



Australian Government



## COMMUNITY ENGAGEMENT AND DEVELOPMENT

*Leading Practice Sustainable Development  
Program for the Mining Industry*

September 2016



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Leading Practice Sustainable Development Program for the Mining Industry.

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Cover image: Members of Rio Tinto Alcan Weipa's Cultural Heritage team with local traditional owners.

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# Contents

ABBREVIATIONS	vi
ACKNOWLEDGEMENTS	vii
FOREWORD	ix
1.0 CORE CONCEPTS	1
1.1 Introduction	1
1.2 Clarifying terminology	2
1.2.1 Communities and stakeholders	3
1.2.2 Community relations, engagement and development	3
1.2.3 The International Association of Public Participation (IAP2) Spectrum	4
1.3 Principles of effective community engagement	7
1.3.1 Valuing informal engagement	8
1.3.2 Valuing local knowledge	8
1.3.3 Inclusive engagement	9
1.4 Community development in the context of mining	9
1.4.1 Dynamic linkages	9
1.4.2 Going too far?	10
2.0 COMMUNITY RELATIONS ACROSS THE PROJECT LIFE CYCLE	13
2.1 Exploration	14
2.2 Feasibility and planning	15
2.3 Land access	16
2.4 Construction	17
2.5 Operations	19
2.6 Decommissioning and closure	20
2.7 After closure	21
3.0 COMMUNITY RELATIONS: METHODS AND TOOLS	24
3.1 A systematic approach to community engagement and development	24
3.2 Explanation of elements of community engagement and development activities	27
3.2.1 Community and stakeholder identification and analysis	27
3.2.2 Baseline studies and social impact assessments	28
3.2.3 Opportunity assessment	31
3.2.4 Developing a community engagement and development plan	31
3.2.5 Monitoring and evaluating	31
3.3 Supporting community engagement and development	34
3.3.1 Support from senior leadership	34
3.3.2 Engaging internally and externally	34
3.3.3 Adequate resourcing	36
3.3.4 Continuity of personnel	37
3.3.5 Cooperation for managing cumulative impacts	37

4.0	COMMUNITY RELATIONS BEST PRACTICE	38
4.1	Social licence to operate	38
4.2	Business case quantification	40
4.3	No less important than health and safety	41
4.4	Business and human rights	42
4.5	Gender and diversity	46
4.6	Complaint and grievance management	47
4.7	Indigenous peoples	50
4.8	Long-distance commuting	50
5.0	CONCLUSION	51
6.0	GLOSSARY OF TERMS AND TECHNIQUES	52
7.0	FURTHER READING	54
7.1	Baseline studies and impact assessments	54
7.2	Closure planning	54
7.3	Conflict management	55
7.4	Complaints and grievance procedures	55
7.5	Gender	56
7.6	Human rights	56
7.7	Indigenous peoples	57
7.8	Land access and resettlement	57
7.9	Monitoring and evaluation	57
7.10	Social licence to operate	58
7.11	Stakeholder identification and engagement	58
8.0	REFERENCES	59

## CASE STUDIES

Cadia Valley Operations Gold Mine, NSW—Listening to the community	5
Waihi Community Vision, New Zealand—Working towards community sustainability	11
Century Mine, Queensland—Planning for post-closure sustainability with the community	22
Gender sensitive community Engagement—Exploring for Coal in Mongolia	25
The benefits of early engagement—Exploration in Indonesia	33
Bulga Complex Coal Mine, NSW—Mines and wines coexisting	35
Implementing a human rights approach in global mining operations—BHP Billiton	44
Weipa bauxite mine, Queensland—Integrating complaints, disputes and grievance resolution into management systems	48

## ABBREVIATIONS

CVO	Cadia Valley Operations
FIFO	fly-in, fly-out
GCA	Gulf Communities Agreement
HDC	Hauraki District Council
IAP2	International Association for Public Participation
ICMM	International Council on Mining and Metals
IFC	International Finance Corporation
KPI	Key performance indicator
LDC	long distance commuting
LPSPDP	Leading Practice Sustainable Development Program
M&E	monitoring and evaluation
MCA	Minerals Council of Australia
NPV	net present value
Newmont	Newmont Waihi Gold
SIA	social impact assessment
UNHRC	United Nations Human Rights Council

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# FOREWORD

The *Leading Practice Sustainable Development Program for the Mining Industry* series of handbooks has been produced to share Australia's world-leading experience and expertise in mine management and planning. The handbooks provide practical guidance on environmental, economic and social aspects through all phases of mineral extraction, from exploration to mine construction, operation and closure.

Australia is a world leader in mining, and our national expertise has been used to ensure that these handbooks provide contemporary and useful guidance on leading practice.

Australia's Department of Industry, Innovation and Science has provided technical management and coordination for the handbooks in cooperation with private industry and state government partners. Australia's overseas aid program, managed by the Department of Foreign Affairs and Trade, has co-funded the updating of the handbooks in recognition of the central role of the mining sector in driving economic growth and reducing poverty.

Mining is a global industry, and Australian companies are active investors and explorers in nearly all mining provinces around the world. The Australian Government recognises that a better mining industry means more growth, jobs, investment and trade, and that these benefits should flow through to higher living standards for all.

A strong commitment to leading practice in sustainable development is critical for mining excellence. Applying leading practice enables companies to deliver enduring value, maintain their reputation for quality in a competitive investment climate, and ensure the strong support of host communities and governments. Understanding leading practice is also essential to manage risks and ensure that the mining industry delivers its full potential.

These handbooks are designed to provide mine operators, communities and regulators with essential information. They contain case studies to assist all sectors of the mining industry, within and beyond the requirements set by legislation.

We recommend these *leading practice* handbooks to you and hope that you will find them of practical use.



**Senator the Hon Matt Canavan**

Minister for Resources and Northern  
Australia



**The Hon Julie Bishop MP**

Minister for Foreign Affairs

# 1.0 CORE CONCEPTS

## 1.1 Introduction

This handbook addresses community engagement and development, a theme in the Leading Practice Sustainable Development Program for the Mining Industry. The program aims to identify key issues affecting sustainable development in the mining industry and provide information and case studies that illustrate a more sustainable basis for the industry. A number of other themed handbooks in the series complement this handbook.

The importance of the social dimension of sustainable development is acknowledged in key industry policy statements, such as the International Council on Mining and Metals' Sustainable Development Principles (ICMM 2003) and the Minerals Council of Australia's Enduring Value framework (MCA 2005), both of which have been widely adopted by mining companies for a number of years. Among other things, signatories to these frameworks undertake to contribute to the social, economic and institutional development of the communities in which they operate and to engage with and respond to stakeholders through open consultation processes. In the same way, a growing number of small, medium and large companies have adopted policy frameworks which emphasise that community considerations are integral to each stage of a mining operation, from design and construction through to operation and closure and beyond.

Engaging with communities and contributing towards community development is not only the right thing for companies to do, but also makes good business sense. There is considerable ongoing debate about what is meant by a company's 'social licence to operate' (in simple terms, defined as obtaining and maintaining broad community support and acceptance) and how it can be measured. However, there is little doubt within the sector that productive community relations contribute to smooth operations—leading, in turn, to business success. This handbook examines what is meant by the 'social licence' and its ongoing relevance to successful mining projects. It also discusses the challenges involved in establishing a business case for investment in good community engagement and development. What constitutes good current practice in community relations is then considered, including recent developments such as human rights, gender inclusivity and grievance management.

This handbook provides guidance to mining industry participants on how these higher level policy commitments can be translated into improved practices at the mine site. It focuses on the challenges that companies may encounter as they engage with local communities and seek to contribute to their long-term development, using case studies to illustrate how these challenges have been addressed in particular contexts. It concerns itself primarily with relationships between mining projects and their local communities, although other stakeholders are also referred to, as sometimes engagement with broader communities, such as at the state or national level, is also relevant.

Specific aims are to:

- outline the benefits to companies and operations of engaging with and contributing to the development of communities
- describe the basic steps involved in effectively planning and managing for community engagement and development

- set out key principles that should guide these activities
- highlight examples of evolving leading practice.

The primary audience for the handbook is management at the operational level—the key level for implementing leading practice arrangements at mining operations. The handbook is also relevant to people with an interest in leading practice in the mining industry, including community relations practitioners, environmental officers, mining consultants, governments and regulators, non-government organisations, neighbouring and mine communities, and students. All users are encouraged to take up the challenge to continually improve the mining industry's sustainable development performance and apply the principles outlined in this handbook.

The geographical focus of this handbook is Australia and New Zealand, although most elements of good community relations and development practice in Australasia would be applicable in other parts of the world and vice versa. In 2011, the Australian Government Department of Resources, Energy and Tourism, in cooperation with AusAID, published a handbook aimed at Australian mining and metals companies operating in many parts of the world, *Social responsibility in the mining and metals sectors in developing countries* (DRET 2011). That international handbook complements this handbook in several ways, going into greater detail about the respective roles of governments and companies, and the risks associated with resource nationalism, among other things.

## 1.2 Clarifying terminology

The concept of 'community' is commonly used in the mining industry to indicate the geographical community in an operation's area of interest. However, there may be other equally legitimate ways to conceive of community; for example, as a network of people who are geographically dispersed but are linked by a shared set of interests or experiences. In the context of the mining industry, an example of where the community of a mine may be broader than just people living in the surrounding area is fly-in, fly-out or drive-in, drive-out operations in which employees and their families live in a distant town or city. Another example is where some of the traditional owners of the land on which a mine is located have maintained their link to the land but reside in regional centres some distance away.

Regardless of how a community is defined, it is very important not to treat it as a homogeneous entity. In fact, the opposite is usually true. Communities are political in the sense that power dynamics come into play just as much as they do in other group situations. Members of a community are likely to hold diverse opinions about the mine, its activities and the mining industry in general. Different sections of a community will also have different associations with the mine depending, for example, on whether they are near neighbours, employees, local business people or traditional owners.

The local historical, cultural, political and legislative context will help a mine to determine who comprises the local community, and the best way of interacting and engaging with the people in that community.

Early in the engagement process it is very important that companies seek views on how the local community is constituted from a broad cross-section of people, and that engagement processes are tailored accordingly. Experience demonstrates that dissatisfaction tends to come from sections of society that feel neglected or ignored in consultations, so the broader the engagement, the more likely it will be to succeed.

Because women play critical roles in communities as workers, family members and individuals, and are often very active in community groups, special efforts may be needed to ensure that their perspectives are sought and that they are included in community engagement and development programs.

## 1.2.1 Communities and stakeholders

There is sometimes confusion about the various terms used in discussing community relations, such as ‘community consultation’ and ‘stakeholder engagement’. For example, in 2007, the International Finance Corporation (IFC) issued its updated guidance on community relations and titled it *Stakeholder engagement: a good practice handbook for companies doing business in emerging markets*, whereas the 1998 edition had been titled *Doing better business through effective consultation and disclosure*. The later guidance advocates the preparation of a stakeholder engagement plan and the earlier one a public consultation and disclosure plan, both of which are basically the same—plans for engaging communities and other stakeholders affected by projects. The ICMM, the leading international mining body, defines stakeholders as:

Persons or groups who are affected by or can affect the outcome of a project. They may be individuals, interest groups, government agencies or corporate organizations. They may include politicians, commercial and industrial enterprises, labour unions, academics, religious groups, national social and environmental groups, public sector agencies and the media. (ICMM 2012:208)

Applying this definition, local communities may be considered stakeholders. However, the two terms are not entirely interchangeable. Some important stakeholders come from outside a local community, such as national and international non-government organisations, financial institutions, regional and national governments, and media outlets. Conversely, not all people in a community would identify themselves as stakeholders—some people consider this to be a generic term that does not apply to people living locally. In essence, there should be no need to agonise over which words are ‘correct’. Fundamentally, they are all about the relationship between the mining project or company and its stakeholders, whether the local community or a wider range of stakeholders. This distinction is specified wherever necessary in the handbook.

## 1.2.2 Community relations, engagement and development

‘Community relations’ is a term that encompasses both community engagement and community development. The more concise terms ‘community engagement’ and ‘community development’ describe overlapping but sometimes distinct processes. Effective community engagement is an integral part of community development, but engagement can also be undertaken for other purposes; for example, to address community concerns about environmental impacts. Community development likewise involves more than just interacting with the community; for example, designing programs and linking with government and other organisations. In practical terms, however, the processes of community engagement and community development are closely intertwined and together produce the relationship between a mine and its local stakeholders, the community. In this handbook, both terms are used (‘engagement’ for activities that are mainly focused on dialogue and ‘development’ for activities with a stronger planning and implementation focus), and sometimes ‘engagement’ and ‘development’ are used interchangeably or collectively referred to as ‘community relations’ activities. It is usually not important to distinguish between these expressions, as all contribute to the understanding of company–community relationships. Where distinction is needed, the most appropriate term is used.

## 1.2.3 The International Association for Public Participation (IAP2) Spectrum

The IAP2 is a leading international organisation that focuses on community involvement in development project activities. It has developed the Public Participation Spectrum, which represents community engagement as a continuum of activities, as shown in Figure 1. Note that yet another term for community engagement is used here—‘public participation’. Note also that the more participatory forms of community engagement described in this spectrum, particularly those labelled ‘collaboration’ and ‘empowerment’, depict activities more accurately described as community development rather than merely engagement.

Figure 1: The IAP2 Public Participation Spectrum

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problems, alternatives and/or solutions.	To obtain public feedback on analysis, alternatives and/or decision.	To work directly with the public throughout the process to ensure that public issues and concerns are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and issues are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.
EXAMPLE TOOLS	<ul style="list-style-type: none"> <li>• Fact sheets</li> <li>• Websites</li> <li>• Open houses</li> </ul>	<ul style="list-style-type: none"> <li>• Public comment</li> <li>• Focus groups</li> <li>• Surveys</li> <li>• Public meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Workshops</li> <li>• Deliberate polling</li> </ul>	<ul style="list-style-type: none"> <li>• Citizen Advisory committees</li> <li>• Consensus-building</li> <li>• Participatory decision-making</li> </ul>	<ul style="list-style-type: none"> <li>• Citizen juries</li> <li>• Ballots</li> <li>• Delegated decisions</li> </ul>

Source: <https://www.iap2.org.au/resources/iap2s-public-participation-spectrum>.

At one end of the spectrum, community engagement may involve no more than a basic level of interaction with the local community, such as providing information about the operation. This may be facilitated through information booths, media releases, newsletters, brochures, mail-out programs, websites and hotlines. These techniques are often perceived as ways to present basic information to the widest range of stakeholders. As the engagement process moves towards a more directed method of stakeholder interaction, consultation may be employed to ascertain specific areas of risk and opportunity.

This interaction can involve public meetings, discussion groups, polls, surveys and focus groups.

Once key stakeholders have been identified, the process becomes more than information gathering and dissemination and moves towards a two-way interactive mode.

The involvement and collaborative steps represent more active and, at times, stakeholder-driven interaction. Activities in these areas can include workshops and discussion groups, learning circles, interviews, reference groups and community consultative committees. These activities may have to be held at various times in order to ensure that women and other potentially marginalised groups can attend.

At the other end of the spectrum, empowerment represents a level of engagement that can extend to participation in planning and decision-making, not only on issues related to operational impacts, but also on decisions about the community's future once the mine has closed. The more advanced an operation or project is in its engagement processes, the more use it will make of techniques to the right of the spectrum.

The IAP2 Public Participation Spectrum is sometimes presented in a simplified graphic (minus most of the words) that shows a linear progression that implies that the 'best' engagement must always be at the empowerment end of the scale. In fact, community relationships for a mining company can span decades, depending on the life of the mine, and might not always develop in a straight line. Sometimes more basic forms of engagement, such as information provision, will be entirely appropriate. These processes should be used and viewed as part of an overall engagement process designed to enable appropriate and fully representative involvement by all stakeholders. Empowerment is important, but it should not be the objective of every stakeholder interaction. A variety of approaches will be required at different times and on different issues, all as part of developing and maintaining a strong relationship between the project and the community.

### **Case study: Cadia Valley Operations Gold Mine, NSW— Listening to the community**

Cadia Valley Operations (CVO) is one of Australia's largest goldmining operations and is 100% owned by Newcrest. It is located approximately 25 kilometres from Orange in central western New South Wales, 250 kilometres west of Sydney. CVO has been operating since the 1990s and comprises three mines: the Cadia Hill open-pit mine and the Cadia East and Ridgeway underground mines. These are large-scale mining operations using either block and panel caving or open-pit mining methods.

A community sentiment survey commissioned by CVO in 2010 identified broad-based dissatisfaction in the Cadia district (the local area immediately surrounding CVO) with the level of community investment projects that CVO was providing to nearby townships compared to the level of support delivered to directly affected near neighbours.

The Cadia district is an agricultural community with almost no shared community infrastructure apart from roads and a small one-teacher public school, and CVO had traditionally found it difficult to find meaningful ways to directly support the local farmers.

To address the findings of the community sentiment survey, CVO launched the Cadia District Enhancement Project in February 2012 with the objective of identifying, developing and implementing projects in cooperation with local landowners to enhance the Cadia district as a farming, mining and lifestyle choice.

The first stage of the project was a series of 'think tank' workshops involving interested landowners and representatives of CVO. The parameters were that there were to be no budget constraints or assumptions, nothing was to be off limits and the objective was to create a community or environmental benefit. The workshops generated more than 200 individual ideas, which were shortlisted to an initial six priority projects with the assistance of an independent facilitator.

The six initial projects are:

- 1. Coordinated weed and pest management**—The objective is to attain a weed- and pest-free agricultural district. The project involves a marketing and education campaign, Chemcert training for all landowners, discounts on chemicals and baits, community signage and coordinated weed and pest control programs across the entire district.
- 2. CVO loyalty schemes for the Cadia district**—The objective is to institute district support programs available exclusively to CVO's near neighbours. The programs include priority employment, scholarship and training support, priority grazing rights on CVO land, 'shop locally' initiatives and more social gatherings within the district.
- 3. Improve district roads and infrastructure**—The objective is to implement new infrastructure and improve roads in the local area for the benefit of the Cadia district. The project began with a district-wide roads survey to gauge the level of satisfaction with local roads and infrastructure. The survey outcomes will be used to lobby local and state governments for additional funding.
- 4. Waste collection service**—The objective is to add value to CVO's neighbouring properties by providing a weekly roadside waste collection service.
- 5. Research/implement renewable energy initiatives**—The objective is to implement programs that reduce the cost of energy for the Cadia district, including providing bulk buying solar power opportunities to local landowners.
- 6. Establish a Cadia viewing centre**—The objective is to develop an information and viewing area over Cadia Valley historic and modern mining operations that will provide a permanent, positive legacy for the Cadia district. The program will be conducted in stages, depending on usage and the interest of the community.

Each project has a reference group consisting of volunteers from the Cadia district community to guide development of the project and a senior member of CVO to implement the project. To guide the overall strategy of the Cadia District Enhancement Project, a governing body has been formed with a formal charter and constitution. The governing body consists primarily of landowner volunteers, while CVO provides the secretariat.





*CVO's Melissa Schumacher and Jeff Burton in consultation with local resident David Pepper-Edwards*

### 1.3 Principles of effective community engagement

So, what is good community engagement practice? According to Zandvliet and Anderson, leading international experts on corporate–community relations:

Over and over, communities describe the value of process over outcome. They note the importance of both informal and formal interaction with companies. Negotiations around specific issues are viewed as only one part and not the most important part of the company–community relationship. (Zandvliet and Anderson 2009:147)

This advice is based on over a decade of collaborative learning with more than 60 companies and projects all over the world, primarily in the extractive sector. *Getting it right: making corporate–community relations work*, a book based on their experience, provides in-depth and rational discussion of how and why project managers can and should improve relationships with their neighbouring communities. We have extracted the following principles for effective community engagement (Zandvliet and Anderson 2009:112–117):

#### 1. Start consultation early

- Do not wait until you need something or problems arise. Reluctance to engage indicates disrespect and engenders mistrust. The earlier and more often community engagement activities take place, the better the chance of developing good relationships.

2. Focus on process more than outcomes
  - Engage purely for relationship building, not only for a purpose. Engage in informal as well as formal activities. Keep doors open for dialogue as often as possible. Relationships are not only about transactions but also about developing mutual understanding.
3. Engage with the appropriate community representatives—be inclusive
  - It is essential that genuine community leadership and a broad cross-section of community sectors are engaged in community discussions, not just the people who are easiest to deal with, perhaps because they are the most educated. Careful stakeholder identification is needed to ensure that all sectors of society are included.
4. Send appropriate company representatives
  - This may mean senior management for important meetings, technical experts for specialised subjects, personnel with decision-making power for negotiations. Community relations staff do not have to bear the representation load alone.
5. Use suitable venues for engagement activities
  - Be prepared to attend meetings and events at community-selected venues, thereby showing respect and willingness to spend company time travelling to meetings and not always expecting community members to come to your offices.

### **1.3.1 Valuing informal engagement**

It is important to find an appropriate balance between formal and informal engagement. Good systems and administrative processes are important, but managers need to be careful not to undervalue informal vehicles of engagement, such as talking to people at sporting events, in shopping centres and elsewhere around the community. These informal interactions encourage a greater flow of information and help build rapport with community people, which is central to building relationships of trust. For example, unless issues escalate, some community members prefer to make complaints 'off the record' rather than putting them in writing. If there is too much emphasis on formalisation, this informal, yet extremely valuable, feedback may be missed.

### **1.3.2 Valuing local knowledge**

While it makes inherent sense that affected people should have a say in their own development, genuinely valuing local knowledge runs counter to a common approach in the mining industry in which expert opinions are sought, consultants are brought in to advise on specific issues, and employees are expected to work in a managerial way. While good management is vitally important for operating world-class assets, expert knowledge must be balanced with community knowledge and participation when doing community development work. For instance, the mining industry is increasingly incorporating and respecting traditional ecological knowledge in undertaking environmental impact assessments (EIAs) and also in monitoring and rehabilitation work.

### 1.3.3 Inclusive engagement

One of the greatest challenges in community relations is in reaching people who are most vulnerable; that is, those people who are typically the most marginalised and the least vocal members of a community. Standard community engagement processes tend to gravitate to the more visible and influential players in a community—those people or groups with the greatest capacity to threaten an operation's ability to operate. However, community development programs, if they are to be successful in strengthening vulnerable communities, must extend beyond those groups and seek to engage all sectors of the community.

## 1.4 Community development in the context of mining

It is not always easy for mining companies to know the boundaries of their social responsibility and what role they should play in local community development. In the new millennium, the mining industry has seriously engaged with the sustainable development agenda and has come to understand that local communities, in particular people who are affected by mining activities, have the ability to influence the industry's ability to gain access to resources. In response to the sustainable development agenda, a growing number of companies are now focusing on how they can contribute to development of communities beyond the life of a mine.

The corporate sector, including the mining industry, is increasingly using the terminology of community development to communicate an approach that goes beyond one-off grants and philanthropy to one that is focused on long-term outcomes and is more collaborative and partnership driven. In this emerging model, companies work with governments and communities on initiatives that help strengthen the social, human, economic and cultural capital of an area.

### 1.4.1 Dynamic linkages

Community development includes helping people to link up and support each other through organisations and networks. It can also involve industry working with, or influencing, governments, other institutions and agencies to contribute to, for example:

- improving public health and other services
- enhancing the local environment and building community pride
- strengthening local institutions
- working with marginalised groups to help them participate more fully in the development of their community.

The focus of community development programs varies, based on the location of the community; the capabilities, needs and aspirations of its members; community priorities; the economic base of the community and the wider region; and the strength and capacity of other institutions, such as regional organisations and state, territory or local governments, which often have direct responsibility for providing services and infrastructure. In the Australian context, it is usually not necessary or even desirable for a company to be the lead player in community development. Rather, the focus should primarily be on partnering with other organisations and government agencies that have expertise in the area, aligning activities with established community planning processes and augmenting successful existing programs and initiatives. Community development is fundamentally about contributing to communities so they are better able to meet their needs and aspirations themselves, both now and into the future, not doing it for them.

Where practical, companies should avoid filling roles that are the responsibility of others, particularly governments. Mining companies in remote parts of Australia have often responded to an obvious local need, such as for improved local health and education infrastructure, particularly when the company is partly responsible for stretching community resources. However, companies need to be careful that they do not indefinitely fund the maintenance, upkeep and running costs of services that are the responsibility of government or, at least, are shared with government. Direct involvement in services that are not part of their core business skills does not always make sense for mining operations or help local communities develop their own capacity and secure government services. Independently providing services without government involvement, or without a plan for transferring responsibility, may inadvertently create community dependency upon the mining operation in the long term.

One of the best ways a company can contribute to community development is by acting as a catalyst for economic and social development opportunities. One way of achieving this is to foster dynamic links between communities and external support agencies, such as non-government organisations, service providers, training organisations and employment agencies. Working with state, territory and local governments on local development programs is equally essential, particularly as most governments have their own regional and local development plans. In other words, a mining operation can play a key role bridging communications and planning gaps between its stakeholders by building strong relationships with each and encouraging increased cooperation for the benefit of the local community.

## 1.4.2 Going too far?

A cautionary note has been sounded recently about mining operations seeking to support community development programs outside of and unconnected to their core business. Mining companies are not development agencies and have no expertise in such work, however much they may want local economic and social development in the interests of long-run societal stability. Recognising this, many seek to partner with those who have community development expertise, or hire the expertise into their own specialist community development divisions. Either way, they could be inadvertently quarantining themselves from meaningful community relationships and from making sustainable contributions. Harvey has used the terms ‘outreach’ and ‘inreach’ to describe his view of how mining community interaction should best be organised:

‘Bad outreach’ involves the unilateral delivery of programmes that have no connection to the ‘business of the business’, managed by third parties or company people who are isolated from the rest of the business. ‘Good outreach’ is done with the decision-making involvement of local people at all stages of lateral programme delivery, involving mainstream company employees leveraging the comparative advantage of the business itself. ‘In-reach’ involves community people and company people from across the business, tapping their respective skills and experience to draw business and community activities together for mutually beneficial outcomes. (Harvey 2013:9)

Mining companies and their contractors have expertise to share with communities in a range of areas, such as trades training, administration, management, finance, catering and logistics, operating and maintaining machinery, and improving local supplier and contractor capability. In addressing community development challenges, mining companies should focus on where their comparative advantage and expertise intersect with community interests.

Mining companies already contribute to the regions in which they operate in many ways, including through their tax and royalty streams, direct employment, fostering business opportunities, and by contributing donations and sponsorships. Some companies seek to contribute further by fostering employment and business opportunities outside of the mining industry, and by supporting the development of people's skills and capacity to find employment in other industries and after mine closure. Some companies in specific contexts have focused much energy and effort on employment and business opportunities for Indigenous people, consistent with government policies directed to transitioning Indigenous people from welfare to work. Whatever the motivation, Harvey argues that the greatest outcomes will come from a 'real' business case and the use of existing expertise across the whole business, not from setting up buffering scenarios.

### **Case study: Waihi Community Vision, New Zealand— Working towards community sustainability**

With the closure of Newmont Waihi Gold's Martha open-pit mine in Waihi, New Zealand, scheduled for 2007, local regulators Hauraki District Council (HDC) passed a resolution in November 2002 requesting that Newmont establish a community consultation group to examine any issues, plans and proposals in readiness for the closure, make recommendations to HDC, and make information available to the public.

After a series of well-attended public meetings, in June 2003 the Waihi Community Consultation Committee was established and set guidelines for how meetings would proceed and how decisions would be made. Newmont agreed to pay for the facilitation costs and related expenses of the committee, which evolved into Waihi Community Vision (WCV), and the formation of the Vision Waihi Trust to action viable projects ratified by the community at a public meeting in May 2004.

With the opening of Newmont's Favona underground mine and extensions to the Martha open pit, the planned 2007 closure did not eventuate.

For a number of years, WCV provided a significant forum for two-way communication, and a mature and productive relationship developed between company and community. WCV allowed Newmont to gauge community thinking and views on aspects related to mining in an open and independently facilitated forum. WCV has resulted in Newmont changing some of its views, practices and processes to better accommodate the community of Waihi. The forum provided Newmont with a 'litmus test' on operations and a guide to projects for community support.

The next date for closure was set at December 2011. With this change in closure date came a restating of the aims and objectives of the group. Newmont funded a comprehensive independent review of the function and structure of WCV in 2008. This provided a useful 'audit' of WCV's aims, objectives and current direction. In 2010, WCV reviewed its projects with the aim of validating its values and vision and identifying ideas for the future.

Mining in Waihi did not end in 2011. The current closure date is either 2016 or 2017, and might be extended. As the prospect of closure is regularly 'pushed out', the original purpose of WCV has been adapted and modified. The group now meets every quarter, but it is in the success of its subgroups that the legacy thrives. They continue to be successful in identifying, funding and actioning a broad range of community-based projects using external funding.

In 2014, Vision Waihi Trust is engaged in many activities, including the following:

- the construction of the Waihi Gold Discovery Centre (a tourist attraction)
- mine tours using a minibus provided by Newmont Waihi Gold
- the Waihi Community Resource Centre, which delivers a number of state-funded programs for the local community
- a sports hub that runs international-standard multisport events, school holiday programs and more
- Waihi Heritage Vision, which is involved in a number of projects, including a local oral history project and the construction of a memorial to mine workers who left to tunnel under enemy lines in World War I.

The tunnellers memorial project has received \$100,000 in funding from central government. Completion was scheduled for early 2016.

Newmont's experience in helping to set up and partner WCV has proved most valuable as the company moves towards the construction and operation of its Correnso underground mine, which is situated below residential properties in Waihi.

The Waihi Community Forum was set up in 2012 with five elected members. Newmont and HDC each appoint two members. The forum receives Newmont and HDC monitoring results, reports to the community, administers community betterment projects with funding provided by Newmont, and appoints members of an independent review panel responsible for administering a property purchase fund and mediating any damage claims.

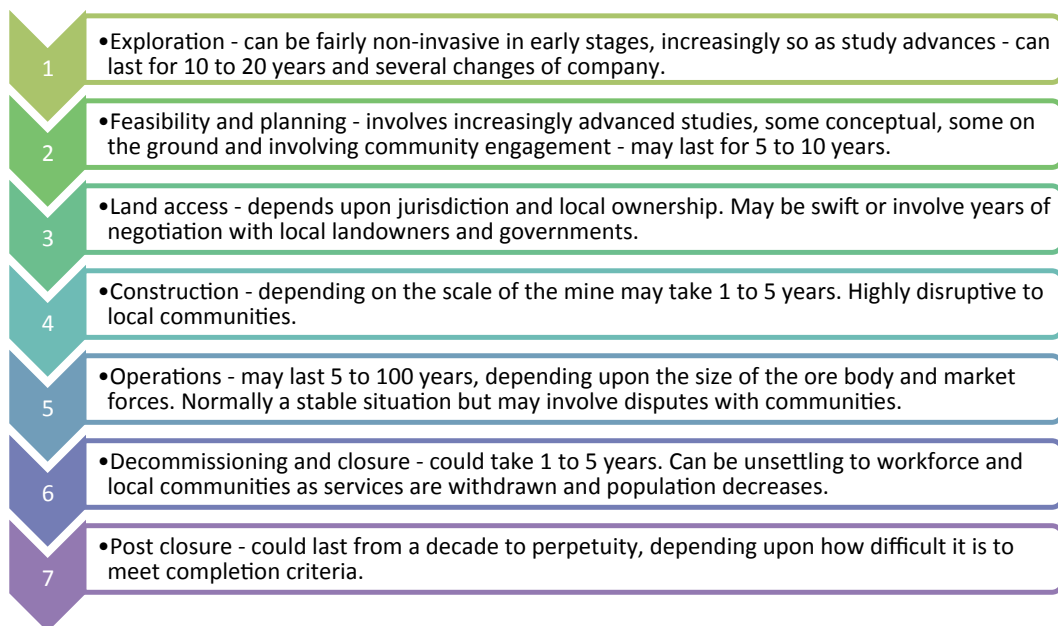
Source: Newmont Asia Pacific.



*Vision Waihi Trust trustees signing the Vision Waihi Trust deed.*

## 2.0 COMMUNITY RELATIONS ACROSS THE PROJECT LIFE CYCLE

What follows is a description of the nature and duration of each phase of a typical minerals project, from exploration through to post-closure.



Source: C. Macdonald, Social Sustainability Services Pty Ltd.

The kinds of community engagement and development activities that are appropriate at each stage for each of the elements of a sustainable community development program are described in table form under each heading below.<sup>1</sup> The activities table for each stage provides illustrative examples of the types of community relations activities that may be needed at that phase of the project life cycle, in order to demonstrate how such activities can be undertaken throughout the life of a project. The examples span a wide variety of engagement and development activities, from information provision through to empowerment. They are provided to give an indication of the sorts of activities individual operations might choose to undertake—they are by no means prescriptive, as the activities listed will not be appropriate for every operation.

<sup>1</sup> Draft documents shared by Professor D Brereton of the Sustainable Minerals Institute of the University of Queensland have been helpful in preparing this section on the mining project cycle.

## 2.1 Exploration

Early exploration activity is not very invasive and may cause little disruption to community life, and exploration geologists and their teams may form good relationships with local communities.<sup>2</sup> Once exploration reaches an advanced stage, and track clearing and drilling activities increase, community concerns and expectations may also escalate. Drill rigs may seem like mining equipment to community members unused to mining activity and who may thus have high hopes of sharing in large mining profits, not realising that most exploration projects do not proceed to development and may take decades even if they do. This is a challenging time since, in the earliest stages at least, there is an inbuilt mismatch between the interests of communities who want full information disclosure and a longstanding relationship and the interests of exploration teams who want to keep their data confidential and who will move on if there are no promising prospects for follow-up.

### **Exploration community engagement and development: example activities**

Allocate part of the time of one or more team members to the role of community relations officer (CRO), ensuring that they are appropriately trained in consultation techniques and cultural sensitivity.

Introduce the team to local communities and local government. Establish a dialogue and ensure that the community has a channel for addressing questions and concerns to the exploration team. Provide as much information as possible about the exploration program, including its potential brevity, to manage community expectations. Keep records of stakeholder engagement activities—meetings with whom, dates and main topics discussed, plus any follow-up actions taken. Register any commitments made.

Commission a desktop study of local culture and history and current politics, and on-the-ground mapping of local communities and their main activities. Collect basic demographic data (gendered population structure, health, education and economic status). This can be done by a local university or consultant or perhaps by the CRO if they have research skills.

Ascertain local development priorities from community leaders and local government.

Make sure that community members do not build up false expectations. Do not make promises that cannot be kept. Rehabilitate damage such as drill holes to prevent accidents to stock. Employ local people if possible and buy local products preferentially. If exploration continues for a year or more, invest in local community development programs identified through engagement activities. Ensure that women are included in programs. Ensure that subcontractors follow the same guidelines as your own staff.

If the exploration program continues longer than a year, update the basic demographic data and measure the new indicators against the original baseline set to assess change, especially if the indicators are related to project activities or community programs. Report this to management and share the information with community members.

<sup>2</sup> Detailed online guidance on best practices in exploration is available via free registration with the PDAC Environmental Excellence in Exploration (E3) resource site at <http://www.pdac.ca/e3plus/index.aspx>.



## 2.2 Feasibility and planning

Feasibility studies are undertaken once a project has proven to be potentially viable from technical and financial perspectives. Social and political criteria should also be part of a comprehensive feasibility study, as they may have a significant bearing on project viability. In addition to socioeconomic due diligence, additional data should be collected to construct a social and cultural baseline and to identify stakeholders. Initial assessments should be made of potential socioeconomic impacts, and stakeholder analysis should inform the feasibility assessment of the socioeconomic environment of the proposed project. The expected costs of socioeconomic impact mitigation plans should be integrated into the feasibility costing process. If the project already exists or has undergone a long period of exploration, an assessment of community relations legacies should be undertaken.

### **Feasibility and planning community engagement and development: example activities**

Engage suitable expertise in social baseline data collection and impact assessment, either in-house or as consultants. If project definition activities, baseline data collection and staff movements on the ground are increasing, also increase the number of CROs to ensure that communities can be kept informed of developments. Ensure that contractors adhere to your company's social responsibility guidelines.

Increase the degree and scope of interaction between company and community or government representatives. Important opportunities exist for the company to engage with local communities to inform them about possible mine development scenarios and timing. Spend time listening and learning about community priorities, concerns and so on. Keep records of stakeholder engagement activities, matters discussed, concerns raised, commitments made and commitments completed.

The detailed baseline study should include the extensive collection of secondary data and the generation of quantitative and qualitative primary data through household questionnaires, focus group discussions and interviews with key stakeholders. Conduct separate focus groups for women, girls and boys, old people, disabled people and any religious or ethnic minorities in the community. An impact assessment, including the development of impact mitigation plans, should be conducted by a competent professional. Establish a clearer understanding of social, environmental and development needs and costs.

Expectation management will become increasingly important, requiring enhanced and expanded communications activities. Carefully explain the uncertainty of project development. Increase rehabilitation efforts as ground-disturbing activities increase. Increase the budget for community investments.

Expand the set of socioeconomic indicators to be gathered at least annually from the baseline data set. Include gender-specific indicators. Increase monitoring to keep pace with increased company activities, both for feasibility studies for and community investment programs. Review stakeholder engagement documents for community feedback.

## 2.3 Land access

Access to land for a mining project may involve the physical or economic displacement of community members, which disrupts community life. If project activities interrupt the livelihood activities of neighbouring people, even temporarily (such as during construction), that is a form of economic displacement. If people need to give up their houses or land because of the project, that is physical displacement, or resettlement. In the Australian context, this may take the form of compulsory acquisition of homes or land by the project, which can lead to dissatisfaction and unhappiness on the part of the displaced home owners and to delays for the project proponents. Economic displacement may be caused by impacts on agricultural land or to road access.

Australian governments supports the coexistence of land-based industries in rural and regional Australia through sound evidence-based approaches, drawing on the guiding principles of the Multiple Land Use Framework as endorsed by the Standing Council on Energy and Resources in December 2013 in response to conflicts arising from land access and land uses. The framework recognises that the development of many Australian industry sectors relies on access to land and should meet multiple stakeholder needs covering economic, environmental, heritage, societal and cultural values.

Land access for a project begins with the acquisition of exploration leases. After feasibility studies have proven the economic viability of the project and more permanent leases have been acquired, additional land is needed for project development and the construction of housing, roads, airports, pipelines, storage facilities and other facilities. Considerable negotiation may be needed at each stage of development for a company to gain access to land, and this will involve consultation and engagement with local communities, landowners, pastoralists, farmers, traditional owners and governments in order to reach workable agreements. Even if it is possible to obtain leases from governments without positively engaging local stakeholders, it is not wise from a community relations perspective, as it is bound to lead to resentment and disagreement in the longer term.

Native title and cultural heritage legislation in Australia requires that specific forms of compensation must be paid to people with traditional rights to land.<sup>3</sup> Successful project proponents know that agreeing to various forms and levels of compensation with local communities and affected individuals, ideally with the involvement of local governments and community support bodies, is the best way to create harmonious community relations. Compensation may be in cash or in kind, the appropriate forms to be decided during consultations and negotiations. It may be necessary to provide certain forms of compensation to communities as a whole, as well as to individuals and households. Whatever the specific elements of a land access agreement or compensation process, companies should use qualified experts to guide negotiations in what can be a complex field of community engagement.

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<sup>3</sup> For more information, see *Working with Indigenous communities* in this series of handbooks

### **Land access community engagement and development: example activities**

More community relations staff may be needed to engage community members in land access discussions and negotiations. All contractors, whether for construction or other work, must be contractually bound to follow the lead company's social responsibility procedures and guidelines.

An intensive communications and consultation program will need to be undertaken to enable communities and stakeholders to understand the implications of land access agreements and impacts upon cultural heritage. Include all sectors of the community in consultations, including women, youth, the elderly and the disabled. Special compensation programs may need to be implemented. An accessible complaints procedure will need to be established and functioning.

Engage qualified practitioners to conduct cultural heritage and land use assessments, as needed. Conduct a comprehensive stakeholder identification and analysis exercise. Revise the impact assessments made at the feasibility stage. Ensure that all studies and assessments take specific account of women, children, the elderly and the disabled and the different impacts that they may experience.

Design detailed management plans and social responsibility guidelines and procedures for land access, socioeconomic and cultural heritage impacts identified by the impact assessments. Take into account differing impacts on women, children, old people, disabled people and minority groups.

Select land-use and cultural heritage protection indicators for inclusion in a monitoring and evaluation process. Disaggregate data by gender where possible.

## **2.4 Construction**

The construction phase of a mining or metals project does not usually last long (perhaps one or two years), but it is a time of intense activity and often introduces a workforce that is large, temporary, or both. Much of the construction activity will take place within the mine lease boundary, but there is usually also a good deal of additional construction of infrastructure such as roads, airstrips, powerlines and water pipelines, some or all of which may be close to where people live and work. Physical construction impacts tend to be associated with the nuisance of increased traffic, dust, noise and light pollution, all of which can be annoying to neighbours.

Economic impacts can be beneficial, such as when the increase of business due to the additional workers gives a boost to the local economy. They may also be negative, as demand may lead to inflation, raising prices for existing residents and pressure on local services, diminishing the quality of life for local community members. Mining project managers need to be aware of these impacts of construction and take measures to mitigate them. The most appropriate forms of mitigation can be determined collaboratively when engaging with local communities.

### **Construction community engagement and development: example activities**

Additional community relations staff will be needed to undertake intensive community engagement activities, as the disturbances created by construction invariably lead to heightened community relations interactions. Depending on the size of the project and its impacts, professionals may need to be hired to assess construction impacts and plan mitigation management activities, either as staff or as consultants. Impact mitigation plans and measures should be in place before major disruptive activities begin. All staff who interact with community members should receive cultural awareness training. All contractors, whether for construction or other work, must be contractually bound to follow the lead company's social responsibility procedures and guidelines.

Organise an intensive communications and consultation program to enable communities and stakeholders to understand what will happen during construction. All sectors of the community should be included in consultations, including women, youth, the elderly and the disabled. Establishing a shopfront to provide information in a local town can be helpful for exchanges of information. Special compensation programs may need to be implemented for the temporary impacts of construction. An accessible complaints procedure will need to be established and functioning.

Engage qualified practitioners to undertake a comprehensive social impact assessment, if needed, depending on local laws and expectations and the expected degree of impacts. Conduct additional baseline studies if needed, such as community health and cultural heritage studies. Conduct a comprehensive stakeholder identification and analysis exercise. Ensure that all studies and assessments take specific account of women, children, the elderly and the disabled and the different impacts that they may experience.

Design detailed management plans and social responsibility guidelines and procedures for project impacts identified by the impact assessments. Take into account differing impacts on women, children, old people, disabled people and minority groups. Managing the impacts of the temporary but highly disruptive construction period, by communications and compensation, is very labour intensive but crucial to future good relations. Impact mitigation plans need to be in place before construction begins. Ensure that construction workers follow the company's social responsibility guidelines.

Select a comprehensive set of socioeconomic indicators as the basis for monitoring and evaluation. Disaggregate data by gender where possible.

## 2.5 Operations

The operational phase of a mining project is sometimes regarded as 'steady-state' and may last for many years, depending on the size and nature of the project. The stability of this income-producing period of a mine thus offers the greatest opportunity for sustainable community development programs. There is time to develop and implement locally identified long-term programs designed in collaboration with community members and other stakeholders. Partnerships may be established and nurtured for program design, implementation and monitoring, with a focus on community participation.

### **Operations community engagement and development: example activities**

A full team of community relations staff will be needed, plus support from external experts if necessary. Competent staff with appropriate social science or community development training and experience will be needed. The size of the team will depend on the size of the operation, its geographical spread and its complexity. Adequate budget support will be needed to fund impact mitigation and community investment programs. Involving a wide range of personnel from various parts of the operation, and at varying levels of seniority, will help to establish a broad base for community engagement.

Strong, stable and collaborative relationships and partnerships need to be nurtured. Establish and maintain regular engagements with a full range of stakeholders, tailored to their level of interest in the project, so that people are fully informed about operational activities. Agreements on community investment programs may be concluded with affected communities. Regular updates of stakeholder identification and analysis exercises and consistent record keeping will aid successful community engagement. The complaints procedure must be fully functional and include arrangements to use a respected third-party mediator.

Design a full program of community investments in a participatory manner with community members and other partners, bearing in mind the need for sustainability of initiatives. Ensure that all sectors of the community are able to participate, including women, youth and elderly or disabled people. Continue to collect data to monitor and measure impacts against indicators selected from the baseline studies. The indicators must cover economic, social, health, educational, small business and population changes. Conduct additional studies if new data is needed due to changed circumstances, such as an expansion of operations. Keep up to date with community changes and developments.

Adjust programs as needed to ensure that negative impacts of operations are mitigated and positive impacts result in improvements to community life through project investment and support. Maintain a strong communications program to ensure that excessive expectations are tempered and realistic expectations are met and seen to be met. Resolve complaints before they become disputes. A full set of socially responsible behaviour guidelines should be in force for operational staff and contractors, covering worker conduct, cultural respect, heritage, corruption, human rights and community safety.

Regularly and comprehensively monitor and periodically evaluate a full range of socioeconomic indicators, disaggregated by gender where possible. Regularly report on progress and challenges to company management, project personnel, shareholders and a full range of local and other stakeholders. Report on complaints resolution data.

## 2.6 Decommissioning and closure

Closure planning can be challenging for mine managers and community leaders, as it heralds the cessation of operations and people generally prefer to concentrate on current productivity and extending the term of prosperity. Advanced closure planning is nonetheless prudent, as even mines with great projected longevity may be forced to close unexpectedly for various reasons, causing economic dislocation to workers, local communities and governments. Having plans in place for closure can help to minimise the shock of a sudden closure and enable sustainable community development planning.

Many projects develop conceptual closure plans as part of their feasibility and planning stage and update them routinely, at least every five years. Embracing closure planning as a healthy part of planning for long-term community sustainability afterwards can be a good foundation for strong company–community relations.<sup>4</sup> Ideally, closure planning will include the participation of community members, local and regional government and development partners and will be regularly updated as part of the standard mine-planning schedule.

### **Decommissioning and closure community engagement and development: example activities**

Community relations staff should be allocated to closure planning, perhaps part time at the beginning of an operation and full time as closure approaches, perhaps with additional staff. Engage expert advice, as needed, from someone with closure planning experience.

Engage local communities and other stakeholders in planning for post-project sustainability and envisioning the future use of mine site facilities. As closure approaches, say five years before, establish a closure planning committee with community input.

Conduct a closure social impact assessment to determine how closure will affect local communities and the options for the future use of project land and facilities. Ensure that the assessment takes into account differential impacts on women, the young, the old, the disabled and any ethnic or religious minorities in the community. This assessment should be done at a conceptual level at project commencement and then be regularly updated and revisited. It should become increasingly detailed as closure comes closer.

Ensure that stakeholders understand that discussions about closure planning do not imply that closure is imminent but are plans for the long-term sustainability of community programs. Develop impact management plans that cater for all sectors of the community.

Include changes to closure plans in regular annual reporting to management, especially if the changes are influenced by community input.

<sup>4</sup> Useful reference documents on closure planning are ICMM, *Planning for integrated mine closure: Toolkit*, 2008, <http://www.icmm.com/document/310>; and the *Mine closure* handbook in this series.

## 2.7 After closure

Sustainable community development planning automatically includes planning for the time after the closure of the mining project. Depending on the nature of each local community and its relationship with the mine, there may be continuing social and community obligations, including for the ongoing monitoring of environmental impacts and social conditions. Certain projects or services may need continued support for a period until they become self-sustaining or are taken on by another organisation. There should be firm and widely accepted plans in place for the transition from mine support to independence, preferably before closure. The plans must include the clear allocation of responsibilities and criteria for determining when the mining project's obligations will cease. Otherwise, the post-closure maintenance period might be longer than the period of production.

### **Post-closure community engagement and development: example activities**

Staff may be needed to continue supporting social responsibility programs after the mining operation closes. External service providers may be appropriate to take over staff responsibilities as company activities wind down.

Local communities and other stakeholders need to be consulted regularly to keep them updated about post-closure programs.

After an interval of monitoring is agreed with affected communities and regulators (usually a number of years), conduct a completion study of the socioeconomic situation at project's end.

Provide sufficient training and capacity building for sustainable community enterprises. Provide additional support for vulnerable sectors of the community, such as women, children, the elderly and disabled people, as needed. Manage the transition from support available during the project's operation to post-closure independence by gradually removing company support. Enlist alternative support mechanisms if they are needed and feasible.

Monitor the progress towards sustainability and independence of social responsibility programs. Report on the completion study to company management and external stakeholders.

Ideally, planning for post-closure activities needs to commence early in the life of the operation. Development and engagement activities focused on such activities should be run in parallel with the management of the operation. More details on mine closure strategies are in the *Mine closure* handbook in this series.<sup>5</sup>

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5 See also ICMM, *Planning for integrated mine closure: Toolkit*, London, 2008, <http://www.icmm.com/document/310>.

## Case study: Century mine, Queensland—Planning for post-closure sustainability with the community

MMG's Century mine was a large zinc mining and processing operation in the lower Gulf of Carpentaria region of north-west Queensland, a remote area with a substantial Indigenous population. The mine operated on a fly-in, fly-out basis, drawing its workforce from Townsville, Mount Isa, Cairns and other parts of Australia, as well as from the Gulf communities. Century processed its final ore in January 2016 after 15 years of operation.

Seeking to demonstrate leading practice in how it managed the cessation of mining and production at Century, MMG began planning for that purpose several years in advance. MMG's closure planning for Century included community participation in a review of the operation's impacts and in planning for the future.

The Gulf Communities Agreement (GCA) is a comprehensive land-use agreement negotiated in 1997 between the developers of the mine (Century Zinc Ltd), the Queensland Government and four groups of traditional owners in the region: Waanyi, Kukatj, Gkuthaarn and Mingginda. The agreement was reviewed every five years after 1997. MMG commissioned the Centre for Social Responsibility in Mining of the University of Queensland to undertake the third five-yearly review in 2012.<sup>1</sup> The Century Liaison Advisory Committee, established pursuant to the GCA, had representatives from all signatory parties to the GCA and had prime oversight responsibility for the review. This case study has been compiled from the several reports published as part of the review and closure planning process plus inputs from Century's Community & Stakeholder Partnerships team.

The GCA states the aspirations of the native title groups in agreeing to mining on their land, under four main headings: economic improvements; protecting the land and environment; keeping Aboriginal culture and traditions strong; and social improvements and stronger communities. This was a succinct expression of what was important to the Aboriginal parties at the time that the GCA was negotiated and a basis for exploring progress in a number of areas. Although the 2012 review found that some aspirations of the native title groups had not been achieved, that did not mean that the GCA had 'failed' or that there had been a lack of compliance. Rather, the review and closure planning process provided an opportunity to consider what other actions could be taken to progress those aspirations in the time remaining for the Century mine. Key among these as-yet unfulfilled aspirations were means for improving the economic independence of the communities while still maintaining their cultural foundations and links to the land.

Having taken the major step of concentrated research and engagement with community members about their aspirations, needs and priorities, and with additional stakeholders about challenges and requirements for sustainable community development planning, Century moved forward to begin work with its host communities towards a sustainable and participatory closure and post-closure plan for the mining project.

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<sup>1</sup> Everingham et al. (2013).



One of the main preoccupations of the communities when considering the closure of the Century mine had been future employment prospects for young people. Consequently, in 2014, Century changed to a host-employer model for all new trainees and apprentices. Previously, all trainees and apprentices were given roles onsite at MMG Century's mine at Lawn Hill or its port operation at Karumba.

Century recognised the limitations of site-based roles for limited-tenure trainees, as mine jobs were not sustainable in the long term because production would cease in mid-2015. It decided to explore a new model, in which host employers outside the mine would be invited to take on trainees and apprentices.

In 2014, 32 local young people were placed with employers in their home towns, and more were placed in 2015.

Under the new model, Century paid the trainees' and apprentices' wages and provided support and mentoring. As far as MMG Century was able to determine, the company was unique among resource companies in establishing a host-employer model for its trainees and apprentices.

The initial 10-week training program at Myuma, near Camooweal in north-west Queensland, followed by a week onsite at Lawn Hill before trainees started their jobs, also allowed the participants to mix with other young people from different companies and organisations across the state. This was vital for building personal networks and resilience.

MMG Century's host-employer model kept talent in communities where it can be best used, as well as adding greater variety to the range of jobs and areas of study available to apprentices and trainees.

The training program was a practical way for Century to support sustainable communities by building local capacity and, at the same time, reducing dependence on the mine as the major source of jobs in the region.



*The 2014 graduates of Century's Work Ready Program will work offsite in non-mining jobs.*

## 3.0 COMMUNITY RELATIONS: METHODS AND TOOLS

### 3.1 A systematic approach to community engagement and development

Developing sound relationships with local communities and other stakeholders requires consistent performance. For some companies, poor social performance at one site can affect their reputation and ability to perform at another. A systematic approach will help to maintain consistency within and between operations over time. Systems provide institutional memory so that commitments made by key personnel at a particular time, such as during exploration, are captured and managed appropriately for the entire life cycle of the operation, instead of information being lost when individuals leave or the operation moves on in its life cycle.

Some mining companies have invested considerable resources in developing and implementing management systems for community engagement and development. The elements of those systems typically include the use of socioeconomic baseline studies and social impact assessments; planning; the documentation of procedures and program delivery; regular reviews and audits against defined standards and objectives; and a strong focus on information management. Those elements apply to all stages of mine life, including closure.

Some key components of a systematic approach to community engagement are outlined in the following sections, under the headings of:

- community and stakeholder identification and analysis
- socioeconomic baseline studies and social impact assessments
- risk and opportunity assessment
- engagement and development plans
- monitoring and evaluation.

The overarching element of all community development undertakings is inclusive engagement. Identifying stakeholders, gathering baseline data, conducting impact assessments, developing projects and plans and monitoring and evaluating all of these activities should be as inclusive and participatory as possible. That is, involve community stakeholders in designing and implementing research studies and monitoring programs as much as possible, so that community knowledge and understanding of the mine and its operations and impacts and how they are managed can be enhanced.

As depicted below, community engagement and development should be a cycle of continuous improvement in which **assessments** informing **planning** and **human and financial resourcing** decisions and **monitoring** the improvement of all aspects.

Figure 2: Continuous improvement cycle of a community engagement and development system



The most important element of all, the process that embraces all the others, is inclusive engagement. None of the activities should be undertaken in isolation, and all should involve community members and other stakeholders whenever possible, working towards the empowerment end of the IAP2 Spectrum explained in Section 1.2.3 of this handbook.

The following case study demonstrates the importance of inclusive engagement, as women often raise concerns different from those of men.

### **Case study: Gender-sensitive community engagement— Exploring for coal in Mongolia<sup>1</sup>**

In late 2005, Rio Tinto Mongolia LLC began an early-stage exploration program for low volatile coking coal in the vicinity of Khuren Gol village in Gobi-Altai Province in the south-west of Mongolia. In May 2006, two camps (one for exploration and the other for drilling) were mobilised near the village. A community relations officer (CRO) also visited the camp at that time. The exploration camp comprised about 20 people, including the catering and logistics team, and the drilling camp about 40 people.

<sup>1</sup> A version of this case study originally appeared in DRET, *Social responsibility in the mining and metals sectors in developing countries*, 2011.

After the camps were established and the CRO was on board, Rio Tinto Exploration held a series of public meetings to introduce the team and explain the plan of work. The first was held in June 2006 and was chaired by the village governor. More than 30 people from the local area attended. Rio Tinto Exploration prepared an information sheet about the exploration activities. The Rio Tinto Exploration team observed that, while there was some good discussion about the information being provided, there were misconceptions because information about the exploration activities had previously been received only by word of mouth, and some rumours had started. Nevertheless, the first meeting recorded queries and responses to the information sheets and the discussion.

In the second meeting, Rio Tinto Exploration confirmed the program of work and responded to the issues and questions raised at the first meeting. The company also suggested that the community establish a community advisory group (CAG) to open communication channels between the company and the community. During the meeting, the community nominated and elected members. The CRO ensured that there was equitable representation among family groups. In the end, the membership comprised eight men, two of whom were young men. The third meeting continued the discussion and the CAG began its work. It was the CRO's role to liaise with the village governor and the CAG and build relationships with local community members, including women and youth.

In May 2007, the CRO was permanently based in the exploration camp. She began door-to-door consultation at the household level with the village's 114 families in total, which fell into five groups. She spoke to individual family members wherever possible, not just to the head of the household, who was usually a man.

The CRO found that, while the men agreed that the CAG and the information provided by the company about the exploration program were adequate, many of the women had additional questions and concerns. Those questions had not been raised with the company previously because women tended not to speak openly in the public meetings and were not represented in the CAG. Many of the women complained that they were not being adequately consulted and wanted a separate committee to voice their concerns.

A women's group was never formally established, but the CRO began a formal program of consultation to gather perspectives from the women. She organised a women's meeting at the village centre in late July 2007. All the women from the five family groups were invited. A total of 20 women attended the meeting. The CRO reported that the women appreciated the chance to meet collectively and voice their issues and concerns.

During the exploration activities, Rio Tinto Exploration hired men to help with groundwork but there were no opportunities for women, who wanted to know what employment opportunities there would be for them if a mine were to proceed. Other concerns raised related to their children's education, employment opportunities for their children and husbands, the livelihoods, income generation, and pasture and vegetation. Some women said that they would be sending their children to university for education in mining so that they would have a job in the future. They saw mining as their children's future.

At that meeting, women also suggested that it would be better if the company aimed to have significant consultations with women in winter because they do not have as many household responsibilities in that season. In spring, women have to take care of baby animals, in summer they are busy processing dairy products, and in autumn they are focused on preparing their children for school and preparing for winter. The women also asked far more specific questions than men did about possible threats to pasture and about rehabilitation methods and plans, as they are responsible for processing milk and other dairy products and pasture affects the quality of those products. Although men raised some of the same concerns, both individually and in the CAG, women were more detailed in their line of questioning about the pasture.

As a result of this work, Rio Tinto Exploration learned to be more responsive to the issues and concerns raised by women, and to undertake any significant consultations in the winter months.

## 3.2 Explanation of elements of community engagement and development activities

The sections below provide greater detail on some of the key activities likely to be undertaken as part of a community engagement and development program. As part of the assessment phase described in Figure 2, **community and stakeholder identification** activities enable companies to know who they should be engaging with and the best means for engaging them. **Baseline studies and social impact assessments** straddle the boundary between the assessment and planning phases, as the assessments enable the development of community engagement and development plans. **Opportunity assessment and community development planning** are important factors in the planning phases of a project, enabling not only the mitigation of any potential negative project impacts but also the designing of positive programs in collaboration with local stakeholders. **Monitoring and evaluation** are an essential element of the professional management of community development programs and also feed into corporate reporting requirements. **Inclusive engagement** underpins all those activities.

### 3.2.1 Community and stakeholder identification and analysis

Community and stakeholder identification and analysis are the first steps in establishing positive relationships with stakeholders, including the local community. This includes developing a stakeholder database and management system and conducting a stakeholder mapping exercise.

Community and stakeholder identification should be done by a multidisciplinary team of staff from across company sections, with significant input from community members. The process should aim to identify all relevant stakeholder groups and the issues and impacts that relate to them. Physical, social, historical, cultural and political aspects of the community need to be considered, including levels of dependency on the company that certain groups may potentially or already have. Sensitivity to issues of gender and diversity will help ensure that women as well as men and also other vulnerable groups are appropriately represented in the analysis.

Community and stakeholder identification and analysis increasingly form part of social impact assessments for new projects, but can be done at any stage in the life of the mine. Regardless of when the exercise is first conducted, the stakeholder database and map need to be reviewed regularly as a way of keeping track of changes in the community and the mining operation and the emergence of new issues that need to be incorporated into programming and planning.

### **3.2.2 Baseline studies and social impact assessments**

Large development projects in Australia are generally only required to conduct a social impact assessment (SIA) as a small part of the environmental approvals process. Traditionally, this was the only time when the issue of social impacts was given formal consideration. However, leading companies in the industry are now voluntarily undertaking the equivalent of SIAs at their existing operations to develop a better understanding of local communities and to manage significant events, such as expansions and closures. A variety of terminology is used to describe these exercises (such as social monitoring, social assessments or socioeconomic baseline studies), but the common element is the focus on identifying and tracking the social impacts of a project, both positive and negative, and the key community issues associated with the project.

A comprehensive SIA should aim to:

- identify the key social, environmental, demographic and economic factors that constrain or drive change in the particular community or region
- understand how the establishment, expansion or closure of a mining operation will affect the community or region
- define key baselines against which to measure past and future changes, and to determine whether or not they relate specifically to the impact of the mining operation
- identify potential risks to and opportunities for the community or region arising from the presence of the business and indicate how they might be avoided or secured
- identify existing programs, services, projects and processes (such as a community or regional plan) with which the operation could integrate potential initiatives.

Assessments should use both qualitative data (from interviews and focus groups) and available quantitative data (on demographic trends, labour markets and employment, income distribution, education levels and health).

In obtaining community input, it is important to be as broad and inclusive as possible to ensure that all relevant issues are identified. In particular, operations need to avoid engaging only with those groups and individuals who are supportive or have high influence. It is just as important to involve less obvious or marginalised groups who might not necessarily come forward voluntarily, plus the 'silent majority', whose perspective is sometimes overlooked in favour of more vocal community groups or individuals. As is emphasised throughout this handbook, women are important stakeholders within communities and workplaces and may bring perspectives and issues different from those of men.

The engagement mechanisms that are used need to take account of communication needs in particular circumstances. Sessions may have to be held after hours, in different locations, and different styles of presentation and communication will often be necessary. It may also be important to consider literacy levels and work cross-culturally with communities in which English is not the primary language.

The ICMM Community Development Toolkit contains useful explanations of how baseline studies and SIAs may be done, including a range of source materials, and should be consulted by those wishing to understand more about the process (ICMM 2012; see Tools 11 and 12, pp. 127-144). Parts of the process are described below.

The first table contains descriptions of degrees of impact associated with a particular mine for the three criteria of extent, magnitude and duration. The descriptions would be devised by a panel of experts and affected people, who would reach agreement on the specific conditions for that particular project.

<b>EXAMPLE OF IMPACT ASSESSMENT CRITERIA</b>		
<b>CRITERIA</b>	<b>CATEGORY</b>	<b>DESCRIPTION</b>
<b>EXTENT OR SPATIAL INFLUENCE OF IMPACT</b>	<b>Regional</b>	Further than 20 km from the project sites.
	<b>Local</b>	Within 20 km of the project sites.
	<b>Site-specific</b>	On site or within 100 metres of the site boundary.
<b>MAGNITUDE OF IMPACT (AT THE INDICATED SPATIAL SCALE)</b>	<b>High</b>	Social functions are severely altered—large number of directly affected people or households.
	<b>Medium</b>	Social functions are notably altered—medium number of directly affected people or households.
	<b>Low</b>	Social functions are slightly altered—small number of directly affected people or households.
<b>DURATION OF IMPACT</b>	<b>Long term</b>	Longer than the project life (more than 6 months after operations cease).
	<b>Medium term</b>	For the duration of the project.
	<b>Short term</b>	For the duration of construction (or less than 6 months).

This table also appears in ICMM (2012:138).

As an example, increased truck movements through a local community for the duration of construction would be categorised using the table above to be local, high magnitude and short term. The category results are multiplied to determine the significance of the impact, as demonstrated in the table below, with the result that the impact would be considered to be of medium significance.

DEFINITION OF SIGNIFICANCE RATINGS			
SIGNIFICANCE RATINGS	LEVEL OF CRITERIA REQUIRED		
	EXTENT	MAGNITUDE	DURATION
<b>HIGH</b>	Regional	High	Long term
	Regional	High	Medium term
	Regional	Medium	Long term
	Local	High	Long term
<b>MEDIUM</b>	Regional	High	Short term
	Regional	Medium	Medium term
	Regional	Medium	Short term
	Regional	Low	Long term
	Regional	Low	Medium term
	Local	High	Medium term
	Local	High	Short term
	Local	Medium	Long term
	Local	Medium	Medium term
	Local	Low	Long term
	Site Specific	High	Long term
	Site Specific	High	Medium term
	Site Specific	Medium	Long term
<b>LOW</b>	Regional	Low	Short term
	Local	Medium	Short term
	Local	Low	Medium term
	Local	Low	Short term
	Site Specific	High	Short term
	Site Specific	Medium	Short term
	Site Specific	Medium	Medium term
	Site Specific	Low	Long term
	Site Specific	Low	Medium term
	Site Specific	Low	Short term

Source: C Macdonald, Social Sustainability Services Pty Ltd.

The significance of an impact is used to determine its priority for mitigation. Note that impacts may be positive as well as negative, and so may require enhancement for community benefit rather than mitigation. Impact management plans might mitigate the effects of an impact so that it becomes neutral or positive in its influence. Thus, impacts should be re-evaluated after the projected effects of mitigation plans are taken into account to determine the nature of the residual impact.



Impacts might also be cumulative, if there are multiple projects in an area, which would require a specific cumulative impact assessment evaluation, taking regional activities and other projects into account.<sup>6</sup>

### 3.2.3 Opportunity assessment

Once social and community impacts have been identified through an SIA or similar process, an opportunity assessment should be done to rank issues associated with the activities of the project, based on actual and perceived impacts. Ranking is important in order to determine what needs to be addressed as a priority; that is, which community projects are needed most urgently and also which are easiest to organise and implement, enabling some 'quick wins'. Mining operations should focus not only on potential liabilities but also on identifying opportunities to contribute constructively to the long-term development of communities and regions. Further community engagement may be needed at this stage to better understand and prioritise issues and identify possible responses.

Opportunity ranking needs to be repeated regularly because changes occur as a project moves through its life cycle, including in perceptions of the project and its performance, relationships with community members, and people's priorities, within both the company and the community.<sup>7</sup>

### 3.2.4 Developing a community engagement and development plan

A key output of the assessment process should be the development of a community engagement and development or similar plan, which is informed by the stakeholder identification and analysis, the SIA and the risk and opportunity assessment, as well as by other interactions.

Plans should ensure that the community is aware of the operation's activities, that the site has systems and processes in place to ensure that it continues to understand and respond to community issues and concerns, and that relationships are built continuously, not only when problems occur. A complaints management process should also be part of the engagement plan.

The operation needs to ensure alignment between its engagement and development plan and other key strategy documents, such as the plan of operations, as well as other wider community, regional and national development plans. Wherever possible, an outcome of engagement activities should be actions that can realistically be taken by the mine in support of community development priorities defined by local stakeholders, looking for overlapping and mutually advantageous projects. The plan should also include indicators and performance measures, so that the effectiveness and outcomes of company initiatives can be monitored and evaluated and improvements can be made where required.

### 3.2.5 Monitoring and evaluating

The mining operation should regularly check that the systems and processes that have been established are being consistently applied. Monitoring results enables the operation to change actions, behaviours or the system itself to ensure better alignment with the operating context and community engagement outcomes.

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<sup>6</sup> See Franks et al (2013) for recent discussion of cumulative impacts, and Section 3.3.5 in this handbook.

<sup>7</sup> See ICMM, 2012, *Community Development Toolkit*, London, available at <http://www.icmm.com/community-development-toolkit>, Tools 9 Development Opportunity Ranking, pp. 101-108 for further explanation of this tool.

Monitoring should be ongoing and can be conducted by a third party or by the mine. Whichever approach is taken, standards need to be clearly defined and consistently applied.

While checks against systems and processes are important, periodic evaluations should also assess the way an activity or program of activities is implemented and the impact that it is having. Evaluation results help to inform and improve planning and decision-making about the activity or program, or future similar activities, and to report on practice. The evaluation of community engagement and community development initiatives can take place at either the project level, for one-off initiatives, or the program level when there are a number of related activities or events. The scope of the evaluation should reflect the scale and significance of the activity or program to be evaluated.

One of the essential aspects of designing a successful monitoring and evaluation (M&E) system for a mine's community engagement and development activities is the selection of appropriate indicators in the design phase to use in the measurement process. To do this well, take these key steps:

- Define and agree on what success means for both the company and the community.
- Define and agree on appropriate indicators of success in collaboration with the community.
- Regularly review the selected list of indicators to ensure that they continue to be relevant for both the company and the community.
- Ensure that baseline data for the selected indicators is available from the outset.

Other important considerations are to use both qualitative and quantitative indicators, meaning those that measure perceptions and opinions as well as hard numbers, such as school results or health data. Another is to include positive and negative indicators that will measure both increases in beneficial changes and decreases in undesirable outcomes. Monitoring and evaluation of corporate social performance is now recognised as an important function of effective mine management, and there are now several detailed sources to be used as references in developing the M&E system for individual mines and their host communities.<sup>8</sup>

The following case study illustrates the value of investing early in community relations and development programs, even at the exploration phase.

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<sup>8</sup> Adapted from Zandvliet and Anderson: 207–215. See also Anglo American Socio-Economic Assessment Toolbox (SEAT) v.3, 2012, Tool 6A, pp. 257–264, available at <http://www.angloamerican.com/development/social/seat>, and ICMM, *Community development toolkit*, London, available at <http://www.icmm.com/community-development-toolkit>, Tools 19 and 20, pp. 191–200.

## **Case study: The benefits of early engagement— exploration in Indonesia**

Robust Resources is exploring for base metals on Romang, a small tropical island in the south of Maluku Province, Indonesia. Robust is a Sydney-based, ASX-listed exploration company. At present, it is a single-project company. It employs around eight Australians, and 30 Indonesians from other parts of the country. Romang Island is heavily forested and has small pockets of coastal communities totalling around 4,000 people. There has been no significant development on the island. The villages are well kept; there are outpost clinics, schools and local shops, but no vehicles, no paved roads, no electricity, no communication infrastructure, some communal tapped reticulated water and intermittent sea transport. In short, the island is isolated and relatively poor.

Robust started exploration in 2007 in the south of the island, some two kilometres from the nearest village. By 2011, the company had a base camp, a fly camp and six drills operating. A total of about 80 islanders are employed by the project in various tasks as unskilled workers.

The Robust Resources board is made up of people who understand the need to pay close attention to social issues. From an early stage, they have pressed the need to 'do the right thing'. Attention to social responsibility gained momentum when a 'champion' joined the board and was energetic in obtaining external help to set up a community relations program.

Robust started dedicated community relations work in early 2010 and has continued to expand its program in line with its exploration expansion to date. Before 2010, geologists dealt with any community issues that arose. Issues tended to concern land access, compensation for land use and damage to crops, plus the hiring of local people.

As the company has grown, more resources have been dedicated to social and environmental work. There is now a community relations team of five: all are Indonesian, two are from Romang Island and one is a woman. There is also a community development program supported by three external partnerships with local development groups from other parts of Indonesia. Robust's social responsibility partners are committed to good process in community development, which means community participation, ownership of decisions, planning, co-implementation, monitoring and assessing results. Partnerships are often mixed, with one providing the rigours of good process and others delivering technical training and support, such as for cropping, home gardens and community health.

Not only has the company provided adequate budget support, but importantly it has been able to recruit the right professional people with the right types of people skills. All its community relations and development workers have university degrees in relevant disciplines. Robust selects its communities staff not just on the basis of professional qualifications but also on their personality types, people skills and cultural sensitivity.

Although Robust is a relatively small operation, it has committed sufficient funds to establish a community relations program and work on community development. The community relations team have focused on building relationships between the company and the community. Information sessions on exploration have been conducted and company staff have attended ceremonies and worked to develop their understanding of local customs and traditions. After discussions with village leaders, the team committed to stay in the villages for periods to strengthen relationships.

An Australian university was contracted to research Romang customs and traditions. Through its work, relations have been strengthened with the island's elders. The company now commits to fully consult with elders, seeks their consent to any new work, and conducts proper ceremony when requested. For new work, an initial traditional ceremony is conducted plus a signing ceremony. Part of the signing is a set of agreements around a master document called a partnership agreement. These agreements form the core of Robust's program to maintain its social licence to operate on Romang, and in 2014 included a focus on agriculture, health, microfinance and infrastructure in the community development field. The company considers that its investments in socially responsible practices have contributed to the successful establishment of its exploration program and that this will form a solid foundation for future developments.

Source: A version of this case study originally appeared in *Social responsibility in the mining and metals sectors in developing countries*, (DRET 2011).

### **3.3 Supporting community engagement and development**

Community engagement requires high levels of commitment in order to be effective. As highlighted below, commitment must come first and foremost from senior leadership at the mining operation. Adequate financial as well as human resources must also be made available.

#### **3.3.1 Support from senior leadership**

Although there are long-term benefits to be gained from an open and transparent approach to community interaction, such an approach is not easy. It is essential that community engagement processes are supported and seen to be supported by senior leadership at the mine site; this means not only the general manager or mine manager, but the senior leadership team more broadly. Support will require active and visible involvement in engagement (for example, regular attendance at community meetings and stakeholder briefings).

#### **3.3.2 Engaging internally and externally**

Community engagement requires company personnel to work in the community, such as through community visitations, meetings and other activities. This external work takes time and is essential for understanding the community perspective and building trust. However, community engagement is not only about external relationships. Operations need to ensure that employees and internal company

systems support the external engagement program. The quality of engagement externally and its relative success is directly dependent on the level of internal engagement and alignment about what is to be achieved outside the fence. Site personnel should be encouraged to participate in community engagement and incorporate community perspectives into their work, for example in designing recruitment and training programs, developing rehabilitation plans, and designing plant upgrades (where there may be a new opportunity to address community concerns over issues such as noise or dust).

The following case study exemplifies the mutual benefits that can evolve from many years of close cooperation between a mining operation and its neighbours.

### **Case study: Bulga Complex Coal Mine, NSW— Mines and wines coexisting**

In the mid-1990s Xstrata (now Glencore Xstrata) was operating Bulga coal mine in the Hunter Valley in New South Wales. It applied for exploration licences to investigate further coal resources in an area beneath 40 commercial vineyards in the Broke–Fordwich wine region and adjacent to Wollombi Brook, a significant second-order stream in the area. In a public meeting attended by 200 local residents, strong concerns were expressed about the impacts of underground mining on viticulture and the area's water resources and were reported in state-wide media.

In response, the company formed a specific project team and established a community consultation committee to address the community's concerns. Agreement was reached with the community on the construction of a simulated vineyard (the vineyard trellis trial) over the existing South Bulga underground mine, to assess the impacts of subsidence on the vineyard infrastructure. The community was kept informed of the results of both the exploration program and the viticulture trials through field days and newsletters.

During the development of the environmental impact statement for the continuation of South Bulga's underground workings to the new Beltana highwall, longwall punch mine, a more detailed impact assessment was carried out for each property to be undermined. Private property management strategies were developed and tailored to each property and provided to owners in their own booklets. Following project approval, the booklets were further enhanced as a part of the subsidence management plan process. Finally, a comprehensive consultation program was established for the ongoing management of Beltana mine.

These initiatives strengthened the relationship between the mine and the community and minimised the environmental impacts of mining on the vineyards. A testament to the success of the consultation programs was that only two community objections were received on the development application and the supporting environmental impact statement.

Undermining operational vineyards was a first for Australia, and possibly the world. Without previous experience or research to rely upon, it was imperative that the potential impacts of mining subsidence on the vineyards were investigated and that a world-class vineyard monitoring program was developed in consultation with the key stakeholders and with the assistance of academics and consultants. Positive outcomes were achieved through a well-coordinated community consultative program, the close involvement of affected landowners and the commitment of the mining company.

In 2006, mining began under several vineyards, and continues to this day. Although there will always be competition between different types of land users in a highly sought-after area, such as the Hunter Valley, where the Bulga Complex Coal Mine and the Broke–Fordwich vignerons are both highly successful producers of their respective products, the two industries are managing to coexist. The mine has maintained its close cooperation with the vignerons, including the very important reporting of annual monitoring data to a technical review committee. By 2013, seven successful wine vintages comprising about 250,000 bottles of wine per year had been produced from 90 hectares of undermined vineyards. This close technical cooperation will have to continue for as long as the mine wishes to coexist with its wine-producing neighbours.<sup>1</sup>



*Consultation with key stakeholders in the development of the vineyard monitoring program.*

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<sup>1</sup> See NSWMC (2013) for an updated report by the New South Wales Minerals Council.

### **3.3.3 Adequate resourcing**

Adequate resources must be allocated for socioeconomic baseline studies and SIAs, building a community relations management system, employing staff with appropriate knowledge and skills, and providing for their professional development. Resourcing also means allowing adequate time and financial support to plan and undertake community engagement and to evaluate that engagement to ensure that outcomes are effective and appropriate.

### 3.3.4 Continuity of personnel

Community engagement relies on local relationships. However, in an industry such as mining, personnel often move between different operations and locations for career development and to gain experience in different contexts. As continuity of relationships with local people is important, succession and transition plans for key positions should be considered before personnel move on. Operations could also consider incentives to retain key personnel and ensure that relationship-building is shared broadly by the senior management team, rather than relying only on key individuals. Investment in the training and development of local staff is logical, as they will more often than not want to remain and work in their own communities.

### 3.3.5 Cooperation for managing cumulative impacts

Where there are multiple mines in a region, there may be benefits in companies taking a more collaborative approach to engagement. Recent research indicates that 'the language of cumulative impacts is now finding its way into mainstream regulatory discourse', and some jurisdictions (such as Queensland) are now requiring project proponents to identify potential cumulative impacts at the project approval stage and indicate what they will do to mitigate those impacts (Franks et al. 2013:644). This increasingly means that companies that do not actively seek to collaborate with others may eventually be compelled to do so, especially as community groups are starting to work together to tackle cumulative impacts such as dust, for example, and this is bringing more attention to the need for regulators and companies to pay far greater attention to this previously ignored aspect of impact management (see Bond et al. 2013).

For mining companies, regional cooperation may involve several different mining companies with operations in a particular region working together on community development projects, rather than working separately in an effort to maintain competitive advantage. Coalmines in the Hunter Valley in New South Wales and iron ore mines in the Pilbara in Western Australia are examples of multiple mining operations in areas where joint community development efforts may benefit all. It also makes sense for companies to consider supporting existing programs by providing additional skills and resources, where appropriate, rather than duplicating or competing with the efforts of others. Recent scholarship has found that the future management of cumulative impacts will require the positive collaboration of all major stakeholders—governments at all levels, all companies in the area and all affected communities (Barclay et al. 2012).

There is need for more strategic approaches by governments and companies to generate benefits both short and longer term for local communities. Infrastructure-sharing with a view to long term sustainable use offers potential benefits from a regional planning perspective. So too does corporate contribution through local investment, job creation, leadership capacity building and local rates and taxes. Leveraging between sectors for infrastructure, housing and jobs has potential long-term community benefits. (Haslam McKenzie et al. 2012a:3)

A strong leadership role will be required for governments in fostering the collaboration needed for the successful managing of shared benefits, to ensure that obligations and responsibilities are also shared between relevant companies and multiple stakeholders. Mining companies are urged to enter into genuine 'partnership' arrangements with other regional stakeholders, to the benefit of all, moving beyond outmoded notions of competitive advantage in the community development sphere.

## 4.0 COMMUNITY RELATIONS BEST PRACTICE

Over the past decade, we have witnessed an expansion of community expectations of what constitutes good corporate community relations, including for mining companies. The main areas of corporate social responsibility can be grouped under the headings of the social licence to operate; human rights; gender and diversity; complaints and grievance management; and Indigenous peoples. The guidance literature on all of those topics has burgeoned in recent years, and selected references for each topic are included in the 'Further reading' section of this handbook. The implications for community engagement in each of these fields of corporate responsibility are discussed in this chapter, as is the special case of long-distance commuting, which is another major area of recent study. Although some of these subjects may seem esoteric and only loosely related to the business of running a mine, many of them are having a greater impact on business success than ever before, and they therefore warrant attention.

### 4.1 Social licence to operate

About 10 years ago, when the first edition of this handbook was being written, the mining industry was starting to embrace fully the concept of the 'social licence to operate', then defined simply as obtaining and maintaining broad community support and acceptance. As stated in *Enduring value: the Australian minerals industry framework for sustainable development*:

Unless a company earns that licence, and maintains it on the basis of good performance on the ground, and community trust, there will undoubtedly be negative implications. Communities may seek to block project developments; employees may choose to work for a company that is a better corporate citizen; and projects may be subject to ongoing legal challenge, even after regulatory permits have been obtained, potentially halting project development. (MCA 2005)

This has not fundamentally changed. Ernst & Young, a global accounting firm, produces annual reports on the business risks facing mining and metals companies. Its 2014 report revealed that, for the period from 2008 to 2013, the social licence to operate maintained its position as the fourth highest risk among the 'Top 10' set of business risks each year (Ernst & Young 2013). What has changed is that what constitutes good company–community relations and social performance has widened to integrate considerations of human rights, the management of grievances and gender and diversity. In Australia, the expansion of mining operations during the mining boom brought more communities into contact with mining, not always with harmonious results, and there has been a major growth in fly-in, fly-out (FIFO) operations, with different implications for the management of community development issues. These newer elements of the social licence are discussed in this section.

A more recent and detailed definition of the social licence explains that:

[T]he social license to operate is an expression of the quality of the relationship between a private sector project company and its neighbors. In terms of mining, this begins with first contact at the initiation of exploration and continues through the entire life of a project, which, if successful, includes mine construction, mine operation, closure, and increasingly into postclosure. (Thomson and Boutilier 2011:1,781)



Note that this definition focuses on the quality of the relationship and its endurance throughout the life of the mining project and beyond. It is a positive relationship, not merely the absence of conflict. It is also not primarily based on the purpose of managing risk. Discussion in this handbook concentrates on elaborating a positive attitude to community engagement and development, to the benefit of the business as well as to society in general and local communities in particular.

Recent debate about the social licence to operate has centred on the difficulty that companies have in demonstrating to themselves and others that they have been ‘granted’ a social licence by the affected communities, the wider society, or both, and that the licence stays in force. This is largely because the existence of a social licence is often described by means of ‘negative governance’:

That is, it is easier to point to an absence of particular factors that could be considered necessary for a social licence rather than to know when all relevant factors are actively in place. By contrast, the absence of explicit forms of contestation can be interpreted as latent support in so far as communities have not offered any explicit point of objection that challenges the legitimacy of the so called ‘social licence’. (Owen and Kemp 2013: 32)

A regulatory licence is tangible, can be proven to exist and will be held as long as any attached conditions are met. The intangible nature of the social licence makes it hard even to know exactly what conditions are attached, and those conditions may change from time to time. Indeed, there may well be a marked difference between the social licence to operate granted by the wider society and a social licence that is meaningful to the directly affected host community. The understandings of the social licence by corporate headquarters and local project management may differ in a similar fashion. A considerable literature has emerged debating these questions, some of which are far from resolved.

The main criticisms of the mining industry’s social licence performance centre on too great a focus on corporate and head office requirements and interpretations of success for the purposes of sustainability reporting, to the detriment of tangible, local, on-the-ground relationship building. In addition, because of the dominance of risk management thinking in many corporations, community engagement activities are constrained in an attempt to lower community expectations by maintaining a low project profile—an approach that has been demonstrated on innumerable occasions to be erroneous (Owen and Kemp 2013). This head office predominance is sometimes accused of being ‘greenwash’, in that companies point to broad acceptance of a project by the wider society in a country as the proof of a social licence, despite localised grievances.<sup>9</sup> In recent times, some companies in Australia have realised that this approach can end up creating further setbacks due to localised community resistance, such as the rejection of a proposal to explore for coal in the Margaret River region of Western Australia in 2012.<sup>10</sup>

In brief, the main features of the social licence to operate is that it:

- should be earned by the corporation or project through its actions
- should be ‘granted’ by the local community in preference or in addition to the national or wider community
- must be constantly renewed through active, broad-based community engagement for the life of the mine, from exploration through closure
- needs to be nurtured, not just paid attention to at times of crisis.

In other words, a social licence to operate rests upon a good community relations foundation, including both community engagement and development.

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9 See Thomson and Boutilier (2011) and Owen and Kemp (2013) for deeper discussion.

10 Media statement by WA Environment Minister on 7 February 2012 for Margaret River story.

## 4.2 Business case quantification

There is little doubt that it is easier and less stressful for companies to operate in a context in which the social environment is harmonious and therefore conducive to greater business success. The costs associated with good community relations are notoriously difficult to quantify because, just as the social licence is easier to define in its absence, it is hard to calculate the financial benefits of good business as usual—that is, with no community relations problems. Even the side-effects of poor community relations are difficult to quantify with any degree of accuracy, unless the relationship has broken down completely, in which case the costs of a non-functioning project can rapidly mount up in an extremely tangible manner. Those costs may include production delays, salaries for workers unable to work or stood down, the cost of replacing damaged infrastructure, and damage to corporate reputation. Most mining projects manage to avoid reaching such a state of relationship breakdown with their host communities, even if they experience frequent low-level problems. By contrast, if they devoted more time and effort to nurturing healthy community relations, most projects could attain a more efficient and smooth operating environment, thereby preventing the diversion of management time to resolving a series of small but time-consuming community relations issues.

Evidence of the business benefits of good stakeholder engagement was provided in a study of mining companies by a team from the Wharton School at the University of Pennsylvania. The researchers followed the market valuation of 26 goldmines owned by 19 publicly traded firms listed on the Toronto Stock Exchange between 1993 and 2008, using an index of the degree of stakeholder cooperation or conflict for those mines. They concluded that:

[T]he social license to operate is more than rhetoric. It is operationalizable, empirically testable and strategically relevant. For these mining firms, pursuing cooperation from and minimizing conflict with stakeholders is not just corporate social responsibility but enlightened self-interest. (Henisz et al. 2011:29).

The results of the study showed that two-thirds of the market capitalisation of the firms could be credited to their stakeholder engagement practices, whereas only one-third of the market capitalisation was due to the value of the ore body.

In response to corporate complaints about the challenge of quantifying the potential benefits that can accrue from investing in socially responsible programs, the International Finance Corporation (IFC), the private sector arm of the World Bank, developed a tool called financial valuation. The tool incorporates both value creation (cash savings, productivity gains) and value protection (the value of avoiding risks) aspects of social responsibility investment. It tests a thousand probable outcomes of risk scenarios in a Monte Carlo simulation to arrive at an estimate of potential impacts on a project's net present value (NPV). Several examples are used by the IFC to demonstrate the value of the financial valuation process: they can be found on its website, along with other supporting information.

The IFC also cites the Newmont Ahafo mine project in Ghana, which was able to start construction six months earlier than expected because it invested in building community trust early in land access negotiations by embedding community specialists in the project team to work alongside the technical experts. This constituted a substantial saving to the business. Newmont Ghana Gold's Group Executive Environmental and Social Responsibility commented that quantifying the NPV of sustainability initiatives at the mine had finally allowed the company to get 'beyond NPV':

While practitioners had long sensed the business justification for corporate citizenship and community goodwill, the process unleashed by quantifying its value was an important step in aligning core business objectives and sustainability initiatives. (Wharton School 2012: B5)

Use the IFC financial valuation tool is labour intensive, at least in the first instance while databases are set up, and can therefore be costly. Nonetheless, the Newmont executive quoted above found it worthwhile and it made a major difference to the way the broader management team understood the benefits of community investments. Recent research has determined that the finance and technical management leaders of projects are often unable to fully comprehend the importance of community engagement, with the result that they tend to exclude community relations practitioners from management processes unless and until there is a major crisis: 'the ingrained politics of exclusion was one of the most significant barriers to improved social performance for the company' (Kemp and Owen 2013:529). Thus, a company may decide that it is worth investing in a cost-benefit exercise such as that enabled by the IFC financial valuation tool in order to bridge this gap and improve social performance by demonstrating the financial benefits of good community engagement.<sup>11</sup>

### 4.3 No less important than health and safety

Despite of the mining sector having embraced the concepts of corporate social responsibility and the social licence to operate for over a decade, community engagement and development functions still face challenges in obtaining resources compared with more obviously 'core' functions, such as finance and engineering. Community relations departments at mines report having to struggle for sufficient budgets to carry out their responsibilities, and complain that other sections of the mine do not seem to value community relations expertise unless there is a crisis needing to be solved, as mentioned above in the discussion on quantifying the business case.<sup>12</sup> This is apparently a common trajectory for 'new' disciplines entering an old established industry, and environment and health and safety disciplines had to undergo the same process before becoming valued as mainstream:

Several decades ago, health and safety was viewed in the same way that many people view social responsibility today. It was the responsibility of a specialist in the company. Accidents were accepted as the aspect of the job that justified higher pay. Today, safety is everyone's responsibility. The leading companies have systems in place to identify dangerous situations so that accidents can be prevented before they happen. The same will eventually be true for the social licence. The leading companies will establish positive stakeholder relations before complaints and controversies erupt. (Thomson and Boutilier 2011:1,781)

It is important for community relations practitioners to adequately explain their activities to colleagues in other departments of the mine, and to make opportunities to include members of other functional departments in community engagement activities whenever possible. Although community relations departments tend to focus their attentions outwards, towards engaging external parties, they must understand that being able to deliver outside the fence is dependent upon the quality of internal engagement and alignment:

[B]ringing local 'social licence' work back into the business, under the accountability of day to day business managers, not strategists and polemicists at the centre, is the key to success. Industry has not

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<sup>11</sup> Suite of IFC financial valuation tools and guidance available at <http://www.fvtool.com/>.

<sup>12</sup> See Kemp and Owen (2013), for further discussion.

‘farmed out’ safety accountability, success has come from eliminating safety departments per se, and making safety an explicit hour by hour accountability of operational managers. Similarly, securing

‘social licence’, which by many accounts is the greatest risk the extractive sector faces, needs more ‘in-reach’ of the safety accountability kind, and less ‘outreach’. (Harvey 2014:10)

Note the advice that the accountability and control of social licence matters should be held at the operation’s site, not left to corporate functions and certainly not ‘farmed out’. When community engagement and the social licence have become core business in the same way that safety now has, and mining company community relations officers have become integral parts of the business management and planning teams, then mining companies will have progressed towards functioning as socially responsible entities.

Community engagement and development can be challenging—as well as rewarding—and there are no simple recipes for success. Communities are complex and dynamic entities and can react in a variety of ways to the company’s efforts to engage with them. There is no guarantee that what works in one context will be readily transferable to another, or that following ‘good practice’ will always produce the desired outcome. One of the keys to operating effectively, therefore, is to have good systems and processes in place (see Section 3.1), including regular evaluations (Section 3.2.5), and the capacity to learn and adapt when circumstances change.

## 4.4 Business and human rights

On 16 June 2011, the United Nations Human Rights Council (UNHRC) endorsed the *Guiding Principles on Business and Human Rights*. These principles advise on how to implement the ‘Protect, Respect and Remedy’ Framework, adopted in 2008 by the UNHRC. With the framework and guiding principles, the United Nations has articulated global societal expectations about business’s responsibilities to respect human rights and provided guidance on how business should go about delivering on those responsibilities.

In brief, the three principles can be summarised as:

1. Policy commitment—how governments should provide greater clarity of expectations and consistency of rules for business in relation to human rights;
2. Human rights due diligence—how companies should respect human rights and be able to show that they are doing so; and
3. Remediation—that there should be access to remedies for people who are harmed in any way by business activities.

Being held responsible for human rights may seem to some companies to be asking them to become involved in something well outside their normal sphere of operation and that is dealt with by foreign governments, non-government organisations and the United Nations. In fact, the expectations of the UNHRC framework do not require extraordinary behaviour from any company that is already behaving ethically and transparently. Indeed, ‘human rights’ covers many very ordinary protections that are the normal business of any modern company, such as engaging with the community, ensuring full and consultative participation, dealing with complaints with due process and transparency, providing decent working conditions and taking measures to preserve the environment and cultural heritage.

When companies and their employees realise that they are already respecting a range of fundamental human rights, the prospect of considering all their human rights impacts and risks no longer seems daunting.<sup>13</sup>

In addition, according to the UNHRC framework, due diligence must be paid to the behaviour of the partners and suppliers of business to ensure that they, too, are respecting human rights. To do that, it may be necessary to perform a thorough audit of the company's or project's supply chain, especially if some supplies or services are provided from outside Australia. The Global Freedom Network announced an agreement between the Catholic and Anglican churches and the Sunni Islamic faith to put an end to modern slavery by 2020. Andrew Forrest, Chairman of Fortescue Metals Group, explained that he had been motivated to initiate the network when, through an intensive audit of his Western Australian iron ore operations' supply chain, he discovered instances of slavery in factories making parts for Fortescue in Asia. Forrest urges all companies to undertake such an examination of their own suppliers to ensure that there are no similar instances of hidden human rights abuses contributing to their business success. The Global Freedom Network announced that it intended to recruit 50 major corporations to join its pact in its first year of operation, so attention to human rights matters in business is likely to retain a high level of international focus in the near future.<sup>14</sup>

Companies need also to ensure that their security personnel, in Australia and elsewhere, perform their duties in accordance with human rights principles. This will be more applicable for mining projects offshore than in Australia. The Voluntary Principles on Security and Human Rights (VPs) are a set of principles designed to guide companies in maintaining the safety and security of their operations within an operating framework that encourages respect for human rights. Key benefits are best-practice operational guidance, risk reduction and reputational enhancement. Extractives companies can use the VPs to encourage high standards of conduct by security forces, and to have a positive impact on local governance, peace and stability.<sup>15</sup>

As the major representative body for Australian mining companies, the Minerals Council of Australia (MCA) joined forces with the United Nations Global Compact Network Australia in 2013 to produce a publication on human rights and the Australian mining industry (GCNA/MCA 2013). The case study below is taken from that document and describes how BHP Billiton introduced a human rights approach across its operations globally.<sup>16</sup>

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13 For a fuller discussion of these matters, see GCNA/MCA (2013).

14 See <http://vaticaninsider.lastampa.it/en/world-news/detail/articolo/ecumenismo-ecumenism-ecumenismo-32780/> accessed 18 March 2014.

15 Further information can be found at <http://www.voluntaryprinciples.org/for-companies/>

16 This case study is summarised from pp. 17-23 of *The Australian Minerals Industry & Human Rights: Managing Human Rights Risks and Opportunities through the UN Guiding Principles on Business and Human Rights*. (GCNA-MCA 2013), where more detail is available.

## Case study: Implementing a human rights approach in global mining operations—BHP Billiton

In 2010, BHP Billiton updated its community standard in response to the UN 'Protect, Respect, Remedy' framework to include a requirement for each operation to undertake a human rights impact assessment (HRIA) as the first step of the human rights due diligence process. The company strongly believes that respecting and promoting human rights is not only aligned with its charter values and code of business conduct but is also the key to responsibly gaining access to natural resources and maintaining its social licence to operate, and therefore essential to business success.

Since then, all operations have been required to assess their performance against the articles of the Universal Declaration of Human Rights, the UN Global Compact principles and host-country legislation governing human rights. HRIAs must be validated through an engagement process with stakeholders, verified by a qualified expert if in a medium- to high-risk country, and repeated every three years. HRIAs must also be internally reviewed each year to ensure that any operational changes have not resulted in changes to human rights impacts.

Where an HRIA identifies a material risk, BHP Billiton requires that a human rights management plan be developed and implemented. In this context, risks are considered material if they meet or exceed a certain threshold, as defined by the company's internal risk methodology. The plan includes a component to provide training that relates to the relevant human rights commitments for all relevant employees and contractors.

BHP Billiton embedded stand-alone HRIAs within its existing management systems. Melinda Buckland, the company's Senior Manager Community Relations, commented, 'We found that an effective way to raise awareness and integrate the HRIAs into our existing processes was to incorporate the new requirement into senior management KPIs'. This meant that managers had personal incentives to ensure that the HRIAs and management plans were completed. It also placed the management of human rights issues on a par with other performance measures, rather than leaving them to look like an optional extra. In BHP Billiton, management KPIs change each year so, while human rights might not appear in individual scorecards each year, operations are audited against the requirement on an ongoing basis.

### Key challenges, outcomes and lessons learned

All BHP Billiton's global operations have undertaken HRIAs, enabling the company to identify key lessons and extract maximum value from the HRIA process.

#### 1. Ensure human rights expertise and seek an independent view in HRIAs

Whether HRIAs are delivered in-house or by external consultants, BHP Billiton has found that human rights subject matter expertise and experience are critical to effective assessments. Further, verification by an independent expert can ensure that the assessment is objective and increases the outcome's credibility. BHP Billiton found that the process and outcomes of an HRIA can be quite different, depending on the type of organisation engaged to do the work. HRIAs that took a compliance-based approach were considered less valuable and seemed to fall short of the next step, which is to make practical recommendations on possible actions to address identified gaps. The same was true for HRIAs undertaken by organisations that did not have deep human rights expertise.

## **2. Demystify human rights and make the HRIA practical and relevant**

In undertaking HRIAs, a challenge can arise when participants have a limited understanding of human rights and do not readily understand how they manifest in business contexts, particularly in developed countries such as Australia. In such cases, meaningful internal engagement across management levels and disciplines can help to realise the significant learning and capacity-building opportunity presented by the HRIA process. BHP Billiton found that the HRIA processes that were most effective were educative and used familiar language to discuss topics such as community engagement, diversity, non-discrimination, health, safety and cultural heritage, rather than using the terminology in the articles of the Universal Declaration of Human Rights.

## **3. Manage the challenge of knowledge transfer when outsourcing HRIAs**

Given the opportunity for learning inherent in the HRIA process, explicit opportunities for knowledge transfer from an external consultant to the company and among the company's functions should be identified and developed. For BHP Billiton, this was a missed opportunity in some of the initial HRIAs, for which external consultants did not collaborate sufficiently with staff on the process, or key internal staff left the company without passing on their experiences.

## **4. Use HRIAs to mitigate risk and improve relationships: 'you don't know what you don't know'**

BHP Billiton benefited from engaging external stakeholders in direct conversations about human rights, giving them an opportunity to share their views and experiences in a way that might not occur through other company processes. In one instance, an HRIA process in which an exploration project team was involved shared insights they gained during the HRIA engagement. Even though they had striven to create open and strong relationships and had a local grievance procedure in place, the HRIA process uncovered some issues that people either did not think were relevant or had not felt confident in raising previously. In that instance, the HRIA provided an early warning and risk mitigation opportunity. It helped identify and subsequently manage issues that could have become serious and escalated over time.

## **5. HRIAs are possible for small projects**

After completing the company's first few HRIAs, and noting that they can be resource intensive, BHP Billiton was concerned about the feasibility of HRIAs for exploration projects, given that such projects typically comprise small teams of mostly geologists. To address this issue, BHP Billiton's exploration section engaged consultants to design a simple HRIA process in the form of a practical self-assessment tool that met the intent of UN Guiding Principle 18 and could be delivered internally by a small team. As a result, BHP Billiton has successfully used the tool for projects in Western Australia, Zambia and Ethiopia since 2011.

## Conclusion

BHP Billiton has demonstrated that the due diligence element of the corporate responsibility to respect human rights can be incorporated into existing processes and management systems through stand-alone HRIAs.

Source: GCNA-MCA (2013).

## 4.5 Gender and diversity

Another of the case studies included in the GCNA-MCA publication on human rights in the Australian mining industry described focuses on gender inclusion by Rio Tinto in its global operations, as this is a major element of human rights protection (GCNA-MCA 2013:30–35). In recent years, a wide range of researchers and organisations have been expounding the importance of diverse workforces and management teams as keys for business success. A focus of much of the research is on the inclusion of women, but other forms of diversity are also important, as workforces and management teams that reflect the composition of the broader communities in which they are situated have more credibility in those communities. The business success factors that emerge from diverse work teams include having a larger pool of potential recruits as an employer of choice, having a higher retention rate from a happier workforce, having a better understanding of the market through a broader employee base, and having a more varied talent pool, leading to enhanced creativity.<sup>17</sup>

Recruitment diversity can be achieved through making extra efforts to encourage applicants from a diverse range of backgrounds to apply for jobs, by providing bridging support courses where needed for local community members who may have had fewer educational opportunities, and by ensuring that selection criteria and methods do not unnecessarily exclude people with non-standard backgrounds. The retention of a diverse workforce can be achieved by making workplaces family friendly, with rosters that allow for family time and provide for the care of children and other dependants.

Specific programs designed to support and encourage women and people from minority backgrounds to aim for and achieve management positions can go a long way towards creating a more diverse and effective management cadre. In addition, in community development activities it is essential for success that women and other sectors of society be fully engaged and included in project selection, design and implementation. It is equally vital that women be full participants in community engagement activities, especially in negotiations leading towards community agreements. References providing further guidance on such programs are listed in the 'Further reading' section of this handbook.

Although there is no legal requirement for mining companies in Australia to report to the public on their social performance, best practice companies have been doing so for some time. Since 2008, leading international mining industry body, the ICMM, has committed member companies to report publicly each year in line with the Sustainability Reporting Guidelines of the Global Reporting Initiative framework.<sup>18</sup>

<sup>17</sup> See 2014 speech by Sarah Hooper of the Chamber of Minerals of WA for more discussion, <http://www.cmewa.com/UserDir/CMEResources/Gender%20Diversity%20in%20the%20WA%20Resources%20Sector%20-%20AOG%20201486.pdf>, accessed 20 March 2014.

<sup>18</sup> Detailed information about how to prepare a sustainability report using the Global Reporting Initiative Guidelines is available at: <https://www.globalreporting.org/Pages/default.aspx>.



A key indicator is the participation of women and minority groups in the workforce, and at professional and management levels. In such a male-dominated industry<sup>19</sup> it is important that companies take an active approach not only to developing a gender-inclusive workforce but also in demonstrating this to stakeholders. Positive messages about the diversity of the workforce and supportive workplace practices will go far towards building a good reputation among local communities and are a firm foundation for positive community relations. This will also enhance the business success factors outlined above—being an employer of choice and retaining employees—and can therefore also enhance shareholder value.

## 4.6 Complaint and grievance management

While engagement may seek to achieve consensus, that will not always be achievable. For example, there may be a fundamental divergence of opinion between a company and significant sections of a community on the issue of whether mining should be allowed in an area at all. In other cases, the ‘solution’ to the conflict may be beyond the direct control of the company (for example, it may require a change of government policy).

A measure of effective engagement might not necessarily be the absence of conflict and disagreement, but rather be the ability of the different parties to maintain a constructive dialogue. Mining companies can facilitate this by being transparent in their actions, engaging with all players, treating them with respect and sharing information openly with them.

Effective procedures for dealing with complaints, disputes and grievances are also important. Some companies have established formalised grievance processes, which can include involving a third party to mediate on a particular issue. Regardless of which model is used, companies should consider how they are going to deal with grievances before issues escalate and make sure that they have appropriate processes in place.

One of the three essential elements of the UNHRC framework is that of remedy—that is, an avenue for negatively affected people to seek redress. Good corporate–community relations and respecting human rights involves ensuring that community members have an avenue for lodging complaints and an accessible and transparent system for resolving them. A minerals operation can ensure that it has a functioning complaints procedure, both for employees and for external parties, easily accessible for men, women and any more vulnerable groups in a community. The ‘Further reading’ section of this handbook contains several resources on how to establish effective complaints management systems.

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<sup>19</sup> Women make up 17% of the WA resources workforce, compared with 43% of women in the overall WA workforce, with WA reported as having a higher female resources workforce proportion than other parts of Australia (CME 2013:7).

The case study below gives an example of how this has been managed at a remote Australian operation.



*Rio Tinto Alcan Weipa General Manager, Operations, Gareth Manderson, speaks at one of the site's quarterly community forums.*

## **Case Study: Weipa bauxite mine, Queensland—Integrating complaints, disputes and grievance resolution into management systems**

### **The context**

Rio Tinto Alcan has mined and shipped bauxite from Weipa in Far North Queensland, Australia, since 1963. Weipa employs about 1,000 full-time people and produced 20.6 million dry product tonnes of bauxite in 2011. Local communities surrounding the operation on the Western Cape include the township of Weipa and the three nearby Indigenous communities of Aurukun, Mapoon and Napranum. The original (northern) bauxite reserves are gradually being depleted, and with continued demand for bauxite, the business has identified significant reserves south of the Embley River.

### **Weipa community feedback system**

The site Communities and Social Performance (CSP) team administers the community feedback system—a formalised process whereby members of the local community can provide both positive and negative feedback on the company's operations, including on any adverse human rights impacts. The Weipa community feedback system reflects the six overarching principles for non-judicial grievance processes: legitimate, accessible, predictable, equitable, transparent and rights-compatible.

To ensure accessibility, multiple contact points are available, including a toll-free phone number and direct contact with Rio Tinto Alcan Weipa personnel. To promote local awareness of the feedback system, the process is advertised in the local newspaper, in site newsletters, on community noticeboards and informally when CSP personnel visit local communities. Feedback is logged by the team following a well-established process. The procedure is also aligned with the Rio Tinto business solution, which provides tools to log incidents, assign follow-up actions and track the closure of issues and incidents. The system enables incidents to be escalated to appropriate management levels based on their significance, and also ensures that all relevant work areas are informed.

Once feedback has been received and logged, the CSP team makes an initial assessment to identify and contact the relevant function. The function leader and CSP superintendent then establish an investigation team, classify the incident, and investigate it to determine the root cause(s) and identify any actions that are needed to address it. Where an incident is classified as 'significant', the CSP manager, the relevant function manager and the general manager are notified. The feedback procedure includes provisions for engagement and dialogue with the affected people. For example, when feedback is first received, the community member is asked about their expectations, including any suggestions they may have about resolution. Across-site participation is also encouraged internally by the CSP team adopting a facilitative role, rather than resolving the issue directly, in isolation from other functions. The requirements for internal reporting, both confidentially at the specific level and generally at the aggregate level, help to communicate incident findings and to share learnings across this site.

A Weipa Community Forum provides opportunities to engage directly with members of local communities on matters of interest and to discuss business activities that are likely to affect the community. The forum also enables the company to report back to the community on how complaints are received and addressed.

### **Integrating complaints, disputes and grievance resolution into operations and management**

The CSP team involves relevant company functions in any complaints resolution to improve across-site accountability and to ensure that function leaders across the operation are also recognised for positive feedback received. This deepens the understanding throughout the business that working with communities is everybody's work and ensures that all business functions engage directly with stakeholders potentially affected by their activities.

Source: Rio Tinto 2013, Why human rights matter, pp. 79–80.



*Working with local Traditional Owners in Weipa.*

## 4.7 Indigenous peoples

A further reason for investing in an effective community engagement system is that many mining operations in Australia are on land where Indigenous people hold or claim traditional rights and interests in country. Increasingly, agreements with traditional owners require mining companies to engage effectively with Indigenous communities and contribute to long-term development objectives. Companies that are unable or unwilling to do so, or fail to follow through on undertakings, are likely to be seriously disadvantaged when it comes to negotiating future agreements with traditional owner groups. See the LPSDP handbook *Working with Indigenous communities* for further information.<sup>20</sup>

## 4.8 Long-distance commuting

In Australia, many mines operate fly-in, fly-out (FIFO) or long-distance commuting (LDC) arrangements in which employees live some distance from an operation, mostly in coastal areas, and commute inland to work. Although the social impacts of LDC operations on surrounding areas are likely to be less than for residentially based operations, that does not absolve LDC operations from responsibility for supporting locally focused community development initiatives.

Many of the communities in the vicinity of such operations are economically and socially disadvantaged and have large Indigenous populations. From a business case perspective, contributing to the development of these communities will make it easier to negotiate access to land in the future and help to deflect criticisms that remote and regional areas derive little or no benefit from LDC mining operations. Development strategies that may be suitable in this context include providing employment and training opportunities for local people, offering flexible transport arrangements (buses, local flights) to enable them to work at the mine, facilitating the establishment of local enterprises (such as small-scale tourism ventures) and partnering with other organisations to address priority needs of people living in the area.

A great deal of research has been done on the costs and benefits of FIFO and LDC in recent years, including through a federal parliamentary inquiry in 2013. Researchers have concluded that LDC arrangements can be beneficial or detrimental to individuals and communities, depending on whether they are engaged in the process or merely suffer the impacts. LDC is expected to continue in the mining industry in Australia:

[i]n part because of the pace of change within the mining industry and also because of employee preferences about where they and their families live. Mining operations do and will require different mixes of residential and non-residential living arrangements. It is essential that government at all levels and mining companies work with communities to ensure timely and adequate planning is undertaken before projects commence the construction phase. (Haslam McKenzie et al. 2012b:4)

Once again, early community engagement and participatory planning are the recommendations for producing optimal community development results. The recommendations for collaborative management of cumulative impacts outlined in Section 3.3.5 also apply here.

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<sup>20</sup> See <http://www.industry.gov.au/resource/Programs/LPSD/Pages/LPSDhandbooks.aspx>.

## 5.0 CONCLUSION

The focus on sustainable development has brought about a significant policy and practice transformation in the mining industry. Two vital social aspects of sustainable development are community engagement and community development, which combine to form the broad field of community relations—the relationships between mines and host communities. This handbook has outlined key concepts, drivers, practice examples and challenges in a form useful for mine managers and community relations practitioners.

Adopting a more systematic approach to community engagement will help align and ultimately integrate the management of community issues with management practices in other operational areas. To support this approach, the handbook has identified a range of principles and toolkits relating to community engagement and development that practitioners can refer to for guidance. Since the first edition of the handbook, there has been a blossoming of research and publications advising on a wide range of community relations issues. The handbook contains references in the text to key articles and a substantial ‘Further reading’ section to enable additional study by those interested in learning more.

Community development, with its focus on strengthening communities and their wellbeing, necessitates community engagement, but entails much more. In Australia, mining companies are increasingly embracing the opportunity to play a role in the area of social change and positive development, and are seeking approaches that speak to their strengths. There may have been a tendency towards expecting mining companies to act outside their zone of expertise and to behave like development agencies, accompanied by an outsourcing of community development activities. The pendulum may now be swinging back towards an equilibrium that enables companies to support communities in managing their own development through effective community engagement practices and partnerships based on mutual benefits. While community development work can be complex, there is an emerging body of knowledge and some logical steps that can be followed, as outlined in this handbook.

## 6.0 GLOSSARY OF TERMS AND TECHNIQUES

<b>ADAPTIVE MANAGEMENT</b>	A systematic process for continually improving management policies and practices by learning from the outcomes of operational programs. The ICMM Good Practice Guidance on Mining and Biodiversity refers to adaptive management as 'do-monitor-evaluate-revise'.
<b>BRIEFINGS</b>	A way of informing and learning from others. Regular briefings of stakeholder groups, such as the local media, government personnel, Indigenous leaders and employees, are an important way of disseminating information. Presentations should be tailored to meet the information needs of each group. Translating information into other languages may also be necessary in some cases; for example, when communicating with traditional Aboriginal communities.
<b>COLLABORATION</b>	Working together to share expertise and ownership of outcomes; joint engagement in projects and activities.
<b>COMMUNITY</b>	A term with many definitions. In the mining industry, it is generally applied to the inhabitants of immediate and surrounding areas who are affected by a company's activities. 'Local community' usually indicates a community in which operations are located and may include Indigenous or non-Indigenous people. 'Host community' is sometimes used to place emphasis on the fact that it is the community that accommodates or 'hosts' a company's operation until resources are depleted.
<b>COMMUNITY LIAISON AND ADVISORY GROUPS</b>	Groups established specifically for the mining project. They can help the operation focus its engagement program. Groups can cover general matters or be focused on a particular aspect (establishing a community funds foundation, planning mine closure, rehabilitation). The success of the groups will depend heavily on how they are structured and whether their role is clearly defined and understood.
<b>CONSULTATION</b>	The act of providing information or advice on, and seeking responses to, an actual or proposed event, activity or process.
<b>CONSULTATION FATIGUE</b>	Can occur when there are frequent or overlapping consultation initiatives in a community, either by different areas of the same company or operation, or by a different organisation, including government agencies.
<b>CONTACT POINTS</b>	Often, 24-hour telephone lines for providing information to the company and as a method for recording complaints and issues.
<b>DEVELOPMENT</b>	Includes economic, social and cultural development—that is, all aspects of human life and wellbeing. Community development is the process whereby people increase the strength and effectiveness of their communities, improve their quality of life, and enable themselves and others to participate meaningfully in decision-making and achieve greater long-term control over their lives.
<b>DIRECT MAIL AND NEWSLETTERS</b>	Effective means for informing specific people about the project, including how the company is responding to community concerns. Correspondence may be personalised with supporting information, or it may be a regular newsletter describing community activities that the company is involved in.
<b>ENGAGEMENT</b>	At its simplest, communicating effectively with the people who affect and are affected by a company's activities (its stakeholders). A good engagement process typically involves identifying and prioritising stakeholders, conducting a dialogue with them to understand their interest in an issue and any concerns they have, exploring with them ways to address those issues, and providing feedback to stakeholders on actions taken. At a more complex level, engagement is a means of negotiating agreed outcomes over issues of concern or mutual interest.

<b>EMPLOYEE INTERACTION</b>	A valuable resource for understanding community concerns and issues. Employees are also some of the most important ambassadors of the company and need to be engaged with in a variety of ways, from toolbox talks to more structured employee forums.
<b>INFORMAL ENGAGEMENT PROCESSES: ONE-ON-ONE IMPROMPTU DISCUSSIONS AND INFORMAL CONVERSATIONS</b>	Important for forming and maintaining relationships, understanding personal perspectives and gaining an appreciation of general community sentiment. Valuable information can be obtained from informal interaction with community members. However, companies need to recognise that informal engagement with just a few individuals may be perceived as favouring the views of particular individuals. In such circumstances, there may be greater benefit in first establishing open, transparent and public forms of engagement.
<b>OPEN DAYS AND SITE VISITS</b>	A valuable mechanism for keeping the community and families of employees up to date about the operation and how it is being managed. Such events also provide an opportunity to hear about community concerns and issues. Site visits for particular stakeholder groups are a more focused and targeted option and can often demystify what happens at a project.
<b>PUBLIC DISPLAYS</b>	Posters and models of proposed operations displayed in public places, such as retail centres, councils and local fairs. They can expose the project to many people and raise public interest in it. Mobile displays can be used in remote locations. Feedback should always be sought.
<b>PUBLIC MEETINGS</b>	May be useful in smaller communities; however, they require careful organisation, usually with a skilled facilitator, to ensure that everyone has the opportunity to voice concerns and interests.
<b>RESEARCH</b>	Whether done directly by the company or operation or commissioned from a third party, can provide valuable information about community needs and perceptions about the facility. A range of research methods may be used, from surveys and focus groups to interviews.
<b>SCHEDULED PERSONAL VISITS</b>	A valuable tool for establishing personal rapport. Face-to-face discussions with key individuals, such as fenceline neighbours, can reveal issues and opinions.
<b>SOCIAL LICENCE TO OPERATE</b>	The recognition and acceptance of a company's contribution to the community in which it operates, moving beyond meeting basic legal requirements towards developing and maintaining the constructive stakeholder relationships necessary for business to be sustainable. Overall, it comes from striving for relationships based on honesty and mutual respect.
<b>STAFF VOLUNTARY MEMBERSHIP OF COMMUNITY GROUPS AND COMMITTEES</b>	Can develop links between mining operations and other community groups. This can aid community understanding about the project, and help the project understand more about community priorities and sentiments about the operation.
<b>VISITORS CENTRE</b>	Can provide the local community with easy access to information about the operation, and can also serve as a venue to hold community meetings or briefings.
<b>WEBSITES</b>	Effective for providing general information about the project and real-time updates on activities and progress. Some stakeholders may prefer the option of engaging through this technology or at least to have the option of gaining information this way.
<b>WORKSHOPS AND FOCUS GROUPS</b>	Enable company personnel to work with a variety of stakeholders to brainstorm solutions to issues raised by the community that may not have been adequately considered in project design.

## 7.0 FURTHER READING

### 7.1 Baseline studies and impact assessments

A comprehensive list of references for various aspects of social impact assessment is on the website of the SIA Hub (<http://www.socialimpactassessment.com/resources-references.asp>).

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