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Impact Management and Social Performance in the Petrochemical Industry in Taranaki

Mandy Whyte

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ABSTRACT

This thesis addresses the practices of the petrochemical industry, in particular exploration and production companies (E& P), in interacting with operations-affected community stakeholders. It does so by reviewing the range of methodologies common to the industry, and by surveying companies active in the Taranaki region of New Zealand. It seeks to answer the question: how can exploration companies minimise their social impacts and conflict with operations-affected communities, and the associated costs, in a mutually acceptable and sustainable way?

The thesis challenges the practice of addressing community concerns with, what the author has identified as, a public relations approach, the primary and underlying purpose of which is, it is argued, to further the economic interests of business. It maintains that practices arising from a public relations approach are both socially inappropriate and commercially ineffective when applied to communities who are negatively affected by companies with which they are obliged to share the same social and physical environment.

Instead the thesis supports a community development approach to interactions between the petrochemical industry and community stakeholders. This approach emanates from a philosophical framework that espouses human rights and the integration of social, environmental and economic development as an enduring function of commercial enterprise. It is posited that effective management of the dynamics of opposing interests will not be achieved through companies deploying 'nice people' to negotiate with disaffected, disparate and disempowered groups, but through the use of qualified social practitioners and the community development tools of social assessment, participation and empowerment to create mutuality beneficial outcomes.

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LIST OF ABBREVIATIONS

AEE	Assessment of Environmental Effects
CAG	Community Advisory Group
CAP	Community Advisory Panel
CD	Community Development
CMA	Crown Minerals Act
CSR	Corporate Social Responsibility
EIA	Environmental Impact Assessment
E & P	Exploration and Production
FCE	Fletcher Challenge Energy
MOU	Memorandum of Understanding
MOC	Ministry of Commerce
NGO	Non-Government Organisation
NZAIA	New Zealand Association for Impact Assessment
PEANZ	Petroleum Exploration Association of New Zealand
PEP	Petroleum Exploration Permit
PR	Public Relations
RMA	Resource Management Act
SA	Social Assessment
SIA	Social Impact Assessment
STOS	Shell Todd Oil Services Ltd

PREFACE

From 1998 to 1999 I was engaged by oil and gas exploration and production (E & P) company Fletcher Challenge Energy as a communications advisor. The appointment was made at a time when community opposition to the development of the Pohokura well-site in North Taranaki (see Case Study 4 in Chapter 5) involved the company in protracted debate and mitigation culminating in an Environment Court hearing and eventual settlement with submitters and appellants. While appeals to the court were essentially material in nature, the appellants – two hapu, environmentalists and a residents' collective – voiced private concerns that the communications and consultation process undertaken by the company were substantial in creating their opposition to the company's drilling plans.

Underpinning this inadequacy of process was, apparent to me, a belief held by some within the company of a right to proceed with work despite community concerns, and a reliance on practices that aimed at informing and negotiating with, rather than involving, communities. These company practices and others, I have identified and labelled as emanating from a public relations (PR) tradition. In assisting the company to address the inadequacies of this approach a community development (CD) position was encouraged. These two positions form the basis of the ensuing critique of the performance of the surveyed companies.

Working within the E & P industry provided opportunities to observe and to test some facets of a community development approach, and enabled access to staff and community members to discuss ideas, gain information and discern attitudes that aided in forming the positions and conclusions contained in this thesis. My views are also informed by a 17-year background in applied social science – community development and business management – and were received favourably by members of affected communities. Given my position within the company, the research is not strictly independent however it benefits from insights that would not be available to an independent researcher.