



# AGL Industry Association Membership Review

May 2020



# Introduction

AGL is a member of 40 industry associations, which provide a range of benefits, including access to industry information and analysis, networking and relationship building opportunities, and an additional avenue to prosecute policy and industry advocacy. There may also be opportunities for AGL to bring sector leadership, share knowledge and experiences, and promote best practice for our employees and the communities in which we operate.

AGL makes an ongoing commitment to monitor the policy positions of the industry associations to which it is a member, and to disclose differences between our positions and that of the industry associations of which we are members, including on climate and market-based approaches to energy. (AGL's climate policy positioning can be found [here](#), and AGL's values [here](#)). There is also an increasing focus from the investor community and other stakeholders on the policy and advocacy of industry associations, particularly as this pertains to climate change.

AGL has conducted a review of each of AGL's industry association memberships, to determine alignment on policy and values between AGL and the association, and to understand whether the membership is being utilised effectively. This includes the industry association memberships of AGL Energy but excludes those of Perth Energy and Southern Phone Company where the focus is currently on integration.

This review only considered industry associations to which AGL can be a member; professional associations, to which individuals can be members, were not considered.

# Methodology

The Review was undertaken by the Policy Team in Corporate Affairs, in close consultation with Corporate Finance, the internal relationship owner and other internal areas as relevant. The Review considered:

- the range of benefits that AGL gains from membership (including knowledge sharing, networking, reputation, influence) and the cost of membership;
- alignment with AGL on policy positions and values;
- the current method of engagement with each industry association and opportunities for improving the value gained from each membership;
- the appropriate internal relationship owner, and broader points of interaction with the association.

# Executive Summary

## Findings – process, value

1. AGL is a member of 40 industry associations with interests across a range of areas including energy, carbon and financial markets, sustainable development, tax, commerce and industry, diversity and inclusion, pipelines, emerging technologies (such as electric vehicles) and fuels (such as gas, biogas), engineering and technical capability.
2. Industry association memberships are utilised for a broad range of purposes across the organisation, including knowledge sharing, networking, promoting industry development, and prosecuting policy advocacy.
3. Annually, AGL spends over \$900,000 on industry association memberships. Australian Energy Council fees (\$425,000) account for almost half of this total. The top five memberships account for over two thirds.
4. Corporate Affairs holds the budget for 14 associations, Integrated Energy for 12, Customer Markets for 6, Finance for 4, and People and Culture for 4.
5. This review has ensured a central 'source of truth' record of all industry association memberships and underscores the need for regular review.
6. Though there is generally consideration of membership value and policy alignment before joining an association or renewing membership, this has been informal and has not followed a uniform process across the organisation.
7. Occasionally, siloed interactions with industry associations impact the extent of value that AGL is receiving in return for an association membership.
8. There are instances of industry associations with a strong public policy agenda being held outside of Corporate Affairs. The review has found that there is room for greater consistency in internal relationship owners engaging Policy & Strategy, Corporate Affairs, with regard to the association's ongoing policy advocacy.
9. Occasionally, there is a misalignment between relationship lead and budget location – that is, where budget is funded out of one business unit, but the relationship is held in another.

## Findings – policy and values alignment

10. On climate there is, overall, alignment on the need to decarbonise the economy over time and major associations including the Business Council of Australia, Australian Energy Council, Clean Energy Council and Australian Industry Group are actively engaging in this task. There exist some divergent views on the required pace of change, mechanisms to achieve change and the long-term role of different technologies, though the above associations share AGL's ultimate aspirations.
11. The Queensland Resources Council (of which AGL became a member in 2019), has made public statements that appear contrary to AGL views on the energy transition and its support for market solutions for energy.
12. Beyond climate change, there is an expected spread of positions on relevant policy issues (such as energy market design) but nothing identified as going against AGL values in any material sense. The Diversity and Inclusion Team assisted with a values review of each organisation and confirmed this finding.
13. An assessment of policy and values alignment has been possible for all industry associations. In some cases, developing a clear picture of the value and utilisation of all memberships has been challenging in the time permitted and against a backdrop of other industry pressures (such as the pandemic).
14. The review identified industry association memberships which were deemed to not provide adequate value for money from AGL's perspective. Given AGL's sharp focus on maintaining OPEX discipline, all business units across AGL will continue to scrutinise industry association memberships to ensure they continue to represent value for money.

## Recommendations

1. Develop a formal internal policy to provide guidance on AGL's approach to joining and maintaining membership of industry associations, including a mechanism for CEO oversight.
2. Ensure a relationship owner is clearly designated for each industry association to have primary responsibility for:
  - a. promoting effective utilisation of membership benefits across the organisation; and
  - b. monitoring, in conjunction with Corporate Affairs, the association's public policy positioning.
3. For memberships where there is a misalignment between relationship lead and budget location, reallocate the budget to the relationship owner.
4. For all industry associations with a strong interest in public policy development, ensure Corporate Affairs is engaged in monitoring the association's public policy positions. Where primary value in an association membership is in public policy development and advocacy, transfer budget ownership to Corporate Affairs.
5. For all industry associations, ensure the right level of senior representation commensurate with the cost of membership.
6. Develop and maintain an up-to-date register of industry association memberships to provide a 'single source of truth' for memberships, and to encourage silo-breakdown and better value sharing of memberships across the organisation.
7. Conclude membership of Queensland Resources Council and the Business Council for Sustainable Development at end-FY20..
8. Annually review the policy positioning of each industry association to which AGL is a member and continue to disclose material policy differences.