

Final Plan Attachment 5.3

Australian Gas Networks Overarching Stakeholder Engagement Strategy

March 2016



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Stakeholder Engagement Strategy

March 2016



Introduction

Australian Gas Networks (AGN) recognise the importance of engaging with our stakeholders. This strategy document outlines AGN's approach to stakeholder engagement across all network locations.

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Background

Our aim is to operate our networks in a manner that is consistent with the long term interests of consumers. To achieve this we need to meaningfully engage with key stakeholders, particularly in those regions that are served by our natural gas distribution networks.

We have developed and published our stakeholder engagement strategy to transparently set out our approach to engaging with stakeholders. Importantly, we have sought to design our approach to stakeholder engagement such that it is consistent with the National Gas Objective (NGO) and the Australian Energy Regulator's (AER's) Customer Engagement Guideline.

The National Gas Objective (NGO)

The National Gas Objective (NGO), which is set out in Section 23 of the National Gas Law (NGL), states that:

"The objective of this [National Gas] Law is to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas."

Effective engagement with our key stakeholders is key to assisting AGN both understand and operate our natural gas distribution networks in a manner that is consistent with the "long term interests of consumers of natural gas".

Customer Engagement Guideline for Network Service Providers

The AER "Customer Engagement Guideline for Network Service Providers" provides a high level framework to help businesses like ours integrate stakeholder engagement into business-as-usual operations. The framework is centered around the following key components:

- *Principles* adhering to a set of best practice principles to guide effective stakeholder engagement (which include the need for engagement to be clear, accurate and timely; accessible and inclusive; transparent and measurable);
- Priorities the need to identify the issues and priorities for stakeholder engagement to ensure we understand and incorporate stakeholder views into business planning, recognising that stakeholders have diverse views;
- Delivery setting the manner by which stakeholder engagement will occur for different stakeholder groups, including through holding stakeholder workshops and focus groups;
- Results articulating the outputs of stakeholder engagement and how this has impacted on business planning; and
- Evaluation and Review implementing a robust process to identify areas for continuous improvement.



Stakeholder Engagement Program Roll-out

Figure 1 illustrates how our stakeholder engagement program will be sequentially rolledout to the communities served by our natural gas distribution networks. This reflects that engagement will be focussed in those areas where AGN is revising its business plans, as part of the five-yearly review of our Access Arrangements (AA).

The current AA periods in each jurisdiction are as follows:

- South Australia 1 July 2011 to 30 June 2016; and
- Victoria and Albury 1 January 2013 to 31 December 2017.

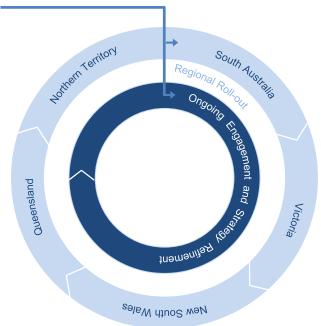
We will also engage with those stakeholders supplied by networks that are subject to light regulation (Queensland) or no regulation (Northern Territory and parts of Queensland and New South Wales).

AGN will develop a region-specific stakeholder engagement strategy to ensure our approach for engagement is properly targeted and adjusted over time (for example to reflect that key stakeholder groups and priorities for engagement can change over time). In doing so, the region-specific strategy will draw on the principles and approach set out in this document. We also intend to take into consideration any learnings from previous stakeholder engagement programs.

Whilst the regional focus on engagement may be staggered, AGN intends to engage with stakeholders in all regions on an ongoing basis.

Figure 1: Stakeholder engagement program roll-out

Initial Stakeholder Engagement Strategy Development





Principles of Stakeholder Engagement

AGN will collaboratively and actively engage key stakeholders in those regional and metropolitan areas that are served by our networks. The objective of this program is to generate meaningful insights into what stakeholders value, which in turn will be factored into our business planning. To achieve this, AGN will engage with stakeholders having regard to four overarching best practice principles which are taken from the AER's Customer Engagement Guidelines and summarised in Figure 2. This strategy document has been developed having regard to these principles, which essentially set out our commitments to our stakeholders.

Figure 2: Stakeholder engagement principles.

Clear, accurate and timely communication

The objective of this principle is to ensure that stakeholders are provided sufficient information on which to base meaningful feedback and to ensure two-way communication. To achieve this AGN will:

- Provide stakeholders with clear, accurate, relevant and timely information, having consideration to stakeholder's preferred communication methods.
- Establish clear and realistic timeframes for stakeholder input.
- Ensure any documentation provided is clear, concise and uses plain-English.
- Understand stakeholder preferences for communication methods and implement an approach consistent with these preferences.

Transparent

The objective of this principle is to ensure stakeholders have a clear understanding of their role and also for AGN to be transparent with the community. To achieve this AGN will:

- Clearly identify the objectives of each phase of engagement.
- Clearly explain the role of stakeholder in each phase of engagement.
- Identify and explain how stakeholder input and insights will be relied upon.
- Clearly and credibly report the input of all stakeholders including how insights have been incorporated into Business Plans.

Accessible and inclusive

The objective of this principle is to ensure AGN has access to insights from all stakeholders and that engagement is ongoing. To achieve this AGN will:

- Identify all relevant stakeholder cohorts and the specific characteristics of each group, such as their preferred method of communication.
- Be efficient with the engagement, having regard for stakeholders time.
- Ensure each stakeholder or stakeholder group has an appropriate understanding of relevant issues on which to base feedback.
 - Give stakeholders choices and engage in a non-leading manner.
 - Develop and publish a plan for engaging beyond the submission of an AA Proposal.

Meaningful Engagement

Measurable

The objective of this principle is to ensure AGN is accountable for its stakeholder engagement program. It provides a mechanism for AGN to understand the effectiveness of the program and to use this information to improve over time. To achieve this AGN will:

- Develop, implement and report on feedback relating to our engagement strategy and activities.
- Develop systems to track performance over time and publish the results in a timely manner.



Stakeholder Engagement Priorities

Drawing on the four key engagement principles, AGN has identified three key priorities to ensure that our business plans reflect the long term interests of stakeholders.

Balancing external and internal engagement

Collaborative engagement with external stakeholders will allow AGN to ensure their views and priorities are considered and addressed. Importantly, internal engagement will ensure that stakeholder insights are applied to business decisions.

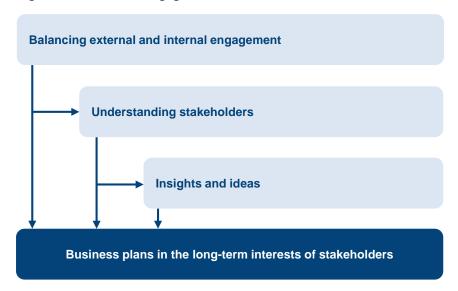
Understanding stakeholders

Deep stakeholder understanding is fundamental to good business planning and decision making. A mix of qualitative and quantitative research and analysis methods will provide an in-depth understanding of stakeholder groups and their perspectives, which is fundamental to ensuring our business plans are consistent with the long term interests of stakeholders.

Insights and ideas

Generating insights from stakeholders is a collaborative process. AGN will ensure that stakeholder views are understood and considered when developing business plans. This is considered essential to providing services that promote the long-term interests of stakeholders.

Figure 3: Stakeholder Engagement Priorities





Approach to Stakeholder Engagement

AGN's approach to stakeholder engagement comprises four phases. It commences with developing the specific engagement approach (referred to earlier as the region-specific strategy), followed by undertaking relevant research to understand stakeholder values and then including the outcomes of the engagement program into our business planning. The final phase is to continually engage with stakeholders to ensure we are always acting in a manner that is consistent with their long term interests. The key activities to be undertaken under each phase are outlined in Figure 4.

Figure 4: Approach to stakeholder engagement.

Strategy

The Strategy Phase will define, for each region, who we will engage with, how we will engage ,the key issues that will be subject to consumer engagement and how we will track the success of our program.

This Phase in itself will involve significant engagement, such as:

- Workshops with relevant internal stakeholders (senior AGN and APA Group management) to scope out potential issues and approaches to stakeholder engagement.
- Workshops with our key Reference Groups that have been established to guide our approach along with other key stakeholders, including the AER, AER Consumer Challenge Panel, state governments, state-based regulators and various representative community groups to develop the stakeholder engagement program for a particular region.

Research

The Research Phase involves the implementation of the region-specific strategy determined in the Strategy Phase. This includes:

- Designing location specific engagement activities (such as workshops and interviews).
- Preparing clear information that will assist stakeholders participate effectively in our engagement activities (e.g. fact sheets).
- Conducting research (generally with the assistance of an independent expert, facilitating workshops, holding one-on-one meetings and collating/analysing results).
- · Capture and report on customer insights.

Implementation

Insights from the Research Phase will then be considered by AGN in the preparation of AA Proposals and Business Plans more generally. Activities include:

- Internal workshops to understand stakeholder insights.
- Business planning and modelling to adjust plans as appropriate to incorporate insights from the engagement program.
- Reporting in a clear and transparent manner how insights have been factored into our AA Proposal and Business Plans.
- Further stakeholder engagement on understanding stakeholder insights where appropriate.

Ongoing Engagement

This Phase involves:

- Reporting on the outcomes/effectiveness of previous engagement activities;
- Incorporating lessons learnt into future engagement programs;
- Continually engaging with stakeholders beyond the development of the AA Proposal.

Activities during this Phase will include:

- Updating of relevant information on our dedicated interactive engagement website.
- Release/updating of educational materials explaining investment decisions.
- Periodic engagement with key stakeholders to understand their issues and key values (i.e. continual research).



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