A JOURNEY THROUGH UNCHARTED WATERS

THE APPLICATION OF THIRD PARTY INTERMEDIATION TO THE DEVELOPMENT OF PUBLIC POLICY IN AUSTRALIA

REPORT PREPARED FOR THE DEPARTMENT OF INFRASTRUCTURE AND TRANSPORT

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TRANSPORT AND LOGISTICS CENTRE

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ABSTRACT

For the last decade the Transport and Logistics Centre (TALC) has been facilitating, designing, developing and trialling various national, State and local programmes in the field of capability building in transport and logistics. From the experiences of TALC has emerged an innovative approach to policy development: one which relies on the use of third parties to act as intermediaries in the development and implementation of new ideas.

Termed 3PI for 'Third Party Intermediation', this approach has been successfully applied by TALC in policy areas such as mentoring, professional development, career pathways, skills and training, recruitment, school student awareness of employment prospects, safety and more. The lessons to be learned from the TALC experience, across both private and public sectors, are here summarised and discussed for the benefit of others who may wish to tread the same road towards testing new ways and means to tackle complex, wicked and challenging policy problems.

3PI is well suited for greater application by government, given the expectations for increased engagement and collaboration with stakeholders in policy development and implementation. In TALC's view, this application will be enhanced by nurturing the enabling factors it has identified for effective 3PI, and avoiding the negative influences that work against success. Applying a rigorous process to assess the suitability of 3PI in a policy context, and then to design and manage a resulting initiative, is central to getting the best out of the 3PI approach.

For 3PI to become a commonplace option in the policy toolbox, a number of barriers need to be addressed to build a supportive public service culture, allow a permanent feature. Public service officers applying 3PI will require skill sets attuned to this more interactive environment. These broader advances will also assist the appreciation of emergent factors for successful 3PI, and lead to ongoing development of best practice.

CONTENTS

1. ENTER A BRAVE NEW WORLD

1.1 COLLABORATION AND ENGAGEMENT – WHY, HOW, WHEN, WITH WHOM AND WHERE?

Public and private sector organisations in many countries today find themselves in uncharted waters as they attempt to define their on-going role, including how they relate to business strategies, shareholders and to citizens more broadly. Within government and academia there is currently serious questioning of what structures, institutions, processes and organisational relationships are required in an environment which is placing increased emphasis on collaboration between the public and private sectors.

Innovative approaches to building collaboration – including an enhanced role for third party intermediation – have emerged from a number of different sources and research fields over recent years. For example, in the United Kingdom recent reforms to the Civil Service have adopted 'open policy making' as the default position[1], and some private sector organisations [2] are now working with governments, the private sector and not-for-profit organisations to develop innovative ways to bring decision makers closer to their stakeholders.

Drawing on experience in the United States and other countries, John Donahue of the John F Kennedy School of Government at Harvard University commented in 2004:

> *"Collaboration between governments could herald a new phase of federalism. If 'cooperative federalism' is about microeconomic reform and structural efficiencies, 'collaborative federalism' is about sharing intent, sharing goals and agreeing on delivery responsibilities. This new phase of federalism is likely to focus on social policies, national security and bio-security, the environment, infrastructure and communication. Above all, it is likely to dispense with the notion that 'government knows best', replacing it not just with intergovernmental agreements, but with community involvement in policy design and delivery. It could be more messy, but also more realistic and more results-based."* [3]

There have been similar re-examinations in Australia about how the public service can best discharge its role in the development and implementation of government policy[4]. In 2004 the Management Advisory Committee (MAC) in *Connecting Government* addressed the need for the Australian Public Service (APS) to focus more attention on working across organisational boundaries. The report concluded that:

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[1] Examples of reform in action can be found at: www.civilservice.gov.uk/reform/part-2-improving-policy-making-capability

[2] An example is the strategic advice provider, Britain Thinks.

[3] Donahue, J. (2004). *On Collaborative Governance,* Working Paper No. 2. John F Kennedy School of Government.

[4] While the focus of this Report is on the application of third party intermediation by the Australian Public Service, the arguments apply to all parts of the public sector, including State, Territory and local governments.

"One of the issues emerging for public sectors, both nationally and internationally, is the move away from traditional hierarchies to establishing networks and partnerships with other key players, such as the non-government sector. As more citizens and their representative groups become involved in providing policy advice, assisting with program design and delivering services, the public service focus will move from arrangements based around contract management to also include collaboration and establishing alliances."[5]

In 2010 a strong reform agenda was set within the APS with the release of the report *Ahead of the Game: Blueprint for the Reform of Australian Government Administration.* which focused attention on the scope to incorporate non-government expertise into the design of policy and services.[6] Since 2010 the establishment of the Strategic Centre for Leadership, Learning and Development within the Australian Public Service Commission (APSC) has guided the development and implementation of the initiatives contained in that report.

Another significant step taken in recent years has been to champion innovation and capability development in the APS, notably through:

- the endorsement by the Secretaries Board in 2011 of an Innovation Compact and Action Plan, including a commitment by each of the APS Leaders to develop and implement innovative approaches to collaboration. Complex policy challenges are one of the priority areas identified for action;

- the associated creation of a unit to monitor implementation of the Compact within the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education. This Department has as one of its key priorities to foster a culture of collaboration and partnerships with external stakeholders;

- the establishment by the Department of the Prime Minister and Cabinet in 2011 of a cross-agency APS Policy Implementation Network of Senior Executive Service (SES) officers to share advice and experiences to better solve key implementation challenges facing the APS; and

- the commencement of a series of Capability Reviews by the APSC, designed to lift agencies' capabilities in the areas of leadership, strategy and delivery. The APSC reports that to date reviews of seven agencies, including the Department of Infrastructure and Transport, have been completed and released.

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[5] Australian Public Service Commission. (2004). *Connecting Government: Whole of Government responses to Australia's priority challenges*. Management Advisory Committee. Accessed in April 2013 through www.apsc.gov.au/publications-and-media/archive/publications-archive/connecting-government
[6] Department of Prime Minister and Cabinet. (2010). *Ahead of the Game: Blueprint for the Reform of Australian Government Administration.* Accessed in April 2013 through www.dpmc.gov.au/publications/aga_reform/aga_reform_blueprint

The 2012 *Capability Review of the Department of Infrastructure and Transport* concluded, inter alia, that there was a need to better engage with stakeholders. It commented that:

> *"To build the trust necessary to work effectively in close collaboration with the states and territories, the department has need of sophisticated relationship skills and the flexibility to work with innovative new organisational forms. These skills are also vital in working with industry and other external stakeholders.*
>
> *"…….more needs to be done to develop these capabilities to a consistently high level across the department."[7]*

The Review went on to suggest:

> *"A departmental strategy might assist in articulating the leadership's expectations about engagement, proactive industry consultation, approaches to communication, and relationships with central agencies to develop their knowledge of the department's perspectives and to enlist their support. Among other things, such an approach could increase the department's influence and its capacity to contribute to debate about policy priorities."[8]*

The increased priority now being directed to collaboration and engagement, and the encouragement to innovation, is being advanced in the context of continuing pressure on resources and the adaptability of public service officers. The mantra of 'doing more with less' has been prominent in public sector debate since at least the mid 1980s, but retains real currency as governments seek to find economies in public service numbers – at the same time expecting standards of policy advice and implementation to remain at high levels.

This duality of 'economy with efficiency' reinforces the exhortations for creativity and innovation. The APSC *State of the Service Report 2011-12* commented that the APS faces many challenges which:

> *"…. need to be framed within the reality of limited resources, the need to respond to new and complex policy and delivery priorities and, increasingly, the need to manage interacting and overlapping waves of change. Leadership will focus on encouraging the discretionary effort of our people to really engage, make a difference and perform to full capacity. 'Getting by' is not enough. The ability to think, imagine, collaborate, listen and respond will continue to be an important part of managing future challenges." [9]*

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[7] Australian Public Service Commission. (2012). *Department of Infrastructure and Transport. Capability Review.* Report. Canberra, page 12. Accessed through www.apsc.gov.au/publications-and-media/current-publications/doit
[8] Australian Public Service Commission. (2012), op cit, page 15
[9] Australian Public Service Commission (2012). *State of the Service Report 2011-1.*, Commissioner's overview, page18.

More recently in February 2013, the Auditor-General for Australia, Ian McPhee, referred to the need for the public sector to be responsive to changing circumstances in terms of both policy solutions and improved service delivery:

> *"Charting the course of government in terms of the policies required for the short and longer term, having regard to the inevitable trade-offs, requires the best information that the public sector and other sources can muster. Government needs to be given a range of policy options to deal with these complex policy challenges. More and more policy solutions require departments to work together, to consult widely with stakeholder groups, and be informed by relevant international experience. It is critically important work."* [10]

All these influences come together to support further consideration of third party intermediation as an important tool in public policy development.

1.2 THE NEW POLICY ENVIRONMENT – UNCERTAIN, COMPLEX AND DEMANDING

Coupled with changes in thinking about how the government and its public service can better engage stakeholders are new perspectives on the inherently different nature of policy issues in the 21st Century.

Historically, most public policy issues in Australia have been managed and resolved using straightforward and well-tested methods. Government agencies create an evidence- based discussion framework, seeking the views of key stakeholders through consultative mechanisms such as conferences, workshops, inter- and intra-departmental working groups, advisory boards and consultancies.

Resulting policy options are put to the Government of the day for decision on the preferred way forward. The necessary draft legislation, regulations, statutory instruments, policy documents and processes are then prepared for confirmation by the Government. In the main this method has worked well (and remains effective) when the issues under consideration have been clearly defined, generally agreed, are obvious, and amenable to being changed based on evidence from science and/or empirical analysis.

However, new perspectives on the nature of many current policy issues pose challenges to the application of the traditional model. A range of problems are now before governments that bring great complexity in analysis and solution. At the same time, 'speed-to-answer' is becoming a more important consideration. The public service is often now expected to develop fully operational and agreed national policies and programmes in a much shorter time frame than has applied in past decades. These considerations surrounding the nature of policy problems add a further dimension to the pressure for change in how the public service develops and delivers policy.

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[10] McPhee, I. Address to the 2013 International Public Sector Convention, CPA Australia, 22 February 2013, page 2.

The term 'wicked problem' has been used often to describe policy problems that have multiple elements, involve many stakeholders and diverse interests, cross jurisdictional/national boundaries and involve difficult trade-offs. The issues under consideration typically cannot be clearly defined, the policy questions to be asked and answered are not always agreed, and the best outcomes and the paths to them are also not obvious or agreed.

A 2007 paper by the APSC, *Tackling Wicked Problems – A Public Policy Perspective,* identified a number of complex policy issues for government which continue to have a high level of abstraction and which fall into the categorisation of wicked problems. Two of the examples given were:
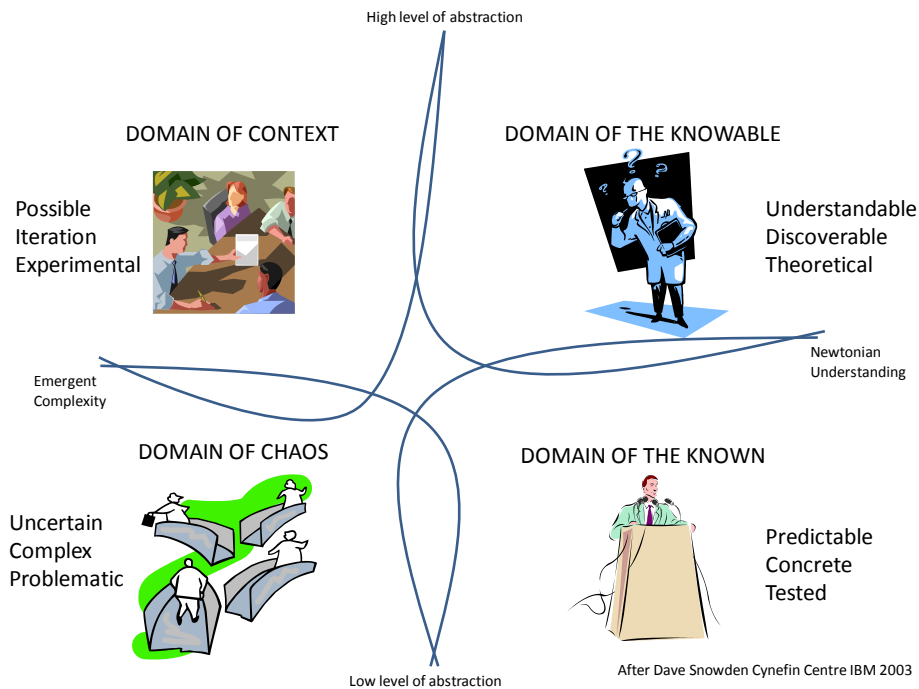
> "***Climate change*** *is a pressing and highly complex policy issue involving multiple causal factors and high levels of disagreement about the nature of the problem and the best way to tackle it. The motivation and behaviour of individuals is a key part of the solution as is the involvement of all levels of government and a wide range of non-government organisations (NGOs).*
>
> ***Indigenous disadvantage*** *is an ongoing, seemingly intractable issue but it is clear that the motivation and behaviour of individuals and communities lies at the heart of successful approaches. The need for coordination and an overarching strategy among the services and programmes supported by the various levels of government and NGOs is also a key ingredient."* [11]

Another way to look at wicked problems and their many dimensions is to focus on the nature of complexity and its various degrees. Here insight can be drawn from Complexity Theory. Dave Snowden (2003) sets out four Domains of knowledge which can be related readily to the policy concerns of the public sector.[12]

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[11] Australian Public Service Commission. (2007). *Tackling wicked problems: A public policy perspective,* Canberra pp. 1-2

[12] Further detail is provided in Snowden, D. (2003). *Complex Acts of Knowing: Paradox and Descriptive Self-Awareness.* Bulletin of the American Society for Information Science and Technology, Volume 29, Issue 4. pp. 23-28.

High level of abstraction

DOMAIN OF CONTEXT

Possible
Iteration
Experimental

DOMAIN OF THE KNOWABLE

Understandable
Discoverable
Theoretical

Newtonian
Understanding

Emergent
Complexity

DOMAIN OF CHAOS

Uncertain
Complex
Problematic

DOMAIN OF THE KNOWN

Predictable
Concrete
Tested

Low level of abstraction

After Dave Snowden Cynefin Centre IBM 2003

The **'Domain of the Known'** is where the more traditional view of the public sector applies – delivering well-established programs which are periodically reviewed against impact and best practice, and necessary changes made. This Domain involves more predictable activities and incremental rather than radical change. However stakeholder engagement and innovation are important factors and are to be encouraged.

For example, the improvement of vehicle safety standards through regulation is an ongoing process, supported by a close eye on developments internationally, consultation with industry and consumers, and vehicle testing/accident data analysis.

The '**Domain of the Knowable**' starts to push the policy envelope into issues of greater complexity. Taking a systems approach is important here, to ensure key linkages are picked up. Specialist advice from experts and stakeholders is integral to policy responses. Precise judgements on cause and effect are not always possible at the outset, and modelling and scenario planning will likely be necessary to help lay policy foundations. Review and evaluation are important after a policy response is implemented to better understand relationships and to inform necessary changes to policy settings.

For example, the development of driver fatigue management programmes will typically follow a process of consultation across a significant number of parties (e.g. national and State/Territory regulators, the trucking industry, unions, customers of the trucking industry), development of a regulatory framework, and then a final decision-making process that brings the key stakeholders on board.

Boundaries are further pushed in the '**Domain of Context**' where uncertainty grows and a degree of trial and error is to be expected - and indeed encouraged. Solutions to policy problems will not be found solely in the judgement of researchers and experts, rather a variety of viewpoints and backgrounds will need to be brought together to think through

issues and to engage in joint responses. Policy processes in this Domain involve a high degree of learning and iteration.

For example, developing a response to level crossing accidents requires analysis of multiple cause and effect relationships, input from a wide range of industry and community representatives, a number of corrective measures, and regular reviews of performance.

Policy issues with the highest degree of uncertainty fall into the fourth '**Domain of Chaos**'. This is where 'wicked problems' fit. All the contributing factors cannot be identified with confidence, and the relationship between cause and effect will be indeterminate. Identifying and structuring as many dimensions of the problem as possible at an early stage can assist the framing of responses. A close eye to risk management is critical throughout the process.

For example, reflecting its significance to the economy, further improvements in the productivity of the T&L sector will provide widespread benefits to the sector itself, other industries and the community generally. However addressing such a task requires complex work in defining productivity in T&L, and identifying its various drivers (e.g. infrastructure, regulatory structures, professional skills, management, and new technologies). There is then the challenge of assessing the respective contributions that might be sought from a wide range of government and private sector stakeholders to a national strategy to enhance productivity.

SPEED-TO-ANSWER

The second significant change in the policy environment is the growing recognition of the importance of speed-to-answer to policy questions. The Global Financial Crisis is perhaps the most prominent recent example of where a range of major issues rapidly emerge to beset policy makers. In these circumstances policy action could not be delayed, despite the complexities involved in understanding the situation and in framing responses. Policy situations can also arise where, despite the problem itself not being so time-critical, community expectations for action reach such a level that a prompt response becomes necessary to quell criticism and uncertainty.

Three stages contribute to the speed-to-answer to a policy issue:

1. Immediate recognition of the issue and its significance;

2. Development of options in response, followed by a rapid decision-making process; and

3. Implementation of the response and the time required for the response to impact measured in weeks and months, not years.

Governments under pressure to decide and deliver a timely response look to the public service to provide well-based advice. In turn this advice must be informed by analysis of the

problem, elaboration of possible responses, assessment of the level and timing of impact, and consideration of the best means of implementation.

Enhanced engagement and collaboration (as discussed in section 1.1) will contribute to success in addressing each of the three stages. Relationships developed through pre-existing outreach activities can assist in early recognition of problems, and provide valuable input to identifying options for response and analysing their likely success. The complexity of the problem and indeed whether it is deemed to be 'wicked' also impinge on the time taken to put a response together and the quality of the necessary input required from experts and stakeholders. Time spent on understanding the problem and framing the response is likely to result in a better outcome overall, through that response having a more timely and deeper impact compared to a response quickly put together.

The need to ensure that the time put into the response is not to the detriment of the quality of that response is highlighted in a 2012 discussion paper from the Institute of Public Administration Australia (IPAA). The paper argues that policy 'on the run' and 'policy by fiat' should be avoided and rather a 'business case' approach taken in framing policy. Important contributions to a well-based proposal would come from community and expert input in both policy design and implementation. The IPAA paper comments that good policymaking

> *"….. demands an environment that is information and knowledge intensive, inclusive, engaged and open. It also requires a better balance between policy reflection and speed given that new communication technologies encourage people to demand prompt responses to pressing issues. It takes place in a system rather than a structure, with policymakers acting more as stewards and less as top-down controllers of sharply defined processes."[13]*

Such an approach provides the foundation for a sound policy process and is consistent with the thrust of this Report. However it must be recognised that circumstances will inevitably arise where a considered and thorough approach is not feasible and/or where political imperatives dominate.

1.3 A NAVIGATION AID FOR UNCHARTED WATERS – THIRD PARTY INTERMEDIATION (3PI)

For the purposes of this Report, third party intermediation (3PI) is defined as the means by which third parties are integrated into the policy process with the intention of providing a bridge between the public and private spheres of interest, in order to add value and collaboration into public policy formulation and delivery.[14] A 3PI initiative is much more than an act of consultation or even stakeholder engagement. Rather it seeks to achieve outcomes through the bringing together of parties over time with shared interests.

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[13] Institute of Public Administration Australia (2012). *Public Policy Drift*. Public Policy Discussion Paper No 4. page vi.

[14] The concept of third party intermediation was originally drawn from the financial services sector, and in this context relates to the use of third parties as brokers and agents. This is not, however, what is meant in the public policy space, although the notion of 'agents and brokers of ideas' has relevance.

The central argument of this Report is that, in the current and prospective APS operational context discussed in section 1.1 above, 3PI should always be considered as an option in addressing a policy issue where stakeholder engagement and collaboration are central considerations. Further, 3PI can be an important contributor to successfully responding to the new perspectives of the policy landscape outlined in section 1.2.

This Report seeks to provide guidance on identifying situations where 3PI can be applied, what form a 3PI might take, and how it might be managed. It does this in the particular context of Australia's transport and logistics (T&L) sector and the experience of the Transport and Logistics Centre in 3PI over the last 13 years.

Underpinning the case for 3PI is the recognition that most policy issues have a degree of complexity and that collaboration or engagement with stakeholders in the past has not always been easily obtained, defined or even agreed. The use of an intermediary can offer government new connections, additional facilitation and new information at critical points in the policy process. Successful third party intermediation also fosters consensus and innovation.

The area of application of 3PI is best seen in the following diagram which relates intermediation to the other major players in public policy in the current environment:
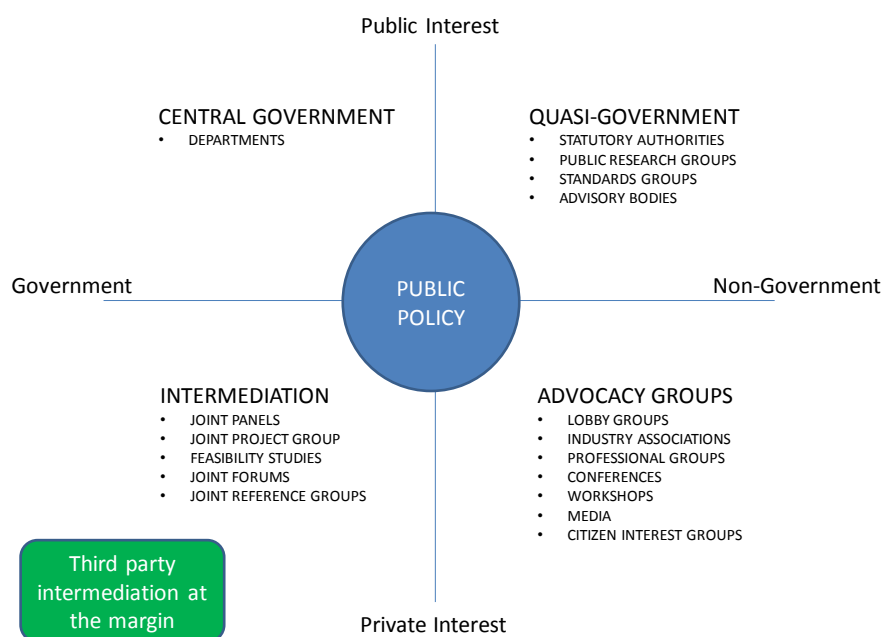
The application of 3PI fits well with the concept of 'government by network'. In its Contemporary Government Challenges paper, *Delivering Performance and Accountability* (2009), the APSC draws on a framework developed by Elaine Karmack (2007) to identify emerging pressures on policy-makers that will guide the form of their response. Karmack identifies 'government by network' as one of three ways in which governments will

increasingly develop and deliver policy in the future - the others being 'performance managed bureaucracies' and 'government by market'.[15]

Government by network involves government building relationships with a wide variety of institutions and stakeholders, and funding particular organisations to deliver desired outputs and outcomes. The APSC paper sees government by network as providing new ideas in response to problems that require specialised solutions and have particular degrees of detail related, for example, to locational or other intrinsic factors:

> *"Government by network allows a range of options to be brought to bear on a problem by engaging providers who are familiar with local conditions and have the opportunity to take different and innovative approaches to the issue."* [16]

The 2009 APSC paper notes that, using the Karmack framework, a government will choose the appropriate policy mode and related accountability and performance arrangements by first determining the nature of the particular policy goals being pursued. For example, the network approach would best fit where a government wanted to foster innovation and/or to achieve a fit for purpose solution.

3PI (or a variation of it) has been widely used in the United States, the United Kingdom and other OECD countries, often without viewing it as unusual or new. From an examination of the application of third party intermediation in the United States in 2003, Xavier de Souza Briggs of Harvard University identified five types of intermediaries:

- **Government as intermediary:** where it convenes groups, leads processes, educates the public;

- **Non-governmental intermediaries:** without regulatory or public spending authority of government;

- **Funder-intermediaries:** e.g. charitable foundations;

- **Issue-focussed intermediaries:** where they conduct research, act as an advocate, do policy or program design in public issues; and

- **Capacity-building intermediaries:** with a focus on emphasising the development of other organisations or build up new capabilities.[17]

This categorisation can be readily applied in the context of the Australian public sector. With the likely exception of Funder-intermediaries, the other four forms would all be open

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[15] Karmack, E. C. (2007), *The End of Government … As We Know It: Making Public Policy Work*. Lynne Reiner. Boulder CO, as cited by the Australian Public Service Commission. (2009), *Delivering Performance and Accountability*, Canberra, page 13.

[16] Australian Public Service Commission. (2009), op cit, page 21.

[17] de Souza Briggs, X. (2003). *Working the Middle: Roles and Challenges of Intermediaries*. The Community Problem-Solving Project, Massachusetts Institute of Technology, USA, page11.

to a government agency to select and sponsor an intermediation. The first form is, of course, direct and not third party intermediation.

Another relevant form of 3PI comes from the United Kingdom, where innovation intermediaries have been active for some time in business and scientific sectors, and now more recently in government, encouraging innovation in such fields such as education, children's services, and the 'third sector'. Valerie Hannon (2008) of the United Kingdom's Innovation Unit cited a listing of the functions of these intermediaries as encompassing:

- diagnosis and problem definition;

- expert consulting (expertise in innovation processes);

- enabling the sharing of professional experience and reflection;

- brokering (matching with partners, creating fertile relationships);

- benchmarking (identifying leading practice in other organisations, sectors and countries);

- change agency (providing coaching, consultancy and training). [18]

The range of situations in which 3PI has been applied overseas has equal application in Australia. While there has already been use of 3PI in Australia (even if it may not have always been recognised as such), there would appear to be considerable scope for wider application. This includes applications in the broader T&L sector, which provides fertile ground for the potential use of 3PI in situations where:

- the issues under consideration cannot be clearly defined or generally agreed (for example, whether a new road use pricing regime for passenger cars is needed);

- complex issues are involved (for example, how to make significant further improvements in national road safety performance);

- there is chaos/lack of control exhibiting a high degree of risk (for example, the debate about the potential for High Speed Rail);

- the best outcomes are not obvious (for example, the potential for achieving a greater leadership role for women in T&L);

- innovative solutions are required (for example, securing the engagement of the myriad of small and medium-sized trucking businesses in safety initiatives); and

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[18] Horne, M. (2008) cited in Hannon, V. (2010). *Next up: Putting practitioners and users at the centre of innovation in public services*. Occasional Paper No.1. Australian and New Zealand School of Government, pp. 2-3.

- multiple stakeholders and diverse community interests must be taken into account (for example, the development of a locational strategy for freight distribution centres in the larger urban areas).

In these cases there can be not only a failure for unanimous agreement on solutions, but also often a failure to agree on the nature of problem to be addressed. Hence the greater the complexity of the policy intervention/third party intermediation that is required. In such situations, 3PI can help to break down the components and perspectives to a manageable level, and help to identify steps toward resolution.

2. THERE AND BACK AGAIN – A THIRD PARTY JOURNEY

2.1 TALC TESTS THE WATER

3PI is a specialised task, requiring an adventurous approach on the part of the sponsor and considerable skill on the part of the intermediary. It also requires a shared understanding of objectives and processes between the sponsor and intermediary, delivered through an effective working relationship.

The focus of this Chapter is on the experience of the Transport and Logistics Centre (TALC) in 3PI in Australia's transport and logistics sector, across both private and public sector organisations. The following sections outline that experience, provide case studies and most importantly detail TALC's learning.

TALC has been active as an intermediary in the T&L sector since 2000. TALC's intermediation role has evolved through three phases:

- **2000-2004:** A limited initiative was established under the auspices of the then Coordinator General of Rail in NSW to improve policy in areas of capability building in rail transport in NSW;

- **2004-2007:** The then Commonwealth and NSW Ministers for Transport decided to take the TALC idea national. This programme was supported by subsequent Commonwealth Ministers for Transport; and

- **2007-2013:** The Commonwealth Minister for Infrastructure and Transport continued support for TALC's work, and took the idea to the then Australian Transport Council of Ministers (ATC). The outcome was a Strategic Action Plan (SAP) for workforce development in transport and logistics utilising 3PI methods and endorsed by the ATC in 2008. This programme was rolled out at the State and Territory level during 2009-2012.

In 2012 TALC advised the Infrastructure and Transport Minister that its journey in 3PI had gone as far as it could in workforce capability issues. Times were changing in this policy arena. Specifically, TALC had always operated under two guiding principles – "no duplication of existing programmes" and "staying below the radar to allow focus on the message, not the messenger". However, by 2011 it was clear that many of the programme areas being explored by TALC were being taken up by other groups and agencies of government.[19] By this time TALC was also becoming 'visible' in some of the debates over policy direction and content of programmes. The existence of TALC was sometimes obscuring the message amongst industry stakeholders – TALC's role was becoming less clear over time.

It was therefore suggested by TALC to the Minister that its funding should not be renewed at the end of the current Agreement. TALC as a national research company would continue,

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[19] Particularly important was the decision of the Commonwealth Government to ramp up the "education revolution" and to create a single focus for this work – the Australian Workplace Productivity Agency (AWPA).

but as a group offering services and advice to all parties, not just governments. This was a mutually agreeable, logical and sensible conclusion to the TALC journey towards proving 3PI as a viable alternative method for policy problem-solving and public policy development.

2.2 LESSONS CHARTED ON THE JOURNEY

TALC's record in 3PI over the last 13 years gave it a rich casebook to draw upon in contributing to the further development of intermediation initiatives in the T&L sector - and indeed of 3PI more generally.

TALC identified some 70 instances of intermediation over the period 2000 to 2013, in which it had been or was currently involved at the national, State and Territory level, in both the public and private sectors. These intermediations were allocated to one of three broad groups:

- **TALC-generated projects:** these included mentoring initiatives, professional accreditation, careers information and events, directories of T&L associations, research projects and studies, national forums and workshops, and various training programs;

- **Transport and Logistics Workforce Advisory Groups (TLWAGs):** this initiative resulted from the then ATC's decision to support analysis of workforce issues in T&L and resulting actions to address identified gaps. TLWAGs were set up in each State and the Northern Territory and have undertaken a wide range of projects. TALC acted as a facilitator for this network; and

- **TALC involvement in other intermediation activities:** at various points over the last 13 years TALC has played an active role in national and State-based initiatives such as the Australian Logistics Council, State Freight Councils, the Transport and Logistics Industry Skills Council, and most recently the Australian Maritime Workforce Development Forum under the Commonwealth's shipping reform agenda.

In order to create an evidence based body of knowledge for 3PI, TALC developed a common template to assist comparative analysis of the 70 examples. The template included a basic description of the intermediation, the sponsor, the rationale and link to government policies, co-delivery arrangements, governance, location, timespan, resourcing, main outcomes, sponsor assessment, and lessons learned. For the TLWAG group of intermediations, individual TLWAGs were provided with the template and invited to contribute their own text on chosen projects.[20]

The templates were then assessed by the TALC project team. Each team member was able to record a view on the success or otherwise of each project and to provide related short comment. Experience generally and with particular projects was then discussed (some

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[20] The templates were prepared as working documents for input to the review process and were not intended to form part of this report. However, while content varied, there was sufficient detail across the templates to enable conclusions to be drawn about both individual projects and overall experience in delivery.

projects in considerable depth), and emerging patterns identified. The aim was to find 'strong' and 'weak' signals that may allow 3PI to be translated into a wider methodology for future application in the development of public policy.

After some time it was concluded that the majority of the intermediations examined had at least some success in providing tangible outputs and outcomes. Reflecting the breadth of the sample available, many issues were identified for further consideration in linking intermediation performance with the inputs provided, and with the way these inputs were marshalled to produce results. Subsequent considerations focused on the roles of the sponsor, the intermediary and the participants in the 3PI process.

From this synthesis, eight factors became clear as 'enablers' of successful third party intermediation. On the other hand, 3PI actions which were deemed less successful or not at all successful allowed the team to draw out factors that constrain or could even defeat 3PI in the field. The analysis of the case studies also identified a third group of 'emergent' factors where firm conclusions as to their role in 3PI could not yet be drawn, but which warranted further consideration.

2.3 LESSON ONE: WHAT DRIVES SUCCESSFUL INTERMEDIATION?

Eight enabling attributes were identified as being important in underpinning the success of an implementation initiative. The assessment was that while each of these attributes had value in its own right at least a majority needed to be present to achieve a positive outcome from 3PI.

The actual mix of enablers and their respective significance varied between 3PI actions – for example a 3PI directed to overall policy development might have required different considerations in set up than a 3PI focused on immediate delivery. In design and implementation both the sponsor and intermediary needed to be mindful of each of the eight attributes and the weighting they attached to them.[21]

1. **LEAD FROM THE FRONT, BUT DON'T LOOK TOO OBVIOUS:** This is a special kind of leadership.[22] In the context of 3PI, it implies a smart leader, with the ability to balance vested interests face-to-face and the creation of systems and processes that reinforce stakeholder engagement. Leadership should be through facilitation and consensus, not charisma and personal charm. Effective and inclusive leadership was a common theme across successful projects. This did not only mean leadership through one individual (which indeed could give rise to key person risk), but more that there needs to be a strong guiding hand for a 3PI. The overall governance structures that are put in place by and for the leader can be an important contributor to keeping a 3PI on track.

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[21] Where the term 'intermediary' is used in this Report, this can be taken to mean either an individual, the leader of an organisation or group, or the group itself undertaking the 3PI role.

[22] TALC is aware of the many different definitions and schools of 'leadership', from fad to fancy, and from well researched and evidence based ideas. In the cases studied here leadership is critical, but it does not fit easily into an established taxonomy, and it would be unwise to try and make it fit without further consideration and reflection.

2. **PAY FOR THE WORK AND DON'T HOLD BACK**: 3PI is usually not a high cost activity, however initiatives where the funds available were insufficient for the task involved inevitably fell short of expectations. Funding should be provided to fit the intended purpose, and to support achievement of the results sought.[23] This is an important aspect for the sponsor in particular to get right. Very few people work for free these days, and most expect to be paid – or otherwise recognised - for their contribution to policy development. The exceptions are large corporates and some major associations who are keen to have polices reflect their views and therefore will put their own people in place 'free of charge'. Expert research and advice is often needed to underpin the policy, and this should also be funded and supported at an appropriate level. Policy intermediation 'on the cheap' does not work. It often delivers it into the hands of those who can afford to pay for it.

3. **GET EVERYONE IN THE TENT, LEAVE NO-ONE OUTSIDE:** It's the old story – better to have people inside the tent looking out rather than on the outside looking in – or words to that effect! 3PI that involved all or at least the majority of key stakeholders had a greater chance of success. Not having key stakeholders on board from the start did not rule out ultimate success if the initial work was soundly based. However bringing them in later added a degree of difficulty and took time in securing their engagement with what had already been done.

4. **KEEP YOUR OWN PERSONAL AGENDAS OUT OF THE TENT:** The challenge for the successful 3PI facilitator is to leave their own views at the door. During a complex and protracted policy development process, the temptation to form personal views, push pre-conceived ideas and play down competing views becomes strong. This temptation must be resisted at all costs. Successful 3PI provides scope for participants to contribute and to know and feel that they share ownership in the process.[24] This is a critical consideration from the perspective of the intermediary. Should the intermediary be regarded as pursuing their own agenda or imposing too many constraints, this will threaten the commitment of participants and the achievement of positive outcomes. From the sponsor's perspective, getting the selection of the intermediary right becomes a crucial decision.

5. **GET EVERYONE IN THE GAME FROM THE BEGINNING:** The best outcome is for the stakeholders to say "this was my idea" even before the policy is completed. The best 3PI is one in which the stakeholders say "we thought of this for ourselves – why did we need you in the first place?" Commitment is strengthened by having participants actively involved in the design of the intermediation. This could be through consultation before the final form of the intermediation is decided, if that is possible, or through encouraging participants after inception to contribute to adjustments to best fit the operational context and end-objectives. 'Co-design' also extends to planning particular

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[23] Care must be taken not to underestimate the need for funding to be actually available – not just promised - at critical moments in a 3PI process. It is unlikely that an 'add on' or ex post approach to funding will work over time. Dedicated resources are needed.
[24] Here it is important to rule out that form of consultation often used by policy proponents in which the questions and often the answers are pre-determined and the consultation action is more like a form of psychological 'therapy' for the stakeholders rather than a real engagement of collective views.

products (e.g. a careers guide) or activities (e.g. an outreach forum) that can help shape the form of the intermediation.

6. **EVERYONE PLAYS PAST THE FINAL WHISTLE:** Having invested so much up front with the stakeholders in a 3PI process, the continuation of their engagement through the implementation phase is vital. Joint ownership must carry over to the delivery of the policy outputs and outcomes of the intermediation. Having as many participants as possible actively engaged in deciding on means of delivery and contributing to that delivery (e.g. sponsorship of projects, chairing of sessions at a forum) will contribute significantly to achieving successful outcomes.

7. **A LIGHT TOUCH, NOT A HEAVY HAND:** If the process starts to look like a public service-driven exercise, then the psychological ownership slips into the hands of the public service and away from the other participants. The external stakeholders will most likely step back and let it happen. This stepping back can happen imperceptibly over time, but then at the critical moment of implementation the public service is left to 'hold the bag', as it were.

   There are many ways that the wrong signal can be sent in this regard, and perhaps the most powerful one is for the government sponsor to insist on tight controls, rules and contracts (obviously with the well-meant intention of managing risk). These actions imply "this is my project and you'll follow my rules – and achieve my outcomes". The tone set by the expectations and administrative requirements of the sponsor is an important factor shaping the intermediation. Involvement and commitment is best engendered by giving participants full rein to bring forward ideas and suggest initiatives.

   While accountabilities must be preserved where public money – and perhaps political sensitivities – are involved, consideration needs to be given to avoiding excessive financial and reporting obligations. That does not mean that the sponsor should not seek to be actively involved, but rather that this involvement be participative and not prescriptive.

8. **STAY THE COURSE, BE PATIENT**: Policy development through 3PI can take longer to achieve but the investment up front reduces the implementation time and reduces risk in the long run. It is critical for successful 3PI that the sponsor remains committed to the outcome, even if other pressures to deliver are building around them. 3PI can often take a period of time to build up the group dynamic, gain momentum and then to have a tangible impact. The sponsor and the intermediary have both to recognise time factors in design and management, and show ongoing commitment and patience. The expectations for results must be realistic, and tempered by the complexity of the task being attempted.

2.4 LESSON TWO: FACTORS THAT CAN BLINDSIDE 3PI

Five factors were assessed by TALC as potentially working against the success of 3PI. They are not always obvious at first glance. The sponsor and intermediary should each consider the risk attached to these factors and judge what might be done to recognise and then

defend against them. If only one of these factors becomes entrenched, the course of the intermediation will be diverted and will increase the chances of failure or a less-than-optimal policy outcome. Should two or more of the negative factors come together then total or even partial success will be most unlikely.

1. **BUILDING A STAIRWAY TO NOWHERE:** Building a policy without checking on its overall worth or ultimate direction leads to wasted energy and tarnished reputations. 3PI which fails to address needs in either design or delivery will not have positive outcomes. Signs of misalignment between process and purpose will most likely come early as key participants either reduce their involvement or withdraw, as they see little chance of value being achieved for their particular constituency. 3PI has to be more than a good idea; it must seek to serve real interests and to attempt a situation in which interests are jointly optimised.

2. **CONSCRIPTION DOESN'T WORK:** This occurs where a participant or group of participants joins a 3PI action but with no commitment to contribute constructively. Being told to be involved doesn't necessarily mean someone wants the exercise to succeed. Sometimes they will actively engage in order to make sure it does not succeed. Even if they are apparently cooperative at the general level, there will be an adverse impact on the collegiate nature of the intermediation on the ground where it matters. As part of risk assessment, specific effort should be put into the design and initial delivery to identify such participants and find ways to bring them on board, to engage in the intermediation process – or to keep them far away from the tent.

3. **WATCH OUT FOR THE HORSE CALLED "SELF INTEREST":** There is a popular saying around industry and politics, "if you are at the race track and there is a horse running called 'Self Interest', back it every time to win". Different to a situation of lack of commitment is where vested interests combine to shape a 3PI to meet their own ends. However the end result is the same in that the intermediation will not meet its original objectives. The potential for 'capture' can be lessened by the design of the intermediation (e.g. terms of reference, governance structure) and the involvement of the full range of key stakeholders, but after that it is critical that the intermediary has close regard to the emergence of narrow self-interests.

4. **WHISPERS OFTEN BECOME LOUD NOISES:** Never underestimate the power of the unattributed rumour or report of personal failings. Mud sticks. If early signs of problems in a 3PI are not detected, these problems can compound and subsequently prove very difficult to overcome. The sponsor and, in particular, the intermediary need to keep a close ear to the ground to pick up issues and deal with them before they get too big and threaten success. Establishing a good working relationship with participants, individually and as a group, is invaluable in this regard.

5. **ARE YOU FEELING LUCKY?:** Much of the 3PI process is governed by luck, both good and bad. An unexpected development can decide the success or otherwise of 3PI. Risk may be lessened by regular environmental scans to anticipate untoward influences but there will always be the possibility of an event coming from nowhere derailing the intermediation – for example a new financial imperative, a political change or a new

technology. Bad timing and bad luck are intermediation's enemies. In that situation an exit strategy and cutting your losses makes the most sense.

2.5. LESSON THREE: EMERGENT FACTORS IN 3PI

TALC was confident in determining the eight enabling attributes and the five negative influences from the analysis of the 70 case studies, but a number of other less obvious factors also emerged during the review. These 'weak signals' showed up enough in the analysis to invite recording and they deserve attention – in both setting up future 3PI initiatives and in subsequent evaluation and research.

1. **VOLUNTEERS WORK BEST:** The two key elements in successful volunteering are firstly, "I trust you" and secondly "I feel OK about my own capabilities". 3PIs which build enthusiasm for the task, with participants willingly volunteering their time and perhaps other resources, are more likely to be successful. In this respect there was some evidence that the personal skills of the intermediary were a contributing factor to success, through engendering a high degree of trust from participants, and ensuring they felt comfortable with their role. It suggests that a sponsor should include a priority to these skills in selecting the intermediary.

2. **STRONG WOMEN MAKE GREAT INTERMEDIARIES:** TALC experience suggests that most capable women can lead 3PIs better than most capable men. The need to balance competing interests, put their own ego behind them, nurture the process and generally not behave in a dominant way are qualities learned and inherent in many women in business and government. A substantial number of successful intermediations, and related projects, were notable in that leading roles were played by women. It is not possible on the evidence to state conclusively that the central involvement of women in 3PI is a clear factor in its success. Nevertheless TALC's experience suggests that this gender-specific aspect is well worth consideration in design of 3PI, and that opportunities be taken to involve women in leadership roles with skills most likely to contribute to the success of intermediation.

3. **FOCUS ON OUTCOMES, NOT OUTPUTS:** The age old public service debate about outcomes versus outputs comes to rest heavily in 3PI. It was relatively straightforward to identify the inputs and outputs of the 3PI process. The outcomes were more difficult to bring out, yet they are the most critical aspects in judging whether 3PI is ultimately successful. The tentative conclusion drawn was that, in the initial design of 3PI, it was desirable for as much thought as possible to go into spelling out the outcomes sought. Where outcomes were better specified, this assisted the role of the intermediary and the approach of participants. The Australian experience has been to set outcomes usually at a higher order level applying across a substantial range of activities of a Department or agency. The emerging issue is how such high level outcomes can be unpackaged or detailed for a 3PI initiative to give more specific guidance to those closely involved.

4. **WICKED PROBLEMS ARE EVERYWHERE:** As with any policy tool, 3PI faces a challenge in dealing with wicked problems – problems which are very complex and often involve a

large number of stakeholders interested in finding solutions but coming from competing perspectives. However knowing that 3PI is working within the umbrella of a wicked problem can be very helpful to assessing the boundaries of what might be achieved and what other stakeholders may come into play. Here the application of systems thinking can be valuable. How valuable remains to be explored.

5. **COMPLEX IS NORMAL:** The interpretation of policy issues from the perspective of Complexity Theory was discussed in section 1.2. 3PI holds out real potential where it can be used to bring people and organisations with varying expertise together, to think through emerging issues and to engage in joint responses. Even where the policy issue seems impossibly complex, 3PI might also be to break down what seem unpredictable issues into some order to assist the framing of a response.

6. **EVOLUTION AND REVOLUTION AT THE SAME TIME:** The early signs are that 3PI can achieve both evolution and revolution in the right circumstances. The evolution comes from the ability of a skilled intermediary and a committed participant group to adapt the 3PI as it proceeds, say to better fit the structures to purpose and to respond to new issues which arise as the task is better appreciated. Such evolution can unfold over a number of years. The revolution comes from the 3PI causing fundamental shifts in perspectives, for example in prompting a total re-think of the policy approach or in building new, hitherto unanticipated relationships between stakeholders. The implications from a sponsor's point of view are to let evolution run as long as it is consistent with objectives and timeline, but also to expect the unexpected and be ready to respond to it.

The potential role of these six emergent areas in the future application of 3PI is further explored in section 3.3.

2.6 CASE STUDIES IN 3PI

Three case studies are provided to indicate the process and lessons involved with 3PI. The first, Mentoring, is from the TALC-generated grouping of intermediations. The second is a summary case study of the national TLWAG initiative. The third is taken from intermediations in which TALC played a role as participant rather than as lead, and covers the Freight Council programme jointly sponsored by the Commonwealth, State and Northern Territory governments.

CASE STUDY 1: MENTORING IN T&L

One of many ideas generated at a national forum arranged by TALC in 2005 to discuss mentoring in T&L developed into a project in its own right. It entailed supporting two pilot mentoring programmes run respectively by the Logistics Association of Australia/Australasian Production and Inventory Control Society (LAA/apicsAU), and the Australian Rail Track Corporation (ARTC).

The outcomes of the two pilot mentoring programmes were similar in the immediate aftermath, but very different over the longer term.

Both pilots were successful. They enthusiastically engaged mentors and mentees who praised the experience, and paid tribute to the people behind the pilots. In both cases energetic, committed women held key leadership and administrative roles in progressing the pilots. The LAA/apicsAU pilot was also promoted by a male champion from within the industry who also volunteered time to the apicsAU society.

A further national mentoring workshop was held during 2011, in part to evaluate the pilots through presentations by the participating organisations. Despite the success of their mentoring pilot, the ARTC advised that roll-out of further mentoring had not occurred for financial reasons. The ARTC published an evaluation of the mentoring pilot called Evolution 2006. In contrast, the LAA/apicsAU indicated that mentoring programmes were being held annually since the pilot and had been successfully extended into States other than NSW.

It also emerged that, during the time between forums, the Australian Logistics Council (ALC) had been given a Commonwealth Government grant in 2008 to support mentoring for women across the sector, and then passed this to the Chartered Institute of Logistics and Transport Australia (CILTA). In turn this programme was promoted by the Queensland Transport and Logistics Workforce Advisory Group (TLWAG-Q) and Transform (a unit within the Queensland Department of Transport and Main Roads).

LESSONS

1. Funding is an important issue: The mentoring pilot that evolved into an annual programme was designed and developed to be efficient, cost competitive and sustainable.

2. Committed leadership: This was required initially for the pilots as well as on an ongoing basis for mentoring programmes. It was noted that women played a pivotal role in the success of both pilots.

3. Championing of mentoring assists the spread deeper into T&L: The adoption of a mentoring programme by another industry association and the involvement of private T&L companies that support their employees' participation is testimony to the positive message that champions have spread. Additionally strategic leaders have introduced mentoring as a programme specifically targeting women in T&L.

4. The evolution of mentoring in T&L: This surpassed the initial expectations of the pilot programmes. In particular, the adoption of mentoring by CILTA and the TLWAG-Q through programmes such as the 'Women Moving Forward' mentoring programme was a welcome development. Good ideas are contagious.

5. Evaluation: The evaluation of the pilot programmes in 2011 gave rise to a discussion about the quality of mentor training. In turn, this led to the Transport and Logistics Industry Skills Council (TLISC) agreeing to develop an appropriate competency (or skills set) for training mentors in T&L.

CASE STUDY 2: NATIONAL NETWORK OF TRANSPORT AND LOGISTICS WORKFORCE ADVISORY GROUPS

In 2009 a network of Transport and Logistics Workforce Advisory Groups (TLWAGs) was established in each State and the Northern Territory to give effect to the Workforce Planning and Skills Strategic Action Plan (SAP) which had been endorsed by the ATC Ministers. The Plan outlined specific challenges facing the T&L sector and recommended actions under the following themes:

1. Collaboration and Coordination

2. Skills Supply and Labour Market

3. Education, Training and Qualifications

4. Careers

5. Safety and Security

In most cases secretariat support was provided by a relevant State or Territory government department whilst TALC provided national facilitation. All TLWAGs developed their own plans to give effect to the SAP in priority areas in their jurisdiction.

Membership of TLWAGs was drawn from T&L businesses, public corporations, government agencies, unions and education institutions. TLWAG outcomes were presented, discussed and shared at annual forums held in 2010, 2011 and 2012. Notable results included:

- using mentoring programmes to assist attraction and retention strategies, to target specific groups (women, Indigenous workers), and to address skills shortages;

- developing programmes to attract young workers into T&L careers through VET qualifications and industry placement;

- building industry awareness through initiatives such as DVDs, printed booklets and special events such as promotional days and attending careers expos;

- collecting industry data through the T&L industry gauge (online survey), which captured a snapshot of industry trends;

- developing and strengthening of networks with registered training providers; and

- re-launching the Logistics Information & Navigation Centre (LINC), an online career information repository hosted in South Australia and now supported by most States and the Northern Territory.

The relative success of TLWAGs in implementing their plans was influenced by a diverse number of factors and timing. Variation in activity and performance differed across the network and during an individual TLWAG's timeline.

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LESSONS

1. Committed leadership: Where strong and committed leadership was evident, and the TLWAG leader was successful in maintaining the Group's focus on what needed to be done, the TLWAG achieved results in implementing its plan.

2. Committed players: Prudent invitation/selection of TLWAG members though existing networks of committed industry players paid dividends. Having key members on board with drive and enthusiasm was a major success factor. Strong networks of T&L women directly and indirectly lent support to TLWAG activities.

3. Competent secretariats: Successful TLWAGs had a supportive, enthusiastic and competent secretariat, either provided by a government department or agency or by a non-government source.

4. Funding is important: The availability and continuity of financial and other resources was critical to the success of TLWAG initiatives. Conversely, where resources were suddenly withdrawn or ran out, TLWAG initiatives were at risk of grinding to a halt.

5. Innovative solutions: TLWAGs have been innovative in their resourcing. There were a number of instances where TLWAGS were able to marshal funding and support from new sources when previous ones were closed off. This included the setting up of new secretariats. Using partnerships and networks with other organisations or government agencies was fundamental to this flexibility.

6. Networks of volunteers help: TLWAGs, like most volunteer based groups, are affected by the 'churn and burn' factor where committed people for a variety of reasons can no longer sustain their contribution. However in their short period of existence many of the TLWAGs that lost members have shown resilience by replenishing their ranks through tapping into pre-existing industry and professional networks.

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CASE STUDY 3: AUSTRALIAN FREIGHT COUNCILS

Commencing in 2000, Freight Councils were established as a joint initiative of the Commonwealth, State and Northern Territory governments. Matched funding was provided by both levels of government. The Freight Council model brought together industry, government and other stakeholders with interests in freight and logistics to undertake industry research, share information on freight and logistics issues and participate in industry forums.

The Councils initially were focused on freight issues related to air and sea exports, but gradually broadened their coverage to include all freight flows. In the larger States, this led to a number of amalgamations to create single Freight and Logistics Councils.

Most Freight Councils had formal organisational structures, either as incorporated associations or companies limited by guarantee. The Australian Freight Council Network developed to provide a co-ordination role for the sharing of information across the Councils and to undertake joint activities.

In 2002, the Australian Logistics Industry Strategy (ALIS) was developed as part of the Commonwealth Government's Action Agenda program. The ALIS set out an ambitious strategy which the Councils followed and implemented in a major way.

Some of the more notable achievements by Freight Councils included:

- development of the Logistics Information & Navigation Centre (LINC), a national T&L career path information site;

- studies on air freight security at major airports;

- compilation of statistics on airfreight traffic;

- mapping of freight flows and container movements in and out of major ports which addressed efficiency impediments;

- industry presence at career expos and participation in industry branding initiatives;

- research and joint projects in areas such as cold chain management;

- studies on strategies for establishing distribution centres; and

- co-operation on cross-border freight issues (such as around Mildura in Victoria).

With the passage of time, many Freight Councils have either disappeared or been replaced in function by other freight and logistics advisory and research bodies. The demise of these Councils was mainly due to removal of funding by State governments which, in turn, meant the Commonwealth would no longer continue to provide funding as per the agreed joint arrangements.

However the path of the Freight Councils over the last 13 years shows a considerable capacity for the original intermediation model to adjust and evolve, and confirms the value of networking and resulting advice to governments on freight and logistics matters. The extent of achievement by individual Councils was related to the consistency of adherence to 3PI success factors.

LESSONS

1. Funding is important: The Freight Councils were reliant on government support. Funding arrangements in the early years especially often led to late payments which hampered workflow and planning. When government support was withdrawn, the Councils had only a limited future due to lack of other funding sources. There was no financial base to fall back on, despite existence in many cases of enthusiastic Committees and memberships.

2. Committed leadership leads to results: Where a Freight Council was headed by a committed and enthusiastic Chair and Committee, innovative and positive results occurred.

3. Instability disrupts: Freight Councils that experienced regular changes in leadership were hampered by the lack of continuity and disruption in governance, and tended to lose effectiveness and cohesion.

4. A good secretariat is golden: The availability of a competent and committed secretariat was of immense assistance to Councils, especially those with a high proportion of non-government representatives. In some cases turnover of Executive Officers disrupted project planning and implementation.

5. Government representation provides signals: The representation and involvement of a State Government on a Freight Council had a bearing on perceptions and effectiveness. Where there was interest from Ministers and senior officials, the importance of the Council was validated and industry participation encouraged. Conversely, where industry representatives judged government involvement as not indicating a priority to Council work, it was more difficult to achieve more senior industry representation and industry input overall.

3: MAKING 3PI COMMONPLACE

Chapter 1 of this Report examined the forces for change in the way the APS approaches policy development and implementation, and identified the additional pressures of policy complexity and speed-to-answer. Third party intermediation is seen as fitting well into this current and emerging environment, providing the basis for innovative and collaborative policy outcomes.

Chapter 2 reviewed the experience of TALC as a third party intermediary, and distilled the lessons from that experience. That process identified eight enabling factors as important to nurture for successful 3PI, and five negative influences to guard against. Six emergent areas also were drawn from TALC's experiences that, while not as yet conclusive, are worth exploring in future 3PI applications.

This Chapter draws these two strands of discussion together by providing a framework for applying 3PI - assessing situations where it can be effectively used, designing the appropriate form of a resulting 3PI, setting it up, managing the process and evaluating the results. The Chapter then addresses systemic barriers to the wider application of 3PI which while difficult for a single Department or agency to overcome should be pursued through broader channels of government. To conclude, some thoughts are provided on emerging issues for 3PI.

3.1 WHAT TO PACK FOR THE JOURNEY – TOWARD BEST PRACTICE IN 3PI

As indicated earlier in this Report, 3PI has been and is being applied by Australian governments in a variety of forms. However its various dimensions are not always appreciated, nor the task approached in a methodical way, meaning that 3PI is not fulfilling its potential. This section seeks to provide a logical framework for applying 3PI, as a start to establishing a best practice structure.

STEP 1: TESTING THE WATERS - IS 3PI APPROPRIATE?

An initial step is to analyse thoroughly the issue at hand, establish that there are indeed real problems or opportunities, and then decide whether 3PI is suited to do the task. Tasks suited to 3PI are more likely 'cutting edge', involve a range of stakeholders, require engagement and collaboration, and have a degree of complexity. Other considerations might be whether the issue raises questions outside the available skill set of the sponsoring agency, or whether 'in-house' resources are fully committed to other priorities.

The time span for addressing the issue is important to consider, both in terms of the development of a response and then its implementation. Here a balance needs to be struck between the time taken to decide the policy response, and the time for that response to have an impact. A little more time in canvassing all options, and then settling the details of the preferred approach, can pay dividends. The required impact can be achieved in a shorter time frame overall, compared with a rushed answer and implementation then being ineffective or taking too long.

The sponsoring agency needs to assess its capacity to set up and oversee a 3PI approach. Are the structures and skills in place to support 3PI? Is the agency's resourcing sufficient to support an effective 3PI? If not, go no further.

The remaining initial task is to assess the major areas of risk, and their probability and magnitude of occurrence, involved in using a 3PI approach. This step includes identification of major stakeholders and their likely attitude to participation. Will the key stakeholders be able to work together or might vested interests prove to be unmanageable? The incidence of risk is also important – for example, is the risk of failure likely to cause political fallout or loss of standing for the sponsoring agency, or do particular sectional interests stand to lose and be vocal if a 3PI is not successful?

STEP 2: DESIGNING THE 3PI

If 3PI passes the initial test of suitability, and the decision is made to go ahead, the next step is to get the design of the 3PI right. This involves clear specification of the purpose and scope of the task, and the timeframe over which the 3PI is to take place. Is the 3PI to focus on policy development or policy implementation alone, or potentially move through both development and implementation stages? Mapping the desired outputs and outcomes of the 3PI and their timing provides a basis to proceed.

A budget for 3PI must be struck that is sufficient to meet the purpose, if necessary spread over several years, and be made available in a way that supports the flow of work.

Another key design task is to decide the governance structure – for example, where do key accountabilities fall, what decision-making arrangements are appropriate? Is an informal structure sufficient for purpose, or is a formal arrangement necessary (such as setting up an incorporated association)?

Other issues to take into account are whether the sponsor itself intends to have a close involvement, either through membership of the intermediation group or through providing secretariat functions for an independent leader. If there is not to be intense 'day-to-day' involvement then it is necessary to consider the oversight arrangements by the sponsor in terms of the frequency and detail of reporting, desk officer/intermediary contact, and scheduling of major review points.

The type of intermediary to be engaged (an individual or an organisation) and the capabilities sought in the intermediary need to be discussed and decided. Baseline skills should include the ability to bring a disparate group together, capacity to work within a volatile environment as experience is gained and adjustments are made, negotiation and conflict resolution skills, and a capacity to engender trust and draw out contributions from all participants. Specific attributes might be required for a particular task – such as a high level of knowledge of the subject area, locational availability, and experience in dealing with government and public policy issues.

Then there is the decision to be taken on how the intermediary is to be selected – through a direct approach, choice from a short-list panel, or by seeking expressions of interest. An

established track record in successfully managing complex intermediation initiatives should be a key element for selection.

Two tasks commenced in Step 1 need to be continued in the design stage. The first is a rigorous process to ensure that all stakeholders have been identified, to make sure none are left out of consideration. The second is to take the risk analysis further to develop a risk management plan appropriate to the nature of the 3PI.

The 'public' nature of the 3PI requires consideration – will it be a relatively closed process with participation by all the main interests, or will other parties be invited to contribute through consultations or requests for submissions? This brings into play whether public announcements are required – ranging from no announcement ('under the radar'), to basic announcement of the 3PI's establishment ('for the record'), to more extensive targeting of industry journals and associations to engender knowledge and interest ('building awareness').

Consideration of evaluation arrangements for the 3PI is part of the design stage, particularly where that evaluation will be supported by particular data on outputs and outcomes that will need to be collected or monitored from the outset.

Finally, for a more complex 3PI, an initial round of consultation (or even some form of pilot testing) may be required with key stakeholders before final decisions on design are taken. This step would also have the benefit of building joint ownership of what is to follow. Alternately the consultation may provide grounds for the sponsor to reconsider the use of 3PI, or the necessity to address the underlying problem or policy.

STEP 3: SETTING IT UP

The first stage in set-up is to select the intermediary. This is perhaps the most critical decision in the whole process. The intermediary can then be brought into the remaining tasks involved in establishment of the 3PI. Indeed, it might be that much of the establishment phase is left now to the intermediary, so marking a point of 'step back' for the sponsor.

An aspect of deciding respective roles is the nature and issuance of invitations to participate – are invitations to join the 3PI to be issued by the sponsor or by the intermediary? Does the sponsor want to provide participants with a statement or briefing on the nature of the task and expectations and timelines for results? This could also be a point for a public announcement of the 3PI.

For the sponsor, it is important that this stage sees the most appropriate part of the agency identified for the task of overseeing the 3PI, and given clear responsibility for its carriage. The personnel involved need to be 'on board' with the concept of intermediation and have appropriate time and skills to devote to the task.

STEP 4: MANAGING THE INTERMEDIATION

From the sponsor's perspective, this could be another point where there is a 'step back', and the intermediary is left to run the 3PI, subject to the agreed reporting and monitoring arrangements. More substantial reviews scheduled at certain time points or milestones would allow the sponsor to be assured of progress.

Alternatively, the sponsor could continue a more 'hands on' role as an active participant, or take on an observer role, or provide the secretariat or other resources. Such involvement, of course, needs to be well judged to avoid any sense of usurping the role of the intermediary and being seen by participants as being the de facto leader of the intermediation. Reaching this situation would effectively take the task out of the realm of 3PI, and could well threaten the commitment of some participants.

Through this phase, both the sponsor and intermediary need to keep close attention on how the intermediation is working. For example, some participants might have become disaffected, or external developments might be emerging that require changes in plan. The sponsor and intermediary will need to discuss these circumstances and make adjustments accordingly, bringing other participants along with them.

STEP 5: EVALUATING THE OUTCOMES AND FOLLOWING UP

Finally, when the 3PI is completed or a major point of assessment reached, an evaluation needs to be undertaken by the sponsor. For more complex 3PIs, this may be assisted by engagement of an independent reviewer.

The evaluation should cover the process of the 3PI and its strengths and weaknesses, analysis of any key issues that arose during the 3PI and related adjustments made, and the outputs and outcomes of the process. It would be expected that the evaluation be undertaken in consultation with the intermediary and participants.

The conclusion of the intermediation is an appropriate point for the sponsor to acknowledge the contribution of the intermediary and the participants. Where the next stage moves into the sphere of the Minister and/or the Department or agency, subsequent feedback on decisions taken should also be passed on. Constructive feedback in this way will lay the foundation for future 3PI initiatives, and help build longer-term engagement with the individual stakeholders involved.

SPONSOR'S CHECKLIST FOR THIRD PARTY INTERMEDIATION (3PI)		
PRIMARY ACTION	QUESTIONS	YES/NO
Step 1- Is 3PI appropriate?		
TESTING THE WATERS ASSESSING IF 3PI IS APPROPRIATE	1. Is the issue complex and outcomes uncertain?	☐
	2. Does the issue require agreement amongst a wide range of stakeholders?	☐
	3. Are there divergent views about the framing of the right questions in the first place?	☐
	4. Is there sufficient time to follow a 3PI process, against policy imperatives?	☐
	5. Is it possible to conduct an analysis of the various dimensions of risk involved in undertaking a 3PI?	☐
	6. Is the agency prepared to underwrite a 3PI approach?	☐
		If all YES proceed to the next question; if some are NO, then reflect on the issue and re-assess the best process for policy development before proceeding.
Step 2- Designing the 3PI.		
FRAMEWORKS FOR DESIGN This is a very Important step. These questions provide the framework for detailing the 3PI design	1. Do we have a clear understanding of the purpose, scope and objectives?	☐
	2. Can we map the desired outcomes and the timeframe?	☐
	3. Is it intended the 3PI proceed through policy development to an implementation stage?	☐
	4. Can we map the breadth of consultation needed?	☐
	5. Is there a commitment to support the 3PI for the life of the project?	☐
	6. Have the identified risks in undertaking a 3PI been reviewed and documented in a risk management plan?	☐
	7. Have appropriate evaluation arrangements been considered for the 3PI?	☐
		If all YES proceed

It is important for sponsors to ensure that these five steps are rigorously followed if the 3PI is to get off to the right start and to operate effectively. Attachment 1 provides a checklist for a 3PI sponsor to apply, covering the above sequence of Steps 1 to 5.

3.2: FIVE CHALLENGES FOR THE PUBLIC SERVICE

Working toward a best practice framework is one of two critical actions in bringing 3PI into wider use. That framework will no doubt be enhanced with experience, and lead to greater effectiveness in 3PI application. The second critical action to seeing 3PI in more commonplace usage in public policy is creating a supportive environment for its application.

Five challenges are highlighted as facing the APS to create an environment where 3PI is an option of choice in policy development and delivery. These challenges touch on familiar ground, as issues related to each of the five have been alive in debate about APS future directions for some years now – as reflected in section 1.1.

The increasingly pressured operational environment for the APS has added to the effort required to implement major shifts in approach, and it is not suggested that change to meet the five challenges will be easily made and be smooth and continuous. Taking a longer view though, even the most difficult of all leadership tasks – making lasting changes in culture - can be achieved through concerted and persistent strategies from both central and line agencies, and support from the Government and the Parliament.

Underlying the task of meeting the five challenges is the presumption that the three forces high in the public sphere highlighted in the first Chapter of the Report will persist over the coming decade: (1) the need for collaboration and stakeholder engagement, (2) the complex and uncertain nature of many policy issues, and (3) the pressure for speed-to-answer.

CHALLENGE 1: RETHINKING ATTITUDES TO RISK IN PUBLIC POLICY DEVELOPMENT

It is now almost 15 years since the APS recognised the need to better assess risk in its operations, and to develop risk management strategies. The more recent encouragement to innovation by APS Leaders also included an appreciation of allowance for risk when developing new policies and practices.

Application of 3PI brings in another dimension of understanding and managing risk. A 3PI effectively involves risks being shared between the sponsoring policy group and the participants in the intermediation. Sponsoring public servants must resist the desire to closely control the process so as (in their view) to minimise the risk to government, but rather set up a 3PI to allow the parties to contribute fully and to be encouraged actively to do so, at the same time as indicating the shared risk in the policy process.

Risk will, of course, rarely be shared in equal proportions between the government department as 3PI sponsor, the intermediary, and the participants. As the intermediation is a public sector initiative, a substantial part of the risk of failure of the 3PI process itself, or the policy that results from it, will inevitably be borne by the sponsor. However it is important also to recognise that risks will be faced by intermediary (in terms of loss of professional standing) and the participants (in terms of the time and resources contributed, and lack of success in meeting concerns of constituencies and the community generally). These risks will, of course, be matched in sharing of the success of a 3PI initiative.

Meeting the challenge of better appreciating risk in the policy context, and then in handing that risk, is not an intractable problem. The APSC commented in 2009 that

> *"The new modes of policy implementation are riskier than traditional bureaucratic approaches because they involve experimentation and greater collaboration with parties that have incentives to challenge standard procedures. But while it may not be possible (or desirable) in the new modes of implementation to control the way things are done, it is possible to manage and mitigate the risks."[25]*

As indicated in section 3.1, the assessment of risk and a risk management plan are important tasks in a decision whether to go with a 3PI approach, and then in its design. The more extensive use of 3PI will therefore provide a valuable contribution to achieving broader changes in attitude to risk in policy development.

CHALLENGE 2: BROADENING THE SKILLS BASE OF THE PUBLIC SERVICE

Successful 3PI relies heavily on the skills of the contracted intermediary. However this 'outsourcing' isn't enough in itself for success. 3PI will only become commonplace if it is used effectively by its public service sponsors, commencing with them automatically thinking of the option of 3PI in addressing a policy issue, then putting a resulting 3PI into place.

To achieve this situation, the skills base of the APS will need to be enhanced. The management culture will need to give much greater encouragement to building facilitation, engagement, negotiation and mentoring skills sets. These skills can be developed through professional development programs, targeted coaching and mentoring, and recruitment.

In 2009 the APSC summarised the task ahead in adjusting to a new policy environment, one in which 3PI will be applied:

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[25] Australian Public Service Commission. (2009). *Delivering Performance and Accountability.* Canberra, page 36.

"A continuing investment needs to be made in providing practical support for public servants dealing with intractable problems. New modes of public policy implementation require capabilities in problem framing and boundary setting, the ability to generate fresh thinking on intractable problems, methods for working across organisational and disciplinary boundaries, and techniques for effective decision-making in situations characterised by high levels of uncertainty. Public servants will need to tolerate rapid change in the way problems are defined and to engage stakeholders as joint decision-makers rather than providers or recipients of services."[26]

Advances in these areas will specifically assist the application of 3PI, by creating a culture of encouragement of initiative and learning, where the forces underlying behavioural change are well understood. Enhanced capability in systems thinking, and in making the connections between the multiple causes and interdependencies of complex, wicked problems will also contribute.

The public service officer who is best able to apply 3PI will exhibit all or at least most of the following characteristics:

1. Ability to work co-operatively and build relationships across public, private and non-profit sectors, and leverage these to build networks of mutual benefit;

2. Ability to see the big picture, and to make connections between multiple causes and interdependencies of policy issues;

3. Ability to work and communicate effectively in a multi-disciplinary environment, to facilitate collaboration and strategic thinking;

4. An understanding of innovation processes, and judgment in taking calculated risks where innovation is required;

5. A record of initiative, being proactive and results focused;

6. A well-developed capacity to respond to changing circumstances, and adapt to uncertain situations; and

7. Ability to apply a 'light touch' in managing projects while ensuring key accountabilities are maintained.

The 2012 APSC *Capability Review of the Department of Infrastructure and Transport* identified a number of skills requiring further development to enhance the Department's stakeholder engagement, and the following are relevant for successful 3PI:

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[26] Australian Public Service Commission. (2009), op cit, pp. 39-40.

- Sophisticated stakeholder relationship skills and flexibility to work with innovative new organisational forms consistently across the Department;

- Formal stakeholder management strategy;

- Stronger commitment to higher staff performance;

- Encouragement of innovation;

- Improved formal development opportunities for SES cohort;

- Better understanding of market-related issues in some sectors; and

- Greater identification of systemic risk.

While new skills are central to the spread of 3PI, one long-recognised baseline capability is also fundamental – project management. A 3PI initiative should not be considered if the sponsor does not have confidence in its capability in project management. The intermediary should also be selected on the basis of being able to provide effective project management once the 3PI is up and running. Project management skills are implicit throughout the preceding section 3.1 and the Sponsor's Checklist at Attachment 1.

CHALLENGE 3: FORGING PERMANENT ENGAGEMENT WITH STAKEHOLDERS

In a situation where 3PI is commonplace, engagement with industry and other stakeholders will be part of the normal way that the public service does business. This will feature regular programmes of consultation, communication and conversation with key stakeholders. These programmes require a multi-year commitment, as productive relationships will not be created until stakeholders judge that Departments and agencies are serious about seeking constructive interchange, and that the public service has the time, commitment and skills to back it up.

The IPAA has commented that policy needs to be seen as an area of capability, rather than competence, for the public service. Part of this capability rests in engaging effectively and directly with stakeholders.

> *"In the emerging policymaking system policy makers should have knowledge about how to manage community consultation and engagement, negotiate with stakeholders and constituencies, and reach consensus and compromise."[27]*

Stakeholder engagement is another area where culture change is critical to match enhanced skills. Engagement needs to be emphasised as a high priority for the public service when it works with policy development and implementation responsibilities. Making achievements in networking and collaboration a central feature in performance assessments, and in decisions on promotion, will help kick-start the cultural change required.

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[27] Institute of Public Administration of Australia. (2012), op cit, page 24.

Establishing and maintaining high quality engagement is a particular challenge for Canberra-based Departments and agencies. The capital is full of lobby groups who profess to speak as key stakeholders, but it is not always the case that the representation offered gives a sufficiently wide range of views. This is a particularly important consideration in setting up a 3PI initiative, where specialised and/or local knowledge is also important, and where capture by vested interests is to be avoided.

CHALLENGE 4: LETTING GO OF THE NEED TO CONTROL THE PROCESS

Policy development will be seen as a wider industry and community issue, and not just an issue for experts in the public service to resolve. In order to successfully manage policy work, public servants will need to learn to 'let it go' in many cases.

This is a different perspective on 'jointness' than the sharing of risk addressed in Challenge 1. Increasingly, the public service will be recognised as having high capability in policy development more for its ability to bring together a policy proposal by harnessing the input of a wide range of interests and expertise, and less for individual analytic and advocacy skills.

'Letting go' needs to be recognised internally as well as externally, and trust is fundamental to both. Senior APS officers must allow subordinate staff freedom to manage 3PI projects, and encourage their full engagement in the process. Supporting a strong 'contract' between the desk officer overseeing a 3PI and the intermediary will help in building this trust.

Externally, selection of the right intermediary for the task is a critical decision. This will help allay concerns of more senior officers, and facilitate day-to-day dealings between the desk officer and the intermediary.

One way of encouraging 'letting go' is through initial work to test the feasibility of a 3PI initiative. An initial consultancy or small-scale pilot involving stakeholders can greatly aid the quality of the final proposal and build initial foundations of 'jointness' in a 3PI.

CHALLENGE 5: RECOGNISING AT THE HIGHEST LEVEL THAT THERE CAN BE ALTERNATIVE METHODS FOR ACHIEVING POLICY OUTCOMES

Change cannot be achieved by actions in line Departments alone. Central Departments and agencies will need to provide support and encourage innovation.

In its 2009 paper, *Delivering Performance and Accountability*, the APSC noted that accountability and performance management arrangements for the APS still draw heavily on a past era. This situation is seen as both forming a general constraint to the development of innovative approaches, and creating accountability gaps where the public service has no option but to respond to new problems without a more accommodating 'safety net' of accountability. These influences are seen as pushing public service officers back to the more traditional forms of policy development and implementation.

In this context, the APSC argues that APS leadership has a critical role to play in encouraging more adaptive and inclusive approaches:

> *"Public sector leaders may need to recognise that there are no ready answers to a problem and be prepared to open processes up to collaborative decision-making and adaptive learning.*

> *"This could include, for example, exempting adaptive projects from some of the usual performance assessment rules, instituting reporting arrangements that are better suited to conditions of uncertainty and complexity, such as longer reporting cycles, and reporting on lessons learnt, rather than on results achieved."[28]*

To support 3PI, it will be critical that senior APS leaders come forward as champions, and argue the case for the shift in focus of policy development by highlighting the benefits of 3PI. In this advocacy, the element of risk involved in 3PI also needs recognition. Being open about progress is important – not only in promoting successes but in recognising cases where 3PI doesn't go to plan. All 3PI applications should be treated as learning experiences.
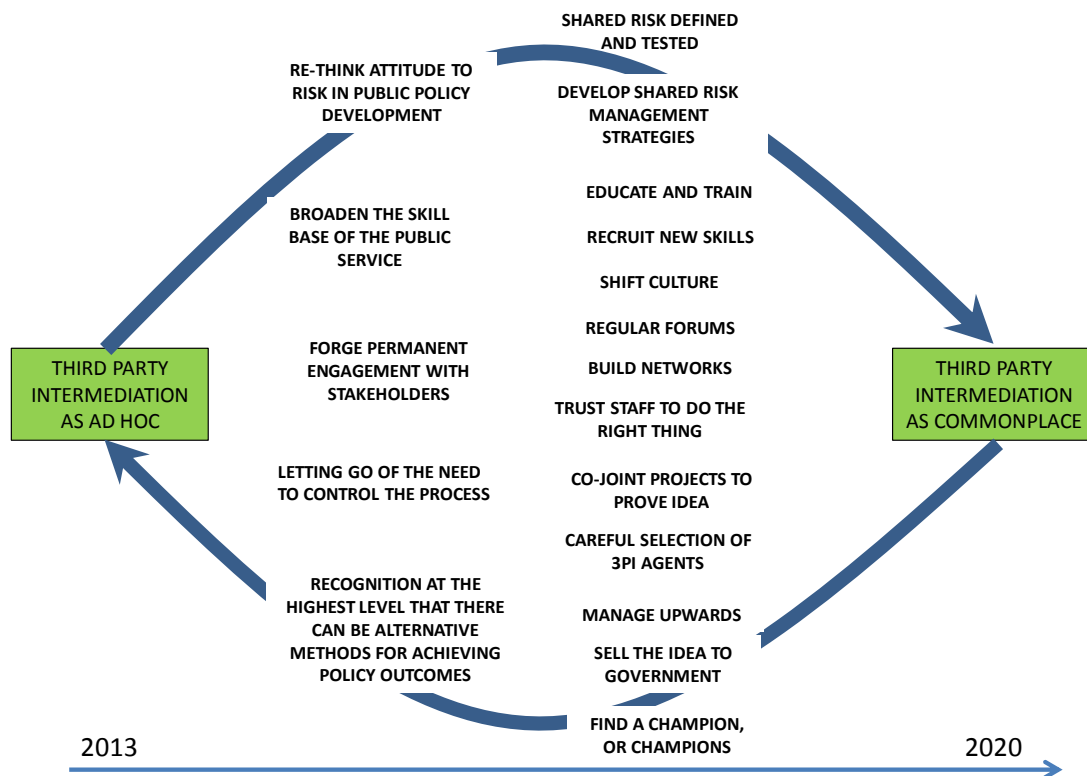
Outside the APS, the Government of the day has a central role to play in supporting Departmental application of 3PI. Ministers and their offices should be alert to the possibility of applying 3PI in suitable cases, and being supportive of resulting 3PI initiatives. There may also be valuable insights in spelling out the issues from the Government's perspective, identifying key stakeholders, and setting down the core skills required of the intermediary. No doubt there will be instances where political considerations are paramount, and a Minister sets up a 3PI, selects the intermediary, and then passes on management to his or her Department. In such circumstances, to the extent possible, the logic of the steps set out in section 3.1 should still be followed.

Parliament as a whole must understand the changes involved in greater use of 3PI, understand that there are risks involved, and appreciate that the goal is to achieve better policy outcomes. This applies, for example, to Estimates and other Committees in their review of Departmental activities and specific policy references. A new degree of political sophistication will be required in recognising where a genuine, if not ultimately successful, attempt at collaborative and innovative policy has been made.

Shifts in attitude will in turn be required on the part of media and other commentators on policy performance. Ministers and public service leaders have an important role here as advocates of 3PI. Stakeholders should also be encouraged to come forward with their views on how they see 3PI as adding to the policy process.

A summary of the key actions against the five challenges is provided in the diagram below.

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[28] Australian Public Service Commission. (2009), op cit, pp. 35-36.

SHARED RISK DEFINED
AND TESTED

RE-THINK ATTITUDE TO
RISK IN PUBLIC POLICY
DEVELOPMENT

DEVELOP SHARED RISK
MANAGEMENT
STRATEGIES

BROADEN THE SKILL
BASE OF THE PUBLIC
SERVICE

EDUCATE AND TRAIN

RECRUIT NEW SKILLS

SHIFT CULTURE

REGULAR FORUMS

THIRD PARTY
INTERMEDIATION
AS AD HOC

FORGE PERMANENT
ENGAGEMENT WITH
STAKEHOLDERS

BUILD NETWORKS

TRUST STAFF TO DO THE
RIGHT THING

THIRD PARTY
INTERMEDIATION
AS COMMONPLACE

LETTING GO OF THE NEED
TO CONTROL THE PROCESS

CO-JOINT PROJECTS TO
PROVE IDEA

CAREFUL SELECTION OF
3PI AGENTS

RECOGNITION AT THE
HIGHEST LEVEL THAT THERE
CAN BE ALTERNATIVE
METHODS FOR ACHIEVING
POLICY OUTCOMES

MANAGE UPWARDS

SELL THE IDEA TO
GOVERNMENT

2013

FIND A CHAMPION,
OR CHAMPIONS

2020

3.3 EMERGENT IDEAS – THE JOURNEY CONTINUES

As with all good ideas drawn from experience and real life, there are some obvious lessons and some hidden possibilities. The hidden factors in 3PI are the ones TALC refers to in section 2.5 as 'weak signals' coming through from the 70 case studies. As they say in the best detective stories, "clues hidden in plain sight". As we progress the 3PI journey these signals may get stronger, or they may disappear over time. They may have meaning in the process, or they may be coincidental. The challenge is to determine which of them will remain useful for the process of successful intermediation in policy development.

VOLUNTEERS WORK BEST

Policy development at the centre often relies on professionals and experts who undertake 3PI as part of their day job. That is, they may be passionate about the topic, feel that it is important in the wider scheme of things, but essentially they undertake the role because they were either instructed to look at it, or they sought remuneration from it. Both are honorable motivations for action, but in the TALC case studies we found that when volunteers from industry and the community engaged, intermediations tended to succeed equally as often. Volunteers tend to be committed to the cause, and will ensure the result because it reflects on their heartfelt desire to get this particular job done.

At one level this is self-evident in many areas of community and social activity, but in the case of 3PI it requires a volunteer who is not only willing, but also skilled, experienced and knowledgeable. Not just anyone can volunteer in 3PI. The person has to come from the

sector under review, have worked in the business, and be able to put aside their private agendas to make the 3PI process work.

It may be possible for such volunteers to supplement 3PI, sometimes to lead 3PI, and even initiate 3PI. This was what the case studies tended to demonstrate, but the evidence for using volunteers as the basis for successful 3PI on their own or as a core to every process was not there. Volunteers clearly have a role to play, but what it is in detail is not clear. It requires further examination and reflection.

STRONG WOMEN MAKE GREAT INTERMEDIARIES

In a majority of the successful case studies, and by anecdotal evidence as the Report was being compiled, it was clear that the presence of a strong woman leading the process added to the chances of a good outcome. TALC had the opportunity to work with both men and women over the last decade in many different roles and projects. In hindsight we were intrigued by the number of very successful 3PI initiatives where, when we went back and analysed the reasons for their success, one of the reasons was almost always the leadership and engagement by a strong, professional and enthusiastic woman.

There were successful projects with men leading them, and failed processes with both men and women leading them. However, as we added up the case studies, there seemed to be something about the successful intermediations that were led by women. They tended to be more persistent in their approach, better networked and more focused on the final result as well as the process itself. Again, this was a weak signal and not obvious across all intermediations, but worthy of note for the future.

FOCUS ON OUTCOMES, NOT OUTPUTS

It is a dictum in modern management that one should focus on achieving the changes in behaviour 'out there' wrought by the work, not the mindless repetition of actions to give limited results within constrained goals. This is often easier said than done. Yet in the successful case studies examined by TALC, a focus on the bigger picture and the changes to be made often marked the difference between an efficient 3PI and a purposeful 3PI.

We felt that although there was always a mix of outputs and outcomes in every case study, the more successful intermediations were the ones that left the stakeholders feeling as though their lives were different and improved in business and at a personal level. Changes in behaviour were seen as more important than one-off accounts of a pilot study, a workshop or a policy submission.

This "hidden in plain sight" signal seemed to TALC to be the subject of considerable cognitive dissonance in the public sector in particular. It was a theme often discussed, often stated in writing, but then lost in the intensity and the process of 3PI. It was challenging for individuals to return to the outcome/purpose of the intermediation once it was seen to be up and running and accepted by everyone involved with it. The tendency to focus on outputs became overwhelming.

'WICKED PROBLEMS' ARE EVERYWHERE

In spite of a school of thought that there are not such things as wicked problems, only really hard ones, TALC felt that some of the questions and answers uncovered during the decade did fit in the Domain of Chaos outlined earlier in section 1.2 of the Report. They had not generally agreed answers, and certainly no generally agreed questions to be analysed. For example, what is the best way to engage all children at schools in Australia with career opportunities in transport and logistics? This is not only a complex problem; it has political, social, economic and generational factors mixed in with it.

TALC felt that although there were some obvious wicked problems around the transport and logistics sector, many were unrecognised. They were also hard to pin down and describe. That is the very nature of a wicked problem. We did not have time to explore this dimension further but we sensed that it might be important in 3PI processes going forward. There might be the risk that a problem subjected to a failed 3PI process might be seen as not resolved because of the 3PI approach, rather than the inherent intractable nature of the problem itself.

COMPLEXITY IS NORMAL

One weak signal that has become stronger over the last decade is the complex nature of policy issues in any event in Australian and worldwide. The nature of politics and economics in the 21st Century makes policy a more challenging process. There are growing uncertainties, unknown factors and a pressure for speed-to-answer and fast deployment of policy outputs and outcomes. 3PI has a role to play in this environment, because it manages complexity well, but the best location of 3PI in the policy arena is not yet clear.

TALC is of the view that further experimentation and pilot projects are required before the use of 3PI in complex policy work is likely to be well understood.

YOU CAN HAVE EVOLUTION AND REVOLUTION AT THE SAME TIME

In all TALC's work the general principle has been evolution, not revolution. However, it has become noticeable that there are moments in time when launching an innovative 3PI to upset, annoy and confront the status quo has been successful in changing policy directions at the local level. The question left hanging in this work and over the last decade is can the two principles co-exist at the same time? There is some evidence that they can, but that the risk is greater than normal for push back and failure. Where the intermediations have endured, the industry stakeholders and the 'wild cards' of their world often take the 3PI in new and revolutionary directions because they can see the benefits on the ground before they are seen in policy central.

In the future it may turn out that one of consequences of adoption of 3PI might be that the idea of cautious steps combined with radical leaps in the one intermediation could take policy further and faster than any linear, conservative or innovative idea rapidly implemented. It is a notion worth watching.

3.4 FINAL WORDS: THIRD PARY INTERMEDIATION IS A USEFUL TOOL TO NAVIGATE UNCHARTED WATERS, BUT NOT IN THE HANDS OF INEXPERIENCED SAILORS

If we return to the beginning of this Report's analysis, we find ourselves positioning the future application of Third Party Intermediation or 3PI firmly in the quadrant of intersecting public and private interests.
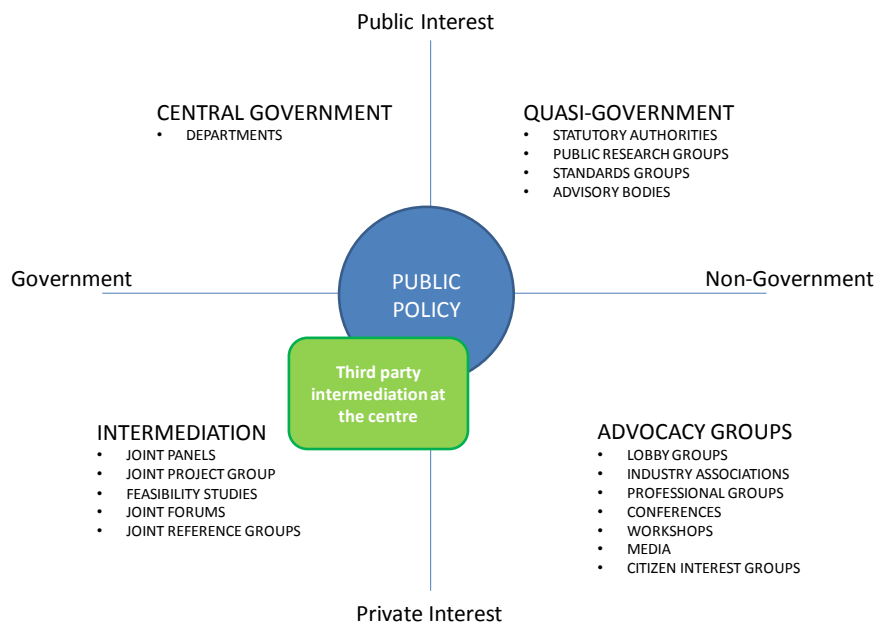
Terms like 'joint' and 'collaborative' abound in this arena. The bringing together of key public and private stakeholders is an obvious and logical extension of policy development. What is neither obvious nor logical is how to do it in practice. TALC's experience holds lessons for all public policy work, not just in transport and logistics.

The journey continues …..

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ATTACHMENT 1

	SPONSOR'S CHECKLIST FOR THIRD PARTY INTERMEDIATION (3PI)	
PRIMARY ACTION	**QUESTIONS**	**YES/NO**
Step 1- Is 3PI appropriate?		
TESTING THE WATERS **Assessing if 3PI is appropriate**	1. Is the issue complex and outcomes uncertain? 2. Does the issue require agreement amongst a wide range of stakeholders? 3. Are there divergent views about the framing of the right questions in the first place? 4. Is there sufficient time to follow a 3PI process, against policy imperatives? 5. Is it possible to conduct an analysis of the various dimensions of risk involved in undertaking a 3PI? 6. Is the agency prepared to underwrite a 3PI approach?	☐ ☐ ☐ ☐ ☐ ☐ If all YES proceed to the next question; if some are NO, then reflect on the issue and re-assess the best process for policy development before proceeding.
Step 2- Designing the 3PI		
FRAMEWORK FOR DESIGN **These are very important initial questions, that provide the framework for detailing the 3PI design**	1. Do we have a clear understanding of the purpose, scope and objectives? 2. Can we map the desired outcomes and the timeframe? 3. Is it intended that the 3PI proceed through policy development to an implementation stage? 4. Can we map the breadth of consultation needed? 5. Is there a commitment to support the 3PI for the life of the project? 6. Have the identified risks in undertaking a 3PI been reviewed and documented in a risk management plan?	☐ ☐ ☐ ☐ ☐ ☐

	7. Have appropriate evaluation arrangements been considered for the 3PI?	☐ If all YES proceed to the next question; if some are NO, then reconsider these design areas before proceeding.
Funding	1. Will a budget be available that is sufficient for the purpose?	☐
	2. Will funding arrangements take into account the flow and timing of the work?	☐
Governance	1. Is a terms of reference document required?	☐
	2. Is the role of the sponsor clear?	☐
	3. Have clear reporting lines between the intermediary and sponsor been developed?	☐
	4. Has there been consideration for a secretariat to play a role on behalf of the sponsor?	☐
Selecting the Intermediary	1. Have the capabilities and skills required of an intermediary to conduct the 3PI been identified?	☐
	2. Is there a clear view whether the intermediary will be an individual or an organisation?	☐
	3. Will selection of the intermediary occur by direct approach, choice from a short list panel, or from an expression of interest process?	☐
Stakeholders	1. Has an exhaustive list of 3PI group members been prepared?	☐
	2. Will the selected intermediary be consulted on the establishment of the 3PI group?	☐
	3. Has a decision been made about the form and substance of any public announcement about the 3PI?	☐
Evaluation	1. Has a decision been made on the type of data on outputs and outcomes that need to be collected and monitored for an evaluation process?	☐

Co-design	1. Will stakeholders be consulted in the design of the 3PI process?	☐ If all YES proceed to the next stage; If some are NO, then reconsider these design areas before proceeding.

The next step follows the critical action of selecting the intermediary	

Step 3 - Setting up the 3PI	

SETTING IT UP	1. Will the selected intermediary be brought into the remaining tasks involved in establishing the 3PI?	☐
	2. Has a decision been made on how invitations to participate will be issued?	☐
	3. Will participants be provided with a statement of expectations and timeframe for results?	☐
	4. Has the task of overseeing the 3PI been accepted as an area of responsibility by the relevant part of the agency?	☐ If all YES proceed to the next stage; If some are NO, then review this step before proceeding

Step 4 - Managing the Intermediation	

MANAGING THE INTERMEDIATION	1. Has the extent of the sponsor's involvement with the 3PI been decided?	☐
	2. Have the appropriate review and monitoring arrangements been put into place?	☐
	3. Is there scope to review the agreed reporting arrangements?	☐ If all YES proceed to the next stage; If some are NO, then review this step before proceeding

Step 5 - Evaluation	

EVALUATING THE OUTCOMES AND FOLLOWING UP	1. Has an evaluation process covered the strengths and weaknesses of the process and outcomes of the 3PI?	☐
	2. Will evaluation of the 3PI require the assistance of an independent reviewer?	☐
	3. Will there be follow-up with participants advising them of the results of the 3PI?	☐

"Charting the course of government in terms of the policies required for the short and longer term, having regard to the inevitable trade-offs, requires the best information that the public sector and other sources can muster. Government needs to be given a range of policy options to deal with these complex policy challenges. More and more policy solutions require departments to work together, to consult widely with stakeholder groups, and be informed by relevant international experience. It is critically important work."

Address by Ian McPhee PSM, Auditor-General for Australia to the 2013 International Public Sector Convention, CPA Australia, 22 February 2013