

Budgeting for diversity and inclusion

Why is it important to develop a budget for diversity and inclusion?

Allocating a dedicated budget for Diversity and Inclusion (D&I) initiatives shows an organisation's commitment to creating an inclusive and diverse workplace. The budget ensures accountability in D&I progress, enables strategic planning and implementation of comprehensive D&I programs, and supports the sustainability of these efforts over time. It facilitates the measurement of D&I initiatives' effectiveness, leading to continuous improvement, and plays an important role in enhancing employee engagement and retention in an environment where all employees feel valued. Importantly it positions the organisation as an attractive employer for diverse talent and ultimately secures a competitive advantage in the market. Without a dedicated budget, D&I initiatives risk being under-resourced and unable to achieve meaningful or lasting impact.

Steps and considerations in developing a D&I budget

Developing a budget for Diversity and Inclusion (D&I) initiatives requires careful consideration to ensure that the allocated resources effectively support the organisation's D&I goals. This template is designed to provide an outline of some of the key considerations and steps in developing a D&I centred budget.

1. Assessment and Benchmarking

- **Data collection and analysis:** Evaluate the current state of diversity and inclusion within the organisation. This may involve costs related to conducting a survey, focus group, or hiring external consultants to identify gaps and opportunities.

Example: A mid-sized resources company recognises the need to enhance its D&I efforts and decides to undertake a comprehensive current analysis of the business's existing state of play and approach. The company allocates budget for:

- *Conducting Employee Survey: The resources company launches an anonymous, comprehensive survey to gauge employee perceptions of*

diversity, equity, and inclusion within the company. This survey aims to understand the experiences of underrepresented groups, identify perceived barriers to inclusion, and gather suggestions for improvement.

- *Focus Groups: The resources company organises a focus group that brings together employees from various levels, departments, and backgrounds. These sessions delve deeper into issues highlighted in the survey and explore feedback that quantitative data might miss.*
- *Hiring External Consultants: On the back of additional funding, allocated by the business the resources company decides to engage a consulting firm specialising in D&I in the resources sector to conduct an audit of the company's policies, practices, and culture. This includes reviewing hiring practices, promotion rates, leadership representation, and workplace culture to identify gaps and opportunities for improvement.*
- **Benchmarking:** Through a general internet search look at industry standards for organisations of a similar size to determine what an approximate spend is on D&I initiatives as the range can be significant from modest to extensive investments. This can help set a realistic budget that matches the organisational size and sector.

Example: After conducting its current state of play analysis, the same company proceeds to benchmark its D&I efforts against industry standards through:

- *Industry Standards and Reports: Reviewing industry-wide reports and benchmarks on D&I from reputable organisations, such as the Minerals Council of Australia to understand the average spend and focus areas of D&I initiatives within the sector. This search further extends to organisations outside of Australia such as the Mining Association of Canada and the United States Oil and Gas Association, and similar Australian or global bodies in other sectors such as construction, that are advancing D&I.*
- *Peer Comparison: Analysing initiatives and budgets of similar-sized companies within the resources sector. This involves looking into*

publicly available data, participating in industry forums, and joining industry-specific D&I networks to gather insights.

- *Best Practices from Leaders: Identifying companies recognised as leaders in D&I within the resources sector and beyond. The company examines these organisations' public disclosures on D&I investments, strategies, and outcomes to glean best practices that could be adapted to their context.*

2. Strategic D&I Goals

- **Alignment with Organisational Goals:** Ensure that the D&I budget aligns with and supports the broader organisational goals. Consider how D&I initiatives will contribute to overall business objectives.

Example: A resources company sets a broad organisational goal to enhance its global competitiveness and innovation. To align its D&I budget with this goal, the company decides to invest in D&I initiatives that foster a diverse and inclusive workplace culture, recognising that diverse teams are more innovative and better equipped to address complex global challenges. The company allocates budget for:

- *Global D&I Training Programs: Developing and implementing training programs focused on cross-cultural competence, inclusive leadership, and unconscious bias. These programs are designed to prepare employees for effective global collaboration and innovation.*
 - *International Talent Recruitment: Investing in recruitment initiatives aimed at attracting talent from underrepresented regions to bring diverse perspectives critical for global market insights and operational excellence.*
- **Specific D&I Objectives:** Allocate funds to specific D&I objectives, such as increasing representation of underrepresented groups, improving employee engagement scores among diverse employees, or enhancing your organisation's reputation for inclusivity.

Example: A resources company identifies a specific D&I objective to increase the representation of indigenous peoples in its workforce, especially in leadership positions, to improve engagement with communities where it operates. To achieve this objective, the company allocates funds for:

- *Partnership Programs with Indigenous Communities: Creating educational and training programs in partnership with local **Aboriginal and Torres Strait Islander** communities to build pathways for employment within the company.*
- *Mentorship and Leadership Development: Establishing mentorship programs that pair indigenous employees with senior leaders and investing in leadership development programs tailored for **Aboriginal and Torres Strait Islander** employees to prepare them for advancement within the company.*

Example: A resources company has an objective to enhance the organisation's reputation for inclusivity, particularly in environments where the resources sector has historically had a contentious relationship with local communities. The company allocates budget towards:

- *Community Engagement Initiatives: Funding projects that support local community development, such as environmental sustainability projects or educational scholarships, which are conducted in close collaboration with diverse community groups.*
- *Inclusivity Communications Campaign: An external communications campaign that highlights the company's commitment to diversity and inclusion, showcasing stories of diverse employees and community partnership successes.*

3. Programs and Initiatives

- **Training and Education: Budget for training programs, workshops, and educational materials to raise awareness and build competencies around D&I across the organisation.**

*Example: A resources company may allocate funds to develop a comprehensive D&I training program tailored to its operations. This includes workshops on cultural competence for employees working in or with teams from different geographic locations, as well as education on the historical and environmental impacts of mining on **Aboriginal and Torres Strait Islander** country. The company also invests in creating e-learning modules that cover D&I basics, unconscious bias, and inclusive leadership, ensuring that remote and site-based employees can access these resources.*

- **Recruitment and Retention:** Allocate resources towards recruiting diverse talent, including partnerships with diverse professional organisations, job fairs, and recruitment agencies. Consider retention programs such as mentorship and sponsorship initiatives for underrepresented employees.

Example: A resource company partners with engineering and geosciences colleges that have strong diversity programs to recruit underrepresented talent, including women and ethnic minorities. It establishes relationships with professional organisations focused on diversity in STEM fields. To retain diverse talent, the company launches a mentorship program pairing experienced employees with new hires from underrepresented groups and sets up sponsorship initiatives to support the career advancement of high-potential, diverse employees.

- **Employee Resource Groups (ERGs):** Support the formation and activities of ERGs with funding for events, speaker sessions, and community outreach initiatives.

*Example: A resource company supports the formation of an ERG by providing seed funding and ongoing budgets for events, speaker sessions, and community outreach. The ERG includes LGBTQ+ employees, **Aboriginal and Torres Strait Islander** employees, and women in resources. Each group is given a budget to organise cultural competency training sessions for the wider employee base, participate in local community events, and host talks by external diversity advocates. The company recognises the ERGs' contributions by featuring their activities in the corporate newsletter and annual report.*

- **Accessibility Improvements:** Ensure your budget includes funds for making workplaces more accessible to people with disabilities.

Example: A resources company conducts an audit of its physical and digital work environments to identify barriers to accessibility for employees with disabilities. Based on this audit, the company allocates budget for installing ramps and accessible restrooms at its sites, upgrading software and hardware to be more accessible, and providing ergonomic workstations designed to accommodate a variety of physical needs. Additionally, the company invests in training for HR and facilities staff on best practices for creating and maintaining accessible work environments.

4. Measurement and Reporting

- **Data Collection and Analysis:** Invest in systems and tools to track diversity metrics, measure the impact of D&I initiatives, and report on progress. This might include software for HR analytics or services from third-party evaluators.

Example: A global oil and gas company, with operations spanning multiple continents, decides to invest in an advanced HR analytics platform that integrates data from all its locations. This software enables the company to track diversity metrics such as the representation of women and underrepresented minorities in various departments and leadership levels, pay equity analysis, and retention rates of diverse employees. Additionally, the company contracts a third-party evaluator specialising in D&I to conduct an annual review of its initiatives, comparing progress against industry benchmarks, and providing an objective assessment of the company's D&I performance. This comprehensive approach allows the company to identify trends, areas for improvement, and the effectiveness of specific D&I initiatives.

- **Feedback Mechanisms:** Budget for ongoing feedback mechanisms, such as surveys and suggestion boxes, to continually gather input from employees about the effectiveness of D&I efforts.

Example: A resources company operating in a remote area establishes a multi-channel feedback system to ensure all employees, regardless of location, can share their input on D&I initiatives. This includes digital surveys accessible via mobile devices, physical suggestion boxes at site locations for those without regular access to computers, and regular town hall meetings where D&I topics are discussed, and feedback is actively solicited. To encourage participation, the company ensures anonymity for survey respondents and suggestion box submissions and provides multiple language options for its digital platforms. The company allocates a portion of its D&I budget to analyse this feedback regularly, using it to inform adjustments to existing programs and the development of new initiatives. Additionally, the results and actions taken in response to employee feedback are shared company-wide through newsletters and intranet updates, fostering a transparent and inclusive culture.

5. Communication and Engagement

- **Internal Communication:** Plan for costs associated with internal communication efforts, such as D&I newsletters, intranet updates, and awareness campaigns.

Example: A resources company operating across several regions decides to enhance its internal communication efforts to better engage employees in its D&I initiatives. The company budgets for the development and distribution of a monthly D&I newsletter that highlights ongoing activities, shares stories of diverse employees, and provides updates on D&I metrics and goals. Additionally, the company plans to revamp its intranet to include a dedicated D&I section, featuring educational resources, upcoming event information, and a forum for employees to discuss D&I topics. The budget also includes funds for creating awareness campaigns around key dates, such as International Women's Day or IDAHOBIT, utilising posters, infographics, and guest speakers to educate and engage employees.

- **External Communication:** Consider the budget for promoting the organisation's D&I initiatives externally, through social media, press releases, and participation in D&I awards or certifications.

Example: A resources company recognises the importance of communicating its D&I efforts to external stakeholders, including investors, customers, and the communities in which it operates. The company allocates budget for professional production of video testimonials from diverse employees discussing their experiences and the impact of the company's D&I initiatives. These videos are shared on the company's social media channels, along with regular posts highlighting D&I achievements and initiatives. The company also budgets for the preparation and submission of applications for D&I awards and certifications, recognising that such accolades can enhance its reputation and attract talent. Additionally, the company plans to issue press releases detailing its progress in D&I, particularly focusing on partnerships with local communities and efforts to increase workforce diversity.

6. Leadership and Accountability

- **Executive Training:** Include funds for specialised D&I training for executives and managers to ensure leadership is equipped to drive and support D&I efforts.

Example: A resources company recognises the need for its executive team and managers to lead by example in D&I efforts. To achieve this, the company allocates funds for a specialised training program designed for its leadership, focusing on topics such as unconscious bias, cultural competency, inclusive leadership, and how to foster an inclusive environment for innovation and safety in mining operations. Recognising the unique challenges and opportunities in the resources sector, the program includes case studies of successful D&I strategies implemented in similar industries and sessions facilitated by experts in D&I and resource management. This training is made a mandatory part of the executive development program, ensuring that all leaders are equipped with the knowledge and skills to support and drive D&I initiatives within their teams and across the company.

- **Performance Incentives:** Consider incorporating D&I metrics into performance reviews and creating incentives for leaders who make significant contributions to D&I objectives.

*Example: To reinforce the importance of D&I and ensure accountability, a resources company decides to integrate D&I metrics into its performance review process for all leaders. This includes specific objectives related to improving diversity within their teams, supporting D&I training and initiatives, and actively participating in community engagement efforts to build relationships with local communities, including **Aboriginal and Torres Strait Islander** peoples. Leaders who meet or exceed their D&I objectives are recognised through a structured incentive program, which includes bonuses, public recognition, and opportunities for professional development. Additionally, the company introduces an annual award for outstanding D&I leadership, awarded at the company's yearly leadership conference. These measures aim to create a culture where D&I is not just a corporate goal but a personal responsibility for all leaders, directly tied to the company's overall success and their professional advancement.*

7. Flexibility and Contingency

- **Adaptability:** Set aside a portion of the budget to respond to unforeseen opportunities or challenges that arise throughout the year.

Example: An international resources company sets aside a designated portion of its D&I budget as an "adaptability fund." This fund is intended to support unforeseen D&I opportunities that align with the company's strategic objectives, such as sponsoring a new community project in a region where they have recently expanded operations or hosting a series of workshops when a new diversity issue arises within the industry. For instance, if a significant portion of their workforce suddenly shifts to remote work due to environmental or health concerns, this fund is used to quickly implement virtual D&I training sessions and community-building activities to maintain an inclusive culture across dispersed teams.

- **Contingency Fund:** Include a contingency fund to cover unexpected costs or to invest in promising D&I initiatives that emerge during the budget period.

Example: A resources company includes a contingency fund within its D&I budget to address unexpected costs or to seize emergent opportunities that support D&I goals. Midway through the fiscal year, the company discovers an opportunity to partner with a local organisation that supports women in STEM fields. The partnership involves creating internships and scholarship programs for women in the communities near their operations. The contingency fund allows the company to invest in this initiative without the need to reallocate resources from other planned D&I activities, thereby supporting gender diversity in the community and potentially attracting future talent to the company.