably salmon farming, attracting increasing attention. Shared resources and contribution to local communities are also an important issue for other sectors.

3. Objectives

- Objective 1: A recommendation of social return on investment (SROI) metrics that can be incorporated into assessment of aquaculture developments and activities.
- Objective 2: An understanding of community perceptions of aquaculture in two aquaculture regions in Tasmania.
- Objective 3: An understanding of demographic profile and social infrastructure for each study region.
- Objective 4: An analysis of the contribution of aquaculture development on relevant social indicators for each region.
- Objective 5: A community consultation and engagement strategy that could be adopted by industry for each aquaculture region.
- Objective 6: Recommendations for how similar projects could be delivered in other regions in Australia.

4. Methods

Objective 1: A recommendation of social return on investment (SROI) metrics that can be incorporated into assessment of aquaculture developments and activities

- **Development of two case studies**

At the core of this project are two social benefit analyses using SROI principles and methodology. The case studies were used to assess the utility of using SROI approach for the purposes of understanding the contribution of aquaculture activities to values identified by defined stakeholder groups.

Project partners – aquaculture industry

The industry partners in this project were Spring Bay Seafoods (Case Study 1) and Huon Aquaculture Group P/L and Tassal Group Ltd (Case Study 2)

Case Study 1: Shellfish production on Tasmania’s east coast – Spring Bay Seafoods.

Spring Bay Seafoods is a Tasmanian based shellfish company operating on the east coast of Tasmania, approximately 84 kilometres north east of the state’s capital, Hobart. The company is primarily known for producing award winning blue mussels and scallops, which it sells as roe-on, live and processed to a ready to cook state. It supplies the domestic Australian market and exports to markets across south east Asia.

Case Study 2: Atlantic salmon production in the Huon-Channel region – Tassal and Huon Aquaculture.

Huon Aquaculture Group P/L is a privately owned company producing over 10,000 tonnes of fresh salmon per year. The company currently employs over 380 staff in most states of Australia, with the majority employed in Tasmania. Huon is a vertically integrated company incorporating hatchery, marine farms, boatbuilding and fabrication workshops, wet processing facilities and a value-added smoking facility. Huon Aquaculture farms and related facilities are located in the Huon River, D’Entrecasteaux Channel, Southern Ocean and Macquarie Harbour, with processing facilities concentrated on Tasmania’s north west coast.

Tassal Group Ltd is a vertically integrated public company that includes freshwater hatcheries and saltwater aquaculture, salmon processing, value-adding stages through to distribution, and sales and marketing. Tassal is the largest producer and processor of fresh and frozen salmon products in Australia and is within the top 30 salmon companies globally with production level in excess of 20,000 tonnes. Tassal currently employs over 800 people with operations centred in the Huon Valley, D’Entrecasteaux Channel, Tasman Peninsula and Macquarie Harbour.

The methods used in each of the case studies are presented in Appendix C. A summary of the case study methodology and process follows.

- **Selection of the localities**

The case studies for this project were selected using two key criteria:

- Localities (towns) in which aquaculture occurs¹; and,
- Sectors within the aquaculture industry with an active interest in social licence to operate and social benefit.

On this basis, the two case studies selected were:

- Triabunna and shellfish farming - eastern Tasmania (Case Study 1)
- Geeveston and salmon farming - southern Tasmania (Case Study 2).

The demographics of these towns are comparable, and both communities were experiencing the impacts of changes and downturn in the forestry industry in similar ways. Both towns are about the same distance from the state's capital city, and can be described as regional/rural.

The stakeholder scope for the salmon farming case study (Case Study 2) was broadened to include Woodbridge. This was in response to advice from the participating companies (project partners). Based on their understanding of the negative perceptions of the industry held in the region, the partners identified that excluding the Woodbridge community in a social benefit study would be inappropriate.

The key differences between the case study scopes relates to community perceptions of the activities, with shellfish farming broadly regarded as an uncontroversial activity and salmon farming regarded as more controversial. This provided a comparison point for the review of the utility of SROI approach.

- **Stakeholder identification**

An initial stakeholder map was discussed and refined with each company. The engagement process was started with 'purposive snowballsampling'²: specifically contacting people who were considered relevant to the research and likely to have defined views on shellfish and salmon farming operations in their area. This initial sampling was supplemented with 'snowball sampling' that utilised the networks and relationships of the initial contacts.

In addition, an advertisement was placed in local newsletter publications to engage a broader sample of local community members to take part in a telephone survey.

- **Data collection**

Primary data was collected through focus groups and targeted and self-selected interviews.

The focus groups were the foundation for establishing the values to be measured and to understand local community perceptions regarding the industry.

¹ The ABS definition of locality relates to the Urban Centre/Locality (UC/L) Structure where a Locality is generally defined as a population cluster of between 200 and 999 people (www.abs.gov.au - Glossary). For the purposes of this report the term "town" is used to denote the localities identified for the case studies.

² **Purposive sampling:** A non random selection of participants on purpose.

At the beginning of each interview or group discussion it was clearly explained to all participants that the FRDC had commissioned the study and that all responses would remain confidential.

Interview informants were identified through a combination of snowball techniques and open invitation (advertised in local community newspapers).

A similar set of questions was put to the interview informants and each of the discussion groups. The questions were limited in number to allow easy conversation and time to explore discussion topics.

Notes from the discussion groups were transcribed electronically and confirmed as accurate by distribution to participants for authentication and comments. This was an effective means of ensuring participants validated what was recorded and had the opportunity for further input.

- **Data analysis**

The transcriptions were analysed in the qualitative analysis software NVivo V10 (<http://www.qsrinternational.com/products>).

At this point the analysis focussed on:

- identifying themes within and between the focus groups and interview informants that related to the contribution of the industry and community perceptions of the industry;
- identifying social values identified as important and significant across the stakeholder groups; and,
- mapping the chain of consequences, for the stakeholders, from the activities under analysis to outcomes for stakeholders.

Financial proxies were developed based on the data, and the SROI calculations were then run. A draft report for each case study was discussed and reviewed with the relevant participating partners and a sample of the community informants. Finally, the analyses were reviewed by an Australian accredited SROI practitioner³.

- **Reviewing the utility of the SROI principles and processes for the industry**

The project team drew on three sources to assess the utility of the SROI principles and processes:

- participant-observation (project team);
- participating companies (key contacts);
- reflections from the peer-review of the SROI analyses.

Recognising that objective 5 (see below) is not due for completion until six months after the completion of the case studies, review of the SROI methodology (see Section 6 following) provides comment on the process and outputs up to this formal project completion point.

³ Simon Faivel, Social Ventures Australia

Further, review will focus on discussion of:

- how the process worked for them (what has worked well/what hasn't; what has been useful/ what hasn't; what's missing / surprises / improvements); and,
- what the findings and recommendations of the case study analysis means for them (initial responses).

The second stage of review (Sept-October 2012) will also focus on what has changed as a result of the case studies and what has been learnt with respect to implementation and community engagement.

Objective 2: An understanding of community perceptions of aquaculture in two aquaculture regions in Tasmania

The data collection and analysis within the case studies, as described above, was used to establish the community perceptions of aquaculture in the case study localities.

The approach taken was thus a qualitative approach that sought to understand local differences and nuances in community perceptions of the industry and its contributions.

Details of the methodology can be found in the attached case studies (Appendix C) and the approach taken to stakeholder identification and data collection and analysis is summarised above.

Objective 3: An understanding of demographic profile and social infrastructure for each study region

A demographic profile was produced for each of the case study localities. The profiles were developed from ABS data. These can be found as Appendices in each case study, in Appendix C.

The initial proposal for this pilot identified that a map of the social infrastructure of each case study locality would be useful information for the application of the SROI principles and drawing out the community engagement potential within the SROI processes.

The original scope was subsequently found by the project team to be ambitious given the project resources available. Mapping the social infrastructure is a significant undertaking that could not be delivered within the scope of the project.

Objective 4: An analysis of the contribution of aquaculture development on relevant social indicators for each region

As outlined in the project proposal, an analysis of this nature would add value to projects such as this. However, re-prioritisation of resources towards increased direct stakeholder engagement within this project meant that this objective was not attempted or achieved.

The SROI approach piloted in this project has the capacity to develop locally driven social indicators that can be nested within national and, where relevant, state indicators (e.g. Tasmanian Together framework⁴, state-based social inclusion frameworks), and other established reporting frameworks (e.g. Ecologically Sustainable Guidelines⁵ or Global Reporting Initiative⁶, Australian Institute of Health and Welfare⁷, OECD Better Life Index⁸).

**Objective 5: A community consultation and engagement strategy;
and
Objective 6: Recommendations for how similar projects could be
delivered in other regions in Australia**

A generic community engagement strategy and associated recommendations have been developed based on participant-observation, feedback from the industry partners and consideration of the results and findings from the case studies.

⁴ <http://www.tasmaniatogether.com.au/benchmarks>

⁵ Fletcher, R., Chesson, J., Fisher, M., Sainsbury, K. & Hundltoe, T. (2004) National ESD Reporting Framework - The 'How To' Guide for Aquaculture. Version 1.1. Canberra, Australia, Fisheries Research and Development Corporation.

⁶ <https://www.globalreporting.org>

⁷ <http://www.aihw.gov.au/publication-detail/?id=6442468252&libID=6442468250>

⁸ <http://www.oecdbetterlifeindex.org/>

5. Results / discussion

Objective 1: A recommendation of social return on investment (SROI) metrics that can be incorporated into assessment of aquaculture developments and activities

- **Applying the SROI principles to data collection and stakeholder engagement**

The purpose of the pilot was to explore a structured stakeholder driven approach to engagement and building and maintaining social licence to operate.

Case studies 1 and 2 present the results of the application of the SROI approach and can be found in Appendix C.

From the perspective of piloting the SROI approach, the following was found:

- Establishing a sufficient sample of informants can be a research challenge within the broader community context. ‘Snowballing⁹’ and purposive sampling are effective in small communities of interest for example the environmental non-government sector, where a range of informants can be identified. In larger communities of interest, eg a local government area, more effort would be required to connect with a broader range of informants.

This did not inhibit the application of the SROI approach in this project, but requires attention in all such projects to ensure it does not become a constraint. From the perspective of engaging with community members to build a relationship, this research challenge was less significant for this project.

However, feedback from one of the project’s industry partners noted the need for a sufficient sample of community respondents for the results to significantly inform decision making.

- Using the snowball technique was important in this process as it engaged the established networks of relationships that are integral to the ‘social infrastructure¹⁰’ of a given community of interest.
- As part of the SROI methodology, impacts are monetized (see methods in the attached case studies) and a ratio for investment dollars is determined. These hard currency numbers risk creating a distraction from the real value from the approach, that is the engagement and discussion steps, and the narrative of stakeholder values and industry contribution.

⁹ **Snowball sampling:** A type of purpose sampling where existing participants recruit future subjects from among their acquaintances. Thus the sample group appears to grow like a rolling snowball.

¹⁰ The term ‘social infrastructure’ is used here to denote both soft and hard infrastructure around services and processes that enhance the social capacity of communities. Social infrastructure can be broadly categorised as: health; individual, family and community support; education; arts and culture; information; sport and recreation; housing; community development; employment and training; legal and public safety; emergency services; and public and community transport (Casey 2005).

Feedback from the industry partners noted that the monetisation step was useful where significant positive value was created. However where negative value resulted from the analysis, the monetisation step risks overshadowing the importance of the narrative for management and risk-driven decision-making.

Engaging industry partners

Engaging in the SROI principles and processes required a time commitment from the participating companies.

A number of key success factors emerged for engaging with industry partners:

- identifying the value proposition for the company as well as the individual contact person is critical;
- establishing project scope including risks assessment, stakeholder analysis, clarity on level of commitment and investment in responding to results; and
- ensuring the company is able to invest adequate time into the process:
 - to monitor and follow the process,
 - co-review and analyse data and results at key points,
 - identify strategy and action based on the results.

Working with committed industry partners is critical for the effectiveness of the SROI principles and methodology. There are a number of dimensions to this: investment in the process for it to be effective; risk management; and responding to the results. These are explored in more detail in the following points.

Investment in the process: project scope

The SROI approach effectively engages a participating industry/company and its identified community of interest in a collaborative knowledge system. It is not a passive externalised process that regards the social impacts as objective units of analysis. On this basis it is important that the participating industry/company is clear about the level of investment it is prepared and able to make to the process. There is no set formula about the amount of time and money that is required, however, the level of commitment is an important factor in defining the project scope and establishing realistic community and company expectations for the results at the outset of the project.

The principle engagement points for the participating industry/company to consider are:

- Scoping the project: including strategic fit with the company goals, establishing key questions, identifying risks and opportunities
- Identifying level of investment in the process and results
- Provision of financial and related investment data (e.g. HR data)
- Co-review and analysis of results at key points in the process
- Response to and development of strategy, actions and future commitments to community engagement based on ground-work established in the process.

Risk management

The SROI, as stakeholder informed methodology, can be perceived as creating risks for the participating company related to the possibility of the “bad news” story – or, to use SROI terminology, the destruction of social value as opposed to the creation of social value.

In addition, the ethics of community engagement and consultation suggest that having engaged in a discussion there is an implied commitment to respond and take into account the results. Engaging in discussions about social contribution implies a commitment to work with the results to either improve on results that indicate the diminution of social value, or build on areas that indicate the creation of social value.

The important factor for participating companies with respect to risk management is ensuring appropriate investment in the process – particularly when scoping the project with the consultant and identifying level of investment and appetite for responding to the results at the conclusion of the formal analysis.

Responding to the results

As noted above, engaging in an active social impact analysis methodology, such as the SROI, implies commitment to responding to the results. Increasingly, the aquaculture industry is attending to social contribution and its relationship with the social licence to operate.

Additional aspects of the utility of SROI-informed community engagement will become apparent in the period after the case study analyses are accepted and incorporated, or not, into the participating companies management, planning and reporting processes. As noted above, this contribution will be reviewed with the industry partners in the six months following the conclusion of the case studies.

Objective 2: An understanding of community perceptions of aquaculture in two aquaculture regions in Tasmania

The research found indications of two very differing perceptions of the two aquaculture sectors. Further, it was found that social perception of ecosystem/environmental impact is *the* cornerstone issue for the social licence to operate discussion.

Shellfish aquaculture

Broadly, shellfish aquaculture is regarded as having limited and *tolerable* environmental impact and therefore positive social contributions were apparent and readily identifiable by residential stakeholders. Regional economic benefit was highly valued for its social contribution in both cases. However, the research indicates that while regional economic benefit is highly valued, it is not sought at *any* cost – particularly not at significant environmental cost.

(It should be noted that the current social license to operate that the Shellfish industry enjoys, should not be taken for granted and must be continued to be earned to be maintained into the future.)

Atlantic salmon aquaculture

Atlantic salmon farming was regarded by some stakeholders as having negative environmental and lifestyle consequences - concerns about which appeared to outweigh the value of regional economic benefits.

The challenge the salmon industry appears to face, in this case, is that the residential community cannot currently adequately assess for itself the level and types of environmental impact; residents feel 'caught' between industry and government interests on the one hand, and the interests of environmental activists on the other.

Specifically, the *social consequences* related to ecosystem impact brought into relief through this research was the *low levels of trust* by residents in the industry and regulator, specifically resulting from perceptions of:

- Lack of available and accessible information about impact on the relevant ecosystem;
- Absence of practical, effective mechanisms and relationships of trust for residents to address this gap in information; and,
- Absence of practical mechanisms that positively influence the activities, environmental consequences, and monitoring of impacts of salmon farming.

Importantly, the project team found that in this context two things became very important: (1) transparent and reliable mechanisms and (2) relationships that can influence decision-making and industry actions. These two are currently lacking, or are at least in early stages of maturity. It is through such mechanisms and relationships that the complex social process of identifying what levels and types of environmental consequences could be tolerated – that is, weighing the costs and benefits of the aquaculture industry – can be conducted.

From the perspective of social licence to operate, this represents an imbalance in power as a result of which residential communities experience a sense of powerlessness and risk related to the well-being of the public resource.

Feedback from the industry partners indicated that each of the case studies, as a pilot with a restricted sample size, remained, by necessity, high level and provided indications for further research.

Feedback also noted that significant further investment would be required to assist risk decision making and investment in building and maintaining social licence to operate, for example:

- determining communication mechanisms relevant for the specific communities of interest that could make a difference in the uptake of information about the environmental impact; and,
- improving understanding of credibility of information source (for specific risk areas);
- further investigating the insight into community values (for specific risk areas).

In both case studies, the research found considerable willingness on the part of residential stakeholders to develop a way to redress this situation. Strong interest in finding a balance between the costs and benefits of aquaculture (and where no controversy exists, interest in leveraging positive contributions) was a theme that emerged strongly through the data.

Objective 3: An understanding of demographic and social infrastructure for each study region

A demographic profile for each study region was developed from available ABS statistics. These can be found in the case studies in Appendix C.

With respect to mapping the social infrastructure of each region, this was identified as beyond the somewhat ambitious scope of the original proposal and funding available for this pilot.

Future projects using the principles and processes piloted in this project would be well-served by additional capacity to build a map of 'soft social infrastructure'¹¹ as an important component in stakeholder engagement. This would aid in ensuring community involvement is as comprehensive as possible.

Objective 4: An analysis of the contribution of aquaculture development on relevant social indicators for each region

As noted in the Methods section (above), internal project resource reallocation meant that this objective was not attempted or achieved.

Objective 5: A community consultation and engagement strategy; incorporating

Objective 6: Recommendations for how similar projects could be delivered in other regions in Australia

This project found that an independently facilitated engagement, based on the SROI framework offers a structured and robust process that builds a foundation for increasingly open and respectful engagement. Previously, engagement has been conducted only at times of crisis. This methodology allows the possibility of and framework for mutually considered engagement outside these times of crisis.

¹¹ Soft infrastructure includes both physical assets such as highly specialized buildings and equipment, as well as non-physical assets such as the body of rules and regulations governing the various systems, the financing of these systems, as well as the systems and organizations by which highly skilled and specialized professionals are trained, advance in their careers by acquiring experience, and are disciplined if required by professional associations (professional training, accreditation and discipline).

Unlike hard infrastructure, the essence of soft infrastructure is the delivery of specialized services to people. Unlike much of the service sector of the economy, the delivery of those services depend on highly developed systems and large specialized facilities or institutions that share many of the characteristics of hard infrastructure.

(http://en.wikipedia.org/wiki/Infrastructure#Types_of_soft_infrastructure)

Based on this experience, the schema presented below, when informed by the SROI approach, is an effective foundational strategy for assessing, building and maintaining social licence to operate .

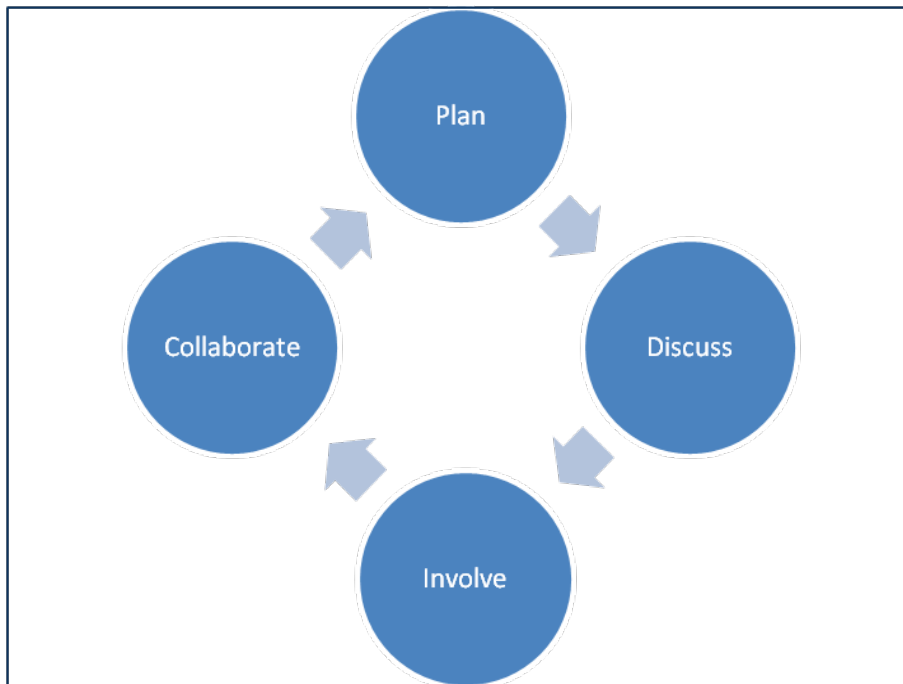


Figure 1: Schema of the core steps of a stakeholder engagement process

Assuming the industry stakeholder is committed to a balanced response to stakeholders, this structured engagement can create the environment for fostering and maintaining a social licence to operate.

This project also revealed that, in the commercial context of access to shared public resource, the SROI is distinctive in two important respects:

- key stakeholders are directly engaged, in a spirit of genuine collaboration, in identifying positive and/or negative value created by activity; and, in turn,
- potentially reframes stakeholder capacity to influence aspects of enterprise decision-making out of the formal media and political processes, at the same time providing intelligence to the enterprise on critical components of its social licence to operate.

The approach promotes dialogue to address contentious issues out of the formal media spotlight, reducing the potential damage and creating opportunity for resolution and action. This makes the SROI approach particularly useful where contentious issues lie between a given community of interest and the industry.

Recommendations for implementation (Objective 6)

For aquaculture sectors interested in implementing a community/stakeholder engagement activity, the outcomes from this examination of the SROI approach suggest the following recommendations, based on the schema identified above.

1. Plan

- **Engage an independent party to help design, facilitate and mediate the process**

Robust and collaborative relationships are built on trust. Experience indicates that trust between industry and a community of interest is more likely to be built if initial engagement is facilitated by a third party that is seen to be independent of either party.

- **Identify the issues that need attention**

It is important to be aware of the potential social licence issues facing a sector or business before starting this process.

Start with stakeholder- and risk-analyses, and prioritise the communities of interest with whom the sector needs to engage.

- **Commit to a structured engagement process**

Feedback from the communities of interest engaged during this project highlighted appreciation of the opportunity to review and discuss industry activities out of the formal media, and the chance to have a say through an independent and structured process.

Commitment to the process will enable the industry partner to (1) monitor and evaluate any change in the social licence to operate over time, and (2) broaden community engagement beyond the establishment of the initial, more formal relationships.

2. Discuss

- **Ensure direct discussion**

The SROI approach engages both the industry partners and the identified communities of interest in direct discussion that is public and open, yet out of the media. This creates the environment for frank and nuanced discussion and reduces the risk of high cost conflictual relationships.

The SROI approach promotes two factors that are important in exploring social benefit, and that support the trusting relationships that are necessary to build and maintain social licence to operate:

- opportunity to hear a diversity of voices including those regarded as more generally “quiet” voices from within specific communities; and,
- opportunity to review and discuss the issues of balance between perceived costs and benefits of the activities.

- **Establish what matters to the relevant communities of interest**

The SROI principles create a purposeful and potentially powerful discussion between and with community members about what they care about and regard as important.

Facilitation of this discussion out of the media and other formal aspects of public discourse (e.g. public meetings, formal community or ENGO group meetings, report launches and so on) helps those who might not usually have a say engage in the process and discussion.

3. Involve

- **Establish the relationship between what matters to the community and industry activities in partnership with stakeholders**

Tracing the positive and/or negative contributions of the commercial activities in question and considering the quantum and significance of impact (both through the engagement steps and subsequently in reviewing a financial proxy of significance) is the crux of this process.

It is also important to discuss and agree on what would have happened anyway or what changes may be the result of other activities.

An open and robust discussion of this nature can start to clear misconceptions, focus attention on the important matters and open a dialogue regarding ways to balance the costs and benefits of the industry activities to the community.

4. Collaborate

- **Work with the community of interest to explore ways to enhance the positive effects and mitigate negative ones**

The SROI approach is one that can help stakeholders examine objectively the ways that commercial activities can affect the things that matter to a given community of interest.

It will not always be possible to make the changes that some people may want. However, open discussions around the activities and their positive or negative contribution will build the spirit of collaboration.

If changes can be made to enhance positive contribution or mitigate negative ones then the benefits to the sector and the community can be monitored, evaluated and communicated to provide:

- sources of “good news” stories demonstrating industry commitment to addressing challenges and points of conflict;
- setting benchmarks and supporting structured, collaborative monitoring process; and,
- establishing a structured and balanced approach to identifying and addressing the range of issues, including difficult or contentious ones, that undermine or put at risk the social licence to operate.

This last step of active collaboration is crucial for building and maintaining a trusting and transparent social licence to operate.

6. Benefits

This project has delivered an outcome that can be used to accrue benefits to the aquaculture and fisheries industries in Australia.

Tasmanian aquaculture

The primary beneficiaries of this research have been the Tasmanian shellfish and salmon industries, through the project partners, Spring Bay Seafoods, Huon Aquaculture and Tassal.

Specific feedback from the project partners indicates that the case studies provided a number of non-market benefits that serve the strategic purposes of the participating companies. Principle amongst these benefits have been:

- a structured impartial approach to engaging with the “quiet” (and often hard to reach or hear) voices within the local residential communities;
- opportunity to initiate a public discussion about the comparative costs and benefits of the activities;
- practical information on the contribution of internal management strategies; and,
- insight into strategies for building innovative capacity within the company.

Residential communities of interest

The community partners have also been beneficiaries of this research. From the perspective of the social licence to operate, genuine processes of engagement are of material significance. Industry awareness of the materiality of this benefit was evidenced by the request to broaden the case study scope to include a specific community of interest, based on established actions to engage meaningfully with that community.

Benefits reported by community participants included the opportunities to:

- engage with the industry out of the spotlight of the media or crisis;
- explore the relative costs and benefits from the broader community perspective (i.e. alongside and as part of the environmental consequences);
- discuss and explore the issues with other residents; and,
- voice concerns in a confidential, independently managed environment.

Benefits for the broader industry

The findings and results of this research have applicability across the fisheries and aquaculture industry. In particular, increasing the understanding of the social licence to operate and developing practical processes for engaging with communities of interest to identify and address issues of concern and/or building mutual benefit.

The results of this research project indicate that the SROI approach and principles provide a useful practical tool for management decision making with respect to:

- understanding and developing responses to real or potential negative social consequences;
-

- building public understanding of the benefits of the industry activities;
- engaging communities of interest in dialogue regarding balancing costs and benefits and establishing regional indicators of acceptable consequences; and,
- understanding and working with the social dimensions of critical risk issues related to environmental impact.

7. Further development

Based on the results of this research the following are offered as recommendations for further development.

Discussions are already underway to decide on activities and other steps that may be undertaken to further develop or disseminate the results of the research.

The research has been watched with interest by a number of industry stakeholders. During the course of this project, the team has had a number of discussions with Australian aquaculture and fisheries stakeholders (state regulators and industry sectors) interested in applying the concepts and capability developed against particular issues under their purview. The project team will continue these discussions and work to facilitate project development as appropriate. Further, it is expected that the results will be presented at a range of industry conferences throughout 2012-13.

The research and preliminary results were discussed in February 2012 at a conference on the regulatory environment for aquaculture led by the Tasmanian Environmental Defenders Office. Interest was high, with invitations to present further on conclusion of the research, and to work with both industry and environmental non-government organisations to further develop the potential within the approach to improve positive contribution and decrease negative consequences. This may prove to be particularly useful with respect to key negative consequences – e.g. building trust and the opportunity to work collaboratively on sustainable environmental management.

As part of this process, and in line with the agreed project extension strategy, the companies wish to develop a community engagement action plan informed by the recommendations from this project. Options for delivering against this strategy will be agreed between industry and other stakeholders.

8. Planned outcomes

The planned long-term outcome for this project was to increase social, and therefore economic, benefits accruing to Tasmanian communities through sustainable aquaculture development. The project outputs have contributed to the achievement of this outcome by engaging two aquaculture sectors in processes that prioritised stakeholder social values as the starting point for analysis.

In the shorter term, the project sought to facilitate achievement of the long-term outcome through contribution to:

- Increasingly open and respectful engagement and collaboration between industry and the communities of which it is a part;

The SROI approach places stakeholder values as the focus of analysis.

Consequences are analysed with specific reference to the locally held values as identified through the data collection. The SROI approach in this pilot provided a structured approach to engaging directly with stakeholders. It also allowed a degree of power sharing with respect to the generation of impact analysis and knowledge. This element (knowledge sharing) is a strong basis for increasing the openness and collaborative potential in the relationship between the companies and their respective local communities.

- Increased understanding of how industry activities can increase positive social outcomes and decrease negative ones;

Through the process of piloting the SROI approach, the projects have established a foundation for structured, balanced consideration of: (1) social impacts of the industry, and (2) potential opportunities for leveraging industry activity and investment that supports social benefit for the local communities in which the participating companies operate.

The case studies identified issues of significance to the local communities, which the participating companies have considered carefully and have indicated interest and commitment to responding to the associated opportunities and challenges.

- Increased community engagement with, and acceptance of, the aquaculture industry within each Tasmanian region.

A feature of the case studies was a broad based approach to community engagement. Community informants or participants were sought from across the communities rather than simply through organised community groups. This contributed to increasing community engagement with the aquaculture industry in each of the case study regions.

Further, during the course of the project, the research team had the opportunity to discuss the project at a community-industry conference. Subsequent to that presentation, discussions were opened between the industry and environmental non-government organisations regarding future expanded engagement, based on the structured approach and the stakeholder-centred principles and processes of the SROI approach outlined here.

Finally, the “pilot” nature of this project planned to improve understanding of how to conduct similar projects in other aquaculture regions in Australia. The recommendations of the research team, based on the results of the case studies contribute to this planned outcome.

9. Conclusion

This project sought to pilot a practical structured stakeholder-informed social impact methodology. The purpose was to develop the knowledge and capacity of the aquaculture industry to build and maintain the social licence to operate. The project established that this process can achieve:

- increasingly open and respectful engagement and collaboration between industry and the communities of which it is a part;
- increased understanding of how industry activities can increase positive social outcomes and decrease negative ones; and,
- increased community engagement with the aquaculture industry within each Tasmanian region.

This project found that the methodology tested during this project was an effective tool and can be used to help meet these aims in other sectors of the national aquaculture and fisheries industries.

This project has tested and refined a process that can be used to:

- directly engage key stakeholders in a spirit of genuine collaboration to co-generate what is of positive or negative value in the activity; and, in doing so,
- potentially reframe the capacity of stakeholders to influence aspects of the company/industry decision-making, and at the same time provide intelligence to that company/industry on critical components of the social licence to operate.

This process can be modified as needed, as discussed in Objective 6, and used by all sectors of the Australian aquaculture and fisheries industries to:

- Build understanding of the values held by their communities of interest; and,
- Modify their activities, in consultation with their stakeholders, to increase the social value generated and therefore increase the relevant social licence to operate.

In this way, the future of fisheries and aquaculture sectors can be set more solidly on a path that takes into account the needs and aspirations of those who share the environment.

These benefits align well with the overall direction of FRDC efforts to promote and advance best practice activities that are critical to the Australian seafood industry.

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Appendix A: Intellectual Property

N/A

Appendix B: Project team

Project design, delivery, analysis and reporting were provided by the following project team:

- Maree Fudge, Project Leader, RDS Partners;
- Kiros Hiruy, Associate, RDS Partners;
- Jodie Presnell, Project Manager, RDS Partners;
- Morag Anderson, RDS Partners;
- Ray Murphy, RDS Partners; and
- Tom Lewis, RDS Partners.

Key industry contacts for this project were:

- Zach McGee, Production Manager, Spring Bay Seafoods;
- Fiona Ewing, Community Engagement Officer, Tassal Group Ltd; and
- David Morehead, Business Development Manager, Huon Aquaculture Group P/L



Appendix C: Case studies

Following are presented the two case studies that formed the core of this research project.

- Case study 1: Shellfish aquaculture on Tasmania's east coast.

- Case study 2: Salmon aquaculture in southern Tasmania
- Huon River and D'Entrecasteaux Channel.

FRDC: Tactical Research Fund (2010/219)
Establishing regional indicators of social sustainability in
the Tasmanian aquaculture industry – a pilot study

Case Study 1: Social impact analysis of activities of Spring Bay Seafoods for residents of Triabunna.

Authors: Morag Anderson, Maree Fudge, Kiros Hiruy, Jodie Presnell

Project partner: Spring Bay Seafoods P/L

Social impact analysis using SROI principles and methodology.

Prepared for Spring Bay Seafoods
RDS Partners, July 2012

RDS Partners is a Tasmanian-based team focused on positive and sustainable social, economic and environmental outcomes for regional communities.

We bring a highly effective multi-disciplinary approach to projects ranging across industry-community partnerships; applied social impact processes; health and well-being; and industry capacity building.

We have experience across a wide range of topics, with an emphasis on the agrifood, seafood and not-for profit sectors.

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1 Summary

This report presents the findings of an analysis of the impact of the activities of Spring Bay Seafoods in Triabunna on selected stakeholders.

It provides information about how the company creates social value in the local community and represents this value as a stakeholder return on the investment made by Spring Bay Seafoods in its production and processing activities in Triabunna.

The analysis was conducted using the Social Return on Investment methodology (SROI), with a view to understanding how this methodology can create opportunity for meaningful engagement between the company and its local stakeholders.

This analysis can be used by the company to build a strategic approach to social impact that can better serve both the company and the local community.

Summary of social value created

Spring Bay Seafoods' operations are regarded as important for the local community, creating significant social value including significant input to the regional economy.

The analysis indicated that Spring Bay Seafoods activities impacted positively on the sustainability and sense of community pride in the town. In addition to the expected flow-on economic impact of the company's activities, key elements valued by local people were:

- Positive effect on the maintenance of essential services in the community;
- Contribution to the experience of social connectedness; and
- Production of a world class product in the local community that contributes to sense of pride within the community.

Further, the stakeholder insights gathered through this project, underline that this positive impact is regarded as important from the community perspective.

In summary, we can say that analysis indicated that the social value created by Spring Bay Seafoods activities in Triabunna with respect to two key community values is both positive and significant.

The monetised value of the social value created

Spring Bay Seafoods' financial investment and operations in Triabunna were valued at approximately \$7.4m over the three-year review period (2008/9-2010/11) . The monetised value of the social value created through Spring Bay Seafoods' investment and operations in Triabunna during the three-year period in questions is approximately \$40.4m.

Expressed as a ratio this is 5.5:1 - that is, that for every \$1.00 invested in Spring Bay Seafoods infrastructure and salaries during that period, an equivalent of \$5.50 of social value was created for the Triabunna community.

Direct and indirect economic input to the local economy (\$39.6m) and intangible social impacts (\$0.9m), represent 97% and 3% of this overall value respectively.

2 Summary of recommendations for Spring Bay Seafoods

Further discussion of these recommendations can be found in Section 5.

1. Work with local people to explore the potential that community pride in the product may have for expanding and enhancing the product provenance aspect of the Spring Bay Seafoods brand.
2. Explore opportunities for company innovation.
3. Utilise the strength of the culture of service within the company to mentor and engender a strong work ethic in younger/new workers.
4. Engage further with local government to identify specific activities and impacts that can be leveraged by the community in areas of significance to local people
5. Build on the community engagement process using SROI approach to monitor and maintain the high level of social licence to operate.

3 Project report

This report presents the results of a social impact analysis using the Social Return on Investment (SROI) methodology on the activities of Spring Bay Seafoods in Triabunna, on Tasmania's east coast.

The SROI is a stakeholder informed social impact analysis methodology that combines stakeholder engagement with building an understanding of the social value created for those stakeholders.

The analysis undertaken in this project is more precisely defined as an analysis of return to stakeholders on Spring Bay Seafoods' investment (its activities) during a defined time period.

Social impact is an increasingly important aspect of the commercial environment. This is particularly so for primary industry producers due to ever increasing community expectations with regard to responsible corporate citizenship and stewardship of shared natural resources. This trend is becoming increasingly important in business decision making processes (e.g. market position, brand impact and risk management).

In 2010, the Fisheries Research and Development Corporation funded RDS Partners to investigate the utility of the SROI approach through two case studies in the Tasmanian aquaculture industry. RDS Partners has worked with two sectors that are committed to understanding and working positively with social and environmental impact in their regions.

This case study presents the process and findings as related to the operations of Spring Bay Seafoods in Triabunna, on Tasmania's east coast. Further information on the background to this SROI report can be found in Appendix A.

The purpose of this report is to present the findings of the analysis to Spring Bay Seafoods and to provide the company with practical information about aspects of its impact on social value. The report also functions to inform the community about the value and impact of a significant industry in the local economy.

The project did not seek to identify and analyse the full social impact of the company's activities, but rather focuses on measuring what matters most to the local community.

The report provides a brief overview of the SROI methodology, the project approach, the key assumptions and the findings made when completing the analysis and recommendations. This report has been kept succinct with detail provided in a range of Appendices.

3.1 Purpose of this analysis

Understanding social impact is increasingly important for primary producers as the community and market expectations and standards continue to demand greater ethical and responsible social impact and sustainable environmental stewardship.

The Spring Bay Seafoods brand is oriented to the production of high quality, environmentally sound product. The company wants to better understand the social dimension of its local impact and the risks and opportunities related to its corporate citizenship and capacity to create social value for one of its important communities of interest – the local residential community in Triabunna.

The SROI methodology works with the basic principle that all activities have an impact – that is, they create and/or destroy value¹². Understanding what kind of value is created or destroyed is important in any business or organisational strategy.

For a business, it is relatively easy to gauge financial value but far more difficult to assess social impact – that is, the social value created (and/or destroyed) in the process of going about its activities.

Details on the SROI methodology can be found in Appendix B. In summary it can be described as asking stakeholders what is of value to them and then ascribing a dollar figure against that value.

SROI methodology emerged from the social enterprise sector. Using this methodology in a commercial and community environment broadens the complexity of its application.

Within the complex environment of community values and shared public resources (as is the case for primary industry), the methodology provides a practical process to explore complex issues.

The project purposefully set out to understand the impact of Spring Bays Seafoods' activities specifically from the perspective of a defined set of stakeholders – local residents and local government.

This meant excluding from our analysis other key stakeholders such as state and federal government and Spring Bay Seafoods itself. For this reason this analysis is not regarded as an SROI analysis *per se*, and is more accurately described as an analysis of the social impact on stakeholders using the SROI methodology and principles.

Evaluative analysis

This report is an evaluative analysis for Spring Bay Seafoods and the local Triabunna community – the community in which Spring Bay Seafoods operates. This means that it analyses activities that have already taken place and describes value already created or destroyed.

¹² The SROI Network's "A Guide to Social Return on Investment: Update to the 2009 Guide" (2012) is the key source for our discussion of the SROI. This Guide can be found at www.thesroinetwork.org

The activities of Spring Bay Seafood that are the object of this report are:

- Hatchery
- Growing, harvesting and processing shellfish
- Selling and shipping shellfish.

Spring Bay Seafoods estimated it invests in the order of \$7.4m in these activities. This is the base figure used in the SROI calculations (see section 4.2).

The analysis focuses on understanding the social value created by Spring Bay Seafoods' operations on the local Triabunna community in which it operates – it is not an analysis of Spring Bay Seafoods operations or business model.

This report evaluates key aspects of the social value created or destroyed by the company's production and processing activities in Triabunna against key values that were found to be common across two stakeholders groups: (1) local community (local council officers and people who live and work in Triabunna); and (2) Spring Bay Seafoods employees and their families.

The analysis focuses on the social impact for local residents and employees of the company and their families. The timeframe reviewed was the three financial years from 2008/9-2010/11, during which no special or unusual events (e.g. capital investments or staff lay-offs) occurred.

The objectives of this analysis were to:

- understand the social value created by Spring Bay Seafoods' activities in the town of Triabunna;
- measure and monetise the social value created by the company's activities . This means, understand the value created as a result of the changes experienced by each stakeholder group by using indicators to measure the outcomes and by using financial proxies to value the outcomes; and,
- enhance Spring Bay Seafoods' engagement with local stakeholders in order to better understand their impact and inform decision making within the company.

Who this report is for

The primary and immediate audience for this report are the managers of Spring Bay Seafoods and people who live in the Triabunna community. Details on Spring Bay Seafoods and a profile of the Triabunna community can be found in Appendix C.

The secondary audience includes two key groups:

1. The Fisheries Research and Development Corporation, which has funded this project to assist the aquaculture industry to develop capacity in community engagement and build its 'social licence to operate'¹³; and
2. State planning authorities, local councils, the local Triabunna community and the aquaculture industry in Tasmania. These groups will be interested to understand the social value of the industry (the company) in the region and the extent to which SROI approach might be used in similar projects across other industries.

¹³ Please refer to Appendix A for a short discussion of the concept of social licence to operate

3.2 Scope of the analysis

The purpose of this report is to understand how the company's activities impact on the things that matter to the local community. The report will assist Spring Bay Seafoods to better understand and manage its risks and opportunities related to its social licence to operate and its brand as a responsible corporate citizen. (An introductory discussion of the concept of 'social licence to operate' can be found in Appendix B).

Geographical region

This analysis is focused on social return from activities of Spring Bay Seafoods in the Glamorgan Spring Bay municipality. It particularly focuses on the impact of company activities in the Triabunna community.

Triabunna is a small town and community on the east coast of Tasmania. The town and community have experienced a major economic downturn in the recent past¹⁴ rapid changes to the forestry industry in Tasmania have particularly impacted in this region and on Triabunna. For the Glamorgan Spring Bay municipality, a decline of around 60 jobs in the forest industry was reported between 2006 and 2010¹⁴. As of August 2012 the future of the mill and the forestry industry – as local employers in the region – remains uncertain. Further, educational attainment levels and household income levels are well below the national averages.

Details on Spring Bay Seafoods and a profile of the Triabunna community can be found in Appendix C.

Time period

The analysis focuses on the impact of the investment of Spring Bay Seafoods over 3 years (FYs 2008-2010). It is important to note that some of the impact of the company activities during this period will extend beyond the analysis period, but, to minimise potential over-claim bias, this impact has not been included in this analysis.

Social values for analysis

The analysis scope is limited to social values that were identified as relevant to the stakeholders interviewed, that is: Spring Bay Seafoods employees and their families; the local council; and the Triabunna community.

The key values for analysis were identified through a comprehensive stakeholder identification, selection and engagement process including focus group discussion and interviews in Triabunna.

Further detail on our methodology can be found in Appendix D. The summary of the social values for analysis can be found below in Section 4.1.

¹⁴ Shirmer 2010 "Tasmania's Forest Industry: Trends in Forest Industry Employment and Turnover 206 – 2010" CRC Forestry Ltd, Fenner School of Environment and Society, Australian National University ISBN 978-0-9805903-7-1

Data sources

Primary data were gathered from three sources:

1. Focus group discussion with community members in Triabunna;
2. Direct discussion with employees of Spring Bay Seafoods in Triabunna; and,
3. Data obtained from Spring Bay Seafoods.

Secondary data was obtained from the ABS and other sources. Data for the indicators and financial proxies were drawn from a range of sources, as presented in Appendix E.

Data analysis

All focus group discussions were recorded on poster paper, transcribed and validated by participants.

Transcriptions were analysed in the qualitative analysis software NVivo (see qsrinternational.com/products_nvivo.aspx). The analysis focussed on identifying important themes within and across the focus groups. The key social value underlying these major themes was then identified. Further detail on methodology can be found in Appendix D.

The themed data was then analysed for key social values identified as important and significant for each stakeholder group. The analysis was discussed and reviewed with our participating partners and a sample of our community contacts. This analysis was reviewed by an internationally accredited SROI practitioner¹⁵ and revised based on the feedback.

Constraints and Limitations

The Spring Bay Seafoods project was part of a broader pilot study of the SROI approach. As a pilot, the project budget enabled engagement with a small sample of local people only. Nevertheless, the qualitative data analysis methods allowed the project team to access rich data that provided the foundation for this analysis.

3.3 Project approach

The project comprised a simple series of logical steps:

- Engaging with key project partner within Spring Bay Seafoods. This step was important for confirming the project scope, and exploring Spring Bay Seafoods' interests and objectives.
- Initial stakeholder mapping (RDS) followed by discussion with Spring Bay Seafoods and key local community informants (identified by RDS).
- Stakeholder engagement: focus groups and individual interview.
- Data analysis and SROI calculations.
- Initial draft report for feedback and input: Spring Bay Seafoods, community stakeholders and peer review from an experience SROI practitioner.
- Finalisation of the report.

¹⁵ Simon Faivel, Senior Consultant, Social Ventures Australia. The feedback session was held on Tuesday 3rd July 2012.

4 Results – The “story” of social value

The results section is set out along the following framework: (1) qualitative narrative of social values held as important by local people; (2) map of the impact of Spring Bay Seafoods’ activities on these values - defining the outcomes for analysis; and (3) monetised analysis of the value created for the key outcomes.

4.1 Qualitative findings

Summary – the social values for analysis

The following values that express “what matters” to the local community have been distilled from the stakeholder consultations:

- *Value 1: The importance of social connections in Triabunna:*

Primary interwoven themes included a desire to create and instil a sense of pride in the local community and to engage young people in the industry, supporting their sense of a future in their home community; the company’s strong positive internal culture of integration and “service”, based on commitment to each other (as individuals, as colleagues and as part of the production process) and belief and pride in the product.

- *Value 2: A sustainable community:*

Primary within this overarching value were: concern about the loss of the local chip mill and the importance of industry operating in the town and the region; aspiration for increased jobs available in Triabunna and the region; and, aspiration for increasing the population in the region to ensure that the local economy is vibrant and essential services are viable.

Increased tax revenue from the region and reduced welfare expenditure in the region were secondary mentions under this value.

Discussion

Input from people who live and work in the community, including some who work for Spring Bay Seafoods, indicated a deep seated concern related to future employment prospects and community dynamism. At the time this project was being conducted, concern was heightened by rapid changes in the forestry industry and the expected negative flow-on effects of the industry’s downturn. The discussions regarding the role of Spring Bay Seafoods were thus sharpened by this context.

A sense of belonging, a place to bring up your children and the importance of a vibrant local economy were key themes that emerged through the interviews. The company was considered as one of the major employers in the area and people felt that its activities had far reaching impact including local businesses, the tourism industry, local, state and federal government revenues and savings.

From the broader community perspective, the role of Spring Bay Seafoods in employing local people and creating economic value through “spin-offs” is highly valued.

“Spring Bay Company (sic) gets its name out – I’ve seen it mentioned on TV on the fishing show – and that means the whole area gets recognised – and not just for negative things like the sawmill closing down”.

“When the season opens all the boats come into the area – this brings business to the community”.

The data indicated people experience levels of pride and a sense of belonging that were specifically related to having a quality product known on the broader world stage. To employees this was also related to being part of the creation of this quality product.

Spring Bay Seafoods’ activities and culture impacts was also regarded as impacting positively on the “liveability” of Triabunna, and this was regarded as important for community vitality. Comments made regarding what would happen without Spring Bay Seafoods reflect this:

- people with families indicated they’d leave the area, although reluctantly;
- older people noted the workplace provides them with important social inclusion experiences as a result of the particular workplace culture of Spring Bay Seafoods;
- community members indicated they’d expect negative impacts on school viability and childcare options.

“The closing of businesses causes fragmentation for example, for older people, if their next door neighbour of long term moves away then you don’t have the same sense of community, and someone keeping an eye out for you. If such neighbours are not there, then the caring goes...”

“... (the various industries) all complement one another... services go down. They can’t attract employees. Even further diminished services – the basics – people will just fly in/ fly out for work instead and not settle here”

From the perspective of employees, it was not only the fact that jobs were available that was important, but also the flexibility they reported experiencing in their jobs, and the social nature of the processing work; all of these were considered as being of significant value, including the positive health impacts from this.

A sense of service to each other within the company was a further theme that sang strongly of the alignment Spring Bay Seafoods has with broader community values:

“If I stuff up, that impacts on XXXX’s ability to do her job - and that impacts on the quality of the product and then our customer – well, that’s just not ok”

“If I wasn’t working here, I’d be cleaning houses - on my own – I’d hate that. I’m part of something here”.

The key stakeholders interviewed did not raise any significant negative impacts that they could attribute to the activities of Spring Bay Seafoods. Mention was made of two concerns: (1) limited availability of the product locally and, (2) the difficulty in establishing precisely the environmental impact.

With respect to this second concern, communication between the local community, Spring Bay Seafoods and State government (as regulators) regarding local marine conditions was regarded as inconsistent and not reliable.

Two other issues were raised by a very small number of community participants (two or less):

- accessibility of the waterways for small fishing boats is becoming increasingly difficult as the company expands; and,
- “visual pollution” from the operations.

Overall, we heard that Spring Bay Seafoods’ operations are regarded as important for the local community, creating important social value beyond the financial/economic input to the local economy through contributions to community sustainability and the maintenance of local services and infrastructure.

Defining the outcomes for analysis

A flow chart of the impacts of Spring Bay Seafood’s activities (Figure 1) was developed to trace the series of consequences leading from the activity to an outcome for the stakeholders.

It is important to note that for this project, only those outcomes relevant to the stakeholder social values were included in the monetisation analysis. This reflects the scope and purpose of this project, which was to explore and better understand the impacts and perceptions of a specific set of stakeholders, that is, local residents.

The two key social values presented in the previous section as being important for the participants were used to identify which of the outcomes identified in Appendix E would be used in the monetisation analysis (see section 4.2 following). The outcomes to be used (Figure 1) were the basis of the final step of monetisation analysis.

Figure 1: Map of the chain of consequences leading from the stakeholder-perceived impact of activities to the outcomes

Impact Domain	Intended/unintended impact (described by stakeholders)	Company activities	What happens for residents		Outcomes for stakeholders (what changes for them as a result of the company activities)
Social (communities of interest, human health and well-being)	Employees experience security and opportunities for positive socialisation	Offers employment to local people, including young people →	Utilises positive respectful HR culture that recognises people are its greatest asset →	<input type="checkbox"/> Employees express high degree of teamwork, sense of service to colleagues, pride in the product, knowledge of the interrelated nature of the production process and commitment to product quality and customer satisfaction	OUTCOME: Employees are happier and healthier (positive workplace and satisfying social relationships)
	Secure employment is offered to local people.	Employs people →	Higher household income than if on social security benefits →	<input type="checkbox"/> Families feel more secure	OUTCOME: People can stay in Triabunna, particularly families.
	Demand is created for core services and trades (convenience and accessibility for residents)	Uses contractor transport, tradespeople, marine suppliers, mechanics and so on →	Small business is viable in the region →	Core services (e.g. GP and childcare) and trades (e.g. electrician and plumber) stay in the area → <input type="checkbox"/> People are more satisfied with life as they can live in the area they have grown up in or feel most at home in	OUTCOME: Triabunna remains a place people can work and live
Economic (local/regional economy)	Economic activity is stimulated (impact on regional economy)	Creates demand for local suppliers/providers and spends \$ in the region →	<input type="checkbox"/> Small business is viable in the region		OUTCOME: Triabunna remains a place people can work and live
	Public infrastructure is supported through local government tax paid	Pays tax (local, state, federal) →	A portion of this tax is redistributed/spent in the region →	<input type="checkbox"/> Public infrastructure is supported	OUTCOME: Triabunna is a liveable community

4.2 Monetised value of social impact

The core tool for identifying and attributing monetary value to social outcomes is the SROI impact map. The impact map used for this analysis is presented in Appendix E.

The five impacts and primary outcomes identified from the analysis described in section 4.2 (above) are the basis of the impact map (Table 1).

Table 1: The five key impacts resulting from Spring Bay Seafoods' activities and their primary outcomes

Intended or unintended impact of Spring Bay activities.		Outcome (or change) described by local residents
1. Economic activity is stimulated (impact on regional economy).	Leads to	Triabunna remains a place people can work and live
2. Secure employment is offered to local people.		People can stay in Triabunna, particularly families.
3. Demand is created for core services and trades (convenience and accessibility for residents).		Triabunna remains a place people can work and live
4. Public infrastructure is supported through local government tax paid		Triabunna is a liveable community.
5. Employees experience security and opportunities for positive socialisation.		Employees are happier and healthier (positive workplace and satisfying social relationships)

A more comprehensive picture of the impacts of Spring Bay Seafoods activities can be found in Appendix F.

Results of the calculations: Stakeholder return and the SROI ratio.

The calculations and assumptions in the analysis (Appendix E) indicate that the net present value of the monetised stakeholder return arising from Spring Bay Seafoods \$7.4m investment in salaries and infrastructure during the study period is \$40.5m.

This stakeholder return is in addition to the direct economic return to the company.

Further, it is important to note that this monetised value only relates to the social benefits of Spring Bay Seafoods operations that were identified by the stakeholders involved in this study.

Expressed as a ratio, the return to those stakeholders on the investment is 5.5:1.

This means that for every \$1.00 invested in the activities of Spring Bay Seafoods over the three-year period, an additional stakeholder value of \$5.50 was created in areas of significance to the local community.

Sensitivity analysis

From the figures shown in Table 5, it is clear that calculated monetised social return would be most sensitive to variations in the assumptions surrounding the Input-Outputs (I-O) economic modelling of the impact of Spring Bay Seafoods' investment (Appendix F).

The project team is not in a position to critique or manipulate the assumptions contained in I-O modeling, nevertheless, the following observations regarding sensitivity and the modelling are offered.

Regional input-output (I-O) analysis is a useful tool in, and a vital part of, government planning. It now fulfils a role as both an assessable disaggregated form of regional

accounts, and an economic impact-measuring device for governments and industry. However, the model, like all empirical economic analysis, is inevitably accompanied by limitations on the precision of the results.

In essence, input-output analysis is high order analysis and its accuracy depends entirely on the basic underlying ABS data (for Australia) and the way that this is regionalised (or made into a Tasmanian-equivalent model).

In terms of actual sensitivity, there is no current measure of reliability in use that can be placed on input-output multipliers and projections. I-O Tables inevitably change over time (as certain sectors assume greater or lesser importance). On the whole, however, the changes in the multipliers emanating from these Tables would vary only marginally in the most important sectors. They are based, as a rule, on Census data, so change only every 5 years.

Within the modeling conducted for this project, the following applies:

- Linearity of outcomes - a 10% increase in production by a particular company cause a 10% change in the indirect effects. A 20% increase produces a 20% increase in indirect outcomes, and so on.
- A conservation approach was taken to selection of multipliers - using Type I multipliers rather than the larger Type II (e.g. assuming 65% of capital works are locally resourced).
- The consolidation of multipliers from several sectors is also arbitrary and at the sole discretion of the modeler. However, even if other sectors were chosen to make up these multipliers, the differences in results would be +/- 5-10 per cent.

The next largest source of sensitivity, although relatively minor when compared to the I-O derived figures, is that surrounding the calculation for the value of the indicator of “Number of new private sector houses and dwellings units approved, and new businesses created”.

The current value for this indicator during the three-year review period is \$816,000.

If the “Deadweight” discount for this indicator is halved (40% to 20%), the total value would increase by 33% to \$1.1m.

If the “Attribution” discount for this indicator is doubled (10% to 20%), the total value would increase by 11% to \$726,000.

As discussed above, the overall stakeholder return figures are not substantively sensitive to changes in any of the values except the REMPLAN-derived data.

Other considerations:

- One key outcome (pride in place due to production of world class product) was not included in this analysis as a plausible indicator and proxy could not be determined. Our experience suggests that, were such a value able to be established, it would not significantly impact on the overall result.

- Childcare was identified by stakeholders as a core service that would disappear were it not for the demand created by employment with Spring Bay Seafood. Establishing the value of childcare is a complex process and was not able to be determined within the budget of this project. Nevertheless it is likely that stakeholder value created by having access to childcare would be significant. It is recommended that any follow-up analysis of this type aim to account for the impact of childcare on the social well-being of the community.
- Regional economic impact was identified as one of the five outcomes important to the stakeholder group and accounts for 97% of the social return to stakeholders identified above. This outcome significantly impacts the resulting stakeholder return calculation. Nevertheless, this value (created in the regional economy) has been included as it was identified by stakeholders as having direct importance to their community.

5 Recommendations for Spring Bay Seafoods

At Spring Bay Seafoods' current level of community/ stakeholder engagement, the company's impact on the local community is significant and positive:

- monetised value of social impact is in the order of \$40.5m over a typical three year period;
- for every \$1.00 invested in Spring Bay Seafoods' activities over the three years, an additional social value of \$5.50 was created in areas that are of significance to the local community;
- broader economic impact in the region is estimated at \$39m over the period under analysis.

Increasingly, industries and leading companies are recognising the value of understanding and working to increase positive social impact. This has a range of desirable outcomes including: increased competitiveness¹⁶; realising the innovative potential of any social assets; building and maintaining a social licence to operate in the face of the changing community expectations with respect to access to shared public resources and environmental stewardship.

Given this context, we argue there are opportunities for Spring Bay Seafoods – in partnership with the Triabunna community – to build further positive outcomes for both parties, while maintaining a sensible and reasonable balance between accountability, community development and profitability.

On this basis the following recommendations are offered for consideration by the Spring Bay Seafoods management team:

1. ***Work with local people to explore the potential that community pride in the product may have for expanding and enhancing the product provenance aspect of the Spring Bay Seafoods brand.***

There appears to be significant alignment between the existing Spring Bay Seafoods brand and marketing and the community's declared sense of pride in the product and their concerns for responsible environmental stewardship. Spring Bay Seafoods can consider developing ways to work more closely with local groups and people to identify innovative ways to build both community pride and enhance the company brand.

2. ***Explore opportunities for company innovation.***

The high degree of understanding of the production value chain and processes amongst the employees can be regarded as an unrealised innovations asset within the company. Steps taken to include staff from all aspects of a business in problem solving and innovations thinking are extremely valuable aspects of contemporary innovation practice. Spring Bay Seafoods can particularly consider drawing on the perspectives and aspirations of young people entering their workforce and harnessing the commitment and insight of established employees by exposing them to the full range of operations, aspirations, problems to be solved and strategic objectives of the company.

¹⁶ See for example Du S. et al 2011; Falkenberg J. et al 2011; McWilliams et al 2006; Plewa C. et al 2011; Porter et al 2006; Siegel et al 2011

Additional spin-offs are likely to include:

- A win-win strategy that increases and maintains staff satisfaction as well as commitment to the product and the company and the associated productivity gains; and,
- Increasing the likelihood of young people committing to and staying with the business.

3. ***Utilise the strength of the culture of service within the company to mentor and engender a strong work ethic in younger/new workers.***

Employee interviews revealed two important positive aspects of the company culture: (1) strong work ethic and (2) commitment to colleagues and the quality of the product. Utilising established and older workers as mentors to new employees and, particularly, young workforce entrants would work strongly to build and maintain the positive workplace culture that is a basis for strong productivity.

4. ***Engage further with local government to identify specific activities and impacts that can be leveraged by the community in areas of significance to local people***

Spring Bay Seafoods might consider introducing low cost CSR¹⁷ strategies like contributing resources (e.g. skills, time, advocacy weight or money) to community projects focused on those values that were expressed as important – for example, projects that:

- contribute to the viability of essential services,
- build employment experience and employability of young people in the region; or,
- support efforts to attract and retain families to the region.

5. ***Build on the community engagement process using SROI approach to monitor and maintain the high level of social licence to operate.***

The SROI process is designed to “measure what matters”. It works on principles of meaningful stakeholder engagement that establish a platform for balanced discussion between a company and particular communities of interest.

Social licence to operate continues to figure strongly in the changing commercial environment for companies in primary industry as community expectations for socially responsible business and environmental stewardship continue to build and influence the operating and trading context. Spring Bay Seafoods prides itself on responsible environmental management and, overall, currently enjoys a reasonable level of support from the local community.

A biennial approach to community engagement (revisiting what matters, and how the company is impacting on those values) can be a cost effective, robust approach to monitoring and maintaining its social licence to operate in a region that is critical to the brand and product.

¹⁷ Corporate Social Responsibility

Appendix A Background to this SROI report

This report is part of a wider project working with SROI methodology in the Tasmanian aquaculture industry (FRDC 2010/219).

The Australian Fisheries Research and Development Corporation (FRDC) engaged consultants RDS Partners to conduct the project to pilot and test the use of the SROI approach as a form of community engagement that can:

- Initiate meaningful engagement between participating companies and the communities in which they operate;
- Assist participating companies to better understand the local community dimensions of their social licence to operate; and,
- Test the utility and applicability of the SROI approach for other sectors of the fishing and aquaculture industries with respect to the objectives stated in the two previous dot points.

The wider project involved two separate SROI-based analyses in two different sectors and local regions:

- This analysis for Spring Bay Seafoods and the eastern Tasmanian community of Triabunna; and,
- A second analysis for the Atlantic salmon industry in the southern Tasmanian region of the Huon River. The participating companies were Tassal Group Ltd and Huon Aquaculture Group Pty Ltd.

The results of this wider project will be published later in 2012. Please contact the project manager, Maree Fudge on (03) 6231-9033 or by email to maree.fudge@rdspartners.com.au if you would like to see the final report from the wider funded project.

Who is responsible for this report?

Project design, delivery, analysis and reporting were generated by the following project team:

- Maree Fudge, RDS Partners, Project Leader
- Kiros Hiruy, RDS Partners, Associate
- Jodie Presnell, RDS Partners, Project Manager
- Morag Anderson, RDS Partners
- Ray Murphy, RDS Partners
- Tom Lewis, RDS Partners

Key industry contacts for this project were:

- Zach McGee, Production Manager, Spring Bay Seafoods
- Fiona Ewing, Community Engagement Officer, Tassal
- David Morehead, Huon Aquaculture

The project was overseen by an FRDC steering group comprising:

- Kate Brooks, Social research consultant (KAL Analysis) and FRDC Social Science Research Program Manager,
- Stewart Pederson, Senior Project Manager – Food and Beverages, Tasmanian Department of Economic Development
- Peter Lauer, Manager - Primary Industries and Regions, South Australian Department of Aquaculture Policy, Planning and Environment
- Ian Duthie, Tasmanian Oyster Research Council
- Penny Wells, General Manager – Resource Management and Conservation, Tasmanian Department of Primary Industries, Parks, Water and Environment
- Tony Thomas, Manager – Marine Farming Branch, Tasmanian Department of Primary Industries, Parks, Water and Environment,
- Linda Sams, Chief Sustainability Officer, Tassal

Thanks to Simon Faivel, of Social Ventures Australia (www.socialventures.org.au) for peer reviewing this report from an SROI perspective. Simon is an internationally accredited SROI consultant and trainer.

Strategic context to this report and the wider project

Fisheries and aquaculture companies, in common with those in other primary industries, must share access to public resources in their operations. In this context, sound environmental management and strong residential acceptance of their operations is critical to the viability of aquaculture enterprises.

Integral to this project is the concept and imperative of the need for social licence to operate (SLTO). Equally important is the opportunity for the regional development and innovation that is created when an industry is investing and building genuine community engagement and SLTO.

The social licence to operate (SLTO) has become a critical aspect of the commercial environments of most companies and industries. Learnt the hard way by some major extractive industries such as international mining, SLTO is a management and leadership issue that goes to the heart of triple bottom line public accountability.

“On Common Ground” consultant, Ian Thomson, defines the features of SLTO as follows:

“At the level of an individual project, the social license is rooted in the beliefs, perceptions and opinions held by the local population and other stakeholders about the project. It is therefore ‘granted’ by the community. It is also intangible, unless effort is made to measure these beliefs, opinions and perceptions. Finally, it is dynamic and non-permanent because beliefs, opinions and perceptions are subject to change as new information is acquired. Hence the social license has to be earned and then maintained.

The social license has been defined as existing when a project has the ongoing approval within the local community and other stakeholders, ongoing approval or broad social acceptance and, most frequently, as ongoing acceptance.

The differentiation into approval (having favorable regard, agreeing to, or being pleased with) and acceptance (disposition to tolerate, agree or consent to) can be shown to be real and indicative of two levels of the social license; a lower level of acceptance and a higher level of approval. While the lower level is sufficient to allow a project to proceed and enjoy a quiet relationship with its neighbors, the higher level is more beneficial for all concerned.

On occasions, the social license can transcend approval when a substantial portion of the community and other stakeholders incorporate the project into their collective identity. At this level of relationship it is not uncommon for the community to become advocates or defenders of the project since they consider themselves to be co-owners and emotionally vested in the future of the project, such is the strength of self identification."

www.sociallicense.com (accessed February 2012)

The definition included above emphasises the importance of community aspirations in the conversation that underlies a company's and/or industry's SLTO. It is this two-way benefit and partnership that can be leveraged for both partners – industry and community.

The Social Return on Investment methodology: a process that supports an active SLTO

The SROI is a social impact methodology that has been developed by the New Economics Foundation in the UK (nef) from financial cost-benefit analysis methodology. It has grown from the not-for-profit sector where it has been widely used across the UK, Europe and in "third world" development projects for some years. SROI practitioners, including nef, have applied true SROI analyses in the commercial sector. However it is difficult to find public domain examples and discussion to inform the development of local practice.

A distinguishing feature of the SROI is meaningful engagement with key stakeholders who have an interest in the activities under review – particularly those on whom the activities have significant impact. The purpose of the engagement is to build a picture of the impact, but also to co-identify those impacts that are significant – positively or negatively. Further, the SROI involves stakeholders in the process of identifying and/or validating the usefulness or relevance of monetary proxies used to monetise the impacts in the financial analysis.

In the context of private sector social licence to operate (SLTO) the SROI is distinctive in two important respects:

- Key stakeholders are directly engaged in a spirit of genuine collaboration to co-generate what is of positive or negative value in the activity; and, in doing so,
- Potentially reframes the capacity stakeholders to influence aspects of the company/industry decision-making, **and** at the same time provides intelligence to that company/industry on critical components of SLTO.

The SROI therefore is designed to not only produce a report (a cost-benefit ratio of social impact as well as a narrative of impact) for the company/enterprise but it provides the enterprise with a distinct and robust process that engages actively in establishing and maintaining the social licence to operate.

It is through the SROI process that strong, two-way relationships with stakeholders are established and the enterprise's future direction, including growth, can be discussed and designed on realistic terms that take into account social impact.

Appendix B Overview of Social Return on Investment methodology

Application of the principles

This summary of the methodology is based on the SROI Network (www.thersroinetwork.org) publication “A Guide to Social Return on Investment” (2012 update).

The Social Return on Investment (SROI) methodology is a framework for measuring and accounting for the value of social, environmental and economic impacts of an activity (the object of analysis).

The methodology aims to analyse the creation or destruction of value through the application of seven key principles:

1. Involve stakeholders to understand what is of value
2. Understand what changes – this is the locus of the creation or destruction of value
3. Value only the things that matter
4. Only include what is material
5. Do not over-claim
6. Be transparent
7. Verify the result

The SROI approach measures change in ways that are relevant to the people or organisations that experience or contribute to it.

The particular social, environmental or economic impacts to be analysed are determined through an process of engagement with the stakeholders on whom the activity has direct impact. The SROI approach has two important differences from other social impact analytical methods:

1. It engages stakeholders in the process of identifying the meaningful impacts; and,
2. It monetises as far as possible the social impacts of the activity under analysis.

Understanding the impact – telling the story of change

The SROI approach provides two interconnected aspects of social impact analysis.

Firstly, it tells the story of what impacts the activity has on those who experience its impacts and invest in the activity and how these impacts matter, or not.

Secondly, it uses monetary values to represent the changes or impacts of the activity, enabling a cost-to-benefit ratio to be calculated.

These components work together to provide useful information for the proponents of the analysis:

In the same way that a business plan contains much more information than the financial projections, SROI is much more than just a number. It is a story about change, on which to base decisions, that includes case studies and qualitative, quantitative and financial information¹⁸.

¹⁸ A Guide To Social Return on Investment, Second Edition, January 2012, The SROI Network, www.thersroinetwork.org

Monetising the value

The SROI metrics put a proxy dollar value on the degree of positive or negative change (impact) that takes place as a result of the activity in question and looks at the net returns to those who contribute to creating the change. This value is then compared to the investment in the activity to produce an SROI ratio. It takes standard measures of economic return a step further by placing a monetary value on social returns.

The SROI process works by developing an understanding of the activity being analysed, how it meets its objectives, and how the activity outcomes affect its stakeholders.

The impact of each activity is mapped, in partnership with stakeholders, to establish and confirm the scope of the analysis, and the impact “value chain” for each stakeholder group. The process enables the identification of the key links between:

- stakeholders’ objectives
- inputs (e.g. what has been invested)
- outputs (e.g. training program delivered), and
- outcomes (e.g. increase in income through employment).

The process then involves identifying indicators and financial proxies for the outcomes, so the value of the change attributable to the activity can be measured and monetised.

As with standard economic practice, the SROI analysis incorporates discount factors to account for other factors that may influence the value of the monetary calculations. In particular, SROI incorporates the following four filters to its calculations:

- Deadweight (what would have happened anyway?)
- Displacement (were other impacts displaced by this impact?)
- Attribution (who/ what else significantly contributed to the impact?)
- Drop-off (how much does the outcome reduce each subsequent year?)

The SROI methodology also exhorts its practitioners to take into account the following considerations:

- The informed judgement in each SROI analysis is based on a number of assumptions.

The SROI principles seek to address this concern through ensuring that the assumptions underpinning each SROI analysis are transparent and do not overclaim.

- The SROI ratio is a useful comparison point, but should not be overemphasised in the analysis.

The SROI ratio should be considered as just part of the story. As noted above, the insights – the story of the experience of impact and change – derived from the SROI analysis are of greater importance than the SROI ratio in understanding and working with social impact.

For further information about the social return on investment methodology and principles, please see The SROI Network website and publications – www.thesroinetwork.org.

Appendix C Participant profiles: Triabunna community and Spring Bay Seafoods

- Spring Bay Seafoods

Spring Bay Seafoods is a Tasmanian based shellfish company operating on the East Coast of Tasmania, 100 kilometres north of the island state capital, Hobart. The company is primarily known for producing award winning blue mussels and scallops, which it sells as roe-on, live and processed to a ready to cook state. It supplies the domestic Australian market and exports to markets across south-east Asia.

The company comprises a hatchery, nursery and farms, as well as a processing factory and pack-house located on the waterfront in Spring Bay, 4 km from the township of Triabunna on Tasmania's east coast. The marine farm is situated in a fast flowing cold current, 25-35 metres deep and located 2 kilometres offshore in the passage between Spring Bay and the Maria Island national park.

During the period under analysis the company employed up to 18 FTE full-time staff and over 22 FTE casual staff, mainly from the township of Triabunna.

The company has a strong focus on sustainable environmental management, innovation and responsible corporate citizenship. It holds a number of international awards for responsible production and environmental stewardship and holds Friend of the Sea and organic status certification.

- The Triabunna community

According to the 2006 ABS statistics, there were 795 persons usually resident in Triabunna (Urban Centre – Locality), of which 416 were males and 379 females.

The median age of the community was 39 years. The age group within the community was:

0-4 years	54;
5-14 years	123;
15-64 years	508;
64 years & over	110.

There were 222 families within Triabunna. Of these, there were:

- 100 couple families with no children;
- 91 couple families with children;
- 69 with children under 15 years of age;
- 22 with no children under 15;
- 28 one parent families with children;
- 18 with children under 15 years of age;
- 10 with no children under 15;
- 3 other family.

Of the 619 people aged 15 years and over within Triabunna, the highest year of schooling completed was:

Year 12 or equivalent	78;
Year 11 or equivalent	43;
Year 10 or equivalent	231;
Year 9 or equivalent	121;
Year 8 or below	65;
Did not go to school	0;
Not stated	81.

Of these people, 200 reported having a non-school qualification such as a bachelor degree, diploma and advanced diploma, or certificate. However, nearly half of these people (89) did not state what the level of non-school qualification.

Of the people aged 15 years and over, the ABS data reports that 325 were employed, of which 168 were full time (>35 hours per week) and 130 were part-time. Twelve people were un-employed and looking for work. There were 234 people not in the labour force.

In Triabunna, the median weekly individual income for persons aged 15 years and over who were usual residents was \$325, compared with a national average of \$466. The median weekly household income was \$628, compared with \$1,027 in Australia. The median weekly family income was \$840, compared with \$1,171 in Australia.

According to ABS 2006, the most common industries employing Triabunna residents were:

Aquaculture	11.1%;
Accommodation	9.6%;
Grocery, Liquor and Tobacco Product Wholesaling	6.5%;
Log Sawmilling and Timber Dressing	6.2%;
Road Freight Transport	5.2%.

As the major aquaculture operator in the Triabunna area, Spring Bay Seafoods will account for the majority of the 11% employed in aquaculture.

The forestry industry has been a major employer in the area for some decades, however since 2008 the Tasmanian forest industry has experienced a significant downturn. For the Glamorgan Spring Bay municipality, a decline of around 60 jobs in the forest industry was reported between 2006 and 2010¹⁹. As of July 2012, the future of the mill and the forestry industry as local employers in the region remains uncertain.

¹⁹ Shirmer, J. 2010

Appendix D Methodology and process

Stakeholder identification

An initial stakeholders map was discussed and refined with Spring Bay Seafoods. Within the study area there were three main stakeholder groups engaged:

- Local area key community contacts;
- Employees from Spring Bay Seafood who live in Triabunna and nearby (discussion group); and
- Triabunna and nearby local community members (discussion group).

Table 2 summarises the rationale for stakeholder group selection.

We started the engagement process with purposive sampling: we specifically contacted people who were considered relevant to the research and likely to have relatively defined views on shellfish farming operations in their area.

We supplemented this with snowball sampling through initial contacts who put us in touch with other people who they thought would be interested in providing information.

We also placed an advertisement in the weekly local newsletter over three weeks to engage a broader sample of local community members to take part in a telephone survey.

Data collection

Primary data was collected through the focus groups and, despite attempts to attract greater participation, one self-selected interview. In addition we interviewed a Glamorgan Spring Council representative. Table 3 summarises how we engaged with the identified stakeholders.

Focus groups

The local employees and resident discussion groups were the foundation for helping us establish the values to be measured in the stakeholder return analysis and to understand local community perceptions regarding the industry.

All focus group participants were provided with information regarding the project purpose, research ethics and informant confidentiality, before the discussion group session (it was sent to invited participants at least a week in advance and some received it on the night of the discussion group if they were not part of the original invitee list). At the beginning of each interview it was clearly explained to all participants that the FRDC had commissioned the study and that all responses would remain confidential.

Each of the discussion groups were asked the following set of questions. The questions for each group were similar in nature and limited in number to allow easy conversation and time to explore discussion topics.

- What comes to mind when you think about marine farming/ aquaculture in your community?
- Tell us about the impact of marine farming/ aquaculture on/in this community?
- What is your overall summary of your thoughts?

Discussion notes from each session were recorded on butchers paper by the facilitator and supplemented by notes taken by the observer. These notes were transcribed electronically and confirmed as accurate by distribution to participants for authentication and comments. This was an effective means to ensure participants could confer on what was recorded and have the opportunity for further input.

Table 2. Stakeholders considered for this analysis, with rationale of inclusion or exclusion

Stakeholder Group	Included /Excluded	Rationale
Glamorgan Spring Bay Council	Included	As a major beneficiary of the activities of Spring Bay Seafoods the council is likely to experience significant change in the form of increased population and maintenance of services, council fees, flow on and direct spending.
Triabunna community	Included	The local community are major beneficiaries who have experienced significant change through employment, maintenance of population, services and other flow on effects.
Spring Bay Seafoods employees and their families	Included	The company employs people who live in Triabunna. These stakeholders are direct beneficiaries of the activities and they definitely experienced significant change through secure employment, pride in their work and positive socialisation.
State Government	Excluded	The state government is affected significantly due to increased revenues of companies and associated fees and the contribution of the company to the state economy. Nevertheless this group was excluded from analysis as the scope for analysis of social value for the residential community.
Federal Government	Excluded	Similar to the state, the commonwealth benefits from the outcomes of the activities of the company. It also benefits both through income tax payments made by employees of the company and from savings due to reduced welfare benefits payments. Nevertheless this group was excluded from analysis as the scope for analysis of social value for the residential community.
Spring Bay Seafoods	Excluded	Although the company benefits both from its own activities by making profit and contribution to the welfare of its staff it was excluded as a stakeholder on the basis that it is the subject of this analysis and the only investor.
Coast Care groups	Excluded	As some members were included in the community focus group it was deemed unnecessary to replicate. There was also budgetary limitation to talk to everyone.
Fishing and Boating Clubs	Excluded	The group may share use of water; however since some of the concerns were captured in the focus group discussion the group were excluded.
Tourist operators, other businesses	Excluded	Although the activities of Spring Bay Seafoods are expected to have had impact on businesses and tourist operators, it is difficult to ascertain whether change will be significant.

Group 1: Local area key community contacts

This was a varied group of eight people who were considered key contacts to assist with identifying further contacts for the community perceptions discussion group. We met with four of the group individually and the other four as a group.

All meetings were between half and one hour and all provided valuable insight on further contacts and issues to consider.

Group 2: Spring Bay Seafood employees from Triabunna and near by

This group was chosen to assist in identifying values to be measured in the stakeholder return analysis for the study township of Triabunna.

The discussion group session involved seven staff members from the processing section of the Spring Bay Seafood Plant and was held over approximately one hour. The meeting was held at the Tandara Motor Inn, Triabunna on the 21st August 2011. The session was facilitated by two RDS Partners staff members and, as this was our first group session, a third attended to take additional notes and make observations.

The employees were identified by Spring Bay Seafood management and invited to attend if they so wished. All were willing participants and agreed to take part in the discussion group in their own time after their shift. All received a small thank you voucher to be used at the Tandara Inn.

Group 3: Triabunna local community members

This group was chosen to assist in understanding the positive or negative returns shellfish farming provides to the wider Triabunna community in addition to direct returns to employees. Participants were identified through initial key contacts met at the beginning of the project; through the Glamorgan Spring Bay Community Directory provided through the local council and, to a lesser extent, through the white pages to search for clubs expected to be in the area.

Of the twenty locals invited, eight met with us for approximately an hour on the evening of 11th July at the Tandara Inn, Triabunna. Two RDS Partners staff facilitated the session.

Data analysis

All focus group discussions were recorded on poster paper and transcribed. The transcriptions were analysed in the qualitative analysis software NVivo V10 ([qsrinternational.com /products_nvivo.aspx](http://qsrinternational.com/products_nvivo.aspx)).

The analysis focused on identifying important themes within and between the focus groups. The key social value underlying these major themes was then identified.

The data also was analysed for key social values identified as important and significant for each stakeholder. The analysis was discussed and reviewed with our participating partners and a sample of our community contacts. Finally, the analysis was reviewed by an Australian accredited SROI practitioner.

Table 3. Summary of stakeholder engagement activities

Stakeholder	Size of the group	Number of people Involved/ consulted	Nature of involvement
Glamorgan Spring Bay Council	N/A	1	Telephone interview. The Council provide information to the project.
Triabunna community	A population of about 796 residents	7 people attended a focused group discussion and 1 telephone interview conducted	The local community has a major stake in the project and were keen to respond to questions during phone interviews and some were engaged in focus group.
Employees	40 people	7 staff members	Focus group discussions for employees was held in Triabunna
Spring Bay Seafoods	1 company	1	Discussion of the objectives of the activity and required information were discussed with the manager. The company provided staff time to engage staff.

Appendix E Monetisation process – impact map

The core SROI tool for identifying and attributing monetary value to social impacts is the impact map.

The impact map provides a framework that illustrates the relationship between what stakeholders care about (the values), the activities of Spring Bay Seafoods that affect these values and the indicators chosen to represent the impact of Spring Bay Seafoods' activities on these values.

Read together, Table 4 and Table 5 show the monetisation steps:

- Table 4 links what stakeholders value to the impact they associate with the Spring Bay Seafoods' activities and starts the monetisation process by selecting and using measurable, monetised indicators of the impact (financial proxies);
- Table 5 presents the discounting process applied to the gross value of the impacts (as identified in Table 4), and is the basis of the final calculation step (also presented in Table 5).

The rationale and assumptions that underpin the key forecast parameters in the following tables are summarised in Table 6 in Appendix G.

Assumptions

In selecting the financial proxies for each outcome and indicator, effort has been made to ensure these reflect as closely as possible specific qualities identified through the stakeholder interview process. Appendix G provides notes detailing the assumptions underpinning this analysis.

Steps in analysing the social value of an investment (Table 4 and Table 5)

- The stakeholders (Column A) describe the impact of the activities on them (Column B);
- The investment (input) in the activity under analysis (Columns C and D) is quantified;
- The quantum of change (outputs) (Column E) and what this change means to the stakeholders (outcomes) (Column F) are assessed;
- A measurable indicator (Column G) is attributed to each of the impacts described by stakeholders in Columns B and F;
- The amount of impact (or change) that is reasonable to expect from the activity under analysis is calculated in terms of how much change (Column I) and for how long the impact could last (Column J);
- A financial proxy (Column K) is selected for each indicator; and
- A value (Column L) is attributed against the financial proxy and the source of the information used (Column M) is provided.

Table 4: Detail of stakeholder impact

Stakeholders (Who will we have an effect on? Who will have an effect on us?)	Intended/unintended impact (This is how the stakeholders described the impact that is important to them)	The Outcomes (what changed for the stakeholders. This is derived from stakeholders' description of the impact - Column B))	Indicator (How would we measure it? - as described in Table 2 Column F)	How much change will there be in one year? (units)	Duration How long will it last? (years)	Financial Proxy What proxy did we use to value the change?	Value What is the unit value of the change?	Source Where did we get the information from?
Column A	Column B	Column F	Column G	Column I	Column J	Column K	Column L	Column M
Triabunna community	Economic activity is stimulated (impact on regional economy).	Triabunna remains a place people can work and live.	Contribution to regional economy (direct and indirect economic flow on impacts on the regional economy) (Note 7)	1	3	Gross Regional Product (GRP)	\$14.5m	REMPPLAN analysis of Spring Bay Seafood investment (see Appendix F)
Triabunna community	Secure employment is offered to local people.	People can stay in Triabunna, particularly families.	Number of new private sector houses and dwellings units approved, and new businesses created (Note 1)	3	3	Median house price in the Triabunna township	186,000	Property observer website retrieved from(http://www.propertyobserver.com.au/data/suburb/triabunna-tas) and ABS Cat No. 1379.0.55.001
Triabunna community	Demand is created for core services and trades (convenience and accessibility for residents). (Note 3).	Triabunna remains a place people can work and live	Average additional cost of each trade visit	222	3	Average cost per person per annum if service providers were based outside the community (Note 4)	100	Interviews with stakeholders
Spring Bay Council	Public infrastructure is supported through local government tax paid.	Triabunna is a liveable community.	Council Revenue (Note 2)	1	3	Council rates paid by Spring Bay Seafoods (Note 2)	5,738	Spring Bay Seafoods
Spring Bay Seafood employees (and families)	Employees experience security and opportunities for positive socialisation.	Employees are happier and healthier (positive workplace and satisfying social relationships).	Reduction in number of doctor visits for employees and family due to better social environment (Note 6).	160 (Note 5)	3	Average cost of a consultation	70	Spring Bay Seafoods HR records 07-08; 08-09; 09-10

(Notes for this table can be found in Appendix G)

- The proxy value in Column L is then calculated for a single year by discounting²⁰ for deadweight (Column N), displacement (Column O), attribution (Column P) and multiplying that value by the unit change (Column I).
- The value for that proxy for each year during the period under review is calculated by applying the annual dropoff value for that proxy (Column Q).
- The total monetised value for that outcome is calculated by adding the values for each of the years in the review period.
- The total stakeholder return is the sum of all the annual proxy values for each outcome identified.

²⁰ Explanatory notes on the discounts used is provided following Table 5.

Table 5: Detail of indicators, financial proxies and the social return calculations

What is the unit value of the change? (\$)	Deadweight % (What would have happened without the activity?)	Displacement % (How much activity would we displace?)	Attribution % (How much else would contribute to the change?)	Single year value of social Impact (Quantity x financial proxy – (deadweight + displacement + attribution))	Annual drop off % (How much will the outcome drop off in future years?)	Calculated Social Return								
						Year 1	Year 2	Year 3						
Column L	Column N	Column O	Column P	Column Q	Column R	Column S	Column T	Column U						
\$14.5m	0%	0%	0%	\$14.5m	0%	12,700,000	13,200,000	13,700,000						
186,000	40%	0%	10%	301,320	10%	301,320	271,188	244,069						
100	10%	0%	0%	19,980	0%	19,980	19,980	19,980						
5,738	0%	0%	0%	5,738	0%	5,738	5,738	5,738						
70	10%	0%	10%	9,072	0%	9,072	9,072	9,072						
					Total	13,036,110	13,505,978	13,978,859						
						<table border="1"> <tr> <td>Total stakeholder return</td> <td colspan="2" style="text-align: right;">\$40.5m</td> </tr> <tr> <td>Stakeholder ROI ratio</td> <td colspan="2" style="text-align: right;">5.48</td> </tr> </table>			Total stakeholder return	\$40.5m		Stakeholder ROI ratio	5.48	
Total stakeholder return	\$40.5m													
Stakeholder ROI ratio	5.48													

- **Notes on the discounts applied**

Not all of the social benefit outcomes identified in this analysis can be attributed solely to Spring Bay Seafoods' activities.

Table 5 shows how the following four factors²¹ provide an appropriate discount to the final calculated impact:

- deadweight - what would have happened anyway?
- displacement - were other impacts displaced by this impact?
- attribution - who/what else significantly contributed to the impact?
- drop-off - how much does the outcome reduce each subsequent year?

This ensures our analysis avoids over-claiming the value of Spring Bay Seafoods' social impact and is known as a sensitivity analysis.

Deadweight

- Deadweight is an estimation of the value that would have been created if the activities from the program did not occur.
- Where the outcome would not have occurred without the activity, stakeholders assigned a deadweight of 0%.
- Where the outcome would have occurred – but only to a limited extent – without the activity, stakeholders assigned deadweight of 10- 40%

Displacement

- Displacement is an assessment of how much of the activity displaced other outcomes.
- None of the outcomes were expected to displace another activity, so stakeholders assigned a displacement of 0%.

Attribution

- Attribution reflects the fact that the activity is not wholly responsible for all of the value created. In the engagement process, stakeholders were asked to estimate attribution, and this forms the basis of this aspect of the sensitivity analysis.
- Stakeholders suggested that 10% of the new houses or business in the community during the reporting period came from sources other than the activities of the company.
- Stakeholders did not consider it likely that any proportion of the outcomes identified could be attributed to factors other than the activities of the company.

Drop-off

- Drop-off is a measure which recognises that outcomes may not continue to last year on year and in future years may be less, or if the same, will more likely be influenced by other factors.
- It was assumed that the impetus for new housing would be more likely to be influenced by factors other than the activities of the company in the reporting years and therefore a drop off factor of 10% to account was assigned.

²¹ "A Guide to Social Return on Investment: Update to 2009 Guide" 2012 pp 56-61 www.thesroinetwork.org

Appendix F Economic Impact Analysis of Spring Bay Seafoods activities

The following analysis of the regional economic impact of Spring Bay Seafoods activities was derived from the REMPLAN economic model (www.remplan.com.au).

The results from this modelling were used as the financial proxy for regional economic impact. This was included as significant and material in the social impact analysis based on stakeholders report of the ways in which regional economic impact relates to their ability to live and work in the region.

SNAPSHOT ECONOMIC IMPACT - SPRING BAY SEAFOODS					
Year	Contribution to GRP (%)	Direct contribution to GRP \$m	Indirect contribution to GRP \$m	Direct employment generated	Indirect employment flow-on
2011-12	0.08%	\$9.512	\$4.782	40	48

Spring Bay Seafoods directly employs the equivalent of 40 FTE employees, primarily in the Triabunna area. It is estimated (using input-output modelling²²) that this direct employment generates a further 48 jobs, many of which would be located within the Triabunna area. These indirect jobs would be found in the wholesale and retail trades, transport, agricultural and associated agricultural services and finance.

The company is estimated to contribute almost \$14.3 million to the Gross Regional Product (GRP) of the Southern Region of Tasmania on an on-going basis, representing 0.12% of the estimated Southern Region GRP.

CAPITAL EXPENDITURE IMPACTS							
Year	Value of construction (\$m)	Direct contribution to GRP (%)	Indirect contribution to GRP (%)	Direct contribution to GRP \$m	Indirect contribution to GRP \$m	Direct employment generated	Indirect employment flow-on
2007-08	\$1.036	0.003%	0.004%	\$0.325	\$0.468	2	3
2008-09	\$0.673	0.002%	0.003%	\$0.211	\$0.304	1	2
2009-10	\$0.539	0.001%	0.002%	\$0.169	\$0.244	1	2
TOTAL	\$2.248	0.006%	0.009%	\$0.706	\$1.016	4	7

In addition to its on-going direct and indirect contribution to the economic well being of the area, Spring Bay Seafoods also provides additional stimulus to the local economy by way of its capital expenditures on its local facilities. In the last three years, the company has undertaken almost \$2.25 million worth of capital-related works. It is estimated that this work has contributed a further \$1.7 million (directly and indirectly) to the GRP of the local economy and has generated 11 direct and indirect employment opportunities in the region.

²² This assumes that the 40 FTEs are apportioned equally between the hatchery operations and the processing plant.

Appendix A Chain of consequences (from activity to outcome)

This table was developed to trace the series of consequences leading from the activity to an outcome for the stakeholders.

Appendix G Rationale for the selection of financial proxies

Table 6: Explanatory notes for key assumptions from Table 4 and Table 5.

Notes	Comments	Rationale
Note 1	As a proxy measure of population, we have accounted for the number of new private sector houses and dwellings units approved in the reporting period. The specific proxy used for this indicator is the median house price in Triabunna (Dec 2011)	According to the ABS (Cat No. 1379.0.55.001), in the reporting years of 2008, 2009 and 2010 the average number of private sector house and dwelling units approved in the council were 61 per annum and the average cost value per unit was \$186,000.00. (Council minutes from 2010 and 2011 also show approval of 60-80 dwellings per annum). Only 4.2% of the residents in the LGA were reported to be employed in aquaculture on the 2006 ABS Census. Hence we have considered only 4.2% (2.65 dwellings) to be the contribution of the sector from the activities. This is later adjusted in the calculations to account for the contribution of Spring Bay Seafoods by reducing for 40% deadweight, 10% attribution and 10% drop off. The 40% deadweight figure was derived from the assumption that the contribution of Spring Bay Seafoods to the aquaculture-related economic activity of the Triabunna region could be around 60%.
Note 2	Council rates actually paid by Spring Bay Seafoods to the Council in any given year under review.	The payment of rates by Spring Bay Seafoods to the local council was included as having a specific impact on Council's overall capacity to operate and provide services to the community.
Note 3	These services were chosen to represent "essential services" because stakeholder discussions raised concern that the two technicians (electrician and plumber) may not be replaced by young people and that if Spring Bay Seafoods was not operational, the current trades persons would move to other communities. Childcare was also raised as an essential service for the town.	Through discussion it was established that bringing trades people in from other communities could mean an additional cost of at least \$100 per visit due to additional travel time. Participants estimated that each of the 222 (according to 2006 Census data) households would make one call per annum to a trades person.

Notes	Comments	Rationale
Note 4	There was indication in the community interviews that the availability of childcare is an important direct impact of the population base supported in part by Spring Bay Seafoods.	Childcare was excluded from this indicator and proxy as the project did not have sufficient resources to adequately unpack the complexities of the impact of childcare in the community sustainability. The project team recognises that this aspect of community sustainability is likely to be significant, and should be addressed in subsequent processes of this type.
Note 5	This figure is based on the assumption that there is likely to be 1 GP visit per year for each member of a four-person family; 40 “families” based on the number currently employed by Spring Bay Seafoods.	The link between full-time secure and local employment and physical and mental health is well-established (see for example analysis that includes Australian data by Llena-Nozal “The effect of work status and working conditions on mental health in four OECD countries” <i>National Institute of Economic Review</i> July 2009 No 209 pp 72 -87). We have chosen the cost of GP visits as the proxy, however the actual return is likely to be much higher. The budget constraints of this project meant there were not sufficient resources to identify or develop a more comprehensive ROI proxy for this indicator. The project team recognises that this aspect of social return is likely to be significant and should be addressed in subsequent processes of this type.
Note 6	Drop off for the years included in this review period was estimated at 10%	It is likely that drop off for this indicator would be much lower in the current environment in which forestry has continued to reduce the numbers of local people employed. However, in keeping with SROI principles to avoid over-claiming, a conservative estimate has been made.
Note 7	Input-Output (I-O) analysis	The social impacts of a viable local economy were of significance to the stakeholders who were the subjects of this analysis. Peer review of the initial analysis strongly recommended that regional economic impact be included in the SROI calculations for this reason. The I-O analysis is an input-outputs model of regional economic impact. It captures the effects that different sectors have on the economy as a whole, or for a particular state of region. It allows the various relationships within an economic system to be analysed as a whole, rather than as individual components. The impacts of Spring Bay Seafoods in the east coast region were modelled specifically for this project.

Appendix H Chain of consequences (from activity to outcome)

This table was developed to trace the series of consequences leading from the activity to an outcome for the stakeholders.

Impact Domain	Intended/ unintended impact (This is how the stakeholders described the impact that is important to them)	Company Activity	What happens for residents			Outcomes	Comment on inclusion in analysis
Social (communities of interest, human health and well-being)				Staff turnover is low	✓ Quality of product is more secure (lower risk through training and lack of experience) and recruitment and training overheads are kept low	OUTCOME: Spring Bay Seafoods maintains excellence in product	Not included in this analysis
	Employees experience security and opportunities for positive socialisation	Offers employment to local people, including young people è	Utilises positive respectful HR culture that recognises people are its greatest asset	✓ Employees express high degree of teamwork, sense of service to colleagues, pride in the product, knowledge of the interrelated nature of the production process and commitment to product quality and customer satisfaction		OUTCOME: Employees are happier and healthier (positive workplace and satisfying social relationships)	Included in this analysis
		Has boats and farms in the water	Marine debris appears on shore and in water Limits recreational access to water	✗ Public amenity is reduced			Not included in this analysis
		Produces world-class food source product	Triabunna is known for source of world-class niche food source	✓ People in Triabunna feel proud that live in an area that is recognised for excellence		OUTCOME: People living in Triabunna are more satisfied with life	Not included in the monetisation process. See notes on Sensitivity Analysis Section 4.2.

Appendix H Chain of consequences (from activity to outcome)

This table was developed to trace the series of consequences leading from the activity to an outcome for the stakeholders.

Impact Domain	Intended/unintended impact	Company Activity	What happens for residents				Outcomes	Comment on inclusion in analysis
Economic (local/regional economy)	Economic activity is stimulated / Demand is created for core services and trades	Uses contractor transport, tradespeople, marine suppliers, mechanics and so on	Creates demand for local suppliers/providers and spends \$ in the region	Small business is viable in the region	Core services (e.g. GP and childcare) and trades (e.g. electrician and plumber) stay in the area	<input type="checkbox"/> People are more satisfied with life as they can live in the area they have grown up in or feel most at home in	OUTCOME: Triabunna remains a place people can work and live	Included in this analysis
	Public infrastructure is supported through local government tax paid	Pays tax (local, state, federal)	A portion of this tax is redistributed/spent in the region.			<input type="checkbox"/> Public infrastructure is supported	OUTCOME: Triabunna is a liveable community	Only impact on local government included in this analysis.
Environmental (shared public resource and natural resource management)		Creates waste	Impacts on water quality	Animal stocks and species may be impacted upon			OUTCOME: The ecosystem is modified	Not included in this analysis
		Creates waste	Uses landfill	Uses infrastructure	Pays rates and invests in water management	<input type="checkbox"/> Creates demand in local economy	OUTCOME: Contributes to local economy	Not directly included in this analysis
Business (owners and financial investors)		Makes a profits	Investors are satisfied	Continues trading		<input type="checkbox"/> All of the impacts described above continue to be experienced	OUTCOME: Appropriate financial return on investment	Not relevant to this analysis
		Sells world-class food source product	Market share is secure and defended	Continues trading		<input type="checkbox"/> High quality food product remains available for consumers	OUTCOME: People contribute to their health by eating high quality shellfish, and enjoy delicious shellfish	Not relevant to this analysis

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FRDC: Tactical Research Fund (2010/219)
Establishing regional indicators of social sustainability
in the Tasmanian aquaculture industry – a pilot study

Case Study 2: Social impact analysis of activities of salmon farming for residents of Tasmania’s Huon-Channel region.

Authors: Morag Anderson, Maree Fudge and Tom Lewis

Project partners: Huon Aquaculture Group Pty Ltd and Tassal Group Ltd

Social impact analysis using SROI principles and methodology

Initial analysis for stakeholder review:

10 August 2012

Prepared for Huon Aquaculture Group P/L and
Tassal Group Ltd. by RDS Partners

RDS Partners works to facilitate positive social, economic and environmental outcomes. We do this by partnering with agriculture, aquaculture and fisheries organisations in research, development and extension. We specialise in industry development, industry research, social research, sustainable business development, community and stakeholder engagement and people development.

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1. Summary of the analysis to date

This report presents the findings of analysis, using the Social Return on Investment principles and processes, of the social impact for selected stakeholder (local residents) of activities of two salmon aquaculture companies, Huon Aquaculture Group P/L and Tassal Group Ltd. (the companies) in the Huon-Channel area.

It provides information about how the company creates social value in the local community and represents this value as a stakeholder return on the investment made by the companies in their production and processing activities in the Huon-Channel area.

The analysis was conducted using the Social Return on Investment methodology (SROI), with a view to understanding how this methodology can create opportunity for meaningful engagement between the company and its local stakeholders.

This analysis can be used by the companies, to build a strategic approach to social impact that can better serve both the company and the local community.

Summary of social return to residents from salmon aquaculture activities

The operations of the companies are regarded as important for the local regional economy, creating significant social value on this basis.

At the same time, from the perspective of local residents, there are negative impacts on significant issues: in particular, relationships between community and the companies is marked by low levels of trust and concern regarding the impact of marine farming on the health of the eco-system in which the farming activities take place; and the negative impact on lifestyle amenity for those few residents that live close to the farm sites and related on-shore facilities.

Further, insights gathered through this project underline considerable openness to working with the companies to build trust and ensure a healthy eco-system, and strike a balance with the companies between the perceived benefits (regional economic impact and jobs) and costs (impact on lifestyle amenity).

Establishing financial proxies for social return to residents

The significant outcomes identified by local residents combined the value of regional economic impact with negative impacts related to lifestyle amenity and trust.

On initial analysis, this produced the following result:

The companies' combined financial investment and operations in the Huon-Channel area were valued at approximately \$507m over the three-year review period (2008/9-2010/11).

Based on the initial SROI calculations, the net stakeholder return for residents of the Huon-Channel area, during the three-year period in question, is in the order of \$248m.

Expressed as a ratio, the return to local residents on the industry investment would be 0.49:1

This would suggest that for every \$1.00 invested by the companies in the identified activities, over the three-year period, an additional social value for stakeholders of 49 cents is created in areas that are of significance to the local community.

This is comprised of a positive return (direct and indirect regional economic impact) of \$249m and a negative return (residents enjoyment of private property) of -\$1m.

Based on the qualitative analysis, it is clear that economic impact overshadows the intensity of the negative values reported by the residential stakeholders who were the subjects of this analysis.

In order to present a more balanced and nuanced result, this initial result will be reviewed with both the participating companies and the local residents. This is in keeping with the principles and practices as well as the intent of the SROI methodology, which seeks to ensure the stakeholder “voice” is appropriately considered in social impact assessment and management planning.

With this forward process in mind, the monetisation steps for this analysis are included in this report as background information that will support the forward community engagement process.

2. Summary of recommendations for Huon Aquaculture and Tassal

1. Invest in an immediate process to refine this initial analysis collaboratively with local residents, and set a useful benchmark for management and engagement strategy.

The analysis conducted produced an initial result that, on the face of it, indicated significant social value created for local residents. It was clear from the qualitative analysis, that the overall calculation overshadowed the intensity and significance of the negative values identified by the residential stakeholders, who were the subjects of this analysis.

Specifically, the analysis found that direct and indirect regional economic impact (\$249m) overshadowed the other two significant, though negative social impacts (\$-1m).

In order to present a more balanced and nuanced result, it is strongly recommended that this initial analysis be reviewed collaboratively with the local residents who participated in this initial process.

This is in keeping with the principles and practices as well as the intent of the SROI methodology, which seeks to ensure the stakeholder “voice” is appropriately considered in social impact assessment and management planning.

With this forward process in mind, the monetisation steps for this analysis are included in this report as background information that will support the forward community engagement process.

2. Build trust through transparency and collaborative issues management.

With respect to social licence to operate, and responsible corporate citizenship, building trust is the critical component in a robust industry community partnership that enables primary industries to continue to operate profitably alongside the continued health of the ecosystems in which they operate.

3. Establish a working agreement on an acceptable balance between costs and benefits of aquaculture in the region through dialogue with local residents, using SROI methodology and principles.

The findings of this analysis showed considerable appetite within the stakeholder groups for working collaboratively with the industry to establish a balance between negative and positive impacts of the industry’s activities. This is an important asset in which the industry would be wise to invest.

4. Revisit social impact regularly to monitor changes from this benchmark study.

Social licence to operate continues to figure strongly in the changing commercial environment for companies in primary industry as community expectations for socially responsible business and environmental stewardship continue to build and influence the operating and trading context.

Updating this analysis every two years (revisiting what matters to the residential stakeholders, and how the company is impacting on those values) can be a cost effective, robust approach to monitoring and maintaining its social licence to operate in a region that is critical to the brand and product.

3. Project report

This report presents the results of a social impact analysis, using the Social Return on Investment methodology (SROI), on the activities of two major Tasmanian aquaculture companies, Huon Aquaculture and Tassal (the companies) in the Huon-Channel area, in southern Tasmania.

Figure 2 shows the location of the marine farms and processing facilities in the area we worked within. A description of the participating companies can be found in Appendix C.

The SROI is a stakeholder informed social impact analysis methodology that combines stakeholder engagement with building an understanding of the social value created for those stakeholders.

The analysis undertaken in this project is more precisely defined as an analysis of return to stakeholders on the companies' investments (their activities) during a defined period.

Social impact is an increasingly important aspect of the commercial environment. This is particularly so for primary industry producers due to ever increasing community expectations with regard to responsible corporate citizenship and stewardship of shared natural resources. This trend is becoming increasingly important in business decision making (e.g. market position, brand impact and risk management).

In 2010, the Fisheries Research and Development Corporation funded RDS Partners to investigate the utility of the SROI approach through two case studies in the Tasmanian aquaculture industry. RDS Partners has worked with companies from two sectors that are committed to understanding and working positively with social and environmental impact in their regions.

This case study presents the process and findings related to the operations of marine farms (salmon) in the Huon-Channel area of southern Tasmania. Further information on the background to this SROI report can be found in Appendix A.

The purpose of this report is to present the findings of the analysis and to provide the companies with practical information about aspects of their impact on social value. The report also functions to inform the community about the value and impact of the aquaculture industry in the local economy.

The report provides a brief overview of the SROI methodology, the project approach, the key assumptions and the findings made when completing the analysis. This report has been kept succinct with detail provided in a range of Appendices.

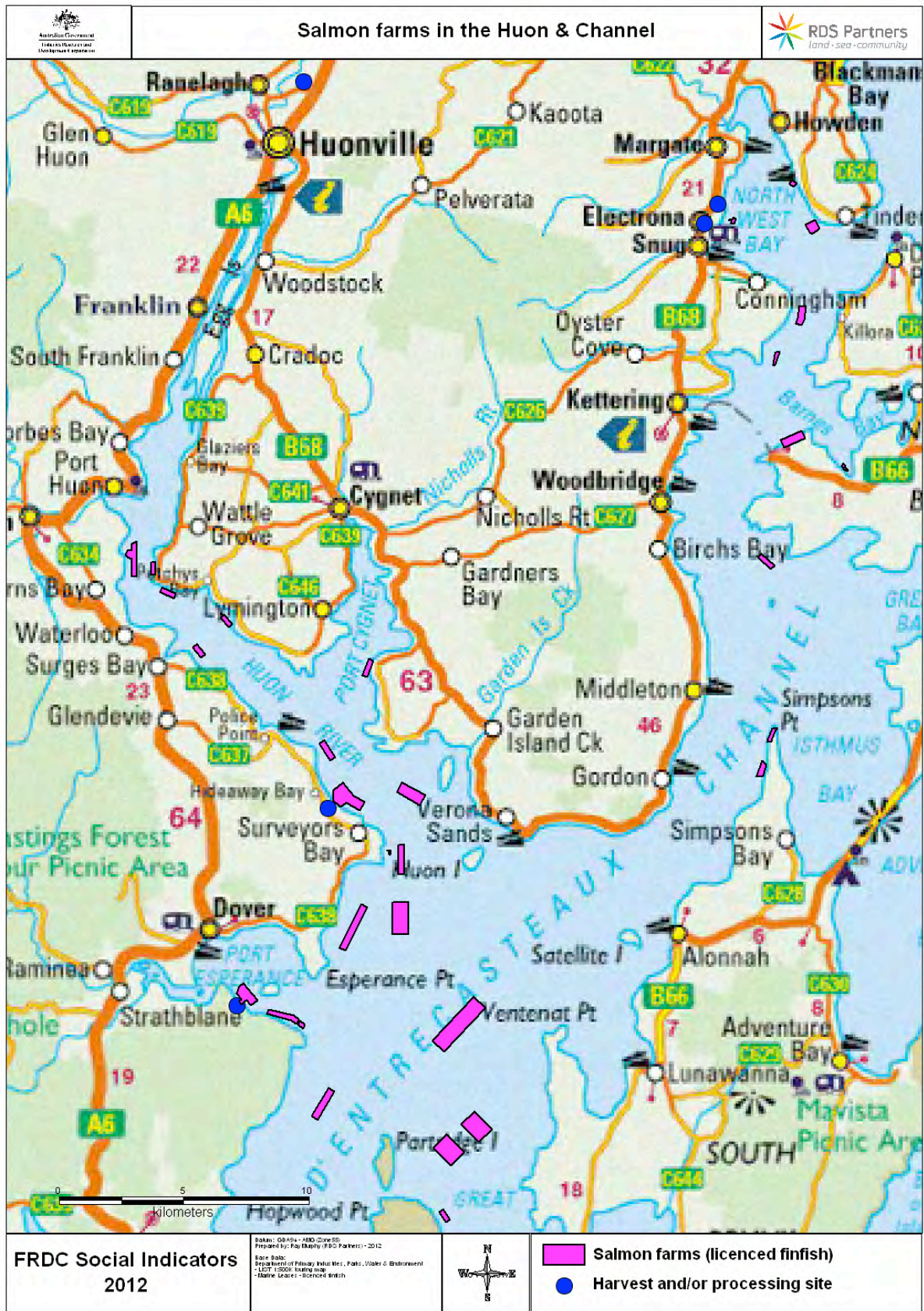


Figure 2 Marine farms and processing facilities in the Huon and Channel areas

3.1 Purpose of this social impact analysis

Understanding social impact is increasingly important for primary producers as the community, and market. Expectations and standards continue to demand greater ethical and responsible social impact and sustainable environmental stewardship.

The salmon industry has signalled intention build its approach to the production of high quality environmentally sound product. For example, investment across the industry in environmental management and monitoring has risen over the past 3-5 years. Further, the industry has signalled its intention to better understand the social dimension of its local impact and the risks and opportunities related to its corporate citizenship and capacity to create social value for the residential communities in which its operations are located.

The SROI methodology works with the basic principle that all activities have an impact – that is, they create and/or destroy value²³. Understanding what kind of value is created or destroyed is important in any business or organisational strategy.

For a business, it is relatively easy to gauge financial value but far more difficult to assess social impact – that is, the social value created (and/or destroyed) in the process of going about its activities.

Details on the SROI methodology can be found in Appendix B. In summary it can be described as asking stakeholders what is of value and then ascribing a dollar figure against that value.

SROI methodology emerged from the social enterprise sector. Using the methodology in a commercial / community environment broadens the complexity of its application.

Within the complex environment of community values and shared public resources (as in primary industry) the methodology provides a practical process to explore complex issues.

The project purposefully set out to understand the impact of the salmon industry's activities specifically from the perspective of a defined set of stakeholders – local residents.

This meant excluding from our analysis other key stakeholders such as state and federal government, the companies' shareholders and employees. For this reason this analysis is not regarded as an SROI analysis *per se* and is more accurately described as an analysis of the social impact on local residents using the SROI approach and principles.

Evaluative analysis

This report is an evaluative analysis for the participating companies, Huon Aquaculture and Tassal, and the people living in the Huon-Channel area – the community in which the companies operate. This means that it analyses activities that have already taken place (FYs 2008-2010) and describes value already created or destroyed.

The activities that are the object of this report are:

- Growing and harvesting salmon; and
- Processing and shipping salmon.

²³ The SROI Network's "A Guide to Social Return on Investment: Update to the 2009 Guide" (2012) is the key source for our discussion of the SROI. The Guide can be found at www.thesroinetwork.org

The combined investment from both participating companies, Huon Aquaculture and Tassal, is in the order of \$507m in these activities over the three-year period. This is the investment figure used in the SROI calculations (see section 4.3).

The analysis focuses on understanding the social value created for one stakeholder group (local residents) by the companies' operations in the Huon-Channel area – it is not an analysis of the operations of the companies or an assessment of the business model and does not focus on the business side of the company operation.

The timeframe reviewed was the three financial years from 2008/9-2010/11, during which no special or unusual events occurred (e.g. capital investments or staff lay-offs).

The objectives of this study were to:

- understand the social value created (or destroyed) by the companies' activities in the Huon-Channel area for local residents (not all stakeholders);
- measure and monetise that social value created/destroyed by the activities of the companies. This means, understand the value created as a result of the changes experienced by local residents by using indicators to measure the outcomes and by using financial proxies to value the outcomes; and,
- enhance the companies' engagement with local residents in order to better understand their impact and inform decision making within the company.

Who this report is for

The primary and immediate audience for this SROI report are the managers of the companies and people who live in Huon-Channel area. Details on the companies and a demographic profile of the area can be found in Appendix C.

The secondary audience includes two key groups:

1. The Fisheries Research and Development Corporation, that has funded this project in order to assist the aquaculture industry to develop capacity in community engagement and build its 'social licence to operate'²⁴; and
2. State planning authorities, local councils and the broader Huon-Channel communities. These groups will be interested to understand the social value of the industry (the companies) in the region and the extent to which SROI analysis might be used in similar projects across other industries.

²⁴ Please refer to Appendix A for a short discussion of the concept of social licence to operate.

3.2 Scope of the analysis

The purpose of this report is to understand how the companies' activities impact on the things that matter to the local community. This analysis focused specifically on one stakeholder group - local residents.

The report will assist the companies to better understand and manage risks and opportunities related to its social licence to operate, and their brand as responsible corporate citizens. (An introductory discussion of the concept of 'social licence to operate' can be found in Appendix A).

Geographical region

This analysis is focused on social return from activities of the companies in the Huon-Channel area of southern Tasmania. It particularly focuses on the impact for people who live and work in areas related to the town of Geeveston, and people who live in the area related to the town of Woodbridge.

Geeveston is a small town and community in the Huon valley in southern Tasmania, approximately 59 kilometres from the state's capital city, Hobart. The town is closely located to the Huon River, and is described as a service town for local industries, particularly forestry and apples. It is also a site of environmental protection activity and a gateway to many southern Tasmanian wilderness sites. The Huon region has experienced significant change and downturn in the recent past. Rapid changes to the forestry industry in Tasmania have particularly impact in this town.

Woodbridge is a small community situated on the D'Entrecasteaux Channel, located approximately 35 kilometres south of the state's capital city, Hobart. It is a popular semi-rural locality, with a mixed micro-economy of niche food, craft and tourism related enterprises and small farms.

Demographic profiles of the areas can be found in Appendix C.

Time period

The analysis focuses on the impact of the companies' investments over 3 years (FYs 2008-2010). It is important to note that some of the impact of the company activities during this period will extend beyond the analysis period, but, to minimise potential over-claim bias, this impact has not been included in this analysis.

Social values for analysis

The scope of the analysis is limited to social values that were identified as relevant to the local residents interviewed, that is: people who live and work in the area related to the town of Geeveston, and people who live in the area related to the town of Woodbridge.

The key values for analysis were identified through a comprehensive stakeholder identification, selection and engagement process including focus group discussion and interviews.

Further detail on the methodology employed can be found in Appendix D. The summary of the social values for analysis can be found below in section 4.1.

Data sources

Primary data was gathered from two sources:

1. Focus group discussion and interview with a sample of community members;
2. Data obtained from the companies;

Secondary data obtained from ABS and other sources. Data for the indicators and financial proxies were drawn from a range of sources - details are presented in Appendix G.

Data analysis

All focus group discussions and interviews were hand recorded and transcribed and validated by participants.

The transcriptions were analysed in the qualitative analysis software NVivo (see http://www.qsrinternational.com/products_nvivo.aspx). The analysis focussed on identifying important themes within and common across the focus groups. The key social value underlying these major themes was then identified. Further detail on the methodology can be found in Appendix D.

The themed data was then analysed for key social values identified as important and significant for each stakeholder group. The analysis was discussed and reviewed with the participating partners and a sample of community informants. The application of the SROI principles was reviewed by an accredited SROI practitioner²⁵

Constraints and Limitations

This project was part of a broader pilot study of the SROI approach. As a pilot, the project budget enabled engagement with a small sample of residents only. Nevertheless, the qualitative data analysis methods allowed the project team to access rich data that provided the foundation for this analysis.

3.3 Project approach

The project comprised a simple series of logical steps:

- Engaging with key project partners within the participating companies. This step was important for confirming the project scope, and exploring the companies' objectives and interests.
- Initial stakeholder mapping (conducted by RDS) followed by discussion with the project partners and key local community informants (identified by RDS).
- Stakeholder engagement: focus groups and individual interview.
- Data analysis and SROI calculations.
- Initial draft report for feedback and input: the project partners, community stakeholders and peer review from an experienced SROI practitioner.
- Finalisation of the report.

²⁵ Simon Faivel, Senior Consultant, Social Ventures Australia. The feedback session is scheduled for 31st July 2012.

4. Results – the “story” of social value

The results section is set out along the following framework: (1) qualitative narrative of values and impact; (2) map of the impact of the companies’ activities on these values - defining the outcomes for analysis; and, (3) monetised analysis of the value created for those outcomes for local people.

There three main stakeholder groups engaged:

- Geeveston local community members (discussion groups)
- Year 9 and 10 Huonville High School students from Geeveston/Dover (discussion group)
- Residents from the wider Huon-Channel area who took part in a telephone survey.

Details of the methodology for data collection can be found in Appendix D.

4.1. Qualitative findings

Summary – the social values for analysis

Our stakeholder groups represented two communities within the broader Huon Valley local government area: Woodbridge and Geeveston. Profiles of these two communities indicate certain demographic characteristics that distinguish the two, however they share proximity to and experience with living alongside marine farms.

These two communities have slightly differing community cultures.. While this study was clearly not able or intended to fully explore these differences, the data analysis identified two shared values with different emphasis, and a third key shared value.

- *Value 1: Lifestyle amenity – high priority for Woodbridge respondents:*

Primary interwoven themes included a desire for a quiet, semi-rural and “natural” landscape, including water views, in which marine primary production activities do not figure in the residential environment.

This value was also recognised by respondents from the Geeveston area however the intensity of the data indicates it was held as slightly less significant than value 2 (following).

- *Value 2: A sustainable productive community – high priority for Geeveston respondents:*

Primary within this value were: concern the downturn in the forestry industry and the importance of maintaining viable industries within the region; a deep sense of concern that the aquaculture industry faces risks that also represent risks to community well-being.

This value was also recognised by respondents from the Woodbridge area however the intensity of the data indicates it was held as slightly less significant than value 1 (above).

Finally, the data strongly indicated that both communities gave a high priority for a second key value:

- *Value 3: Environmental ecosystem health and sustainability.*

Primary interwoven themes here included: recreational enjoyment of the ecosystem (for example fishing and boating); ecosystem health as an *a priori* positive; and a sense of the role of ecosystem health in human health and well-being.

The two groups differed in how they discussed this key value. In summary, the Geeveston group might be described as more quiet in its attitude, while the Woodbridge group appeared more outspoken.

For both groups the key common issues interwoven were:

- *transparency* and systemic barriers to their capacity to find information on environmental impacts of the farming activities; and
- *reliability* of environmental monitoring information and being sure that the companies are taking their environmental stewardship responsibilities seriously.

These sub-themes were closely related and relate specifically to the importance of *trust* to informants.

It is important to note that this study does not claim that these three are the only values operating in these communities, nor that aspects of these values are not shared across the two communities, merely that the data indicated these as significant to the stakeholders in this study.

Discussion

The findings from the discussion groups and telephone surveys have been grouped into key themes. Quotes from informants have been included where appropriate to help illustrate the analysis, and where they are non-identifying (note these have not been edited and are italicised and indented).

Primary themes

- *Finding balance*

The data indicated that salmon farming is a significant issue for the stakeholder groups, with both concerns and benefits expressed. Salmon farming, like most issues, is not a black and white issue and nestled between concerns and benefits, was a primary theme about finding a balance between the two.

This primary theme that arose from all of the data, across all stakeholder groups, is that of finding a balance between the benefits and concerns of salmon farming for the region. Tension between the perceived benefits and concerns about the impacts of the industry's activities was clear, as presented in figure 2 below.

Figure 2: Perceived benefits and concerns related to the impact of the companies activities

<i>Valued benefits</i>	<i>Concerns</i>
Positive regional economic impact in an economically vulnerable region.	Negative impact on lifestyle amenity and recreational water usage.
Positive impact on quality of life resulting from regional economic growth—employment, wages, security, a future in the region for young people.	Negative environmental impact of farming activities due to lack of reliable information: responses ranged from quiet uncertainty to vocal and strident opposition to impacts on local ecosystem and river health/ channel health.

This tension played out across the community stakeholder groups and varied in intensity between the two communities of Woodbridge and Geeveston. Even those with the most extreme views acknowledged the tension between environmental and community well-being/employment issues.

I think 'good for the community' but have to put up with the pollution side of it

(I) Have become aware of the bottom pollution – this is a negative. Positive is that it is a local industry and salmon is a great product.

Can see the advantage but don't want the damage - the advantages being the employment and general economics brought to the community.

(I) Have extremely tenuous relationship with the industry. I don't like the visual impacts and the lights at night but I like fish and the positive effects on the community.

We're not out to destroy the industry - want to work together.

The visual pollution is there and getting worse, also the odour. (I) Have as much to complain about (as anyone) but also, there needs to be give and take, like a marriage.

The good thing is that if you do get into trouble on the water there is always someone there who can help you out on the farms (had experience with this in the past) (re navigational hazards).

- *Trust and knowledge*

At the time interviews were conducted, a large proportion of informants' noted that their perspectives were heightened by rapid changes in the forestry industry. An important concern associated with this context, was that of the marine farming companies being potential "targets" from environmental activists who may hold less regard for the importance for the region of viable industry.

This concern sat in tension with an equally significant concern about the lack of information about precise ecological impacts and the health of the river or Channel. It was clear that river/Channel health is highly significant to the majority of informants.

The data strongly indicated that trust levels were low with respect to the reliability of reporting or information from either the industry or from the regulator, the State Government. This was consistent and of significance across the groups.

There are not enough rules governing the farms... The regulations need to be tighter.

The Marine Farming Branch [should take responsibility for addressing concerns]. And they need to make sure that they enforce penalties and not just have a cup of coffee with the salmon farms. I don't think they [the salmon farms] have ever been fined for breaches. Don't even think there has been in place a penalty system. (Informant acknowledged they were not sure if there is something now).

There needs to be government oversight and a regulatory regime with high fines for breaches.

(I) Would be happy if the conditions for the farms were enforced. Would not have the same concerns if the farms were being monitored and conditions enforced. But have no way of knowing despite asking. Also for example have heard from local fishermen that conditions are breached.

It is a bit like forestry. It is the favourite project of the government and they get exemptions that other businesses would not.

I would say that 50% of the population would say that they (salmon farming companies) need to be more open and honest rather than pretending the concerns don't exist, or giving you the run around.

We've been asking the same thing - have talked to both [Marine Farming Branch] and the industry and asked for more transparency. Don't get response - promise but both industry and government don't walk their talk.

...the farm [company] is moving the pen for maintenance...but (I) think this is just a guise...

- *Economic impact*

The role of the industry in employing local people and creating local economic value through “spin-offs” was regarded as highly important. This related specifically to community well-being and viability. This was of primary importance from a lifestyle perspective for those who highly valued the regional lifestyle and held aspirations for their children, other young people and families to remain in the region and not be forced to an urban lifestyle.

- *Lifestyle amenity*

Other perceptions to lifestyle considerations emerged on the negative side. Strong objections were raised to such things as farm debris (on shore and in water), compromised beach accessibility and navigational hazards linked to the activities of the farms. These issues were raised particularly by those who live in proximity to the sites.

Other issues

The following additional themes emerged from the data analysis and may also be useful for informing the industry's future engagement with the community:

- *Recreational access to the water – “navigation hazard”*

A number of informants raised concerns about the restrictions for recreational water users owing to the presence of the marine farms and the hazards they experience:

...especially at night time where there is a lot of lights flashing off the farms. It can make it confusing.

When sailing – a lot of area has been taken up. Not as enjoyable as it used to be.

Local fishing spots gone – taken up by the pens.

Navigating around the river and the Channel is horrendous

...never surprised now if sailing in fog and seeing pens being moved (which is not supposed to occur. Just accept that this is the case.

If someone hits a large loose rope at 30 knots it will cause plenty of damage.

...there are many occasions where you don't think you have enough space to go on the inside of the nets so you have to go on the outside – which is often a lot further out than you want to be and the conditions can be rougher.

- *Employment opportunities and gender perceptions of the industry*

Common across the stakeholder groups was an unexpected theme, related to the perceptions of gender divide in employment opportunities with the industry. This can be summarised as: on the water for “boys” and factory floor for “girls”:

(I) Know that Tassal is currently doing major works in the area and that this is a real bonus for the area – it is not just about the boys out on the water and the girls in the office but all the flow on effects e.g. payroll and OHS employment opportunities. It can provide a stepping stone into other work as well.

Their staff are often young males and they tend to hoon up the river and throw ropes and rubbish overboard which the locals are regularly picking up.

(Processing) Offers employment for a lot of women. Only a few men work on the (factory) shifts – before, it used to be no men.

Our business relies on the fish farm blokes going to work and stopping by to buy meals, etc.

The farms have a public perception of providing jobs - that it is a job you do if you cannot find any other job to do, however, all the boys wanted to work out on the water.

Opportunities for women in the industry were perceived as limited, and perceptions of opportunities for men were limited to “manual” work, even when prompted about what other jobs there might be. Beyond the gender perceptions, there appeared a perception that the “management” opportunities were not available to “locals”.

- *Pride in product – and community identity*

When asked - “What do you think the fish farms mean for your community?” - responses indicated a sense of pride in the fact that a high quality product was produced locally and that this associates with a positive profile of the region. Informants raised questions about the integration of the industry with tourism and accessibility of the product locally.

4.1 Defining the outcomes for analysis

A flow chart of the impacts of the companies’ activities (Figure 3) was developed to trace the series of consequences leading from the activity to an outcome for the stakeholders.

It is important to note again that for this project, only those outcomes identified by local residents were included in the monetisation analysis. This reflects the scope and purpose of this project, which was to explore and better understand the impacts and perceptions of a specific set of stakeholders, that is, local residents.

The outcomes identified were the basis of the initial monetisation analysis presented in section 3.3.

Figure 3 Outcomes for local residents

Impact domain	Company activity	What happens for residents			What changes for residents as a result of the activity.
Social (human health and well-being)	Has boats and farms in the water → Uses buildings and wharves for boat launching and initial processing (on-shore activities) →	Marine debris appears on shore and in water → Limits recreational access to water → Creates noise and uses lights (within agreed times) → Residents hear, see and smell the activities →		Public amenity is reduced	OUTCOME: Residents' enjoyment of private property, in close proximity on-shore activities, is reduced
	Industry monitors changes and reports to the regulator →	People ask for impact information to establish in what ways and at what levels the eco-system is modified (something they care about). →	Not all information can be or is provided by the regulator, and →	People cannot get information they regard as important for their understanding and assessment of environmental impact.	OUTCOME: Trust in the industry and regulator is low, creating dissatisfaction and fear about environmental degradation.
Economic (local/regional economy)	Employs people, buys products and uses contractor transport, tradespeople, marine suppliers, mechanics and so on →	Creates demand for local suppliers/providers and spends \$ in the region →		Small business is viable in the region	OUTCOME: People and their children can live in the area they have grown up in or feel most at home in.

4.2 Initial SROI calculations

The following initial calculations were conducted on the outcomes for local residents, as identified in the previous section.

The core tool for identifying and attributing monetary value to social outcomes is the SROI impact map. The full impact map used for this analysis is presented in Appendix E.

The four impacts and primary outcomes identified from the analysis described in the previous step (section 4.2 above) provide the basis of the impact map. A refined version of the impact map is shown in Table 7.

Table 7 The four key impacts resulting from marine farming activity and their primary outcomes

Intended or unintended impact of marine farming activity	Leads to → (from the perspective of residents)	Outcome (or change) described by local residents.
Has boats and farms in the water. Uses buildings and wharves for boat launching and initial processing (on-shore activities).		Residents' enjoyment of private property, in close proximity on-shore activities, is reduced.
Employs people, buys products and uses contractor transport, tradespeople, marine suppliers, mechanics and so on.		People and their children can live in the area they have grown up in or feel most at home in.
Creates waste.		Trust in the industry and regulator is low, creating dissatisfaction and fear about environmental degradation.

As noted in the opening summary of this report, the significant outcomes identified by local residents combined the value of regional economic impact with perceived negative impacts related to lifestyle amenity and trust. On initial analysis, this produced the following result:

The companies' combined financial investment and operations in the Huon-Channel area were valued at approximately \$507m over the three-year review period.

Based on the initial SROI calculations, the net stakeholder return for residents of the Huon-Channel area, during the three-year period in question, is in the order of \$248m.

Expressed as a ratio, the return to local residents on the industry investment would be 0.49:1

This would suggest that for every \$1.00 invested by the companies in the identified activities, over the three-year period, an additional social value for stakeholders of 49 cents is created in areas that are of significance to the local community.

This is comprised of a positive return (direct and indirect regional economic impact) of \$249m and a negative return (residents enjoyment of private property) of -\$1m.

Based on the semi-quantitative analysis, it is clear that economic impact overshadows the intensity of the negative values reported by the residential stakeholders who were the subjects of this analysis.

Specifically, the analysis found that direct and indirect regional economic impact (\$249m) overshadowed (from an economic perspective) the other two significant negative social impacts (\$-1m).

In order to present a more balanced and nuanced result, this initial result will be reviewed with both the participating companies and the local residents. This is in keeping with the principles and practices as well as the intent of the SROI methodology, which seeks to ensure the stakeholder “voice” is appropriately considered in social impact assessment and management planning.

With this forward process in mind, the monetisation steps for this analysis are included in this report as background information that will support the forward community engagement process.

Considerations

From the figures shown in Table 5, it is clear that calculated monetised social return would be most sensitive to variations in the assumptions surrounding the regional economic impact modelling of the companies’ investment (Appendix F).

In addition, it is important to note that regional economic impact was identified as an outcome important to the stakeholder group. However this outcome significantly influences the resulting stakeholder return calculation, and obscures the other two important outcomes identified by local residents. Nevertheless, for this initial analysis, this value (direct and indirect regional economic impact) has been included, as it was identified by local residents as important. This will be a core focus for discussion with local residents in the review of this initial analysis.

The next largest source of sensitivity, although ‘minor’ when compared to the regional economic impact, is that surrounding the calculation for the value of the indicator of “Impact on property prices for properties with line-of-sight proximity to marine farms”.

The current value for this indicator during the three-year review period is \$-27,000.

If the “Deadweight” discount for this indicator is doubled (10% to 20%), the total value would decrease by 11.1% to \$-24,000.

If an “Attribution” discount for this indicator is added (0% to 20%), the total value would decrease by 20% to \$-21,600.

If the annual drop-off is halved for this indicator (100%-50%) the value of the indicator would increase by 140% to \$-37,800.

In summary, as discussed above, the overall stakeholder return figures are not substantively sensitive to changes in any of the values except the regional economic impact.

- One impact important to some respondents, access to waterways for recreational purposes, was combined with noise and odour impacts as an overall outcome for analysis - lifestyle amenity.
- Trust (negative value) was not included in the monetisation as a plausible indicator and proxy could not be determined. The level of trust was low, and its significance to informants was high, nevertheless it is not possible to estimate the significance of its impact on the overall result within the constraints of this project, beyond understanding that its impact would be negative.

5. Recommendations for Huon Aquaculture and Tassal

This analysis provides a snapshot of the social value created or destroyed for local stakeholders by the activities of salmon farming. This study effectively provides a benchmark for social impact for the companies.

This analysis found that, overall, the social impact of the industry is positive. However, it is also clear, that the companies' impact on the local regional economy is by far the significant factor influencing this finding. While a viable thriving local economy was clearly important to stakeholders, the industries impact on other important values was not perceived as positive. Impact on public amenity and lifestyle considerations are continuing challenges the industry faces in partnership with the residential communities with which it shares the waterways and shoreline.

By far the most important negative impact, one which was not able to be monetised, is that on trust between the residential communities and the industry (and to some extent the regulatory agencies). From the perspective of the social license to operate, this is the critical risk factor.

Nevertheless, there appeared a strong willingness and interest on the part of the stakeholder communities to work in partnership with industry to improve levels of trust, and importantly, on environmental management and transparency - the primary factors influencing trust levels.

Given this context, we believe there are opportunities for the industry – in partnership with the local communities – to improve outcomes for both parties, while maintaining a sensible and reasonable balance between accountability, community development and profitability.

On this basis the following recommendations are offered for consideration by the management teams of the companies (and the Tasmanian Salmon Growers Association):

1. Invest in an immediate process to refine this initial analysis collaboratively with local residents, and set a useful benchmark for management and engagement strategy.

The analysis conducted produced an initial result that, on the face of it, indicated significant social value created for local residents. It was clear from the qualitative analysis, that the overall calculation overshadowed the intensity and significance of the negative values identified by the residential stakeholders, who were the subjects of this analysis.

Specifically, the analysis found that regional economic impact (\$249m) overshadowed the other two significant, though negative social impacts (\$-1m).

In order to present a more balanced and nuanced result, it is strongly recommended that this initial analysis be reviewed collaboratively with the local residents who participated in this initial process.

This is in keeping with the principles and practices as well as the intent of the SROI methodology, which seeks to ensure the stakeholder “voice” is appropriately considered in social impact assessment and management planning.

With this forward process in mind, the monetisation steps for this analysis are included in this report as background information that will support the forward community engagement process.

2. Build trust through transparency and collaborative issues management

The key negative impact identified was that of low levels of trust, particularly related to environmental management and the impact on the ecosystems of the river and the channel.

With respect to social licence to operate, and responsible corporate citizenship, trust is the critical component in a robust industry community partnership that enables primary industries to continue to operate profitably.

There are numerous models emerging for collaborative management of shared public resources that could serve as useful ways forward for the industry to engage in. An important success factor in such models is the role of boundary organisations/individuals that can bring and protect independence in the process, creating space for the parties to take risks and build trust. As a major partner, the industry is well-placed to lead the establishment of such models focused on the river and channel areas.

3. *Establish a working agreement on an acceptable balance between costs and benefits of aquaculture in the region through dialogue with local residents, using SROI methodology and principles.*

The findings of this analysis showed considerable appetite within the stakeholder groups for working collaboratively with the industry to establish a balance between negative and positive impacts of the industry's activities. This is an important asset in which the industry would be wise to invest.

Negotiating an acceptable balance between the costs and benefits of the industry is fundamentally a social process. Given the necessary complexity and diversity of views, values and interests that define democratic societies, balance will not occur as an output or end-point but is better regarded as a continually negotiated relationship.

The SROI approach provides a practical approach for the industry to use to engage in this process, while maintaining a sensible and reasonable balance between accountability, community development and profitability.

4. *Revisit social impact regularly to monitor changes from this benchmark study.*

Social licence to operate continues to figure strongly in the changing commercial environment for companies in primary industry as community expectations for socially responsible business and environmental stewardship continue to build and influence the operating and trading context.

The SROI process is designed to “measure what matters”. It works on principles of meaningful stakeholder engagement that establish a platform for balanced discussion between a company and particular communities of interest.

Updating this analysis every two years (revisiting what matters to the stakeholders, and how the company is impacting on those values) can be a cost effective, robust approach to monitoring and maintaining its social licence to operate in a region that is critical to the brand and product.

Appendix A: Background to this SROI report

This report is part of a wider project working with SROI approach in the Tasmanian aquaculture industry.

The Australian Fisheries Research and Development Corporation (FRDC) funded consultants RDS Partners to conduct the project to pilot and test the use of the SROI approach as a form of community engagement that can:

- Initiate meaningful engagement between the participating companies and the communities in which they operate;
- Assist the participating companies to better understand dimensions of their social licence to operate as it relates to the communities in which they operate; and,
- Test the utility and applicability of the SROI approach for other sectors of the fishing and aquaculture industries with respect to the objectives stated in the two previous dot points.

The wider project involved two separate SROI analyses in two different sectors and local regions:

- This analysis for The companies and the eastern Tasmanian community of The area; and,
- Atlantic salmon industry in the southern Tasmanian region of the Huon. The participating companies were Tassal Group Ltd and Huon Aquaculture Group Pty Ltd

The results of this wider project will be published later in 2012. Please contact the project manager, Maree Fudge on (03) 6231-9033 or by email to maree.fudge@rdspartners.com.au if you would like to see the final report from the wider funded project.

- **Who is responsible for this report?**

The analysis and this report were generated by a project team from RDS Partners:

- Maree Fudge, RDS Partners, Project Leader;
- Jodie Presnell, RDS Partners, Project Manager;
- Morag Anderson, RDS Partners;
- Ray Murphy, RDS Partners;
- Tom Lewis, RDS Partners.

RDS Partners's industry partners supplied key contacts for this project:

- Fiona Ewing, Community Engagement Officer, Tassal;
- David Morehead, Business Development Manager, Huon Aquaculture.

The project was overseen by an FRDC Advisory Committee comprising:

- Dr Kate Brooks, Social research consultant (KaAnalysis Inc) and FRDC Social Science Research Program Manager,
- Stewart Pederson, Senior Project Manager – Food and Beverages, Tasmanian Department of Economic Development;

- Peter Lauer, Manager - Primary Industries and Regions, South Australian Department of Aquaculture Policy, Planning and Environment;
- Ian Duthie, Tasmanian Oyster Research Council;
- Penny Wells, General Manager – Resource Management and Conservation, Tasmanian Department of Primary Industries, Parks, Water and Environment;
- Tony Thomas, Manager – Marine Farming Branch, Tasmanian Department of Primary Industries, Parks, Water and Environment;
- Linda Sams, Chief Sustainability Officer, Tassal.

- **Strategic context to this report and the wider project**

Fisheries and aquaculture companies, in common with other primary industries must share access to public resources in their operations. In this context sound environmental management and strong residential acceptance of their operations is critical to the viability of aquaculture enterprises.

Integral to this project is the concept and imperative of the need for social licence to operate (SLTO). Equally important is the opportunity for locally based regional development and innovation created when an industry is investing and building genuine engagement and SLTO.

The social licence to operate has become a critical aspect of the commercial environments of most companies and industries. Learnt the hard way by some major extractive industries such as international mining, it is a management and leadership issue that goes to the heart of triple bottom line public accountability.

On Common Ground consultant, Ian Thomson, defines the features of SLTO as follows:

“At the level of an individual project, the social license is rooted in the beliefs, perceptions and opinions held by the local population and other stakeholders about the project. It is therefore ‘granted’ by the community. It is also intangible, unless effort is made to measure these beliefs, opinions and perceptions. Finally, it is dynamic and non-permanent because beliefs, opinions and perceptions are subject to change as new information is acquired. Hence the social license has to be earned and then maintained.

The social license has been defined as existing when a project has the ongoing approval within the local community and other stakeholders, ongoing approval or broad social acceptance and, most frequently, as ongoing acceptance.

The differentiation into approval (having favorable regard, agreeing to, or being pleased with) and acceptance (disposition to tolerate, agree or consent to) can be shown to be real and indicative of two levels of the social license; a lower level of acceptance and a higher level of approval. While the lower level is sufficient to allow a project to proceed and enjoy a quiet relationship with its neighbors, the higher level is more beneficial for all concerned.

On occasions, the social license can transcend approval when a substantial portion of the community and other stakeholders incorporate the project into their collective identity. At this level of relationship it is not uncommon for the community to become advocates or defenders of the project since they consider themselves to be co-owners and emotionally vested in the future of the project, such is the strength of self identification.”

www.sociallicense.com (accessed February 2012)

The definition included above emphasises the importance of community aspirations in the conversation that underlies a company's and/or industry's SLTO. It is this two-way benefit and partnership that can be leveraged for both partners – industry and community.

The Social Return on Investment methodology: a process that supports an active SLTO

The SROI is a social impact methodology that has been developed from financial cost-benefit analysis methodology by the New Economics Foundation in the UK (nef). It has grown from the not-for-profit sector and has been widely used in that sector across the UK, Europe and in “third world” development projects for some years. nef and SROI practitioners use the SROI in the commercial sector however it is difficult to find examples and discussion to inform the development of local practice.

The key to the SROI is engaging meaningfully with key stakeholders who have an interest in the activities under review – particularly those on whom it has significant impact. The purpose of the engagement is to build a picture of the impact, but also to co-identify those impacts that are significant – positively or negatively. Further, the SROI involves stakeholders in the process of identifying and/or validating the usefulness or relevance of monetary proxies used to monetise the impacts in the financial analysis.

In the context of private sector social licence to operate (SLTO) the SROI is distinctive in two important respects:

- Key stakeholders are directly engaged in a spirit of genuine collaboration to co-generate what is of value in the activity; and, in doing so,
- Potentially rethinks the capacity stakeholders to influence aspects of the company/industry decision-making, **and** at the same time provide intelligence to that company/industry on critical components of SLTO.

The SROI therefore not only produces a report – a cost-benefit ratio of social impact as well as a narrative of impact, for the company/enterprise but provides the entity with a distinct and robust process that engages actively in establishing and maintaining the social licence to operate. It is through the SROI process that relationships with stakeholders are established as two-way and that the enterprise's future direction, including growth, can be built on realistic terms that take into account social impact, and its higher level *social licence to operate*.

Appendix B: Overview of Social Return on Investment methodology

- **Application of the principles**

The Social Return on Investment (SROI) methodology is a framework for measuring and accounting for the value of social, environmental and economic impacts of an activity (the object of analysis).

It focuses on the creation or destruction of value through the application of seven key principles to analysis:

1. Involve stakeholders to understand what is of value
2. Understand what changes – this is the locus of the creation or destruction of value
3. Value only the things that matter
4. Only include what is material
5. Do not over-claim
6. Be transparent
7. Verify the result

The SROI approach measures change in ways that are relevant to the people or organisations that experience or contribute to it.

The particular social, environmental or economic impacts for analysis are determined through an engagement process with the stakeholders on whom the activity has direct impact. The SROI approach has two important differences from other social impact analytical methods:

1. It engages stakeholders in the process of identifying the meaningful impacts; and,
2. It monetises as far as possible the social impacts of the activity under analysis.

- **Understanding the impact – telling the story of change**

The SROI approach provides two interconnected aspects of social impact analysis.

Firstly, it tells the story of how the activity impacts and how it matters, or not, to those who experience its impacts and invest in the activity.

Secondly, it uses monetary values to represent the changes or impacts of the activity. This enables the cost to benefit ratio to be calculated.

These components work together to provide useful information for the proponents of the analysis:

In the same way that a business plan contains much more information than the financial projections, SROI is much more than just a number. It is a story about change, on which to base decisions, that includes case studies and qualitative, quantitative and financial information²⁶.

- **Monetising the value**

The SROI metrics put a value on the amount of positive or negative change (impact) that takes place as a result of the activity and looks at the net returns to those who contribute to creating

²⁶ A Guide To Social Return on Investment, Second Edition, January 2012, The SROI Network, www.thesroinetwork.org

the change. This value is then compared to the investment in the activity to produce an SROI ratio. It takes standard measures of economic return a step further by placing a monetary value on social returns.

The SROI process works by developing an understanding of the activity being analysed, how it meets its objectives, and how it works with its stakeholders. The impact of the activity is mapped in partnership with stakeholders to establish and confirm the scope of the analysis, and the impact “value chain” for each stakeholder group. The process enables the identification of the key links between:

- stakeholders’ objectives;
- inputs (e.g. what has been invested);
- outputs (e.g. training program delivered), and
- outcomes (e.g. increase in income through employment).

The process then involves identifying indicators and financial proxies for the outcomes, so that the value of the impact can then be measured and monetised.

As with standard economic analysis a sensitivity analysis is then applied to the analysis. In particular four filters are applied to establish as accurate an understanding as possible of the potential positive and negative impacts of the activity:

- Deadweight (what would have happened anyway?);
- Displacement (were other impacts displaced by this impact?);
- Attribution (who/ what else significantly contributed to the impact?);
- Drop-off (how much does the outcome reduce each subsequent year?).

The SROI approach also identifies the following considerations:

- The SROI draws on assumptions to enable informed judgement in the analysis.
 - The SROI principles seek to address this concern through ensuring that each SROI analysis is transparent and does not overclaim. The rationale underlying this SROI analysis can be found in Appendix I.
- Over emphasis of the SROI ratio.
 - There may be a propensity for organisations and investors to use the SROI ratio as shorthand for all of the analysis, thereby placing undue importance on the ratio.

The SROI ratio should be considered as *part* of the story given the sensitivity of the assumptions used in the modelling. As noted above, the insights – the story of the experience of impact and change - derived from the SROI analysis are equal in importance to the SROI ratio in understanding and working with social impact.

For further information about the social return on investment methodology and principles please see The SROI Network website and publications <http://www.thesroinetwork.org/>.

Appendix C: Profile of participants: The communities and the companies

- **Project partners**

Huon Aquaculture Group P/L

The Huon Aquaculture Group is a privately owned company producing over 10,000 tonnes of fresh salmon per year. The company currently employs over 380 staff in most states of Australia, with the majority employed in Tasmania.

Huon is a vertically integrated company incorporating Hatchery, marine farms, boatbuilding and fabrication workshops, wet processing facilities and value-added smoking facility. Huon Aquaculture farms and related facilities are located in the Huon River, D'Entrecasteaux River, South Ocean and Macquarie Harbour, with processing facilities concentrated in Tasmania's north west coast.

Tassal Group Ltd.

Tassal is a vertically integrated public company that includes freshwater hatcheries and saltwater aquaculture, salmon processing, and value-adding stages through to distribution, sales and marketing.

Tassal is the largest producer and processor of fresh and frozen salmon products in Australia and is within the top 30 salmon companies globally with production level in excess of 20,000 tonnes. Tassal currently employs over 800 people with operations centred around the Huon Valley, D'Entrecasteaux Channel, Tasman Peninsula and Macquarie Harbour.

- **The Huon-Channel communities**

Geeveston Census Data

All data is from the 2011 Census held on 9th August 2011 and is for Geeveston (State Suburbs), except for the employment and income characteristics that have not yet been released and so 2006 Census data has been quoted.

Person Characteristics

- There were 1,431 people in Geeveston, of these 49.8% were male and 50.2% were female. Aboriginal and Torres Strait Islander people made up 10.4% of the population.
- The median age of people in Geeveston was 41 years. Children aged 0 - 14 years made up 21.0% of the population and people aged 65 years and over made up 15.1% of the population.

Employment and income characteristics (from 2006 Census)

- During the week prior to the 2006 Census, 598 people aged 15 years and over who were usually resident in Geeveston were in the labour force. Of these, 52.0% were employed full-time, 32.8% were employed part-time, 4.7% were employed but away from work, 1.8% were employed but did not state their hours worked and 8.7% were unemployed. There were 567 usual residents aged 15 years and over not in the labour force.
- The most common responses for occupation for employed persons usually resident in Geeveston were Labourers 22.5%, Managers 14.7%, Professionals 13.0%, Technicians and Trades Workers 11.5%, Machinery Operators And Drivers 10.4%, Clerical and

Administrative Workers 9.7%, Community and Personal Service Workers 9.5% and Sales Workers 6.2%.

- The most common industries of employment for persons aged 15 years and over usually resident in Geeveston were Aquaculture 12.6%, Forestry and Logging 6.0%, Fruit and Tree Nut Growing 5.7%, School Education 4.9% and Supermarket and Grocery Stores 3.1%.
- The median weekly personal income for people aged 15 years and over in Geeveston was \$391, 37.0% of households had a weekly household income of less than \$600 and 2.2% of households had a weekly income of more than \$3,000 (from 2011 Census data).

Family Characteristics

- Of all households in Geeveston, 73.0% were family households, 25.0% were single person households and 2.0% were group households. Of the 405 families in Geeveston, 42.2% were couple families with children, 40.2% were couple families without children and 16.3% were one parent families. Of the single (or lone) parents, 30.3% were male and 69.7% were female.

Dwelling Characteristics

- In Geeveston, 88.7% of private dwellings were occupied and 11.3% were unoccupied. Of occupied private dwellings, 98.0% were separate houses and 1.5% were semi-detached, row or terrace houses, townhouses, etc.
- Of occupied private dwellings, 41.6% were owned outright, 39.4% were owned with a mortgage and 15.8% were rented. The median weekly rent was \$185, and of these 5.9% were paying 30.0%, or greater, of their income in rent, while the median monthly housing loan repayment was \$1,083, 11.9% of these households were paying 30.0%, or greater, of their income in rent.

Woodbridge Census Data

All data is from the 2011 Census held on 9th August 2011 and is for Woodbridge (State Suburbs), except for the employment and income characteristics that have not yet been released and so 2006 Census data has been quoted.

Person Characteristics

- There were 446 people in Woodbridge, of these 49.3% were male and 50.7% were female. Aboriginal and Torres Strait Islander people made up 1.1% of the population.
- The median age of people in Woodbridge was 47 years. Children aged 0 - 14 years made up 18.3% of the population and people aged 65 years and over made up 17.2% of the population.

Employment and income characteristics (from 2006 Census)

- During the week prior to the 2006 Census, 141 people aged 15 years and over who were usually resident in Woodbridge were in the labour force. Of these, 49.6% were employed full-time, 37.6% were employed part-time, 5.0% were employed but away from work, 2.1% were employed but did not state their hours worked and 5.7% were unemployed. There were 74 usual residents aged 15 years and over not in the labour force.
- The most common responses for occupation for employed persons usually resident in Woodbridge were Professionals 21.1%, Managers 17.3%, Labourers 14.3%, Sales Workers 14.3%, Clerical and Administrative Workers 12.8%, Technicians and Trades

Workers 10.5%, Community and Personal Service Workers 6.8% and Machinery Operators and Drivers 2.3%.

- The most common industries of employment for persons aged 15 years and over usually resident in Woodbridge were School Education 8.3%, Legal and Accounting Services 5.3%, Cafes, Restaurants and Takeaway Food Services 5.3%, Pharmaceutical and other Store-Based Retailing 4.5% and Residential Building Construction 4.5%.
- The median weekly personal income for people aged 15 years and over in Woodbridge was \$548; 20.5% of households had a weekly household income of less than \$600 and 13.2% of households had a weekly income of more than \$3,000 (from 2011 Census data).

Family Characteristics

- Of all households in Woodbridge, 83.9% were family households, 14.3% were single person households and 1.8% were group households. Of the 141 families in Woodbridge, 51.8% were couple families without children, 34.8% were couple families with children and 13.5% were one parent families. Of the single (or lone) parents, 20% were male and 80% were female.

Dwelling Characteristics

- In Woodbridge, 85.7% of private dwellings were occupied and 14.3% were unoccupied. Of occupied private dwellings, 100% were separate houses.
- Of occupied private dwellings, 45.2% were owned outright, 37.5% were owned with a mortgage and 17.3% were rented. The median weekly rent was \$300, and of these 6.1% were paying 30.0%, or greater, of their income in rent, while the median monthly housing loan repayment was \$1,164, 11% of these households were paying 30.0%, or greater, of their income in rent.

Appendix D: Methodology and process

- **Stakeholder identification**

RDS conducted an initial map of stakeholders. This was then discussed with the companies to ensure we had not missed major stakeholder groups.

In the process of scoping the project, it was established that of all the potential stakeholders experiencing social impact of the industry activities, this study would focus on impact specifically for local residents.

Within this scope, three groups of residents were engaged:

- Local area key community contacts
- Employees from one of the participating companies who live in the area (discussion group)
- The area and nearby local community members (combination of discussion group and phone interview)

Subsequently, this was widened to four groups to include young people:

- Employees from Tassal who live in Geeveston (discussion group)
- Geeveston local community members (discussion group)
- Year 9 and 10 Huonville High School students from Geeveston/ Dover (discussion group)
- Residents from the wider Huon-Channel area who took part in a telephone survey

The local employees and resident discussion groups were key to helping us establish the values to be measured in the social return on investment analysis and to understand local community perceptions regarding the industry.

To further expand our understanding of community perceptions an additional discussion group was conducted with local students at Huonville High School and telephone interviews conducted with community residents from outside the township of Geeveston and who would have direct contact with the farms. We particularly chose to expand the number of participants providing perceptions on salmon farms as salmon farming is such a contentious issue for some in the southern region. Given the pilot nature of this study we acknowledge, even with these extra groups included, the number and type of participants is limited.

Further details of the groups are described in the following sections.

- **Data collection**

We planned for three focus groups and a small number of self-selected interviews. Table 3 below summarises how we engaged with the identified stakeholders.

The majority of our sampling for all the four groups involved was purposive sampling, that is, we specifically contacted people who we considered would be relevant to the research and would likely have relatively defined views on salmon farms in their area.

Within this purposive sampling, ‘snowball sampling’²⁷ also occurred as the key contacts for some of the community group members put us in touch with other members and/or people who they thought would be interested to partake in the survey.

Also as noted above, for those who took part in the telephone survey, we engaged participants through the local classifieds “*The Cygnet and Channel Classifieds*” and “*The Kingston Classifieds*”. From this advertisement we received seven interested candidates. Six of these undertook the survey (of which two were on our Council contact list already). One candidate emailed us for more information but subsequently did not respond and hence did not take part in the survey (as mentioned above).

All participants were either provided with the research information sheet explaining the research purpose and confidentiality commitment, before or after the interview if requested (provided to the teacher in the case of the school group) At the beginning of each interview it was clearly explained to all participants that the Fisheries Research and Development Corporation had commissioned the study and that all responses would remain confidential.

Presentation of the interview and discussion group findings was undertaken by categorising the themes that arose from each of the questions. These findings and their analysis are provided in the following section.

Table 3. Summary of stakeholder engagement

Stakeholder	Size of the group	Number of people Involved/ consulted	Nature of involvement
Tassal employees		9 staff members	2 focus group discussions were held in the area
Geeveston local community members		10	Focus group
Year 9 and 10 Huonville High School students from Geeveston and Dover		12 students and 1 teacher	Focus group
Residents from the wider Huon-Channel area		23	Structured telephone interview (includes 1 unstructured interview)

Focus groups and stakeholder interviews

Within the study area there were four main stakeholder groups engaged:

- Employees from Tassal who live in Geeveston (discussion group)
- Geeveston local community members (discussion group)
- Year 9 and 10 Huonville High School students from Geeveston/ Dover (discussion group)
- Residents from the wider Huon-Channel area who took part in a telephone survey

The local employees and resident discussion groups were key to helping us establish the values to be measured in the social return on investment analysis and to understand local community perceptions regarding the industry.

²⁷ **Snowball sampling:** A type of purpose sampling where existing participants recruit future subjects from among their acquaintances. Thus the sample group appears to grow like a rolling snowball.

To further expand our understanding of community perceptions we also included a discussion group with local students at Huonville High School and community residents from the wider area outside Geeveston and who would have direct contact with the farms. We particularly chose to expand the number of participants providing perceptions on salmon farms as undoubtedly salmon farming is quite a contentious issue for some. Given the pilot nature of this study we acknowledge, even with these extra involved groups, that the number and type of participants could have been increased to provide a wider perspective. This is further detailed in our recommendations for future studies.

Questions and process

Each of the discussion groups were posed with a set of questions (generally three to four). The questions for each group were similar in nature and refined for each session. The questions were limited in number to allow easy conversation and time to explore other areas of interest that came about.

The questions for each of the groups were as follows:

Group 1 Questions: Tassal employees from Geeveston:

- Introductions and how long each person has been working at Tassal
- What is the impact of Tassal as a company on you?
- What are the top three (or more) things that are important to you as a result of working at Tassal?
- What would you be doing if you weren't employed at Tassal

Group 2 Questions: Geeveston local community members

- Introduction and any relationship people have to the fish farms in the area
- What comes to mind when you think about marine farming/ aquaculture in your community?
- Tell us about the impact of marine farming/ aquaculture on this community
- Summary of overall thoughts

Group 3 Questions: Year 9 and 10 Huonville High School students from Geeveston and Dover

- Introduction and any connections students have had with the fish farms.
- What do you think the fish farms mean for your community?
- Do you see a future for yourself with the fish farms? Describe.

Further questions then asked of the students given time allowed:

- What are your concerns about the fish farms, if any?
- What can the fish farms do to improve – whether to address concerns or make working at the farms a better option?

Group 4 Questions: Residents from the wider Huon-Channel area

A set of ten questions was asked to all 22 participants. The questions were designed to carry out a semi-structured in-depth interview.

The set of questions asked were:

- Could you please describe to me if either yourself, or someone you know, has had anything at all to do with salmon farms?
- When salmon farms are mentioned to you –what are the first words or thoughts that come to your mind?

- Following on from this, what are the concerns you have about salmon farms, if any?
- (If any concerns) Who do you think should take responsibility to address these concerns and how?
- Could you describe to me if you think other people in the community share similar concerns?
- Generally what do you see is the value of salmon farming to your community?
- Could you describe to me if you think other people in the community share similar thoughts on the values of salmon farming?
- On balance, how do you think the values of salmon farming weigh up against the concerns?
- What do you think would need to happen to make community perceptions change about salmon farming?
- Finally is there anything else you would like to say about salmon farming?

Group 1: Tassal employees from Geeveston

This group was chosen to assist in identifying values to be measured in the social return on investment analysis for the study township of Geeveston.

The group was divided into two sessions to fit in with the varying shifts of employees, both lasting approximately 1 hour. Employees were met on site at the Tassal Processing Plant at Huonville on the 11th August 2011. Both sessions were facilitated by one RDS staff member. All participants received a small thank you voucher for their participation.

The first group was made up of five employees and the second group made up of four employees – all being residents from Geeveston. The employees were identified by Tassal management and requested to attend if they so wished. All were willing participants and agreed to take part in the discussion group in their own time either prior to or after their shift.

It was also requested to meet with employees from Huon Aquaculture, however, notice of their availability was too late to fit into the schedule. It was not considered a significant drawback not to include Huon Aquaculture as it was considered that many of the values working from either company would be the same. Likewise, it decided not to specifically distinguish between the two companies when studying wider community perceptions as generally people thought of them as one collective group, that is, the fish farms.

Group 2: Geeveston local community members

This group was chosen to assist in understanding the returns fish farming provides to the wider Geeveston community apart from the employees. Participants were identified through initial key contacts met at the beginning of the project, through the on-line Geeveston Community Directory²⁸ and the white pages to search for clubs expected to be in the area.

Of the twenty four locals invited ten took part to meet for approximately an hour on the evening of 28th July at the Geeveston Community Centre (GeCo). Two RDS staff facilitated the session. All participants received a small thank you voucher for their participation.

²⁸ <http://www.tas.gov.au/tasmaniaonline/community/Huon+Valley/Geeveston/>

Group 3: Year 9 and 10 Huonville High School students from Geeveston and Dover

This group was chosen to help better understand the youth perspective regarding salmon farms in their community. A number of students from Geeveston and Dover attend Huonville High School despite there being a high school in both Geeveston and Dover. It was decided to meet with students at Huonville High School as at the time of preparing this report a trade centre was in the process of being constructed on the school's site which will offer marine studies.

A total of 12 students in total attended along with their teacher. The students were chosen randomly by their teacher and were met with at the school for approximately an hour on the 13th October 2011. Two RDS Partners staff facilitated the session along with the teacher. No thank you vouchers were provided to the students as the school was willing to manage the organisation of the group within school time.

Group 4: Residents from the wider Huon-Channel area

The aim of conducting the interview survey was to provide a broader view on community perceptions regarding salmon farms other than those expressed by participants in the discussion groups who were residents of Geeveston. This information was also integral to the monetisation analysis.

The request for a wider collection of perceptions specifically came from Tassal and HAC as they considered it a risk to the integrity of the data if we only engaged with residents of the Huon area with no reference to the views of those living in the D'Entrecasteaux Channel area.

Given the scope of the project it was decided to allow for between 15 – 20 interviews. A total of 22 surveys were undertaken with participants who lived as far south as Port Esperance and as north as Huonville on either side of the Huon River as well as participants who lived on the Channel from around the Woodbridge area. One participant lived outside the area, however, was based in the study area for work.

All those contacted agreed to take part in the research with no one declining except for one individual who did not respond back to our email where we provided further information about the project and suggested times for an interview. Two willing people were not interviewed, as it was not possible to establish an interview time with them in the designated research period.

The majority of participants (17 of the 22) lived within proximity of the water and as such had regular contact with it (either Huon River or D' Entrecasteaux Channel). Another four lived in the area but did not live within as close a proximity to the water. There was also one participant who worked in the area but lived a considerable distance away.

Participants for this survey were identified through local council contacts (public community directory listing) and an advertisement in the local classifieds.

We specifically chose members from local community groups as we considered them to most likely be active in their community through their volunteer work and discussions with other locals.

Interviews varied in time from 10 to 20 minutes, with most taking 15-20 minutes. All interviews were carried out by the one researcher and the majority took place over a three week period from mid September to the end of the first week of October in 2011. Participants were not provided with any thank you vouchers for their time (although, as with all groups, they were thanked for their time).

- **Data analysis**

All focus groups discussions were recorded on poster paper and transcribed into electronic document. For both the employee and local residents groups these notes were then sent back for authentication and any further edits or comments. Whilst it recommended within SROI practice to reconvene the groups for this purpose we thought it highly unlikely that we would be able to bring the groups back together and this was a more effective means to ensure everyone could confer on what was recorded and to have the opportunity for further input.

We did not undertake this process for the school groups nor the telephone survey participants who were included in this study to gain further insights into community perspectives given the scope of the project (i.e. it would have been very time consuming and costly and logistically difficult for the school students involved). Furthermore, for the other two groups where notes were sent out to the total of 19 participants we only received two copies back - one confirming they were happy with the record and another with some additional comments. As such, we considered our recording of the sessions to be accurate

The phone interviews were recorded by hand and transcribed immediately on conclusion to ensure an accurate representation of the discussion was recorded. Comments were recorded in written form with the intent of them being as close to the original nuance and meaning as possible.

The transcriptions were analysed in the qualitative analysis software NVivo (see http://www.qsrinternational.com/products_nvivo.aspx). The analysis focussed on identifying important themes within and between the focus groups. The key social value underlying these major themes was then identified.

All electronic records were coded by an RDS staff member from outside the project using the qualitative analysis software NVivo. This was used to confirm the importance of the themes originally identified.

Appendix E: Monetisation process – SROI Impact Map

The core SROI tool for identifying and attributing monetary value to social impacts is the impact map.

The impact map provides a framework that illustrates the relationship between what stakeholders care about (the values), the activities of Spring Bay Seafoods that affect these values and the indicators chosen to represent the impact of Spring Bay Seafoods' activities on these values.

Read together, Table 4 and Table 5 show the monetisation steps:

- Table 4 links what stakeholders value to the impact they associate with Spring Bay Seafoods' activities and starts the monetisation process by selecting and using measurable, monetised indicators of the impact (financial proxies).
- Table 5 presents the discounting process applied to the gross value of the impacts (as identified in Table 4), and is the basis of the final calculation step (also presented in Table 5).

The rationale and assumptions that underpin the key forecast parameters in the following tables are summarised in Table 6 in Appendix G.

Assumptions

In selecting the financial proxies for each outcome and indicator, effort has been made to ensure these reflect as closely as possible specific qualities identified through the stakeholder interview process. Appendix G provides notes detailing the assumptions underpinning this analysis.

Steps in analysing the social value of an investment (Table 4 and Table 5)

- The stakeholders (Column A) describe the impact of the activities on them (Column B);
- The investment (input) in the activity under analysis (Columns C and D) is quantified;
- The quantum of change (outputs) (Column E) and what this change means to the stakeholders (outcomes) (Column F) are assessed;
- A measurable indicator (Column G) is attributed to each of the impacts described by stakeholders in Columns B and F;
- The amount of impact (or change) that is reasonable to expect from the activity under analysis is calculated in terms of how much change (Column I) and for how long the impact could last (Column J);
- A financial proxy (Column K) is selected for each indicator; and
- A value (Column L) is attributed against the financial proxy and the source of the information used (Column M) is provided.

Table 4: Detail of stakeholder impact

Stakeholders	The Outcomes (what changed for the stakeholders)	Indicator	How much change will there be in one year? (units)	How long will it last? (years)	What proxy did we use to value the change?	What is the unit value of the change?	Where did we get the information from?
(1) Those on whom the activity will have an effect. (2) Those who have an effect on the companies.	This is derived from stakeholders' description of the impact	How would we measure it?	Quantity	Duration	Financial Proxy	Value \$	Source
Column A	Column C	Column D	Column E	Column F	Column G	Column H	Column I
Geeveston residents	People and their children can live in the area they have grown up in or feel most at home in.	Input-output regional economic modelling.	1	3	Regional economic impact (direct and indirect) (Note 1)	175,000,000 (Note 2)	Input-output analysis (Note 2)
Woodbridge residents	Residents' enjoyment of private property, in close proximity on-shore activities, is reduced.	Depression in property prices for the identified properties	1	3	Difference between estimated average property price for properties with and outside line-of-sight (Note 4)	-30,000	Real estate agent (informed) estimate based on difference between property prices on either side of the Tinderbox point (Note 4)
Both community stakeholder groups	Trust in the industry and regulator is low, creating dissatisfaction and fear about environmental degradation.	Not able to be measured within the scope of this project.	N/A	N/A	N/A	N/A	N/A

(Notes for this table can be found in Appendix G)

- The proxy value in Column L is then calculated for a single year by discounting for deadweight (Column N), displacement (Column O), attribution (Column P) and multiplying that value by the unit change (Column I).
- The value for that proxy for each year during the period under review is calculated by applying the annual drop-off value for that proxy (Column Q).
- The total monetised value for that outcome is calculated by adding the values for each of the years in the review period.
- The total stakeholder return is the sum of all the annual proxy values for each outcome identified.

Table 5: Detail of indicators and financial proxies, and the impact calculations

Deadweight %	Displacement %	Attribution %	Single year value of social Impact	Annual drop off %
What would have happened without the activity?	How much activity would we displace?	How much else would contribute to the change?	Quantity times financial proxy, less deadweight, displacement and attribution	How much will the outcome drop off in future years?
Column J	Column K	Column L	Column M	Column N
0%	0%	0%	83,000,000	0%
10%	0%	20%	-1,080,000	100%
N/A	N/A	N/A	N/A	N/A

Value of each year
Total Net Value
Social Return \$ per \$

Calculating Social Return		
Year 1	Year 2	Year 3
Column O	Column P	Column Q
83,000,000	83,000,000	83,000,000
-1,080,000	0	0
N/A	N/A	N/A

81,920,000	83,000,000	83,000,000
		247,920,000
		0.49

- **Notes on the discounts applied**

Not all of the social benefit outcomes identified in this analysis can be attributed solely to The companies' activities.

Table 2 shows how the following four factors to provide an appropriate discount to the final calculated impact:

- deadweight - what would have happened anyway?
- displacement - were other impacts displaced by this impact?
- attribution - who/what else significantly contributed to the impact?
- drop-off - how much does the outcome reduce each subsequent year?

This ensures our analysis avoids over-claiming the value of the companies' social impact and is known as a sensitivity analysis.

Deadweight

Deadweight is an estimation of the value that would have been created if the activities from the program did not occur.

Displacement

Displacement is an assessment of how much of the activity displaced other outcomes.

Attribution

Attribution reflects the fact that the activity is not wholly responsible for all of the value created. In the engagement process, stakeholders were asked to estimate attribution, and this forms the basis of this aspect of the sensitivity analysis

Drop-off

Drop-off is a measure which recognises that outcomes may not continue to last year on year and in future years may be less, or if the same, will more likely be influenced by other factors.

Appendix F: Regional Economic Impact Analysis of Tassal and Huon activities

Table 6: Economic impact of salmon farming companies in the Huon-Channel area

ECONOMIC IMPACT - TASSAL AND HUON AQUACULTURE						
	Direct contribution to GRP \$m	% of Southern Region GRP	Indirect contribution to GRP \$m	% of Southern Region GRP	Direct regional employment created	Indirect regional employment flow-on
Ongoing impact	\$174.9	1.57%	\$77.7	0.70%	771	839
3 YEAR IMPACT						
Capital expenditure						
2007-08	\$17.5	0.16%	\$25.1	0.23%	115	237
2008-09	\$18.4	0.17%	\$26.5	0.24%	120	250
2009-10	\$29.0	0.26%	\$41.8	0.38%	189	393
Sponsorship and other spending						
2007-08	\$0.19	0.002%			4	
2008-09	\$0.17	0.002%			4	
2009-10	\$0.13	0.001%			3	
Social benefit from taxation paid						
2007-08			\$10.4	0.09%		144
2008-09			\$10.3	0.09%		144
2009-10			\$11.3	0.10%		157

The Table can be expressed in text as follows:

Tassal and Huon Aquaculture are estimated to contribute almost \$175 million to the Gross Regional Product of the local economy. The combined operations also generate additional indirect economic activity in the economy. Together, the direct and indirect impacts total more than \$250 million, representing a stimulus to the GRP of the Southern Region of 2.3 per cent.

The companies directly create more than 770 jobs, mainly in the local region, with almost 840 indirect jobs being created by the flow-on impacts of the operations of the companies.

Over the 3-year period 2007-08 to 2009-10 (for which latest data is available) Tassal and Huon Aquaculture have made a significant contribution to economic activity in the local region as the result of capital expenditures on their operations. It is estimated that these construction and improvement works (including road works and other shared public infrastructure works) have directly and indirectly created more than 1,300 person-years of work. Employment opportunities have also been created through the companies' sponsorship and other development spending in the local region.

Tassal and Huon Aquaculture also pay local, State and Commonwealth taxation as the result of their operations. The estimated 'social benefit' from the payment of those taxes is calculated as contributing more than \$32 million to the Tasmanian economy and indirectly generating more than 445 person-years of employment over the past 3-year period.

Assumptions:

1. Capital works are assumed to be sourced 65% locally.
2. Minor shared road works are assumed to be sourced 100% locally.

3. The indirect multiplier used for the three companies is derived from the aquaculture farming and seafood processing sectors of the model.
4. The indirect multiplier used for capital works and shared and other road works is a weighted average of the relevant input-output multipliers applying to the Heavy and Civil Engineering Construction sector and the Non-Residential Construction sector respectively. These sectors are defined by the ABS as part of the broader Construction sector to include:
 - 3101 Road and Bridge Construction
 - 3109 Other Heavy and Civil Engineering Construction
 - 3020 Non-Residential Building Construction
5. The indirect 'social benefits from taxation' are derived from a the multipliers associated with the Public Administration and Regulatory Services, Defence, Public Order and Safety, Education and Training, Health Care Services, Residential Care and Social Assistance Services sectors.
6. The direct regional impact of sponsorship and associated spending in the local community has been derived from the multipliers associated with the Heritage, Creative and Performing Arts and Sports and Recreation sectors.
7. The direct regional impact of professional development or training spending in the local community has been derived from the multipliers associated with the Library and Other Information sector.
8. Type I multipliers have been used in the analysis. These multipliers are more conservative than Type II multipliers as they do not include the additional flow-on impact of additional consumer spending generated by local employment. The Type I multiplier is considered the more appropriate for a regional economy such as Tasmania.
9. For Spring Bay Seafoods and Tassal, all employment is assumed to be split 50%/50% between aquaculture farming and processing. For Huon Aquaculture, all employment is generated in the aquaculture farming area, as it does not have processing facilities in the South of the state. The assumptions in regard to Spring Bay Seafoods and Tassal need to be clarified.
10. Input-output analysis requires a number of assumptions about the production of goods and services.
 - a. Industry production is a linear process. Changing output creates no economies or diseconomies²⁹ of scale.
 - b. Each industry creates only one product. This assumes the total output of multi-product firms is allocated to the primary product produced by that firm or that the production of products can be separated.
 - c. Each product is produced by a fixed and known process. Different firms producing the same product are assumed to use the same process.
 - d. There is no substitution of factor inputs, e.g. a firm using a different technology is not recognized.

²⁹ http://en.wikipedia.org/wiki/Diseconomies_of_scale

- e. Changes in price will not affect the proportion of inputs used. Changing final demand is the only way to change the level of inputs into production.
- f. There are no input constraints. The supply of inputs is infinite and perfectly elastic.
- g. There are no unused or underused local resources. Excess capacity in firms and labour are not recognized.

Appendix G: Notes for Table 4

The following notes provide explanatory for key assumptions in the calculations and found in the calculations in Appendix E.

Table 7: Notes for the SROI impact map (Table 4)

Notes	Comments	Rationale
Note 1	Direct and indirect regional economic impact	<p>The social impacts of a viable local economy were of significance to the stakeholders who were the subjects of this analysis.</p> <p>Peer review of the initial analysis strongly recommended that regional economic impact be included in the SROI calculations for this reason.</p> <p>This proxy is an input-outputs model of regional economic impact. Input-output analysis is an economics term that refers to the study of the effects that different sectors have on the economy as a whole, for a particular State or region.</p>
Note 2	See Appendix F for the regional economic impact analysis	Please note the comments above in Note 1.
Note 3	Lifestyle amenity comprises two social values regarded as significant to stakeholders: access to water and shoreline for recreational purposes and impact of noise and odour on residents within line-of-sight of farms and related on-shore facilities.	<p>These two were combined as the pilot project allowed insufficient resources to work closely with stakeholder to refine possible financial proxies for each separately.</p> <p>In future projects, and the project team suggest separating these out would be important in the overall results.</p> <p>Further, a focus on these issues separately remains important for managing relationships between the communities and the industry.</p>
Note 4	Market prices for properties in line-of-sight were identified as a reasonable indication of preparedness to pay for absence of this impact.	This proxy was developed from an average of estimates from four different real estate agents selling properties in the relevant areas.

Appendix H: References

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