



ESSAY

TWENTY YEARS ON THE SECOND TRACK: GAP CASE STUDIES

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The Second Track was developed by Global Access Partners from principles established in track two diplomacy to encourage rational conversations in contested policy spaces. GAP's co-founder Catherine Fritz-Kalish traces the origins and outcomes of her company's most successful Second Track projects.

INTRODUCTION

Australian governments of all persuasions have been looking for new and more effective ways to consult with industry, academia and the community in developing and implementing new policies. The 'first track' involves government's existing, familiar and often near-universal processes for consultation and interaction. These include the highly structured and formal 'green' and 'white' paper processes and public inquiries through to less formal, but still very common, methods of broad stakeholder consultation.¹

The 'second track' processes are much less familiar. The idea behind them is that more personal interactions can be encouraged between people in government, business and the community to complement, rather than risk, the formal machinery of government. These interactions are characterised by a certain degree of informality (with the consultations possibly being 'off the record' or held under the Chatham House rule), a focus on engaging 'the right people', and an emphasis on privacy, rather than publicity, in the process.

1. Speech by Dr Ian Watt AO at the GAP Conference on Regulatory Affairs: Opportunities for Business, Parliament House of Victoria, 25-26 September 2018

This is not a novel concept. 'Second track' or backchannel diplomacy pre-dates the establishment of formal diplomacy and even the nation state itself, as it encompasses every kind of non-governmental, informal and unofficial contacts and activities between private citizens, groups of individuals or other 'non-state actors'. The concept was only formalised in the 1980s and has never been a substitute for traditional diplomacy, but it can help officials manage and even resolve conflicts by exploring possible solutions beyond the bounds of conventional thinking.

Joseph V. Montville of the US State Department coined the phrase back in 1981 at the height of the Cold War.² He argued that 'track two' can *'reduce or resolve conflict, within a country or between countries, by lowering the anger or tension or fear that exists, through improved communication and a better understanding of each other's point of view'*.

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Our own Second Track journey began in 1997, although the realisation that our work fits within the concept of diplomatic 'track two process' came much later. We did not know where GAP would lead us when we launched the company – indeed, the success of GAP in amending and developing its business model to fit changing circumstances exemplifies the very approach that we promote.

GAP has carved its own niche in the Australian policy landscape, but above all, the company's growth has been fuelled by the passion, interests, expertise and skills of its founders, partners and employees. Our vision and activities have evolved over the years, but our core principle has remained unchanged. GAP brings capable people together to not only consider an issue of social importance but develop solutions which members can take ownership of and implement for the benefit of all. This discussion is informed by the group's diversity

of personal views, enlightened by a spirit of open-mindedness, and empowered by a commitment to positive thinking.

This is the Second Track process – an unofficial but potent complement to the formal 'track one' of government policy-making.³ At its best, the Second Track drives the deep engagement, trust building and reciprocity which allows otherwise antagonistic stakeholders to find mutually beneficial solutions to seemingly immovable 'rocks in the road'.

We launched in July 1997 as a boutique consulting firm helping small and medium-sized enterprises and start-up businesses gain access to larger markets, and soon branched out by organising a program of national and international multidisciplinary forums and congresses which led to the establishment of a range of consultative committees. In 2007, GAP created an online policy discussion and blogging website, *Open Forum*, which was followed by the Second Track programme in 2008 – a series of multidisciplinary taskforces to tackle topics relevant to economic policy development and Australia's productivity. In 2009, GAP began consulting for government and business on digital engagement strategies and in 2010 launched two new initiatives – a series of Annual Growth Summits and a virtual business network for Australia's top performing medium-sized businesses, *First 5000*.

The Second Track process has gradually become GAP's flagship, offering a unique way for key industry stakeholders to work alongside current government initiatives without becoming entangled in public sector red tape. This novel approach has increased the ability of individuals to encourage real and lasting change in their areas of expertise and interest. Its success demonstrates that innovative approaches to stakeholder interaction can be developed, tested and refined for the public good, without risking the traditional government processes.

2. W.D. Davidson and J. V. Montville, 'Foreign Policy According to Freud', *Foreign Policy*, Vol. 45, Winter 1981-1982

3. L. Louise Diamond and J. McDonald, *Multi-Track Diplomacy: A Systems Approach to Peace*, Kumarian Press, 1996



The Australian Government endorsed the Second Track as a valid method of stakeholder engagement at the GAP Congress on Regulatory Affairs held at Parliament House in Melbourne in September 2008.

Today, GAP operates as an independent, not-for-profit institute for active policy. We initiate and facilitate strategic debate on the most pressing social, economic and structural issues facing Australia and the world. Shaped by Peter Fritz's philosophy of positive, collaborative problem-solving and an emphasis on tangible long-term results, GAP looks beyond the 'what' and 'why' of policy discussion, focusing instead on the 'how' and 'who' of policy delivery. It promotes good public policy and acts as a catalyst for policy implementation and new economic opportunities.

Our global network, made up of over 4,000 experts in a variety of fields, has been built on years of loyalty and dedication. We have always remained a bipartisan platform for discussion and change. Bringing many different people together to work on common problems using GAP's Second Track process cultivates a uniquely creative environment.

SECOND TRACK IN A NUTSHELL

GAP's Second Track process has been developed over twenty years of high-level discussion and practical implementation. The process brings multidisciplinary groups of people together to discuss common challenges and encourages collaboration towards concrete solutions.

Each member attends in a personal capacity and contributes their experience, networks, influence and expertise. Members are sourced from a wide range of stakeholders to ensure a wide-ranging discussion and encourage broad support.

GAP's facilitation encourages a free-flowing, open and honest discussion which frees participants from

predetermined positions, sparks innovation and builds consensus.

GAP's Second Track is a two-stage process, with an initial discussion phase followed by practical pilots, commercial services and policy implementation. The Second Track builds long-term relationships between participants to empower permanent change.

Discussions take place in a series of meetings recorded under the Chatham House rule of non-attribution. This allows time to progress and test new ideas and develop effective solutions.

EXAMPLES OF GAP SECOND TRACK OUTCOMES

A report on genetic screening for a breast cancer drug which changed Victoria's health policy (2007)

In 2007, in partnership with the Australian Centre for Health Research (AHCR) and Deloitte, we brought together the National Pharmacogenomics Consulting Group to examine the medical and economic benefits of genetic testing in diagnostics and drug therapy. Hosted by the Garvan Institute of Medical Research and co-funded by GAP, ACHR and Roche Diagnostics Australia, its meetings were chaired by Dr Stan Goldstein.

The Group found that significant reductions in costs and adverse drug reactions could be achieved if pharmacogenomics were widely adopted in Australia. In particular, they saw the potential of testing for cytochrome P450 (CYP450) variations to predict Tamoxifen treatment outcomes in women with breast cancer.

The Group's work informed a report on *Improving the Quality Use of Medicines in Australia*,⁴ prepared by Deloitte Access Economics and funded by the ACHR. The report was used to develop

4. Deloitte/National Pharmacogenomics Consulting Group, 'Improving the Quality Use of Medicines in Australia: Realising the Potential of Pharmacogenomics', report, 2008, https://www.globalaccesspartners.org/Improving_the_Quality_Use_of_Medicines_in_Australia.pdf

the Pharmacogenomics Decision Support System (PDSS) in 2010, funded by the Victorian Government and implemented by Melbourne Health and genetic testing company GenesFX. PDSS links a patient's DNA results with known drug metabolic profiles to predict the likely outcomes of treatment with particular drugs.

PDSS software was introduced and tested in a joint trial by GenesFX and Melbourne Health in mental health units in Bundoora and Sunshine,⁵ and the project was evaluated by Victoria University.⁶

GenesFX has now changed its name to myDNA and offers a one-off pharmacogenomic test which identifies gene variants in four major enzyme systems that metabolise commonly prescribed medications. MyDNA identifies how the patient's genetic structure will affect their response to particular medication so doctors can prescribe the most suitable drug and dosage. MyDNA tests for CYP2C19, CYP2C9 and CYP2D – the latter is the one associated with the efficacy of Tamoxifen – and is available across Australia, New Zealand, Canada and the UK.⁷

Establishment of the Centre for Social Impact (2008), a national centre for philanthropy and social investment

Following an approach by Baillieu Myer AC and Peter Fritz AM to Prime Minister John Howard, the Hon. Mal Brough MP, then the Minister for Families, Community Services and Indigenous Affairs, commissioned a working party in 2006 to investigate the potential of philanthropy in the higher education sector.

The Working Group on Education and Training in Philanthropy and Social Investment comprised senior executives from business, academia, government and non-profit organisations and was jointly chaired by Peter Fritz AM, Managing Director of GAP, and Prof Ian Young, Vice-Chancellor and President of Swinburne University.

The results of the Working Group's extensive research into opportunities for grantmaker education in Australia were presented in two reports to the Australian Government, with the key recommendation being the founding of a national center for philanthropy and social investment.

Following the Group's recommendation, the Australian Government has provided an endowment of \$12.4 million (matched by industry funds) for the establishment of the Centre for Social Impact (CSI).⁸ CSI is a collaboration of three universities – the University of New South Wales (UNSW), Swinburne University of Technology, and The University of Western Australia. It provides managerial education, executive support and research for the not-for-profit sector.

The value of and support for CSI was recognised by a public lecture delivered by the Deputy Prime Minister, the Hon. Julia Gillard MP, hosted by the Centre on 28 February 2008, and the official launch of the Centre at the UNSW by the Governor-General, Major General Michael Jeffery, on 16 July 2008.

One of the most significant initiatives of CSI was the launch of the NSW Social Impact Grants.

5. R. Kleinman, Personalised prescribing promises to save mental health millions, *The Sydney Morning Herald*, 5 February 2015, <https://www.smh.com.au/healthcare/personalised-prescribing-promises-to-save-mental-health-millions-20150205-136pxz.html>
6. K. Sweeny, 'Pharmacogenomic Proof of Concept Study: Economic Analysis', Report to Gene FX Health Pty Ltd, VISES, Victoria University, Melbourne, 2014, <http://vuir.vu.edu.au/35192/>
7. MyDNA, <https://www.mydna.life/>; also Business Victoria, A safer and more effective prescribing, <http://www.business.vic.gov.au/case-studies/a-safer-and-more-effective-prescribing>
8. Centre for Social Impact, <https://www.csi.edu.au/about-csi/>

Public consultation on NSW strata law reform (2012)

In 2012, GAP used its digital platform, Open Forum, to run an online public consultation for the NSW Government on proposed changes to strata and community title laws⁹. The consultation generated 1,230 individual comments and almost 600 suggestions for procedural change or law reform. As a result, over 90 legislative changes¹⁰ were passed by the NSW Parliament in 2015 and came into force on 30 November 2016. This was the most significant social reform in strata since 1961.

Development of Australia's first National Cloud Computing Strategy (2013)

In 2010, Global Access Partners assembled a taskforce of senior representatives from major firms and leading technology experts to discuss the potential of cloud computing with the government. The group focused on industry development opportunities, security and privacy and was co-funded by the Department of Broadband, Communications and the Digital Economy. It was chaired by Keith Besgrove, First Assistant Secretary in the Department's Digital Economy Services Division.

The taskforce and a subsequent one-day executive workshop and national conference led to the establishment of the National Standing Committee on Cloud Computing in 2011 and the development of Australia's first national cloud computing strategy.¹¹ The strategy was launched in May 2013 at CeBIT by Senator the Hon. Stephen Conroy, Minister for Broadband, Communications and the Digital Economy. Since then, it has been expanded

and developed by subsequent administrations, with cloud computing becoming an integral part of public computing solutions.

Establishment of the International Centre for Democratic Partnerships (ICDP) to build stronger relationships between Australia and the Pacific (2017)

The idea for a non-government Australian organisation to help strengthen civil society in the South Pacific and enhance Australian influence came from a meeting of the GAP Institute for Active Policy Advisory Board in Sydney on 12 February 2015.

The meeting noted the success of the USA's National Democratic Institute in helping emerging democracies around the world, and saw the opportunity for a new institution to support and complement the work of the Australian Government in the South Pacific.

The Board envisioned a strategic, region-wide, integrated approach to strengthen relationships with island nations and secure better political and commercial outcomes from Australia's considerable investment in regional aid.

GAP formed a small working group to develop a business case for the proposed International Centre for Democratic Partnerships (ICDP). This working group was chaired by Dr Ian Watt AC and included representatives from the Australian National University, University of Technology, Sydney and the University of Adelaide.

The ICDP business case was presented to the Department of Foreign Affairs and Trade in January 2016, and in December the same year, DFAT

9. Global Access Partners, Strata Laws Online Consultation Final Report, April 2012, http://www.globalaccesspartners.org/Strata_Laws_Online_Consultation_Final_Report_Apr2012.pdf

10. NSW Fair Trading, Major changes to strata laws, <https://www.fairtrading.nsw.gov.au/about-fair-trading/legislation-and-publications/changes-to-legislation/major-changes-to-strata-laws>

11. Commonwealth of Australia, National Cloud Computing Strategy, May 2013, https://www.communications.gov.au/sites/g/files/net301/f/National_Cloud_Computing_Strategy.PDF

released a tender for *Pacific Connect* – a pilot programme to forge stronger relationships between emerging leaders in Australia and the Pacific. GAP and its partner Strategic Development Group, guided by Dr Watt AC and Peter Fritz AM, won the tender and in July 2017, GAP incorporated ICDP as a non-profit company.

Over the last two years, ICDP has been implementing *Pacific Connect* through a series of regional Second Track dialogues and practical projects in the Pacific.

The Australian Space Initiative: a private/public partnership model for a national space agency (2017)

On 16 September 2016, Andrea Boyd, an Australian scientist working at the International Space Station in Cologne, delivered a stirring address¹² at the GAP Annual Economic Summit.¹³ She urged Australia to grasp the commercial opportunities of the new space market and protect its national sovereignty by establishing a national space agency.

Inspired by her address, GAP assembled a 'space tiger team' to build on the momentum for change. The team included Ms Boyd, former astronaut Dr Andrew Thomas AO and Prof Gregory Chamitoff, as well as Australian and international scientists, entrepreneurs, innovators, financial analysts and legal experts. Chaired by Dr Jason Held and co-funded by GAP, the team delivered three policy submissions to the Australian Government.

GAP launched its *Australian Space Initiative* in April 2017 and established a new Taskforce on Space Industry to build on the team's recommendations. The Taskforce, co-funded by GAP and the

Department of Industry, Innovation and Science, called for the creation of a commercially focused Australian space agency and delivered its report to government in August 2017.

The government announced its plans for a federal space agency at the 68th International Astronautical Congress in Adelaide in September 2017 and pledged \$41 million for the Australian space sector in the 2018 Budget. Australia has now joined its international peers in having a dedicated space entity, opening new opportunities for Australian businesses in one of the most promising global markets of today.

Australia's first soil carbon credit units (ACCUs) to mitigate carbon emissions (2019)

In November 2009, a GAP taskforce of scientists, public policy experts and business leaders, chaired by Dr John Hewson AM, released a report entitled *Low-Carbon Economy: Business Opportunities for Australia*.¹⁴ The document highlighted the potential for biological sequestration to reduce excess atmospheric CO₂ and urged the federal government to adopt a soil carbon sequestration policy. The group suggested the introduction of 'soil carbon credits' as an incentive for farmers to change their farming practices to reduce carbon emissions.

The proposition was further developed, discussed and promoted through the Second Track process over the next decade, thanks to the relentless efforts of regenerative agriculture advocates such as Dr John White, Major General Michael Jeffery AC and Dr John Hewson AM. Several public policy forums and advisories were facilitated by GAP, including the Summit on Food Sustainability in 2013,

12. Speech by Andrea Boyd at the 2016 GAP Annual Economic Summit, <http://www.openforum.com.au/innovation-outer-space-and-opportunities-australia>

13. Global Access Partners, Final report of *A Vision for Australia – Spaces of Australian Innovation*: GAP 7th Annual Economic Summit, 2016, http://www.globalaccesspartners.org/A_Vision_for_Australia_2016_Summit_Report.pdf

14. Global Access Partners, *Low-Carbon Economy: Business Opportunities for Australia*: Low-Carbon Economy Taskforce report, October 2009, <http://www.globalaccesspartners.org/Low%20Carbon%20Economy%20Task%20Force%202009%20Report.pdf>



the Taskforce on the North, Agriculture and the Environment,¹⁵ the National Standing Committee on Energy and the Environment (NSCEE), and *Open Forum*.

These efforts culminated in the release of the first Australian carbon credit units (ACCU) in a soil carbon project under the Emissions Reduction Fund in March 2019.¹⁶ The credits were the first to count towards Australia's national targets under the Paris Agreement. They were also the first soil credits worldwide to be eligible under the Paris accord, according to Corporate Carbon which oversaw the project.

IN CONCLUSION

Impressive though its track record has been, the potential for the Second Track to generate new ideas and improve policy outcomes still excites me. The Second Track offers a practical solution to the many issues caused by Australia's short election cycles, intense partisanship and lack of long-term thinking. It gives the public service and other organisations a relatively safe space to consider radical policy options and builds a community of like-minded, courageous people committed to building a better world for themselves, their communities and their nation.

Whatever our individual talents, we are stronger when we work together, and spark ideas in debate and collaboration we might never have found on our own. The Second Track offers a methodology with wide applications in business, government and civil society, and I am proud of GAP's efforts to turn its potential into practical outcomes to benefit us all.

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15. Global Access Partners, *The North, Agriculture and the Environment: Report of the GAP Taskforce*, March 2016, <http://www.globalaccesspartners.org/North-Report.pdf>

16. Renew Economy, *Issuance of the first Australian carbon credit units to a soil carbon project*, press release, 14 March 2019, <https://reneweconomy.com.au/issuance-of-the-first-australian-carbon-credit-units-to-a-soil-carbon-project-37846/>



JOURNAL OF BEHAVIOURAL ECONOMICS AND SOCIAL SYSTEMS

Inaugural Edition
Volume 1, Number 1, 2019

