

# Social licence to operate

May 2013

‘Social licence to operate’ has become central to discussions within extractive industries such as coal seam and shale gas, as they seek to recognise community interests. But where does the term actually come from and how is it currently understood?

The [Understanding community aspirations](#) research project is designed to draw out the diverse values, interests and aspirations that underpin community expectations. The project also aims to understand the extent to which these perspectives reflect and how they may inform the economic and policy options for the region.



Figure 1. Identifying community perspectives in CSG development area.

## What is meant by a social licence to operate?

The term ‘social licence to operate’ or ‘social licence’ reflects the idea that a community / society is able to grant or withhold support for a company and its operations. The extent of support is dependent on how well a company meets community expectations of its behaviour and impacts. A social licence is unspoken, intangible and context specific. It needs to be earned and is dynamic, as people’s experiences and perceptions of operational development shift over time.

## Community engagement

There are differences between industry and community perspectives on engagement; industry has tended to focus on a transactional approach, while communities were more focused on the perceived quality of the relationship. Trust is a key factor in shaping community attitudes toward an industry.

Research in community engagement indicates that more collaborative forms of engagement between a company and the communities within which it operates lead to higher levels of trust. Companies frequently underestimate the importance of relationship building with a community and the length of time required to build the relationship.

Also highlighted is the need to be aware that communities are diverse in their values, aspirations and expectations, with some groups also more marginalised than others. This needs to be taken into account when developing an inclusive engagement strategy. If a company is to understand community perceptions of its actions it needs to understand a community’s values, aspirations and expectations.

## Community aspirations and expectations

Coal seam gas development (CSG) in South East Queensland provides a different situation to most resource developments in Australia. The co-location of CSG wells on agricultural land and the widespread distribution of gas infrastructure may mean that social licence must be understood in terms of cumulative as well as localised impacts that relate to the industry as a whole, rather than simply individual companies.

Co-location with pre-existing enterprises within the region, such as agriculture, also suggests that supporting the ongoing and future viability of these elements of the economy will be an important aspect of gaining acceptance in the region.



Figure 2. Working with landowners to understand the social and environmental impacts of CSG development.