

Guide to **Good Industry Practices for** **LP Gas Associations**

GOOD
INDUSTRY
PRACTICES



WORLD LP GAS ASSOCIATION

The World LP Gas Association

The World LP Gas Association was established in 1987 in Dublin, Ireland, under the initial name of The World LPG Forum.

The World LP Gas unites the broad interests of the vast worldwide LP Gas industry in one organisation. It was granted Category II Consultative Status with the United Nations Economic and Social Council in 1989.

The World LP Gas Association exists to provide representation of LP Gas use through leadership of the industry worldwide.

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Guide to Good Industry Practices

LP Gas Associations

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Chapter One

Background

The WLPGA is committed to providing independent advice to LP Gas stakeholders to ensure, above all, safety in the operation of LP Gas equipment and the business generally.

The two WLPGA guides - *Good Business Practices* and *Good Safety Practices* - have been used extensively over the years all over the world to provide guidance across all areas of the LP Gas industry. Since their publication in English they have been translated into several other languages.

These two guides have been designed to provide general advice to all stakeholders on best practices throughout the supply and distribution chain.

Following the success of these guides it was decided to develop and publish more detailed advice in certain areas of the supply and distribution chain that are considered more critical and where more prescriptive advice would be helpful.

Several more prescriptive guides have been published covering subjects such as *LP Gas Cylinder Management*, *LP Gas Bulk Storage* and *LP Gas Road Transport*.

In addition to providing Guides on the assets of the business, mostly concerning engineering and operations issues, it was decided to include a subject that is perhaps equally important but not so well covered elsewhere - *LP Gas associations*.

LP Gas businesses around the world are frequently represented by an association. Often the association is country based and represents the local stakeholders. Sometimes the association represents a region, such as in Europe where the AEGPL represents associations from around 30 countries.

This document addresses the important subject of LP Gas associations and provides some information on the rationale for them being established, the scope of their operations and some guidelines on how to run them efficiently and lawfully.

The target audience for this document are the LP Gas stakeholders in a country or region where an LP Gas association already exists or where there might be plans to establish one.

This document has been drafted by a small working group consisting of senior representatives of some existing LP Gas associations from around the world. This working group has also received input from other LP Gas associations.

This guide is designed to be not only applicable for countries that are considering establishing an LP Gas association but it can also be used as a check list for existing LP Gas associations to hopefully improve their current operations.

Unlike the other guides published by the WLPGA, where the content can be more prescriptive, the proposals offered here are more generic and provide some examples of how associations operate and how they might be established or improved.

Chapter Two

Executive Summary

Trade associations are not new and can be an effective vehicle to communicate common messages about the industry they represent by being managed in a clear unbiased manner.

This guide provides some background on how an association might benefit the LP Gas business and its stakeholders - emphasising that the stakeholder group are also potential members - explains some of the key issues involved in establishing or running one, and lists some key success factors drawn from the numerous LP Gas associations that exist around the world.

The scope includes some of the issues to consider when establishing new associations, where none exist, as well as some indicators for improving the effectiveness of existing associations.

This guide stresses the importance of an LP Gas association having a unified voice, representing all LP Gas stakeholders, operating under independent governance with empowered staff, running the association with no conflict of interests.

The guide describes who the stakeholders are in the LP Gas business and discusses their interests. This also allows the reader to consider this group as potential members of an association and what might be their interest in joining i.e. the membership proposition.

The guide draws from the experience of many existing LP Gas associations around the world and lists examples of their mission statements and objectives, describes structure and staffing, typical revenue and cost structures, and poses some frequently asked questions, together with answers. This guide also examines some of the key issues and key success factors facing associations.

Above all this guide stresses the need for an LP Gas association to remain above the law and ensure that on no account should its activities compromise fair and lawful competition. In this respect the guide suggests some ways in which this might be achieved.

The LP Gas Business and its Stakeholders

3.1 General

LP Gas could be described as being quite a simple product, both chemically and practically. However the equipment required for storing, handling, distributing and using LP Gas - together with the strict standards, codes and regulations required to maintain safe operations - brings with it a multitude of stakeholders.

3.2 The LP Gas Business

One of the challenges for LP Gas is to position itself not as a fossil fuel but as a clean burning energy, just like natural gas enjoys. However LP Gas is a global by-product of processing crude oil (40%) and the production of natural gas (60%) and does not attract the attention of these producers that the LP Gas industry probably thinks it deserves.

So, one of the underlying issues facing the LP Gas industry is to position itself against competing forms of energy. And, if it has to carry the 'fossil fuel' tag, to ensure that the message is that LP Gas is a five star fossil fuel.

LP Gas production from shale, as part of natural gas processing, will increase its availability, particularly in North America. Developments such as the expansion of the Panama Canal will make LP Gas more accessible, especially from North America into Asia. There looks like being no shortage of this exceptional energy so it is important that it should be used and not lost. LP Gas associations will help this cause in many ways as will be described.

LP Gas has exceptional properties making it a valuable and versatile form of energy which can be used in engines and innovative applications such as Combined Heat and Power (CHP), Gas Heat Pumps (GHP), off grid power generation as well as the traditional applications in cookstoves and heaters.

More recently the world has discovered that LP Gas is a very important form of energy when disaster strikes such as earthquakes, tsunamis and typhoons (hurricanes).

LP Gas makes up just a few percent of crude oil and natural gas production and, although its exceptional properties allows it to be used in thousands of different applications where the clean burning characteristics offers significant advantages over other fuels, it fights for position alongside the more strategically important transport fuels – gasoline, diesel and kerosene – and of course natural gas.

LP Gas produced from natural gas is frequently some distance from centres of demand and the cost of transport is penalising. It is labelled a by-product and as a result the LP Gas industry needs a strong voice to communicate its value, especially to producers.

The need for a consolidated voice is therefore important in the production of LP Gas, especially when it comes to managing quality.

The product quality of LP Gas is controlled to a specification that varies around the world but generally is not onerous for producers to meet. However there are some applications where it becomes critical to control certain parameters that affect the performance of engines and burners. Also the quality of competing transport fuels such as gasoline and diesel is improving constantly, narrowing the advantage that LP Gas once had.

Almost half of the global demand for LP Gas is consumed in the domestic sector to be used as a cooking fuel, and space and water heating. This market segment requires a complex and tightly controlled storage, handling, packaging and distribution network that demands high standards of equipment design and manufacture. Also the product itself is often displacing more traditional fuels such as coal, wood, charcoal and animal waste and for the consumer this presents a real challenge managing the transition. Penetrating other important market segments such as commerce, industry, agriculture, transport and as a feedstock for the chemical industry presents different challenges that are best faced with a unified voice.

The role of an association for a product like LP Gas is clear. Although only making up a small percentage of production the demands on equipment design, standards, energy policy and consumer awareness creates a need for a strong, consolidated, consistent industry voice and it is here that LP Gas associations can very effectively play that role.

One of the underlying benefits of an effective LP Gas association is to provide a vehicle for creating a network for developing the business in a safe and sustainable manner and it is this that appeals to many stakeholders.

3.3 Stakeholder Groups

Each of the following stakeholder groups has a particular position and interest in the LP Gas business. Some provide or install the equipment that is required to distribute LP Gas safely to the end user. Some influence the standards and codes of practice against which the industry performs. Others are instrumental in ensuring the product is safely stored, handled and distributed to the end user. Finally, promoting the benefits of LP Gas to the consumer, through appealing propositions and penetrative education, supported by sound policy and good standards enforcement, should appeal to all groups.

This section describes some of the main stakeholders involved in the LP Gas business and is included here for two reasons:

- These stakeholders can be seen as typical potential members of an LP Gas association although because they have different interests they will have different reasons for joining.
- By describing their main roles and responsibilities an association can tailor its mission and objectives to match the needs of its membership group better.

While some of the stakeholders would see the main role of an association as representing their own interests, others, such as government, would perhaps prefer to deal with an LP Gas association, as a collective voice, rather than many individual stakeholders.

The activities of each of these stakeholder groups is described below in order to better understand the role an LP Gas association might provide for each of them.



3.3.1 Equipment & Appliance Manufacturer

This important group is responsible for designing and manufacturing the equipment that is necessary for LP Gas to be stored, handled, packaged and distributed through the distribution channel.

They include tank and cylinder manufacturers and all the other components that are necessary to ensure the product is stored and handled safely such as valves, regulators, pipework, measuring equipment etc.

They also include manufacturers of transport equipment such as road tankers, rail tankers, ships and cylinder trucks.

Much of the LP Gas around the world is supplied in cylinders and this group includes cylinder filling plant manufacturers.

LP Gas dispenser manufacturers are also in this group that provides the equipment that enables the product to be dispensed accurately and safely into vehicles.

Manufacturers of appliances that consume the product at the point of application are also included here. Appliances such as burners, engines and cookers for example.

There is a responsibility on all of these manufacturers to design, manufacture and maintain the equipment they produce to a sufficiently high standard that enables the product to be safely and efficiently moved through the distribution channel to the end user and consumed safely.

The key role of an LP Gas association for this group might be to provide guidelines on safety standards or codes of practice. It could be the focal point for the group to communicate common messages on safety to the consumer or even run industry campaigns.

3.3.2 Contractor/Installer

Another important stakeholder group are the contractors and installers who ensure the LP Gas equipment is correctly installed and the appliances are properly fitted.

Contractors would be responsible for building LP Gas terminals and filling plants for example whereas installers would be responsible for ensuring the appliances, and other end user equipment, are properly and safely installed.

An LP Gas association might provide training courses for this group, or provide guidelines on correctly installing certain pieces of equipment and appliances. The association might also be the vehicle for communicating on behalf of the contractors/installers to other stakeholder groups.

3.3.3 Marketer/Supplier

Probably the most obvious stakeholder group where the need for an association would be greatest is the marketer or supplier of LP Gas. Suppliers of LP Gas and companies marketing the product have the highest visibility in the industry. They have the highest level of asset investment in terms of equipment and facilities and bare the greatest level of exposure in terms of risk.

Suppliers and marketers of LP Gas include producers and shippers where large quantities of the product is moved from the well head or refinery through the distribution channel. Marketers receive this product and package and take it through the distribution channel to the end user.

An association can provide this group with a unified voice in the event of an incident that threatens the industry. Another area where an association might assist this group is with a country's approach to LP Gas in its energy mix. LP Gas frequently forms a small component of a country's energy mix and government policy can be influenced with an LP Gas association lobbying on behalf of the industry. But perhaps the main attraction for this group is for an association to help promote LP Gas and contribute to its sustainable and safe future growth.

3.3.4 Distribution Channel

This group describes the various agents, dealers, distributors and retailers involved in the distribution channel and can be independently operated or owned by the marketing company. They move the product through the distribution channel to the end user and are often the 'face' of the brand. Because they are frequently small businesses themselves, being a member of an association might be unaffordable. This can be overcome by having a representative organisation as a member or by having a different type of membership with a lower subscription. The value of membership for this group might be through the association managing an LP Gas industry safety campaign or providing training programmes. Other examples of membership value could be through the influencing of government legislation on LP Gas usage.

3.3.5 Media

A key stakeholder of the LP Gas business is the media and although not an obvious candidate for membership the media group might include companies that specialise in LP Gas industry publications that would want to join. Having a good close contact with the media group is important in the event of news stories breaking that require validation and a balanced report. One possibility is having a media representative as a member in an observer category. Experience has shown it is better for the association to have close and trusted ties with the media in the event of an emerging damaging story about the industry that requires industry comment.

3.3.6 Non-Government Organisations

Following the keen interest in environmental issues and the clear benefits that LP Gas can provide as a clean burning energy, both in terms of street/kitchen air quality and reducing greenhouse gas emissions, Non-Government Organisations have become interested in joining LP Gas associations around the world.

These mainly, not for profit organisations, are understandably unwilling to incur the cost of membership to a similarly financially structured organisation and so it is typical that they would have an observer status where they enjoy the general benefits of membership but not necessarily have access to all the full membership benefits.

As a result there has been a recent trend by LP Gas associations to engage and invite certain NGOs with interest in issues where LP Gas can play a role in their aims. These issues include alleviating poverty, stimulating economic growth, reducing sickness and improving both local and global air quality.

Developing close ties with relevant Non-Government Organisations (NGOs) can be improved through the communication links that association membership brings to both parties.

3.3.7 National and Local Authorities

This is probably one of the most important stakeholder groups for an LP Gas association but not necessarily one that would provide opportunities for membership.

Close ties with government at all levels will be a goal of all LP Gas associations in order to understand such issues as energy policy and the role of LP Gas, the government's position on environmental issues, the setting of standards and law enforcement measures, excise duty differentials etc.

There might be some occasions where government organisations can obtain value in being a member of an LP Gas association without compromising any positions. One example is regulatory bodies.

3.3.8 Customer

The most important stakeholder group in the LP Gas industry is the consumer. The multitude of applications for LP Gas means there are a multitude of consumers.

Some of these consumers are individuals living in remote rural areas transitioning from animal waste or wood as their primary source of energy to LP Gas and need assistance with education and training in managing this transition.

Other consumers might be large fleet operators of vehicles where LP Gas, as Autogas, is being used to reduce street air emissions in large cities. And then there are complex industrial processes using LP Gas as a process fuel where the consumers might be international conglomerates.

The demands on the LP Gas industry from these complex consumer types range from simple assistance with using the product to provision of emission data to validate a choice of fuel.

3.3.9 Other Stakeholders

There will be other stakeholders with an interest in the LP Gas business including consultants, university students etc. These, and representatives of other groups, may see membership of an association as being of benefit depending on the cost of subscription. One of the key decisions, if financing the association is primarily from membership fees, will be determining the type and level of fee for each category of membership.

Structure, Objectives and Location

4.1 General

The establishment of an LP Gas association is done primarily to unite the industry with a common voice in order for it to communicate a powerful message, especially to policy holders, in order for the industry, its stakeholders and the consumer to benefit.

It is important to stress here that on no account should an association be used to compromise competitive market conditions and procedures must be included within the Articles and Statutes to prevent this. Having a Code of Conduct in place that is accepted and signed as a condition of membership is one way to achieve this. Reminding members at meetings and having the proceedings recorded is another useful procedure.

4.2 Structure

One of the challenges for an LP Gas association is to represent the whole of its membership group, from both large and small organisations, in a fair and equitable way.

The nature of any association membership structure is that the members representing larger organisations, and likely paying a higher level of subscription as a result, will require a higher level of influence in the direction and mission of the association. In addition they may be making a greater contribution in the running of the association because they have the resources to do so.

It is important therefore to have an organisational structure that fully reflects the wishes of all its members in a balanced manner. If this is not achieved the risk is that members will become disenchanted, see no value in membership and leave.

The staff responsible for the day to day operations of the association should be appointed by, but be independent from, the membership. They typically will report to an Executive Committee or Board, selected from the membership.

Being a member of the Executive Committee would be a voluntary role. A rotational policy would ensure freshness and limit the risk of domination from any particular member company.

The likelihood is that a member of the Executive Committee will be from a large organisation because they not only have the resources to allocate personnel but also they would see this as an important part of their membership proposition.

The size of this Executive Committee needs to be limited to encourage decisive direction to the staff.

The staff would be headed by a Managing Director or Executive Secretary who would have a small team focusing on the agreed action plan for the association. LP Gas associations around the world typically have teams between five and ten people.

The structure of the association would include responsibilities for areas such as administration (managing budgets, organising events), communications (lobbying, producing publications), marketing (developing membership) and technical (managing safety, codes and standards, dealing with technical questions). Specialised support would normally be covered by contract staff but it is unlikely that an effective association be staffed by individuals who have no experience in the LP Gas business.

The advice from one association is ‘...The board should say ‘what to do’ rather than ‘how to do it’...’

Sometimes personnel are seconded to an association from member companies for periods of one or two years but the benefit in reduced staff costs might be outweighed by undue interference and influence.

It is common for associations to contract personnel with specific skills to address particular projects in their programme, particularly technical projects. Having a pool of consultants, recruited on a project by project basis, who understand the deliverables of an association, can be a useful and cost effective way of meeting actions without the expense of having full time technical or specialist resources on the payroll.

4.3 Objectives

The objectives of an LP Gas association will be inevitably influenced by the type of market it represents.

Emerging markets will have different demands to developed markets but almost certainly both will include the education and lobbying of government to establish a beneficial platform for LP Gas in the energy mix. Communication with policy makers/governments, to persuade them what policies are necessary to develop a safe and sustainable LP Gas industry and market, will always be a primary objective.

Examples of mission statements and objectives of some associations in Europe, and the rest of the world, are shown in Appendix One.

Many associations develop a road map for the industry that not only defines the way forward for the industry but also helps in defining the association’s role.

The benefits that LP Gas can bring to government, businesses and consumers manifests itself from the properties the product brings to the energy market. Improved air quality leads to cleaner cities and kitchens and associated health benefits leading to lower medical costs. Lower greenhouse gas emissions create the opportunity to meet government macro environmental goals. The numerous applications for LP Gas creates new jobs.

There will also be specific issues that present themselves that need a unified representative voice. These will shape the objectives of the association. Example of some key issues that associations have provided are quoted in Appendix Two. These examples are issues for existing specific countries and regions but they can be used as examples for new associations to consider. The examples in Appendix Two might also, for example, be used by associations to develop questionnaires in market research programmes with members to test or determine their priorities for action.

As in any commercial organisation the association will be measured by results. The membership will be responsible for developing a vision and mission statement for its association and agreeing goals, both short and long term.

A typical short term objective can be seen from the AEGPL website. This is an association that represents nearly thirty European national associations:

“...The AEGPL is committed to demonstrating the meaningful role that LP Gas - the safe, clean, healthy, multi-purpose, efficient and strategic energy solution - can play in the European energy portfolio...”

Associations will also take a medium term view of its objectives through the formation of a strategic plan. This could take the form of a three or four year forecast which takes into account some of the drivers of their business.

Some typically factors to consider when developing a strategic plan will include:

- Key long term objectives of the association
- Review of external factors - opportunities and threats to the LP Gas Industry
- Review of internal factors - assessment of strengths and weaknesses of LP Gas association

Obtaining input from membership is crucial for a strategic review that is to have full support. The use of a questionnaire to obtain this feedback provides members the opportunity to share their vision and direction of the association.

The performance and effectiveness of an association needs to be clearly measured against objectives that have been agreed by the membership and these need to be reviewed throughout the year, and reviewed against strategic goals.

Benchmarking with other associations, not only LP Gas associations, on parameters such as the level of membership subscriptions, deliverable and other quantifiable issues, provides a useful method of measurement.

4.4 Location

Where to physically locate the association's offices will be influenced by a number of factors such as:

- Available budget
- Accessibility to staff and members
- Communications and facilities
- The need to be close to other stakeholders including government etc.

Although office facilities might be made available by members it is better to have a totally independent facility to avoid accusations of bias.

Associations will generally seek modest office space accommodation attracting competitive rates but this should not compromise communications because that is one of the key success factors of an effective association.

Financing an Association

5.1 General

LP Gas associations are normally established as 'not for profit' or 'non-profit seeking' organisations which allows budgets to be focused on the effectiveness of their programmes rather than satisfying shareholders return on investment.

Revenue for LP Gas associations will be generated from the national or regional LP Gas business. There are a number of different channels that this can originate through apart from the direct route of membership subscriptions. They include production levies, revenue from publication sales, training fees, events and sponsorship.

LP Gas associations are not generally large organisations requiring complex management structures. Total staff numbers in many countries are often measured in single figures.

The use of elaborate and expensive office accommodation needs to be avoided as this will draw criticism from contributing members.

5.2 Budgets

It is likely that the largest budget item for an association will be staff remuneration. It is vital that staff are competent in their respective field and command the respect of both colleagues and members. It is also important that they are independent, especially of member organisations.

Some associations rely on specialist staff for specific projects avoiding unnecessary staffing or salary costs.

Some examples of where revenues are sourced, by both country and regional associations, are given in percentage terms in Appendix Three together with examples of where that money is spent. Clearly there is no 'Best Practice' here but the key consideration is to clearly demonstrate to members where their subscriptions are going. Or, in the case of government levies (see 5.3 below), demonstrating to government that the levies are contributing to the agreed goals of the association. Transparency is the key message.

5.3 Financing

LP Gas associations are financed from the LP Gas business. Either directly or indirectly.

Financing is normally managed through member subscriptions calculated from some predetermined formulae. It is common practice for larger member organisations to pay higher fees. The challenge with this is that these members will require value for money and seek greater influence on the direction of the association. In order for the membership base to reflect all types of member organisations there will be a need to have a scale of fees. Indeed some observer members may pay no fees.

An alternative method of financing, that removes the issue of scaled member subscriptions, can be through some form of local production or import levy where every net tonne of product entering the country carries a levy. This levy would need to be either voluntary or mandated by government decree. The latter is probably easier to manage and removes the complicated issue of applying a model based on relative 'size' of paying member.

Other income can be generated from events organised by the association. These can be seminars such as the annual association conference supported by delegate fees and sponsorship. These events can also be supplemented with an LP Gas equipment exhibition which provides another source of revenue.

Depending on their remit, associations may also be involved in the production of documents which can generate a useful income stream. The UK association publish a series of Codes of Practice which are sold to both members and non-members around the world.

Associations may also conduct LP Gas training programmes for the industry and these are another opportunity for generating revenues.

Key Success Factors

6.1 General

This document is a general guide for those interested in establishing an LP Gas association as well as providing some points for an existing association to consider as a means of improvement.

Unlike other aspects of the business concerning assets and operations, where Good Industry Practices are easier to define, this guide provides more of a descriptive narrative with less emphasis on hard and fast rules and more on dealing with some of the issues that associations need to consider.

The following list of key success factors has been provided by a number of existing associations around the world as things to consider in running a successful LP Gas association. They clearly will not be applicable for every country or region but they are clearly important for each one here.

There are also some other examples shown collected during the discussions with other stakeholders.

6.2 Key Success Factors

6.2.1 Gas Energy Australia – “...The bottom line ‘key success factor’ i.e. the key rationale underpinning the establishment of the association, is the development and growth of the industry which can be measured in either market share and/or EBIT profits etc. Development and growth will only be achieved through increased demand for the product; which is achieved by product optimisation (innovation and research & development), commercialisation, strategic marketing and, most importantly, ensuring that the product adds tangible value and benefit to the national interest and the community (market). This is achieved through the collective engagement of industry through an association to conduct; advocacy, policy and technical development, communications and information management which, in turn, is achieved through industry leadership, engagement and commitment - and investment...”

6.2.2 France – “...One million small bulk tanks (above and underground) are in operation in the French LP Gas market. Since the late 1960’s CFBP (the French LP Gas association) obtained the authorisation to requalify by sampling the stock of bulk tanks at customer’s premises. To date only 5% of bulks have been re-qualified up to 30 years old. For older tanks a simplified individual requalification using acoustic emission testing is used. A dossier preparing authorisation for tanks up to 50 years old is under way. The effect of this programme has led to increased safety (less movement of contents and bulk tanks), greater customer satisfaction (no interruption of supply, no impact on surroundings) and savings.

6.2.3 AIGLP – “...we are happy to indicate the development and growth of the industry with special emphasis in best practices dissemination and innovation...”

6.2.4 Spain – “...To get the bottle (cylinder) sector price deregulation. All associates are pushing in the same way to get it...”

- 6.2.5 Brazil – “...Sindicato is recognised as the voice of the Brazilian LP Gas Industry, providing high quality information, statistics, studies, etc, for the local authorities...”
- 6.2.6 Japan – ‘...the Japan LP Gas Association has advocated with policy makers and the government for more than ten years in order to ensure the positioning of LP Gas exists in the Japanese government energy policy as a source of “gas” energy in term of its physical properties which is clean and environmental friendly like natural gas. In addition, we have also explained that LP Gas is a versatile and distributed source of energy. Now the government and the policy makers realize and understand what we have claimed, in particularly following the tremendous natural disaster in 2011...”
- 6.2.7 Turkey – “...With its market size, continuous growth, high quality products and services, Turkey’s liquefied petroleum gas (LP Gas) market is one of the driving forces in Turkish economy. Our market ranks 15th in the world and 2nd in Europe after Russia, with its 3.7 million ton LP Gas sales. The sector has a business volume of USD 12 billion and pays USD 4 billion in taxes. It provides 150,000 people with direct employment. Moreover, it continues to create even more jobs and higher revenues for the economy. The member companies of LP Gas Association of Turkey (TLPGA) are behind the success of LP Gas business; 50 % of total LP Gas market, 74% of LP Gas cylinder market, 70% of bulk LP Gas market and 40% of autogas LP Gas market are supplied by our members. Moreover, members of our association have a say in developing the supply strategy and strengthening the energy supply security.

By encouraging the use of LP Gas, the TLPGA opts for a cleaner and healthier world. Working towards an efficient and sustainable LP Gas market, it contributes to the dissemination of best practices, and setting the code of ethics in the sector. It is committed to improve consumer satisfaction.”

Basic functions of the TLPGA are as follows:

- Raising public awareness on the benefits of LP Gas products and promote the use of LP Gas
- Helping all stakeholders to facilitate a fair, competitive and efficient LP Gas market
- Encouraging all players of the industry to invest in R&D, to improve service and safety standards to serve our customers even better
- Leveraging its members' common interests and bundling the combined benefits to establish a stable and transparent LP Gas market, and resorting to administrative remedies and legal methods to eliminate financially, administratively, technically and legally foul players
- Evaluating the current legislation in other countries, assessing the applicability, and informing the members to improve the existing legislation and standards in the LP Gas sector in Turkey
- Reinforcing the ties with government agencies to further improve the LP Gas sector in Turkey

6.2.8 South Korea (KLPGA)

- The KLPGA has a limited number of members enabling prompt, efficient, decision making
- The KLPGA actively encourages the development of advanced technology
- Strong, long-term, government support, enables the achievement of environmental policy objectives, leading to the growth of LP Gas industry

6.2.9 Other suggested Key Success Factors

- Development of clear membership propositions for all categories of members
- Independence of operation from any single member or group of members
- Operating with a lean structure to minimise costs
- Planning process to include road map and a three to five year strategic review
- Clear objectives, with champions for each, and a regular (quarterly) review mechanism
- Benchmarking against other associations

- Competent and experienced staff together with a pool of specialists to draw on when needed
- Close and regular contact with the executive committee or Board
- Excellent communications platform, both internally to members and externally to lobby groups
- Clear, simple, fair and transparent funding mechanism
- Demonstration of value for money

6.3 Typical Questions and Answers

During the development of the draft for this guide several of the stakeholders posed questions in order to develop the discussion for the content. Some of these questions, together with their answers, have been included here in Appendix Four.

Appendix One

Examples of Mission Statements and Objectives

Australia (Gas Energy Australia)

Vision

“... Optimise the value of gaseous fuels for the benefit of the national interest and the community - leading to improved energy security, carbon reduction, lower energy costs, and the development and growth of the industry”

Mission

On behalf of the gaseous fuels industry, and in support of the members and associates’ interests, Gas Energy Australia (GEA) delivers the following core services:

- Advocacy - influencing (within the context of the value and benefits of gaseous fuels) federal and state governments, regulatory authorities and the community
- Industry development - facilitating the development and growth of the industry - normally in concert with advocacy, policy development and communications, through the development and operation of national sector-based industry task forces
- Industry policy development - development of statements of intent and practice to guide strategic and tactical decision making, and the achievement of rationale outcomes - normally in support of the development and application of government and public policy outcomes
- Technical policy development - development of statements of intent and practice to guide strategic and tactical decision making and the achievement of rationale outcomes, through technical standards and regulatory harmonisation, development and compliance
- Communications - informing and influencing (within the context of the value and benefits of gaseous fuels) of key stakeholders through engagement of the media, community and internal communications
- Membership services, administration, and information and finance management.

GEA goal is to provide a united industry voice to stakeholders (i.e. governments, state authorities and the community) on the application of gaseous fuels in Australia. GEA’s interests incorporate all aspects of the downstream gaseous fuels industry, including producers, refiners, distributors, transporters, retailers, vehicle manufacturers, equipment manufacturers and suppliers, installers, educators and consultants.

GEA is focused on achieving energy security, economic prosperity in a lower carbon economy and lowering energy costs by advocating the value and benefits of gaseous fuels. GEA’s stakeholder engagement is supported by progressive policy development based on sound research, analysis and expert commentary, the ongoing development of national standards and innovative products and technology, proactive media engagement, and the development of the industry’s specialist workforce.

The gaseous fuels industry is extremely diversified and competitive. With its availability and diverse applications, the industry is equipped to immediately contribute to a sustainable energy solution anywhere and anytime.

As an alternative fuel source, gaseous fuel is playing an important role in shaping Australia's future energy policy and lowering our carbon footprint. Gaseous fuels are a significant contributor to the Australian economy both in exports and providing access to an extremely transportable low carbon energy source for Australians everywhere.

With the support of government, industry and consumers, gaseous fuels can play a pivotal role in establishing a more sustainable energy solution for Australia.

France (CFBP)

Mission

- Represent its members with public bodies in order to defend its members' interests
- To participate in standardisation work on a national, European and global level
- To participate in the technical evolution of standards concerning LP Gas
- To contribute to the continuous improvement in safety of equipment and installations
- To organise professional training specific to LP Gas jobs
- To make statistical, economic and technical information about LP Gas readily available to its members
- To promote LP Gas industry products

It achieves these goals by working closely with its various members. The CFBP focuses particularly on the following subject areas:

- Industrial sites
- Materials
- Equipment and accessories
- Transportation
- Training
- Safety of client installations
- Networking
- Autogas
- Promotion of the industry
- Energy efficiency

Each one contributes to ensuring there is full unification in the rules in each speciality sector, not only for data for professionals but also for the general public.

The autogas and transport departments organise training for LP Gas equipment installers and developers and also for drivers and delivery teams of LP Gas. The CFBP publishes several information documents as well as training and learning support documentation.

South America (AIGPL)

Vision

To be seen and acknowledged as a reference in matters regarding LP Gas in the Ibero American Market. To ensure that LP Gas is included in the government's agenda as a fuel of choice to society by explaining its environmental benefits, as compared to other hydrocarbons and biomass, and also place the subject of fair taxation and fair competition based on the importance of the fuel.

Mission

To develop and support improvements in the LP Gas industry by fostering the exchange of knowledge and experiences among the industry main organisations and other parties/stakeholders within the Ibero-American market. Exchange of knowledge and experience has the primary purpose of assuring the best interests of the final consumer and end user are taken into account due to the social importance of LP Gas to society.

Note: The Ibero American LP Gas Association (AIGLP) is a non-profit association in its 29th year of existence. The association's primary purpose is to promote the use of LP Gas in the region through good business practices and to assist the LP Gas industry and other interested parties regarding safety, fair competition, standards, regulations, scientific research and development undertaken by its members and the OEM industry.

The association is currently composed of 57 companies, country associations and other organisations from 15 different countries operating from the upstream to the downstream sectors of the LP Gas industry in the Ibero-American region. The headquarters of the association is located in Rio de Janeiro, Brazil.

AIGLP's social objective is the exchange of scientific, technical and institutional knowledge concerning all aspects relating to the common interest of the LP Gas industry, especially those regarding:

- Fair competition in the market
- Safety
- Environmental protection
- Applications
- Normalisation
- Regulation and trade
- Information
- Dissemination of leading practices
- Search of solutions for problems presented
- Broadcasting results obtained
- Leveraging the growth of LP Gas' share in the energy matrix of Ibero-American societies

Global

The World LP Gas Association (WLPGA)

The World LP Gas Association (WLPGA) is the authoritative voice of the global LP Gas industry representing the full LP Gas value chain. The primary goal of the association is to add value to the sector by driving premium demand for LP Gas, while also promoting compliance to good business and safety practices. The WLPGA brings together private and public companies involved in one, several or all activities of the industry; develops long-term partnerships with international organisations; and implements projects on local and global scales. The association was established in 1987 and granted Special Consultative Status with the United Nations Economic and Social Council in 1989.

Vision

As the authoritative global voice for LP Gas, the WLPGA promotes the use of LP Gas worldwide to foster a cleaner, healthier and more prosperous world.

Mission

- Demonstrate the benefits of LP Gas and inform, educate and influence all stakeholders
- Support the development of LP Gas markets
- Promote compliance with standards, good business and safety practices
- Identify innovation and facilitate knowledge transfer.

Italy

Assogasliquidi

Assogasliquidi represents the Italian LP Gas sector. It has over 90 members, of which 75% are LP Gas distributors and are involved in activities related to LP Gas distribution (e.g. equipment manufacturing, construction of facilities).

Members are divided into two types; ordinary members and aggregated members. The association is governed by a Presidency committee, it also has a Combustion Commission and an Automotive Commission.

Mission

The objective of Assogasliquidi is the representation of the LP Gas sector at national and international level with the Institutions and the protection of the interests and image of the sector.

Assogasliquidi works in the following areas:

- Political lobbying
- Technical lobbying
- Formation and information
- Standard and best practices
- Legal, technical and administrative support to its members

Poland

Polish LP Gas Association

The Polish LP Gas Association represents the LP Gas sector in Poland. It has 25 members, among which 12 are LP Gas distributors and eight are producers.

The association is governed by a General Assembly, which elects the Presidium and the Audit Committee. The Chairman, the Deputy Chairman and the Treasurer are elected by the Presidium among its members. The General Assembly meets twice a year, usually in March and September, while the Presidium meets every two months.

The association is a non-profit organisation, it operates under Employers Organisation Act.

Mission

The Polish LP Gas Association's main objectives are:

- To represent the LP Gas industry as a permanent partner of the governmental institutions in policy-making activities
- To promote the compliance of the LP Gas sector with health, safety and environment standards and good practices
- To demonstrate the benefits of LP Gas and position it as a clean energy for a low carbon world
- To represent the ethical and economic interests of its members

A work plan addressing these objectives is drafted and adopted by the Presidium every year.

POGP produces its annual report which summarises their activities and presents key statistical data on the LP Gas market in Poland.

The Polish LP Gas Association works in the following areas:

- Political lobbying (taking part in governmental legislative procedures)
- Technical lobbying
- Organisation of events, including international LP Gas conferences, since 2012
- Other activities connected with LP Gas, depends on the situation

Spain

Asociación de Operadores de Gases Licuados del Petróleo (AOGLP)

AOGLP represents the Spanish LP Gas sector, it is composed of six full members.

- All members are LP Gas operators and distributors
- AOGLP is governed by a Board, which regroups all the members

The Board usually meets once every two months. The members meet in General Assembly once a year in March

Mission

The AOGLP's mission is the representation and the defence of the collective interest of its members. The association focuses on lobbying activities in Spain, and in the EU through AEGPL and its working groups. AOGLP manages committees on technical (sharing best practices and HSSE), fiscal (lobbying on taxation), and communication matters (LP Gas promotion and communication) on the Spanish LP Gas market.

United Kingdom (UK)

The UK LP Gas Association (UKLPG) represents the LP Gas sector only. Approximately half of the membership is composed of gas and equipment suppliers, the other half are services suppliers to the industry. The association has 95 members, of which 70 are full members and 25 are affiliate members. The association is governed by an elected board composed of 10 representatives from the full members.

Mission

The UKLPG's main missions are to:

- Represent the industry and its members by being the single voice of LP Gas in the UK
- Help its members deliver the industry's vision for LP Gas
- Enable members to sell LP Gas products by minimising barriers and encouraging the maintenance of a safe environment

The UKLPG works in particular in the following areas:

- Operational matters
- Reputational matters
- Supply security and resilience
- Technical best practice
- Liaison with policy makers
- Writing and selling Codes of Practice
- Autogas installer approval
- Autogas equipment suppliers' accreditation

- Running an online register of Autogas vehicles
- Autogas vehicle and workshop inspections
- Single point of contact for the industry

The UKLPG does not have a strategic plan, its activities are very dependent on the Government's policy agenda and industry priorities.

Korean LPG Association (KLPGA)

The Korean LPG Association (KLPGA) represents the LP Gas sector in South Korea. Established in September 2003, the Korean LPG Association aims to encourage the use of clean LP Gas and improve the atmospheric environment. KLPGA works at the forefront in supporting and inspiring the industry to overcome challenges and generate greater developments.

It has just two members, E1 and SK Gas, which are Korea's leading LP Gas suppliers. The association is a non-profit organisation registered with the Ministry of Environment.

Mission

The KLPGA's main missions are to:

- Represent the industry and its members by being the single voice of LP Gas in the South Korea
- Encourage the use of clean LP Gas
- Maintain the competitiveness of LP Gas
- Develop advanced LP Gas technologies
- Enhance the publicity of LP Gas as a clean energy

Japan LP Gas Association

Mission

The Japan LP Gas Association's main mission is to:

- Enhance communication with the policy makers and the Japanese government
- Develop LP Gas demand by taking advantage of the characteristics of LP Gas
- Improve environment by promoting LP Gas
- Secure stable supply of LP Gas to domestic market and supply of LP Gas from overseas supply sources
- Enhance activities to prevent LP Gas related accidents
- Disseminate information on LP Gas

Appendix Two

Examples of some Key Issues for existing Associations

‘...To manage industry market research programmes...’

‘... Communicate the Autogas message...’

‘...Promote the two wheeler campaign...’

‘...To be the focal point for the exchange of key data (especially OEM)...’

‘...Carbon taxation in 2014 for all energy; LP Gas is exempt...at the moment...’

‘...LNG is a new market; how to work with the LNG association...’

‘...LP Gas association members are also LNG association members...how to manage this...’

‘...How to influence Government’s commitment to tax exemption for LP Gas...’

‘...How to position LP Gas in an industry where carbon is decreasing...’

‘...Promoting Autogas...’

‘...Maximise the opportunity for residential space heating...’

‘...Understanding where LP Gas sits in the fracking development...’

‘...How to respond to aggressive lobbying from the natural gas Industry...’

‘...Is LP Gas better represented in a ‘gaseous space’...especially for vehicles...’

‘...How to respond to government with the threat from diesel...’

‘...Energy price response...’

‘...How can the industry encourage a sustainable supply...’

‘...Energy taxation...’

‘...Illegal filling of branded cylinders is the major threat...’

‘...Some companies do not respect others...’

‘...How to respond to government’s policies which support Natural Gas...’

‘...How can the industry encourage new uses for LP Gas e.g. Autogas/Power generation...’

‘...How can the industry drive a kerosene to LP Gas campaign...’

‘...Hazardous and Noxious Substance Convention is a challenge...’

‘...Government’s policy on minimum stock levels is a challenge for industry storage capacity ...’

‘...Autogas demand is dropping...’

‘...Regulation of cylinders is a key issue...’

‘...Autogas promotion is needed...’

‘...How to manage/address the continued decline in the direct engagement and contribution of your members at the various policy and technical development working groups and committees...’

‘...How to face the increasing offer of gas in the next years, diversifying usage and applications...’

‘...For the association to be the reference point in the energy industry for LP Gas...’

‘...To demonstrate the positive contribution that LP Gas can make to the whole of society...’

‘...Demonstrate the advantages of LP Gas over other fuels especially with respect to improved air quality and its immediate availability anywhere...’

‘...The decline in the number of Autogas vehicles and the threat posed by diesel vehicles complying with Euro 6 standard...’

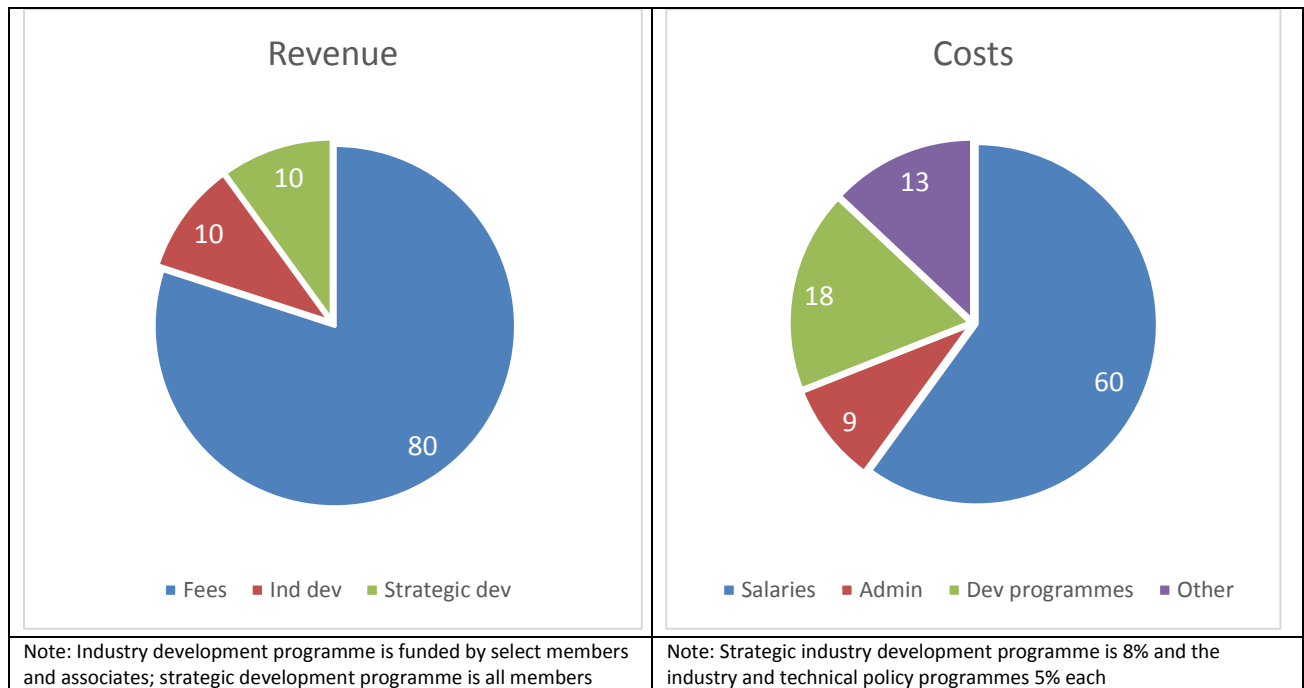
‘...The continuing rise in international LP Gas prices making it less competitive...’

‘...To play a key role in the import and production of LP Gas. The Japan LP Gas Association is making an all-out effort to ensure a stable supply of LP Gas as a clean and important energy source for the nation, and is actively involved in activities to stimulate demand for, and facilitating distribution of, LP Gas as well as promoting LP Gas safety and disseminating LP Gas information...’

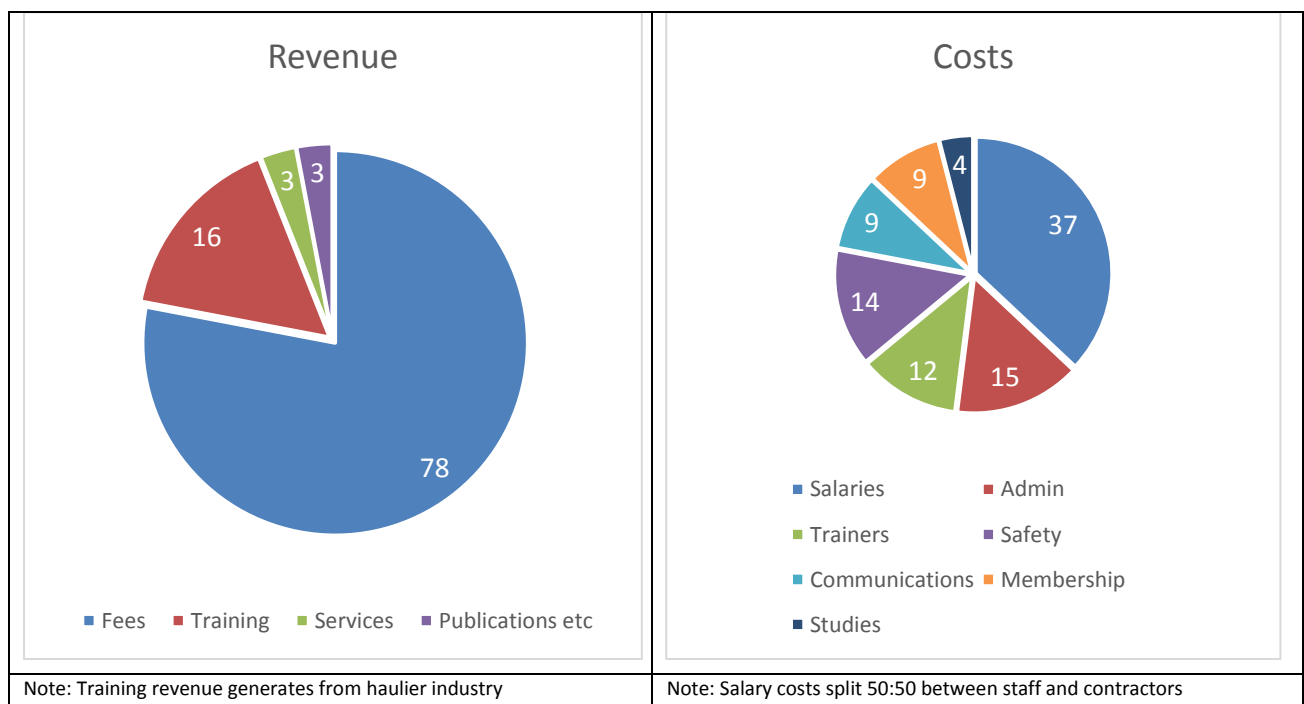
Appendix Three

Examples of Revenue and Cost Structures

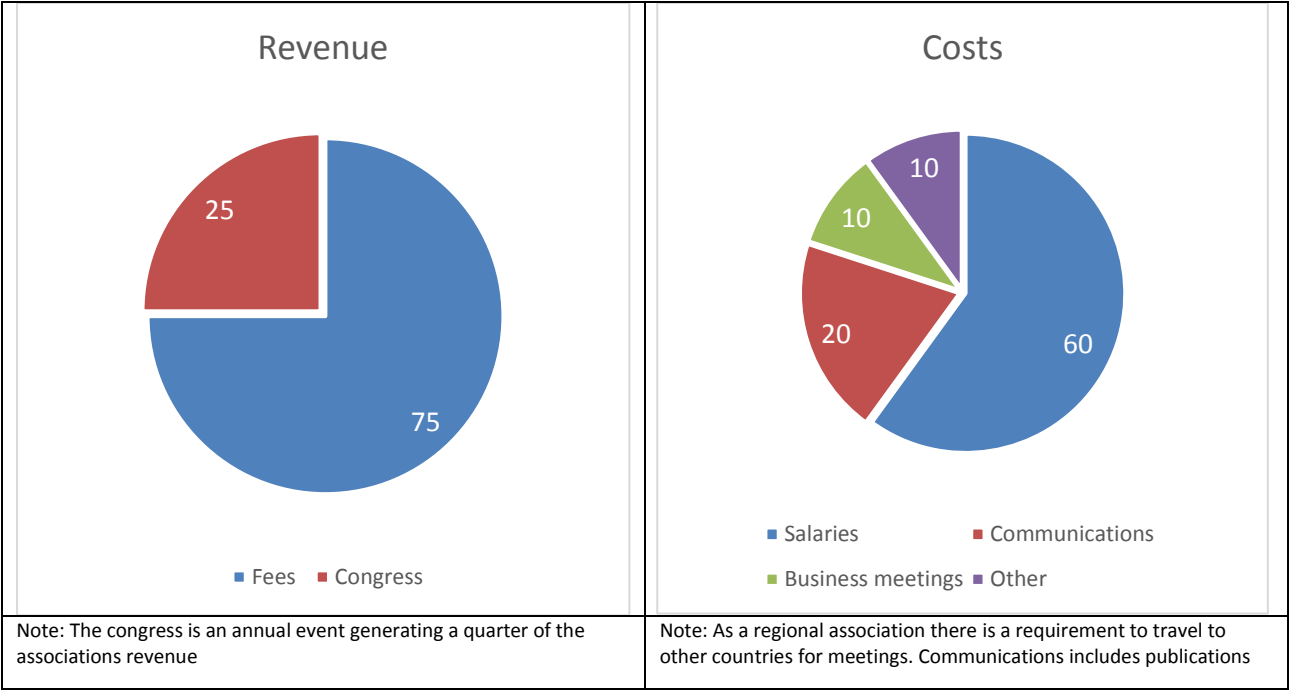
Gas Energy Australia



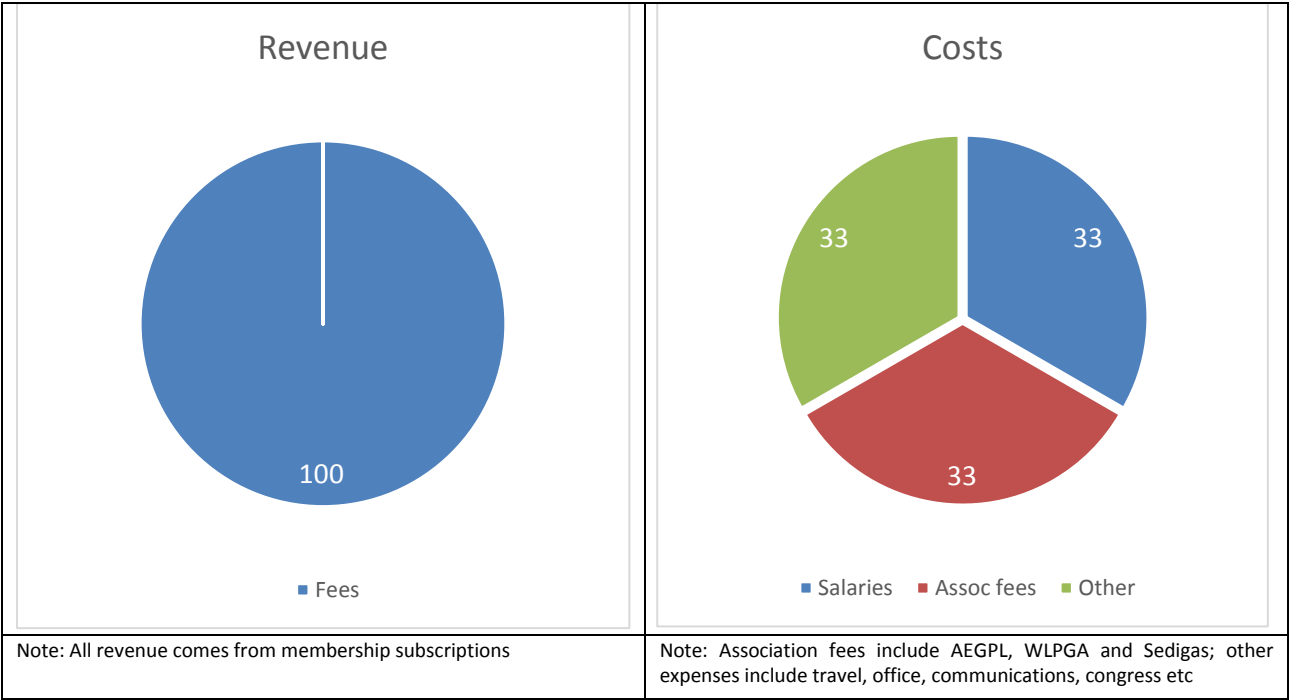
France (CFBP)



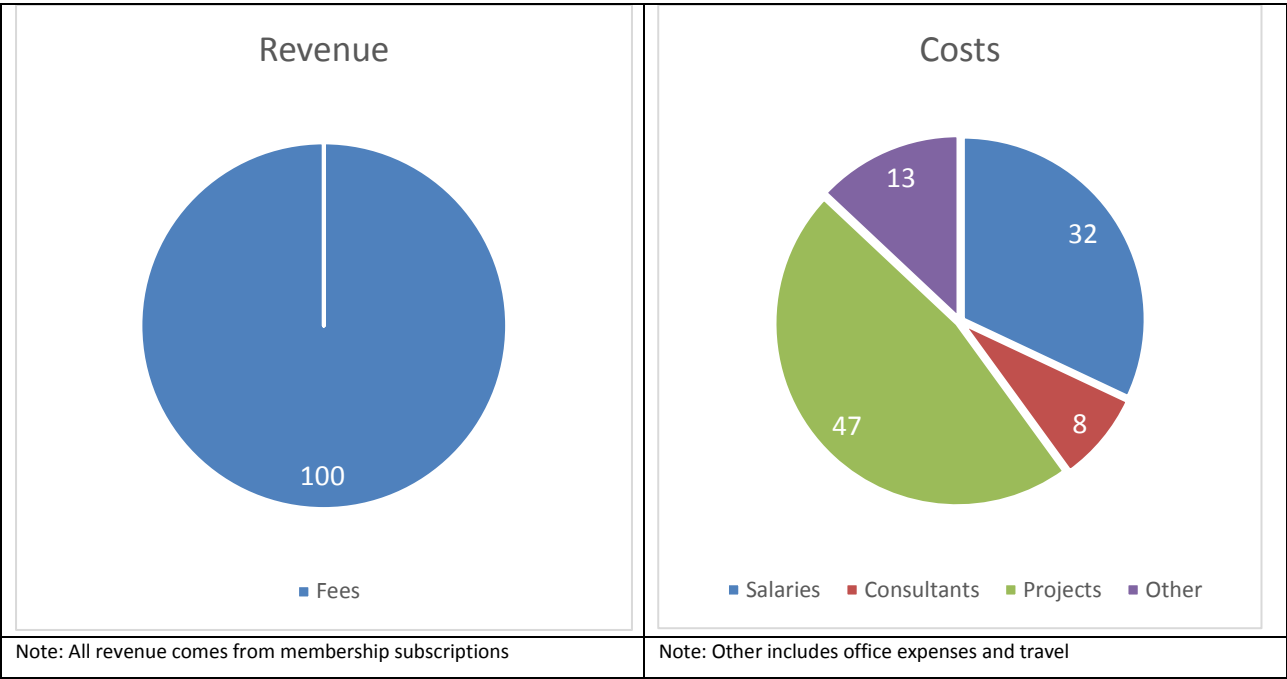
AIGLP (South America)



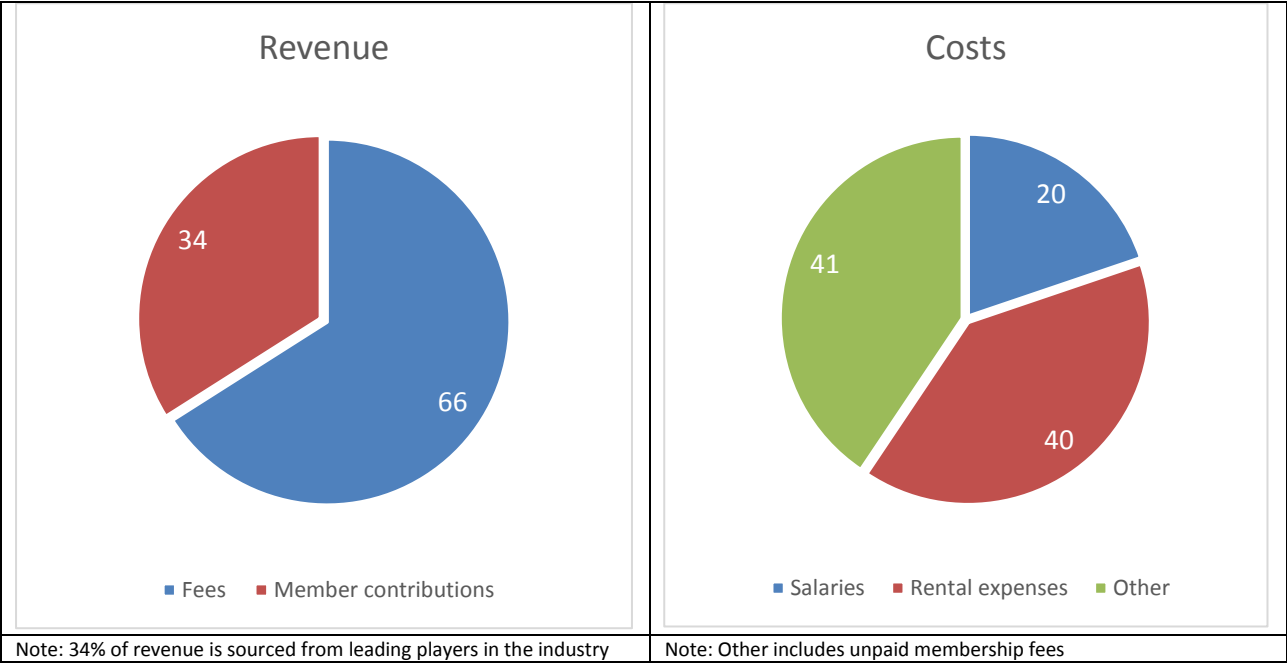
Spain



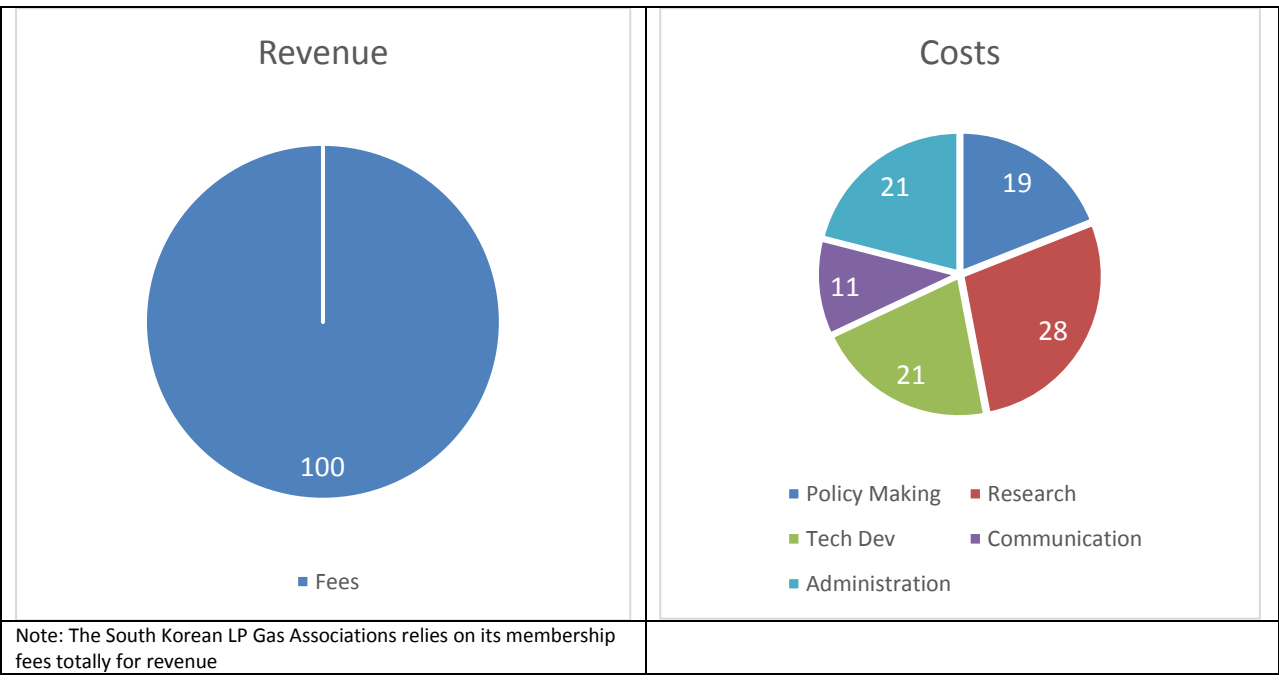
Brazil



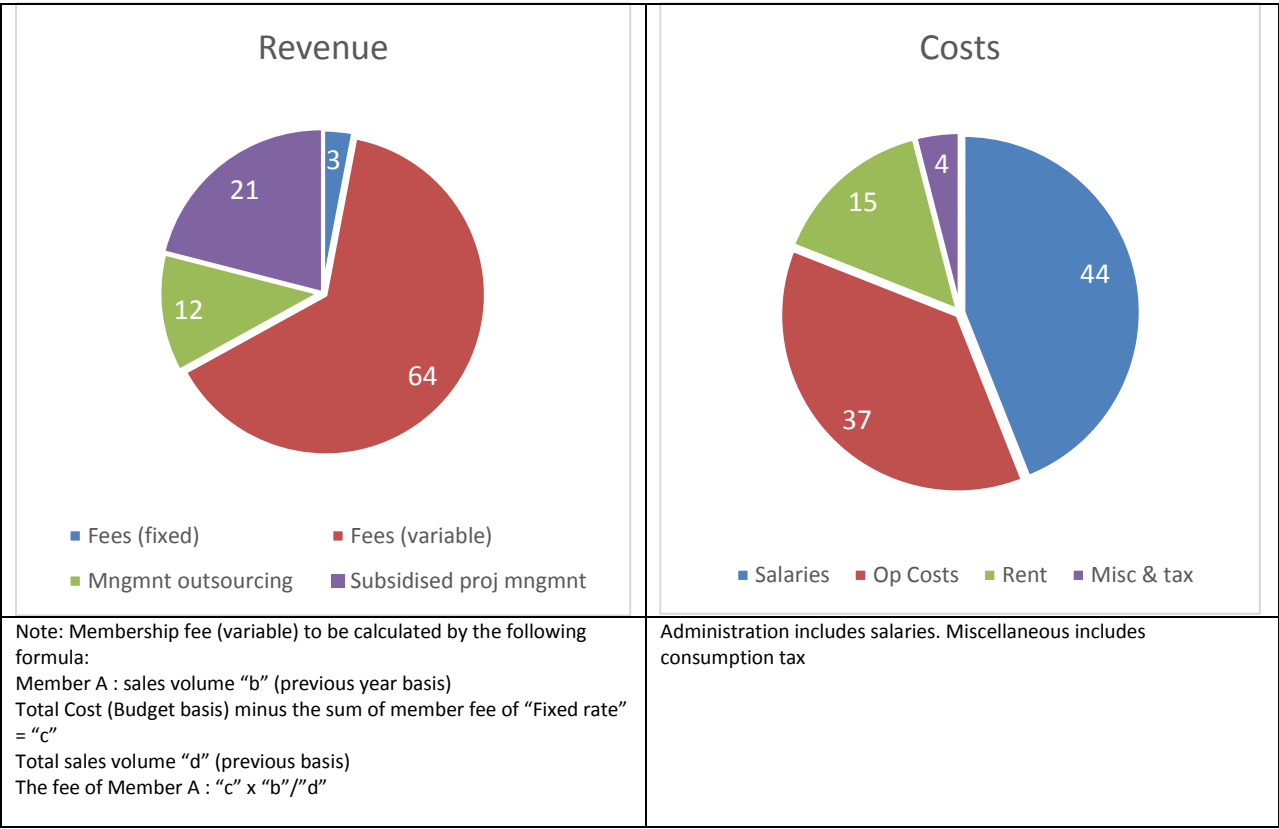
Turkey



South Korea



Japan



Typical Questions and Answers

Q What if some LP Gas stakeholders do not want to form an association?

A Associations can be established without the full commitment of the industry and there are several examples of this around the world. There may be some stakeholders for example that see an association as a threat to the way they currently (illegally) operate, which might be one of the reasons the other players wish to establish one. It is better to establish an association, albeit without the initial full commitment of the industry, and encourage others to join rather than not have one at all.

Q What is the minimum number of members required to form an association?

A There is an example where just two members decided to form an association and since then several other stakeholders have joined.

Q What will an (country) association do for me and my business?

A The immediate response should be... “what do you consider (in a tangible and measureable context) to be of value (and hence relevant) to you and your business?” Ask the member to be specific and quantify his needs. You may be surprised in learning that, for many members, their response will be difficult and hesitant i.e. they have not considered their needs from an association. The indirect benefit in working down this line of questioning is that you will come to understand the true needs of your members - which often are somewhat different from the association services being offered!

Q What will a (regional association) do for me and my business?

A The main goal for a regional association is to promote the interchange of experiences in different countries and markets. Under request from a specific member we are able to support initiatives before regulatory or legislative bodies of government in providing information from different countries perspectives; in many cases, this has been successful.

Q What is the minimum human resource structure required to manage an association?

A It is suggested a minimum of two to three people are required to share key activities. A lobbyist, a technical person, together with some administrative assistance are essential.

Q What is the biggest challenge to LP Gas associations?

A Associations have a key challenge in demonstrating the benefit of membership (for their members) through sometimes not easily quantifiable and intangible results. The perception of the value of association membership is often the key issue for stakeholder engagement. The existence of a very clear association “business plan” plays a key role in this. This will help define the benefits of players ‘staying together’ under a single umbrella organisation. The group under this umbrella must create an agenda consistent with a coherent agenda that meets society’s wishes, as well as the wishes of the industry players.

Q **What are some of the objectives of your LP Gas association?**

A (provided by the Turkish LP Gas Association [TLPGA])

To increase the use of Liquefied Petroleum Gas (LP Gas) in the country, to inform the public of the benefits of LP Gas through media, conferences, fairs and lobbying activities. To facilitate expansion of the market we collaborate with the administrative bodies to help them create regulations to resolve the issues that may occur during the supply, storage, transport and use of LP Gas.

To raise the know-how of the industry, TLPGA organises meetings and seminars considering advances and abroad. It also notifies new developments, and the results of scientific studies, as well as undertaking scientific research (and/or having it done) through contact with universities.

We protect our members' benefits in the eyes of public and government. We leverage our members' common interests and bundle the combined benefits to establish a stable and transparent LP Gas market. Also we resort to administrative remedies and legal methods to eliminate financial, administrative, technical and legal foul play.

We are in direct contact with the public institutions and private enterprises, which are LP Gas suppliers, to ensure members' supply of high-quality LP Gas at a fair price; to mitigate the contravention, if any, of distributors, dealers and consumers; to resort to legal action in the event of contravention of law amongst distributors, dealers and consumers.

To fully execute tasks, if any, entrusted by the public institutions and organisations

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