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Oil explorers, miners urged to find common ground with communities

Felicity Wolfe Thu, 07 Nov 2013



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Resource companies need to go beyond ticking regulatory boxes and must connect with community groups and activists to find common ground, a US-based business strategy consultant says.

Peter Bryant says the brand image of the oil and gas industry globally “is nearly as bad” as that of the mining industry. That has to improve if either sector is to continue to function, he told mining and oil sector executives in Wellington last night.

Bryant says a social licence reflects the public’s understanding and acceptance of the activities mining or oil and gas industries are performing in their region or country.

“We get our licence to operate and we operate to the letter of the law and operate to the letter of our contracts and agreements and we think we are doing a good job. But society is saying, well actually, you suck and you’re not being reasonable and you are not delivering,” he told guests at the event hosted by the Petroleum Exploration and Production Association of New Zealand and Bell Gully.

At the same time, Bryant warned there is a “disconnect” between people’s demand for more goods and services which consume mined materials and require large amounts of energy, while society generally is becoming more opposed to drilling or mining anything out of the ground.

He cited a study showing that smart phones’ energy consumption is equivalent to “two large refrigerators every single day” because of data they draw from energy-hungry cloud storage. He also pointed out they contain 75 minerals.

The Denver-based New Zealander is a senior fellow at the Kellogg School of Management’s Kellogg Innovation Network. He has been working with the network to develop processes to get mining and other resource companies working better within communities.

Public perception

The KIN framework encourages mining companies to reposition themselves as strategic, regional development partners, helping to identify and deliver on shared economic, environmental and

social goals. Bryant says resource companies need to ensure a more equitable distribution of wealth for those communities.

While society's dependence on energy and minerals is known, resource industries find it hard to get that message across as the public perceives it as self-interested spin. This can lead to community resistance and activism which can successfully delay projects, cause cost over-runs and sometimes make them no longer economically feasible.

Bryant, who is also talking at the University of Auckland Business School's Energy Centre speaker series today, says KIN's programme brings all parties together to help overcome that distrust.

"Most of these people would only be in the room as antagonists normally," Bryant says.

He says many problems arise when companies do not take into account cultural differences. Disconnects between the notions of ownership and custodianship are common between resource companies and indigenous peoples.

Despite the royalty payments, new roads, schools and jobs which often come with a mining or drilling programme, communities can feel they are still being cheated of their fair share – encouraging the protests and activism which is being seen around the world, Bryant says.

Listen and understand

The first step to finding common areas of interest is to "listen and understand what people's base assumptions are".

"Through a process of dialogue and conversation find out where the spheres of transformation are we can agree upon."

Bryant says when a group is looking for common ground "it is no longer about whether someone is wrong or right".

Those who remain opposed because of ideology "will seem more and more unreasonable" as community people and industry talk and try to find a path forward, he says.

"They will either come to a middle ground with you or be marginalised by the group and may opt out at that point. If you have got unions, communities, indigenous people and industry and government all saying we have got to move forward on this, it's pretty hard to say no – that's human nature."

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