



The Energy Charter Better Practice Social Licence Guideline Independent Review

June 2026

Conducted by Kirsty O'Connell,
Next Generation Engagement and
Professor Sara Bice, Australian
National University



About the Independent Reviewers

Next Generation Engagement (NextGen) assists practitioners, proponents, regulators and policy makers in applying world-leading research and evidence-based social tools. NextGen is an ANU spin-off of the Institute for Infrastructure in Society (I2S), Australia's leading research institute focused on community engagement, social licence and social risk management in the infrastructure and energy sectors. NextGen helps infrastructure and energy leaders embed community-centric thinking into every stage of project planning and delivery, using evidence-based tools to reduce risk, protect investment and deliver lasting value.

The Review Team


Kirsty O'Connell, co-founder and Industry Director of the Australian National University's Institute for Infrastructure in Society (I2S) and Managing Director of Next Generation Engagement. She has led communications and engagement for more than \$30B in complex infrastructure.

Professor Sara Bice, co-founder and Director, I2S (Institute for Infrastructure in Society) at the Crawford School of Public Policy, The Australian National University. She is a past president of the International Association for Impact Assessment, the former Deputy Director of the Melbourne Energy Institute and one of the foremost scholars, writers and speakers on social licence to operate.

Dr Kirsty Jones, senior researcher and project manager with Next Generation Engagement and an Honorary Fellow at the Australian National University's Institute for Infrastructure in Society (I2S). She offers world-leading expertise in applying research evidence to strengthen policy and real-world outcomes.

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As part of developing
the Social Licence
Guideline, transmission
companies committed
to participating in an
Independent Review.

Executive Summary

The Energy Charter Better Practice Social Licence Guideline (referred to as the Social Licence Guideline) was developed by *The Energy Charter* in collaboration with a Community Outcomes Group (COG) comprising membership from state and national agricultural representative groups and six Transmission Network Service Providers (referred to as transmission companies). The Social Licence Guideline was created in 2022-23 to build a shared understanding of the impacts and benefits of hosting energy transmission infrastructure for agricultural landholders and to provide practical guidance to mitigate negative impacts while prioritising shared value through the energy transition.

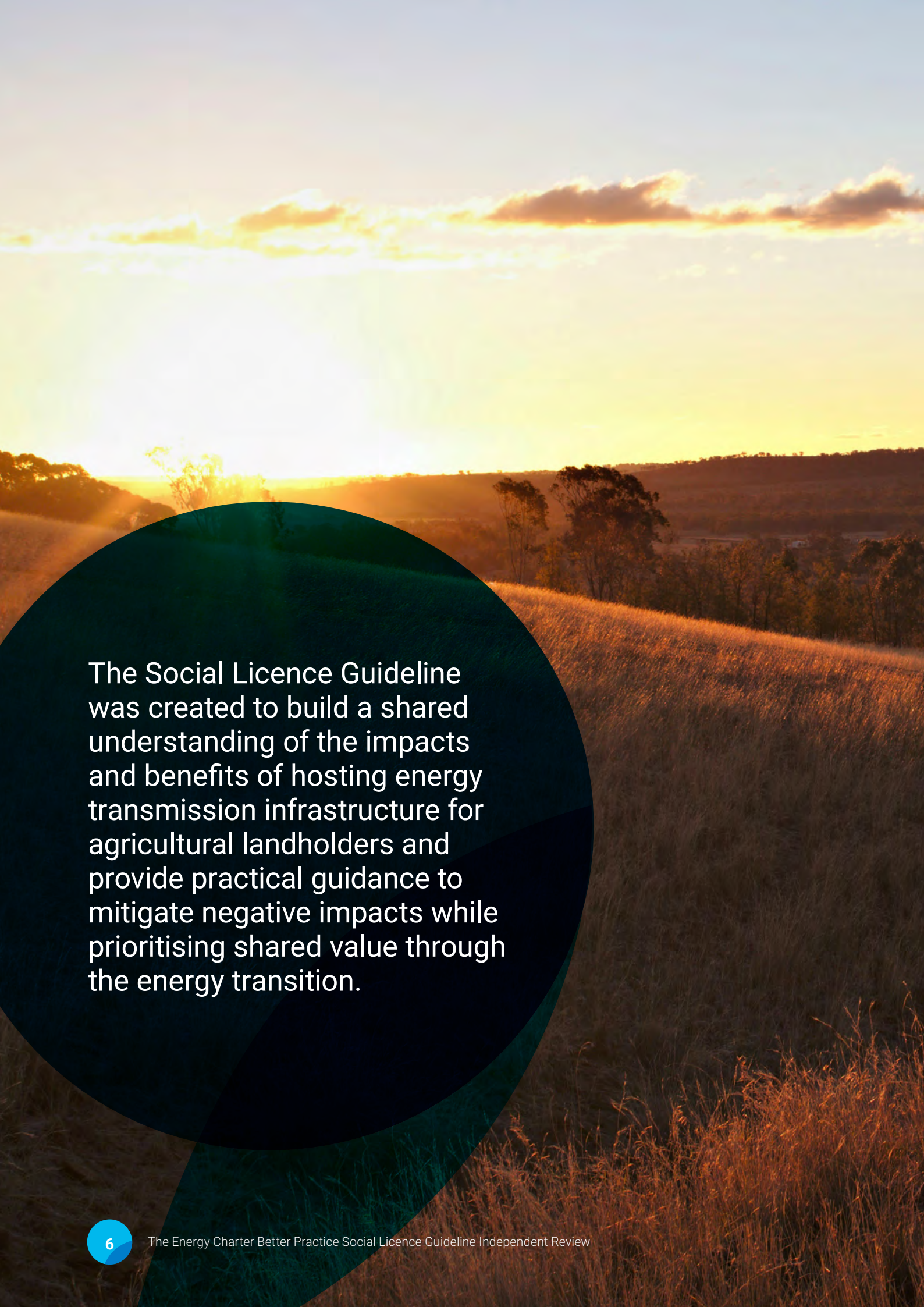
As part of developing the Social Licence Guideline, transmission companies committed to participating in an Independent Review. The purpose of this Independent Review is to assess participating transmission companies' progress towards implementing the Priority Actions contained in the Social Licence Guideline and provide constructive feedback to support continuous improvement.

Participating transmission companies have submitted reports to the Ag Energy Taskforce over 18 months and submitted a final 18 Month Progress Report to inform the Independent Review in early 2026. Overall, the standard of reporting was high, although there was some variation in the completeness of reports and the level of supporting information provided.



Key findings of this Independent Review

- Since the first Independent Review in 2024, performance against 19 of the 20 Priority Actions has improved markedly.
- 1 Priority Action is new and rated as progressing.
- Further progress against the 20 Actions is possible and recommended.
- The Social Licence Guideline is strengthening social licence. Participants should renew for a further 18 months.
- Participants can work beyond the 20 Actions to further strengthen social licence.
- Participants' social licence is being impacted by external factors including other energy companies.
- Action is needed from governments, regulators and policymakers to build industry social licence.



The Social Licence Guideline was created to build a shared understanding of the impacts and benefits of hosting energy transmission infrastructure for agricultural landholders and provide practical guidance to mitigate negative impacts while prioritising shared value through the energy transition.

Background

About the Better Practice Social Licence Guideline

The Social Licence Guideline was developed by The Energy Charter in collaboration with six transmission companies and a COG comprising membership from state and national agricultural representative groups. The Social Licence Guideline was created to build a shared understanding of the impacts and benefits of hosting energy transmission infrastructure for agricultural landholders and provide practical guidance to mitigate negative impacts while prioritising shared value through the energy transition. Research from KPMG Australia informed the development of the Social Licence Guideline, which included 144 surveys and 18 in-depth interviews with landholders. This research identified 33 impact areas across farm operations, wellbeing, finances and the environment. Twenty different Priority Actions and 17 Better Practice Opportunities were developed to address or mitigate these impacts. As part of developing the Social Licence Guideline, the transmission companies committed to participating in an Independent Review.

In 2024, Nine Creeks Consulting conducted the first *Independent Review*. The purpose of this Review is to assess participating transmission companies' progress towards implementing the Priority Actions and Better Practice Opportunities contained in the Social Licence Guideline and provide constructive feedback to support continuous improvement. Participating transmission companies submitted 12 Month Progress Reports to inform the review. The Independent Review was informed by community and transmission business input, with practical recommendations for improvement. This review tested whether implementation was delivering meaningful change.

In 2024-25, the Social Licence Guideline COG and Industry Collaborators jointly distilled the learning into *20 Priority Commitments* to focus effort where it matters most. Those commitments sharpened accountability and made progress measurable. Participating transmission companies have submitted reports to the *Ag Energy Taskforce* over 18 months and submitted a final 18 Month Progress Report to inform the current Independent Review.

How does social licence work and what drives it?

The primary purpose of the 2026 Independent Review is to evaluate progress of the five participating transmission companies against the 20 Priority Actions that underpin the Better Practice Social Licence Guideline.

This evaluation process also represents an important opportunity to apply the eight years of research from the ANU Institute for Infrastructure in Society (I2S) and the extensive industry experience of the Next Generation Engagement Team, to identify further opportunities to strengthen the social licence of the five transmission companies and for the wider energy transition.

Drivers of social licence from an Australian community perspective

From 2021 to 2023 more than 7000 Australian community members participated in its *Australian Perspectives on Infrastructure* Research Project and through this work I2S was able to identify a range of evidence-based drivers of project acceptance (social licence).

These factors are identified in the I2S Social Licence for Infrastructure Model, included at Figure 1.

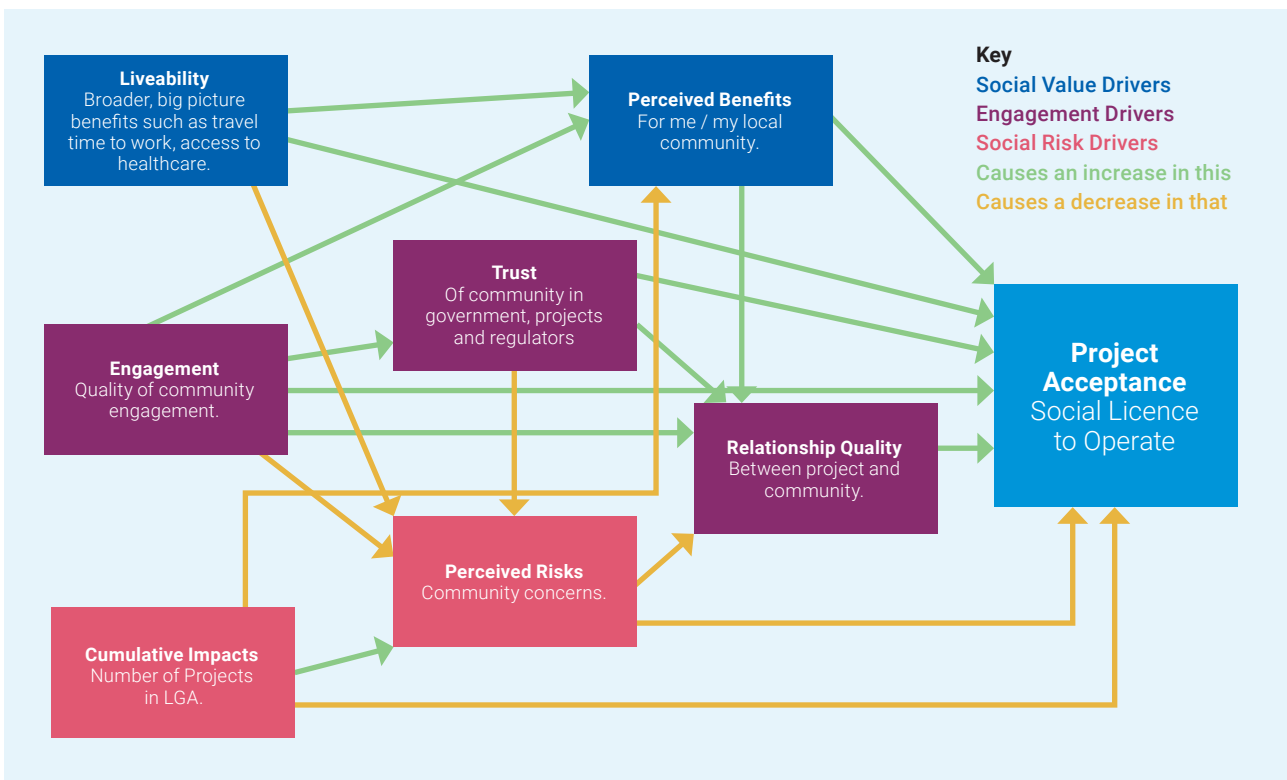


Figure 1: Social Licence for Infrastructure Model¹

¹Sabit Otor & Sara Bice & Hayley Henderson, 2026. "Social Licence to Operate and Major Infrastructure: A Social Exchange Theory Approach to Modelling Drivers of Community Acceptance," *Corporate Social Responsibility and Environmental Management*, John Wiley & Sons, vol. 33(3), pages 3225-3246, May.

This research demonstrates:

- Social licence requires a place-based approach to address perceived impacts and risks
- Social licence requires a clear social value proposition that addresses both local benefits and broader societal liveability benefits
- High quality engagement is required to build trust and quality relationships with communities
- The critical link between engagement and operational and technical project decisions.

The Reviewers recommend that these drivers, particularly the management of cumulative impacts, be taken into account when identifying the Priority Actions for the subsequent term of the Social Licence Guideline.

The drivers also provide a useful frame for understanding the participating transmission companies current organisational approach to social licence and therefore have informed the findings of this assessment.

Social licence occurs at different levels¹

Research has demonstrated that social licence occurs at multiple levels:

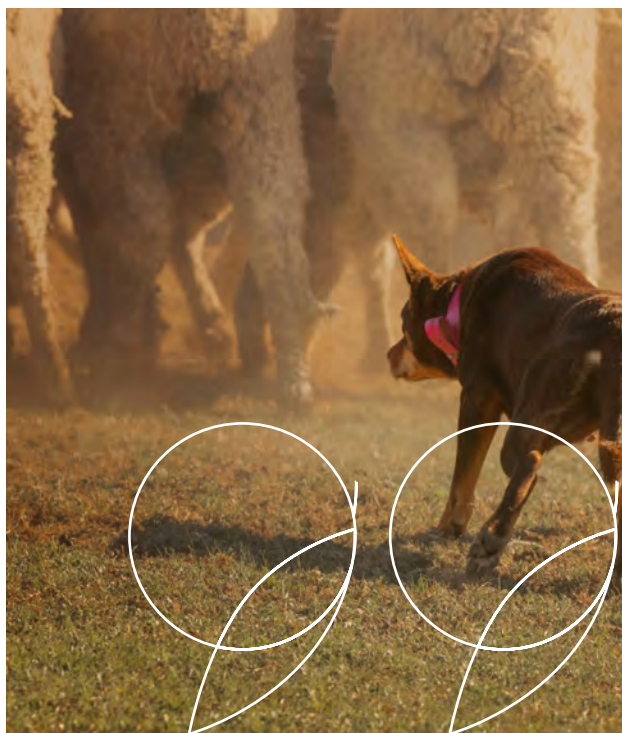
- Project level
- Community level
- Industry level.

For this reason the Review Team has offered feedback and recommendations that can assist to reliably build and sustain social licence to strengthen the social licence at a project, community and industry level.

Social licence flows bottom up, not top down

Latest research² has demonstrated that social licence can flow upwards to a broader social licence. Broader social licence around issues such as climate action does not, however, trickle down to a local-level social licence.

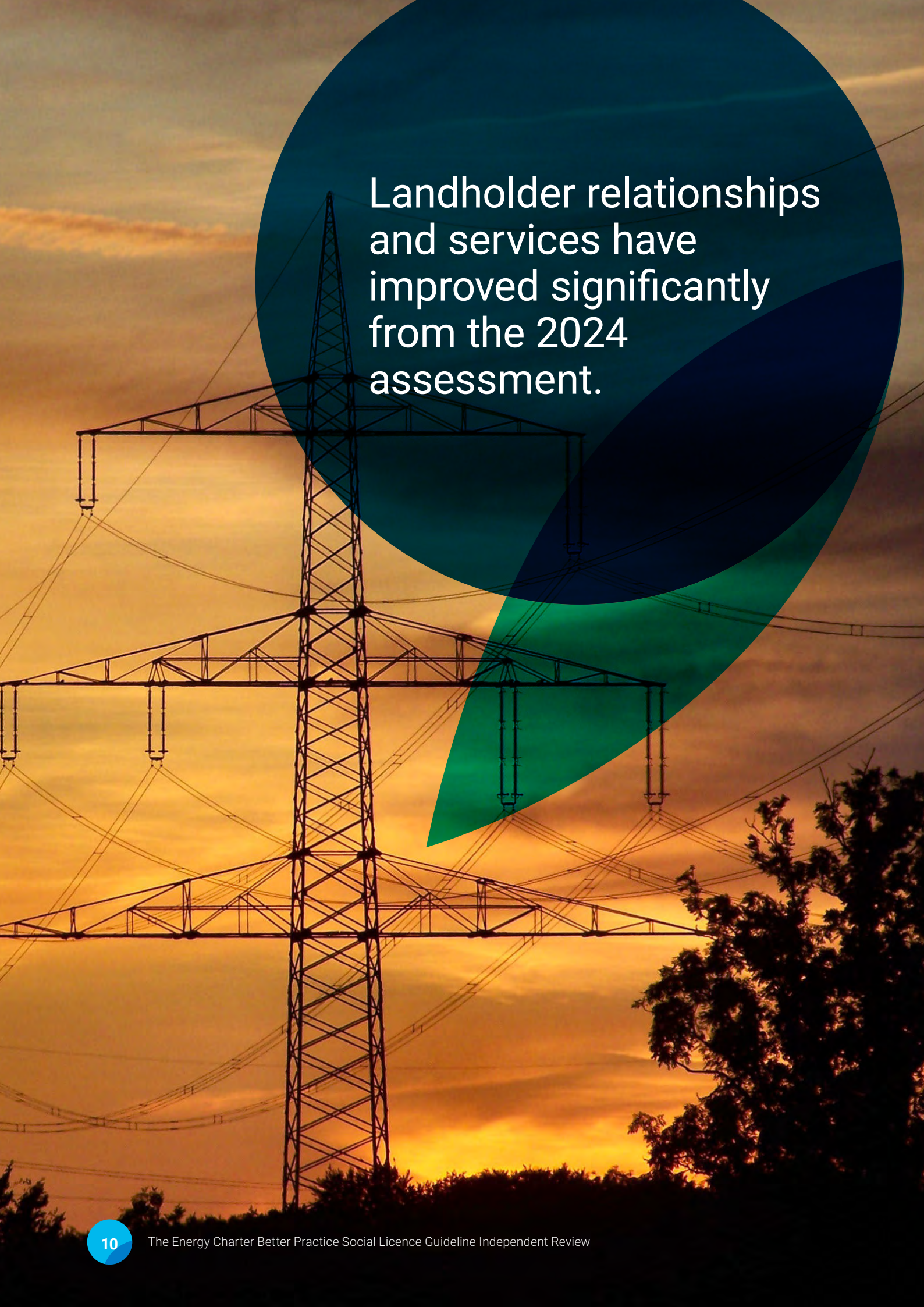
This suggests that the social licence for the energy transition is being determined project by project, community by community and the actions of every actor in the sector impact on the social licence for the sector.



¹Fiona Haines & Sara Bice & Colette Einfeld & Helen Sullivan, 2022. "Countering Corporate Power Through Social Control: What Does a Social Licence Offer?," The British Journal of Criminology, Centre for Crime and Justice Studies, vol. 62(1), pages 184-199.

Einfeld, C., Sullivan, H., Bice, S. and F. Haines, (2021) 'Playing by the rules? Community actors use of experts and evidence to protest Coal Seam Gas activity', Energy Research and Social Science,

²Lesser, P., Poelzer, G., Gugerell, K., Tost, M., & Franks, D. (2023). Exploring scale in social licence to operate: European perspectives. Journal of Cleaner Production, 384, 135552.



Landholder relationships
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assessment.

Review of progress against the 20 Priority Actions


This section follows the structure and conventions of the Social Licence Guideline. A summary of each Priority Action is included. Please refer to the Social Licence Guideline for a detailed overview of each Priority Action and Better Practice Opportunity.

Chapter 1: Landholder relationships and services

Landholder relationships and services have improved significantly from the 2024 assessment.

	2024		2026	
	As reported	As assessed	As reported	As assessed
LANDHOLDER RELATIONSHIPS AND SERVICES				
1.1 Community involvement in route planning				
Consideration and communication around undergrounding	2.8	2.4	3	2.8
Upgrades and maintenance activities in constructions and operations	2.6	2.2	2.4	2.4
1.2 Engagement and communication				
Regional engagement teams	2.6	2.2	3	2.8
1.3 Tower placement screening				
Minimising visual impact of substations and transmission tower/lines	2.0	2.0	2.4	2.4
1.4 Access				
Easy and timely access to records of access on request	2.6	1.4	2.8	2.4
Management plan reviews	2.0	2.0	2.6	2.4
1.5 Compensations				
Annualised compensation	2.5	2.0	2.8	2.8
1.6 Safety education				
Proactive, tailored education programs on safety	2.4	2.0	2.4	2.4

>2.4 green = committed 1.5-2.4 orange = progressing <1.5 red = needs action

A photograph of a power line tower in a field with a blue circular graphic overlay. The tower is a lattice structure, and the field is filled with tall, dry grass. The sky is blue with some clouds. The blue graphic is a large circle with a gradient from dark blue to light blue, partially overlapping the tower and the sky.

There is clear and consistent evidence of commitment to establishing regional engagement teams to support major transmission projects. This demonstrates a shared understanding of the importance of local knowledge, accessibility and relationship-based engagement.

1.1 Community involvement in route planning

Priority 1: Consideration and communication regarding undergrounding

2024		2026	
As reported	As assessed	As reported	As assessed
2.8	2.4	3	2.8

Key recommendations

- Overall, undergrounding of transmission is firmly on the agenda across the sector, but there remains some room for improvement in terms of consistency and demonstrable community engagement in the process.
- We suggest that providers need to more clearly articulate decision making frameworks (including MCA criteria and weighting), strengthen independent and publicly available analysis and show how engagement substantively shapes undergrounding decisions.

Priority 2: Upgrades and maintenance activities in construction and operations

2024		2026	
As reported	As assessed	As reported	As assessed
2.6	2.2	2.4	2.4

Key recommendations

- The majority of the providers have undertaken upgrades but acknowledge that the process is not yet fully embedded. While engagement with landholders on this topic is cited, this appears to be *ad hoc*, rather than a structured activity.
- Property access and ongoing property management plans should include specific questions focused on maximising landholder value from construction and maintenance.

1.2 Engagement and communication

Priority 3: Regional engagement teams

2024		2026	
As reported	As assessed	As reported	As assessed
2.6	2.2	3	2.8

Key recommendations

- There is clear and consistent evidence of commitment to establishing regional engagement teams to support major transmission projects. This demonstrates a shared understanding of the importance of local knowledge, accessibility and relationship-based engagement.
- While the presence of regional teams is now the norm, there is limited evidence regarding their resourcing, influence and effectiveness. Reports rarely address whether teams have sufficient capacity, how their performance is evaluated or how insights gathered at a local level shape project decisions.

1.3 Tower placement screening

Priority 4: Minimise visual impact of substations

2024		2026	
As reported	As assessed	As reported	As assessed
2.0	2.0	2.4	2.4

Recommendation

- There is clear recognition of the importance of minimising visual impacts and evidence that visual mitigation measures, such as landscaping, vegetation screening, lighting controls and visual impact assessments, are being considered and, in some cases, implemented. This suggests the issue is firmly on the agenda and moving beyond compliance alone.
- While assessments and mitigation actions are frequently referenced, we recommend that consistency in demonstrating how communities are proactively involved in shaping design outcomes, rather than being consulted reactively once concerns are raised, can be improved.

1.4 Access

Priority 5: Easy and timely access to records of access on request

2024		2026	
As reported	As assessed	As reported	As assessed
2.6	1.4	2.8	2.4

Recommendation


- There is evidence that systems, policies and processes are in place to record land access and provide landholders with access to those records on request.
- While the technical and procedural foundations are largely established, there were gaps in reporting regarding awareness, consistency of use and visibility to landholders.
- There were reports from several stakeholders that while company employees are respectful of access protocols, performance by contractors and subcontractors is uneven and improvements need to be made in terms of transparency around accidental breaches of access protocols.
- Stronger evidence is needed that recordkeeping systems are consistently used across contractors and projects, not just available in principle.

Priority 6: Management plan reviews

2024		2026	
As reported	As Assessed	As reported	As Assessed
2.0	2.0	2.6	2.4

Recommendation

- There is a need for more structured involvement of landholders in property management plan reviews.
- We agree that access to an independent reviewer or arbiter to verify compliance would be beneficial where there is disagreement between a landholder and a provider. This is linked to our broader recommendation for Australian and State Governments regarding the need for independent grievance resolution processes for landholders.
- To improve, we recommend greater transparency of the process, stronger evidence that management plan reviews are actively reviewed in consultation with landholders and are used to address issues as well as to support continuous improvement throughout the project lifecycle.



There is clear evidence that annualised compensation options are progressing or established, supported either through organisational frameworks or State-based schemes.

1.5 Compensation

Priority 7: Annualised compensation

2024		2026	
As reported	As assessed	As reported	As assessed
2.5	2.0	2.8	2.8

Recommendation

- There is clear evidence that annualised compensation options are progressing or established, supported either through organisational frameworks or State-based schemes. Most providers reference structured approaches to compensation that aim to improve clarity and predictability for landholders, indicating that this priority action is largely embedded at a policy level across the sector.
- While annualised payments meet the criteria and justify the rating of 'committed', performance regarding compensation generally can be strengthened with more consistent and timely decisionmaking, and stronger evidence that compensation arrangements are perceived by landholders as fair, transparent and responsive to the scale and duration of impacts experienced.


1.6 Safety education

Priority 8: Proactive, tailored education programs on safety

2024		2026	
As reported	As assessed	As reported	As assessed
2.4	2.0	2.4	2.4

Recommendation

- There is clear recognition of the importance of proactive safety education, with evidence that safety information is being delivered through a range of channels.
- While tailored education is referenced in some cases, there is limited evidence that programs are consistently designed around the specific risks and diversity of agricultural settings or adapted to different communication needs and literacy levels.
- To ensure further progress across this priority action, providers will need more proactive, tailored and evaluated safety education, grounded in the lived experience of landholders.



The management
of on-farm activities
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Chapter 2: Management of on-farm activities and infrastructure

The management of on-farm activities and infrastructure has lifted but has the greatest room for improvement.

	2024		2026	
	As reported	As assessed	As reported	As assessed
MANAGEMENT OF ON_FARM ACTIVITIES AND INFRASTRUCTURE				
2.1 Biosecurity				
Strong tailored biosecurity management plans	2.4	1.8	2.6	2.4
Ongoing management of biosecurity risks during project lifecycle	N/A	N/A	2.4	2.2
2.2 Use of materials and management practices				
Engagement with landholders on soil requirements	2.4	2.2	2.6	2.4
Protect soil from compaction, erosion, or other damage	2.4	2.0	2.6	2.6
2.3 Farm infrastructure				
Engage with landholders regarding use of scrap materials and equipment	1.8	1.6	2.4	2.0
Provide labour and equipment in-kind	1.6	1.6	2.0	2.0

2.1 Biosecurity

Priority 9: Strong, tailored biosecurity management plans

2024		2026	
As reported	As assessed	As reported	As assessed
2.4	1.8	2.6	2.4

Recommendation

- There is clear recognition of the importance of managing biosecurity risks and evidence that policies, property specific plans and record-keeping processes are in place.
- Several providers demonstrate a whole-of-business approach, including staff training, contractor requirements and proactive engagement with landholders to understand property-specific biosecurity needs.
- However, practice is uneven and there remain questions around whether providers, particularly contractors and sub-contractors, are consistently meeting landholder expectations.
- To further progress against this priority action, providers need to build internal capability around biosecurity and strengthen consistency of implementation. This could include training, which could be offered in conjunction with some of the members of the Ag Energy Taskforce.

Priority 10: Ongoing management of biosecurity risks during the project lifecycle

2024		2026	
As reported	As assessed	As reported	As assessed
N/A	N/A	2.4	2.2

Recommendation

- There is recognition of the need to manage biosecurity risks across all stages of the project lifecycle and evidence that surveys, protocols and contractor requirements are being developed or applied, particularly in advance of construction. Some participants report pre and post construction assessments and the use of social impact assessments to identify biosecurity risks and opportunities for improvement.
- There are concerns regarding the dependency on adoption by delivery partners.
- Participants need to demonstrate consistent, end-to-end application of biosecurity risk management, stronger partnerships with landholders and clearer evidence that biosecurity protections are maintained throughout construction, operation and post construction phases.

2.2 Use of materials and management practices

Priority 11: Engage with landholders on soil requirements

2024		2026	
As reported	As assessed	As reported	As assessed
2.2	2.2	2.6	2.4

Recommendation

- There is recognition of the need to engage with landholders on soil requirements prior to construction and maintenance activities, and evidence that processes such as soil assessments, rehabilitation plans, and property-specific management measures are in place. Several providers report early engagement and, in some cases, the use of soil sampling or external expertise to inform planning.
- A common gap across reports is the emphasis on post construction remediation rather than proactive engagement and protection, reducing confidence that soil impacts are being effectively avoided rather than repaired.
- To demonstrate further progress, providers will need to show consistent, early engagement on soil requirements, clearer integration of landholder standards into management plans and stronger evidence that soil considerations meaningfully shape construction and maintenance practices across projects. This will be particularly important ahead of traditional wet periods.

Priority 12: Protect soil from compaction, erosion and other damage

2024		2026	
As reported	As assessed	As reported	As assessed
2.4	2.0	2.6	2.6

Recommendation

- There is recognition of the need to take reasonable measures to protect soil from compaction, erosion and damage, with evidence that controls, protocols and training requirements are in place. However, implementation is inconsistent and it is not clear that actions are aligned with landholder expectations.
- In particular, there is concern among stakeholders in Southern States regarding how soils will be managed during the wet winter period with construction on several projects due to commence. This requires improved communication with affected landholders.
- Further work is also required to improve how soil protection practices are tailored to property-specific conditions and consistently enforced across projects and contractors.
- There is room to improve the articulation of soil protection standards, to provide stronger evidence of consistent application in the field and to achieve greater alignment between reported processes and landholder experience.

A large, mature tree with a thick trunk and dense green foliage stands in a park-like setting. In the foreground, a repurposed metal barrel is mounted on a wooden stand, illustrating the reuse of scrap materials. The background shows a grassy area and other trees under a clear blue sky.

There is recognition of the opportunity to reuse or repurpose scrap materials and equipment to create shared value for landholders and communities, with examples of reuse reported.

2.3 Farm infrastructure

Priority 13: Engage with landholders regarding the use of scrap materials and equipment

2024		2026	
As reported	As assessed	As reported	As assessed
1.8	1.6	2.4	2.0

Recommendation

- There is recognition of the opportunity to reuse or repurpose scrap materials and equipment to create shared value for landholders and communities, with examples of reuse reported.
- However, practice is largely discretionary and not consistently embedded into project planning or delivery. A common gap is the lack of clarity around governance, safety and consistency, including how reuse opportunities are assessed, communicated and approved, and how health, safety and environmental risks are managed in a transparent way.
- To make further progress, providers will need to formalise scrap material reuse within project planning, embed it into contractor requirements and demonstrate consistent, proactive engagement with landholders to identify and deliver safe, mutually beneficial outcomes.

Priority 14: Provide labour and equipment in-kind

2024		2026	
As reported	As assessed	As reported	As assessed
1.6	1.6	2.0	2.0

Recommendation

- There is recognition of the potential value of providing labour and equipment in-kind to support landholders with farm infrastructure upgrades or maintenance, and some examples of support are reported. These examples demonstrate that inkind assistance can create mutually beneficial outcomes when aligned with project needs.
- However, support is largely *ad hoc* and discretionary, rather than enabled through formalised processes.
- There is a lack of clear policies, decision frameworks and governance arrangements to guide when and how inkind labour or equipment will be offered.
- To demonstrate further progress, providers will need to formalise expectations, embed in-kind provision into project planning where feasible and demonstrate transparent, consistent approaches that ensure equitable access and practical delivery.

Chapter 3: Community relationships and services

Since 2024, community relationships and services have improved and actions are largely at the 'committed' stage.

	2024		2026	
	As reported	As assessed	As reported	As assessed
COMMUNITY RELATIONSHIPS AND SERVICES				
3.2 Community benefit sharing				
Develop Community Benefit Sharing programs	2.6	2.6	2.6	2.8
Advocate for improved access to affordable, reliable energy for host communities	2.0	1.8	2.4	2.4
Prioritise impact-aware Community Benefit Sharing	2.6	2.2	2.6	2.6
3.3 Community infrastructure				
Consultation on community infrastructure needs	2.4	2.0	3	2.8
3.4 Community economic development				
Social and environmental criteria in procurement decision-making	2.8	2.4	2.8	2.4
Agreements with local businesses for local goods and services	2.0	1.8	2.6	2.6



3.1 Community Benefit Sharing

Priority 15: Develop Community Benefit Sharing programs

2024		2026	
As reported	As assessed	As reported	As assessed
2.6	2.6	2.6	2.8

Recommendation

- There is recognition of the importance of Community Benefit Sharing (CBS) programs to maximise positive local impacts and evidence that frameworks, funds and partnership models are being developed or implemented.
- Several providers report established or emerging CBS programs, including community funds, grants and co-designed initiatives, indicating movement beyond adhoc contributions. These leading providers also presented evidence of mature, collaborative approaches to identifying appropriate investments with communities together with an equally pleasing focus on investments that will deliver lasting community benefits.
- To demonstrate further progress, transmission companies as a group will need to show stronger community-led design, clearer alignment between impacts and benefits, and more consistent evidence that CBS programs deliver enduring, shared value for host communities

Priority 16: Advocate for improved access to affordable, reliable energy for host communities

2024		2026	
As reported	As assessed	As reported	As assessed
2.0	1.8	2.4	2.4

Recommendation

- There is some recognition of the role transmission businesses can play in supporting access to reliable and affordable energy. However, it is also broadly stated that there are limits for what can actually be achieved. To that end, a whole of industry approach to improving affordable, reliable energy for host communities is required.
- Examples of advocacy, pilots and partnerships were reported, with some providers also referencing initiatives such as neighbourhood batteries, trials with primary producers, or engagement with government, industry and academia to support broader energy system outcomes.
- For further progress, providers will need to articulate clearer strategies, demonstrate more direct and localised action, and provide evidence that advocacy efforts are delivering meaningful energy access outcomes for affected communities.

Priority 17: Prioritise impact-aware Community Benefit Sharing

2024		2026	
As reported	As assessed	As reported	As assessed
2.6	2.2	2.6	2.6

Recommendation

- There is clear recognition of the need to design CBS programs that respond to proximity, level of impact and disturbance experienced by near neighbours with examples of impact-aware mechanisms reported. Innovations such as near neighbour payments, community-designed eligibility frameworks and community-led panels to inform how benefits are distributed were all noted.
- To demonstrate further progress, providers will need to demonstrate clearer impact assessment frameworks, stronger involvement of near neighbours in program design and more consistent evidence that benefits are distributed in a way that meaningfully reflects lived experience of disruption and change.

3.2 Community infrastructure

Priority 18: Consultation on community infrastructure needs

2024		2026	
As reported	As assessed	As reported	As assessed
2.4	2.0	3	2.8

Recommendation

- There is clear evidence of commitment to engaging with communities to understand local infrastructure needs, with examples of coordination with councils and integration of community requirements into project delivery. This suggests the intent of this priority action is largely being met across the sector.
- Some outstanding examples were presented of community infrastructure benefitting from project delivery, most notably from Marinus Link with the uplift to Tasmanian data capacity.
- Overall, providers collectively meet the intent of this priority action, supporting a 'committed' rating, with further improvement dependent on stronger evidence that engagement insights consistently shape local infrastructure outcomes. Providers could also consider how they co-ordinate with other proponents either operating or planning to operate in the area.
- However, while engagement is commonly referenced, there is variation in how clearly community input is captured and translated into decisions. In some cases, it remains unclear how infrastructure needs are prioritised or how consistently engagement outcomes influence delivery.

3.3 Community economic development

Priority 19: Social and environmental criteria in procurement decision-making

2024		2026	
As reported	As assessed	As reported	As assessed
2.8	2.4	2.8	2.4

Recommendation

- Most organisations report the inclusion of sustainability, ethical and social criteria in tender processes. Several providers demonstrate mature frameworks, contractual requirements and alignment between procurement practices and broader social performance strategies.
- While policies and frameworks are well articulated, evidence of consistent implementation and outcomes is variable, particularly where newer procurement policies are still being rolled out.
- The relative weighting of environmental and social criteria is also unclear, and in several instances, providers were unclear as to what provisions existed in contracts to assist them to achieve the desired level of social performance.
- Clarity is needed on how supplier performance is monitored overtime.

Priority 20: Agreements with local businesses for local goods and services

2024		2026	
As reported	As assessed	As reported	As assessed
2	1.8	2.6	2.6

Recommendation

- Across providers, there is clear evidence that social and environmental considerations are being integrated into procurement policies and decisionmaking, with most organisations reporting agreements with local businesses.
- Several providers demonstrate mature frameworks, contractual requirements and alignment between procurement practices and broader community and social performance strategies.
- However, evidence of consistent implementation and outcomes is variable, particularly where newer procurement policies are still being rolled out.
- In some cases, it remains unclear how criteria are applied in practice.



Ensure clear line of sight for community, stakeholder and landholder engagement at Board and Executive level.

Key Findings and Recommendations

The findings in this Independent Review demonstrate progress against the Priority Actions and identify areas for continued improvement. Recommendations are provided to support further advancement.

Participants can improve performance against the 20 Priority Actions

Recommendations

Participants should consider the following factors:


- Specific management approaches to care for regional engagement teams.
- Management of contractor behaviour.
- Improved levels of biosecurity training to understand and respond appropriately to emerging biosecurity risks (this could occur in partnership with farming bodies).
- A concerted effort regarding the Farm Infrastructure Priority Actions.
- Transparency regarding the rationale for use of police.

Findings

A whole of industry approach will be required to fully address the priority action around improving access to affordable and reliable energy for host communities. To that end, the Independent Review supports The Energy Charter's #BetterTogether initiative around energy equity for regional communities to address participation barriers.

Committing to the 20 Priority Actions is delivering value. Participants should renew the commitment to the Social Licence Guideline for a further 18 months.

The commitment of transmission companies to continuous improvement and knowledge sharing is having clear, positive impacts and should continue.



Generators,
governments,
regulators and
policymakers all
impact, and need
to help build, social
licence.

Going beyond the 20 Priority Actions to build social licence

Key finding: Transmission companies can make internal management decisions beyond the 20 Priority Actions to further build social licence.

Recommendations

Ensure clear line of sight for community, stakeholder and landholder engagement at Board and Executive level.

Several businesses noted that the C-Suite did not include the person responsible for leading community, stakeholder and landowner engagement and that instead these skillsets sit in middle management – in some cases as far as four levels down from the CEO.

Given the clear evidential link between the factors influencing social licence and the significance of social licence to project outcomes, we recommend that each organisation consider including this skill set at C-Suite level to ensure a clear line of sight between executive leadership and these functions.

As per The Energy Charter's *#BetterTogether Customer Voice at Board* this skill set should also be present in transmission company boards.

Recommendations beyond the 20 Priority Actions to build social licence

- Ensure the necessary contractual provisions for the owner to be able to ensure the desired quality and capability of any engagement staff.
- Ensure contractual abilities to require certain training, behaviours and actions from all externally facing contractor staff (including construction teams).
- Include appropriate contractual KPIs, incentives and penalties to help support social licence.
- Direct owner management of community, stakeholder or landholder engagement.
- Be prepared to bridge resourcing and capability gaps where the owner does not have the contractual controls to direct the contractor to address these gaps.
- Transmission companies should maintain control of reputational risks rather than assigning them to the contractor team.



Key finding: Renewable energy generators, governments, regulators and policymakers all impact, and need to help build, social licence.

Key finding: External factors are significantly impacting the social licence of all energy participants.

The range of external factors impacting transmission companies includes:

- Generators' behaviours toward communities and landholders of generators.
- Transmission projects being viewed as an enabler of increasing cumulative impacts.
- Broken commitments to communities and landholders when generation projects change ownership.
- Political influence and opposition to the energy transition.
- Poor energy literacy across the broader community.
- Public policy backflipping and inconsistencies in consultation processes across different projects.
- Coordinated misinformation and disinformation regarding the transition.

Place-based communities of practice

Transmission companies should utilise their deep experience to lead place-based communities of practice with other energy companies operating in the same host communities.

Transmission companies could use these place-based communities of practice as forums to voluntarily discuss and coordinate project consultations and construction activities that will impact local communities, reducing the cumulative impact on local communities.

They should also use these forums to discuss how energy companies more broadly might collaborate to maximise social value within their shared host communities and connect with community representatives via *The Energy Charter Regional Energy Accord initiative*.

Recommendations for regulators, policymakers and governments

All energy projects should maintain public commitments registers outlining agreed commitments to the local community.

Such registers could be shared with local leaders associated with the Regional Energy Accord and the Australian Energy Infrastructure Commissioner (AEIC) could play a role in ensuring that such commitments are met. Alternatively, this could potentially form part of the future methodology for the *Australian Government's Developer Rating Scheme*.

Each jurisdiction should have an independent grievance resolution process. Membership should be compulsory for all energy sector operators. The AEIC could potentially lead the discussion around the development of such bodies.

The energy sector should leverage recent work by Evidn and Co-existence QLD focussing on curation of energy sector information, alignment of messaging across industry and delivery with trusted voices as is being leveraged in *The Energy Charter's Battery Safety initiative*.

The Regional Energy Accord networks could help share this information.



Social licence requires investment – the AER has an important role to play in facilitating this investment

The Australian Energy Regulator (AER) plays a key role in determining the ability of transmission companies to invest in social licence initiatives.

In particular, the Independent Reviewers are aware of the keen interest of the AER in the level of investment in initiatives such as community benefit schemes. It is our understanding that the AER has recently approved expenditure in the order of 1 per cent of capital project value in such initiatives.

Evidence suggests that outside of regulated expenditure projects, such investments range from 1 to 5 per cent of capital project value.

Furthermore, the research suggests that investments in social value initiatives should be informed by the project's social risk profile (i.e. the level of risk and impact that the project poses for the host community), the level of cumulative impact being experienced in a community and the relative level of need in the host community. Where these factors are high, investment at the higher end of the 1-5 per cent scale is merited.





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