ASSESSING AND MANAGING THE SOCIO-ECONOMIC IMPACTS OF PROJECTS

A review of current mining industry practice

Briefing Paper prepared for Queensland Government,
Department of State Development

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Executive Summary

Industry policy and practice

- Most of the larger mining companies active in Australia have now formally adopted policies which recognise that mines have a responsibility to mitigate negative social impacts and contribute to the development of communities in and near where they operate. Smaller companies tend to take a narrower view of their responsibilities, although there are some exceptions.

- Companies have invested considerable effort into developing management systems and processes to support these policies, although practices at the operational level still often fall short of the aspirational statements expressed in industry codes and corporate policy documents.

- Leading players in the industry are becoming more sophisticated in how they manage socio-economic impacts and the interface between mines and their communities. This is evidenced by:
  - companies taking a more structured approach to community support activities and, associated with this, being more willing to invest in community development initiatives
  - increased interest by sections of the industry in utilising partnerships – with governments, service providers and community organisations - to address community needs and promote better development outcomes
  - more sophisticated approaches to engagement, involving a move away from ‘one-way’ information provision to a greater emphasis on establishing a dialogue with communities
  - increased use of social science research to understand and manage social impacts and community needs and aspirations
  - a greater willingness by companies in mining intensive regions to collaborate on addressing regional level issues and impacts.

- As long as they are paying substantial royalties to government, companies will continue to publicly resist calls to provide infrastructure and services that they see as being the responsibility of government. Companies are also critical of the lack of coordination across government agencies and departments and the inefficiencies and delays this creates at the local level.

- Notwithstanding the industry’s public position that provision of community infrastructure and services is the responsibility of governments, companies have shown a willingness to take a more pragmatic approach ‘on the ground’. Hence companies continue to be major infrastructure and service providers in some communities, including notionally ‘open’ towns.

- Such interventions have mainly been driven by the business need for companies to attract and retain workers in a tight labour market, rather than by more abstract notions of corporate social responsibility.
Engaging with industry

1. In dealing with companies and the industry in general, it is advantageous to know what higher level policy commitments they have made in relation to communities and sustainable development.

2. As commercial organisations, mining companies are most responsive to propositions that are supported by a robust and persuasive business case. It is probably easiest to develop such a case in relation to industry support for training and skills development and the improvement of services and facilities in mining-associated communities.

3. Partnerships that include mining companies, state and local government representatives and affected communities are likely to be the most effective way of addressing future infrastructure and service delivery issues. In recent years, the industry has shown itself to be supportive of partnership approaches.

4. Social research conducted by mining companies can be a valuable source of data for Government and provide a good starting point for discussions with industry.
Introduction

The Queensland Government, through the Department of State Development (DSD), is reviewing current practices and regulatory requirements relating to the conduct of social impact assessments (SIAs) in the Queensland resources sector. To help inform this review, CSRM has been commissioned to prepare an internal briefing paper on current practices in the mining sector around the assessment and management of socio-economic impacts of projects.

Background

The context for this review is the recently released Sustainable Futures Strategy for Queensland Mining Towns (Department of Local Government, Planning, Sport & Recreation, 2006) which includes as one of its proposed actions:

*Improve the Environmental Impact Statement (EIS) process to ensure the socio-economic impacts of mining project development are addressed in every new and expanded project.*

The focus of this review is primarily on how these issues are being addressed from a corporate, rather than regulatory, perspective. The review also considers international practice, where relevant.

Methodology

The data for this briefing paper has been primarily derived via desktop research, supplemented by contacts with industry personnel. We accessed three main sources of information:

- policy documents produced by major industry bodies, such as the International Council on Mining and Metals (ICMM), the Minerals Council of Australia (MCA) and the Queensland Resources Council
- the sustainability reports and websites of the major mining companies operating in Australia
- previous industry reports prepared by CSRM and other academic literature that relates to the socio-economic impacts of mining.

Briefing paper structure

The paper proceeds as follows.

- Part One provides an overview of what industry and corporate policies have to say about the responsibilities of companies in regards to the management of socio-economic impacts.
- Part Two focuses on the operational level, highlighting key trends and emerging areas of ‘good practice’.
- Part Three deals specifically with current industry practice in Australia in relation to the funding of community infrastructure.
Part Four makes some suggestions about how Government might engage constructively with the minerals sector in the Queensland context to ensure that the socio-economic impacts of mining projects are being appropriately managed.

The policy level

International developments

Over the last decade, there has been a concerted move globally by leading mining companies to position their companies — and the industry more generally — as socially responsible and committed to sustainable development. The main drivers of this ‘re-badging’ have been:

- concern about the historically poor reputation of the industry, particularly in relation to past environmental and social management practices
- pressure from NGOs and international organisations (such as the World Bank) for the industry to improve its performance
- the desire of companies to obtain smooth access to new resources and to be designated as ‘preferred developers’
- the growing size and influence of ‘ethical investment funds’, particularly in Europe and, to a lesser extent, North America.

A key international development was the launching of the Global Mining Initiative in 1999 by ten major mining companies belonging to the World Business Council on Sustainable Development’s Mining and Minerals Working Group. A priority of this group was to ensure that the mining industry was able to present a coherent and defensible position at the World Summit on Sustainable Development in Johannesburg in September 2002.

IN 2000 the GMI initiated the Mining Minerals and Sustainable Development (MMSD) project. This exercise, which was collectively funded by 28 mining companies, was commissioned through the World Business Council on Sustainable Development and managed independently by a London-based NGO, the International Institute for Environment and Development (IIED).

The MMSD project involved consultations around the globe with a large range of stakeholders, numerous meetings and conferences, and a comprehensive research program. Ultimately the project generated over 100 research reports, four regional reports (including one for Australia), and several volumes of conference proceedings, plus a final report, entitled Breaking New Ground (IIED, 2002). The main report, which was published in mid-2002, provided a frank and well-documented assessment of the industry’s strengths and failings and a comprehensive blueprint for its future reform.

In addition to sponsoring the MMSD project, the GMI initiated the establishment of a new international peak association, the International Council on Mining and Metals (ICMM). The Council was given a broad charter to promote a sustainable
development agenda within the industry and to perform a broader ongoing advisory and capacity building role for the sector.

The ICMM currently comprises 16 member companies, including most of the major players in the Australian mining industry: BHP Billiton, Rio Tinto, Newmont, Xstrata, Anglo-American (owner of Anglo Coal), Alcoa and Zinifex. Notable absences from this list include Barrick Gold and Alcan.

One of the main activities of the ICMM was to develop an industry code of practice, *Ten principles for sustainable development performance*, which became operative in May 2003 (ICMM, 2003). Member companies undertake to act consistently with these principles and could, in theory, be expelled from the ICMM if they were found to be non-compliant. This is unlikely, especially as the ICMM has no independent auditing capability. However, the Council has apparently refused or deferred applications for membership from some companies whose commitment to the principles is seen as questionable.

The principles cover the full range of corporate activity, including internal governance, health and safety, environmental management, communities, public reporting and transparency, emergency response and risk management. For current purposes, the most relevant principle is Principle 9, which is reproduced below.

<table>
<thead>
<tr>
<th>Principle 9: Contribute to the social, economic and institutional development of the communities in which we operate.</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Engage at the earliest practical stage with likely affected parties to discuss and respond to issues and conflicts concerning the management of social impacts.</td>
</tr>
<tr>
<td>● Ensure that appropriate systems are in place for ongoing interaction with affected parties, making sure that minorities and other marginalised groups have equitable and culturally appropriate means of engagement.</td>
</tr>
<tr>
<td>● Contribute to community development from project development through closure in collaboration with host communities and their representatives.</td>
</tr>
<tr>
<td>● Encourage partnerships with governments and non-governmental organisations to ensure that programmes (such as community health, education, local business development) are well designed and effectively delivered.</td>
</tr>
<tr>
<td>● Enhance social and economic development by seeking opportunities to address poverty.</td>
</tr>
</tbody>
</table>


ICMM Member companies have also committed to reporting publicly on their sustainability performance, using the Global Reporting Initiative (GRI) as the organising framework.

**Australian initiatives**

The peak industry body in Australia is the Minerals Council of Australia (MCA), which comprises 36 member companies, plus the state industry bodies, such as the Queensland Resources Council (QRC). The MCA is quite closely aligned with the
ICMM, both philosophically and organisationally (the MCA is an associate member of the ICMM and the Australia-based member companies of the ICMM also wield the most influence within the MCA).

MCA member companies with operations in Queensland are:

- Alcan
- Anglo Coal
- Barrick Gold
- BHP Billiton
- Iluka Resources
- Newcrest Mining
- Newmont Australia
- Rio Tinto Australia
- Thiess
- Xstrata
- Zinifex Ltd

In 2004 the MCA released *Enduring Value: the Australian minerals industry framework for sustainable development* (MCA, 2004). In essence, *Enduring Value* is a guide to implementing the higher level SD principles developed by the ICMM. For example, the guidance on implementing ICMM Principle 9 (see above) includes the following:

<table>
<thead>
<tr>
<th>Guidance on implementing ICMM Principle 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Implement systems to appropriately manage issues and effects, positive and negative, of mining</td>
</tr>
<tr>
<td>- Contribute to the development of sustainable communities. Apply a development model which identifies communities’ current strengths and long-term needs for economic, social and institutional security</td>
</tr>
<tr>
<td>- Strengthen and diversify the local and regional economy by supporting local businesses and products when this is feasible and consistent with sound business practices</td>
</tr>
<tr>
<td>- Undertake social and economic research and assessment in partnership with communities and appropriate organisations to support planning and development of operations with subsequent management review of social and economic effects through the whole cycle</td>
</tr>
<tr>
<td>- Recognise existing community planning processes and utilise these where feasible to achieve mutually beneficial social outcomes. Develop community partnerships and work to secure community ownership of the processes and outcomes</td>
</tr>
<tr>
<td>- Develop partnerships (including government, NGOs and other relevant organisations) where appropriate to facilitate program design and delivery</td>
</tr>
<tr>
<td>- Plan and operate in ways that support the sustainable social, economic and environmental development of the host country, region and local communities</td>
</tr>
<tr>
<td>- In conjunction with local communities, support the development and improvement of sustainable infrastructure</td>
</tr>
</tbody>
</table>

MCA, ‘Enduring value: guidance for implementation.’ Accessed 1/10/07

All MCA member companies have ‘signed on’ to *Enduring Value* and this is now a condition of membership. Signatories commit to:

- progressive implementation of the ICMM Principles and Elements
• public reporting of site level performance, on a minimum annual basis
• assessment of the systems used to manage key operational risks.

**Corporate policies and systems**

At the level of individual companies, most of the major players have now developed company-specific management systems designed to embed responsible social and environmental practices at the operational level and ensure consistency of performance across sites.

These systems vary in detail and comprehensiveness, but the basic elements are:

1. A set of formal policy documents, usually including a Code of Corporate Conduct and policies and standards addressing Health, Safety, Environment and Community (HSEC) issues. Increasingly, these are being grouped together into omnibus ‘sustainable development’ or ‘sustainability’ policies.
2. Designated organisational units and specialist positions responsible for driving change in these areas and for providing support to operations.
3. A process for assessing social and environmental, as well as economic and technical, risks and impacts when approving new projects.
4. An auditing regime for monitoring site level compliance with corporate policies.

Most of the larger companies have, in parallel, developed policies, standards and procedures relating specifically to the management of the interface between operations and affected communities (As an example, a graphical representation of Rio Tinto’s ‘communities systems architecture’ is provided below). Information about these policies and standards can generally be accessed from corporate websites.

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**Figure 1: Rio Tinto’s community systems architecture**

*Source: Harvey & Brereton, 2005*
Newmont (which currently operates the Pajingo Mine near Charters Towers) probably has the most prescriptive standards. These include requirements on individual operations to adhere to Newmont’s Community and External Relations Standards, including:

- Local Community Investment
- Indigenous Employment & Business Support
- Local Employment and Business Support
- Social Impact Assessments and
- Human Rights Awareness.

Anglo American (the owner of Anglo Coal) has developed a Socio Economic Assessment Toolkit (SEAT) for operations world-wide to use to better understand the dynamics of their impacts on local communities, engage with local stakeholders, and develop strategies for managing these impacts. All of Anglo’s operations are required to complete an assessment using the tool and to update this every three years.

BHP Billiton requires each of its sites to have a rolling five year community plan. Rio Tinto has a similar requirement of its operations (see above). Rio Tinto is also progressively implementing a requirement that all of its operations conduct a baseline socio-economic assessment of their impact communities to identify key issues, needs and trends.

Although most of the larger companies now acknowledge at the policy level that they have an obligation to understand and manage social impacts, this is less likely to be the case for smaller companies (e.g. Macarthur Coal, Wesfarmers Curragh, Ensham Resources, and Copperco). Typically, these companies have less well developed management systems in the community engagement area and tend to define their social responsibilities more narrowly (with the focus being more on community relations than community development). While there are some instances of smaller companies (such as Newcrest and Oxiana) being recognised within the industry as exemplars of good practice, they remain the exception, rather than the rule.

**The operational level: key trends**

For the most part, practices at the operational level in the Australian industry still fall short of the aspirational statements that can be found in industry codes such as *Enduring Value* and in corporate policy documents. However there are some emerging ‘good practice’ trends. These include:

- adoption of a more structured approach to community support activities and, associated with this, an increased willingness to invest in community development initiatives
• increased interest by the industry in utilising partnerships to deliver community development outcomes

• more sophisticated approaches to engagement, involving a move away from ‘one-way’ information provision to a greater emphasis on establishing a dialogue with communities

• increased use of social science research to understand and manage social impacts and community needs and aspirations

• a greater willingness by companies in mining intensive regions to collaborate on addressing regional level issues and impacts.

Each of these trends is briefly discussed below.

**Community Support Activities**

Most mines run some form of sponsorship and donations program: for example, provision of financial support for local schools, clubs and sporting bodies, (football teams, scouts, historical societies, arts centres) and regular community events (show days, racing carnivals, music festivals). Many mines also provide educational tours of the mine site for schools and local community groups, sponsor tours by city-based arts companies, and so on. However, historically this expenditure has been fairly unfocused, with the emphasis being more on generating positive public relations than on pursuing any kind of development agenda.

Companies that are leading the way in this area are now seeking to target their ‘community spend’ towards identified community needs and priorities, rather than just responding to requests for support on an ad hoc basis.

A good local example is the BMA Community Partnerships Program in Central Queensland (p.12).

The BMA program is administered internally, but some companies have established separate Community Investment Funds with their own governance structures (including external representatives on the Fund Board) to identify and manage community investment programs. Rio Tinto Australia, for example, supports eight funds, which are set up as partnership programs, rather than as grant schemes. The stated purpose of these Funds is to build local capacities. Community groups have an important role to play in developing project ideas for consideration by the Funds, with priority often being given to health, education and training initiatives.

Other Queensland-specific examples of community development initiatives now being supported by companies - either directly or through funds - are provided in table 2.
Table 2 Examples of Community investment initiatives by Queensland operations

<table>
<thead>
<tr>
<th>Anglo Coal</th>
<th>Rio Tinto</th>
<th>Xstrata Copper</th>
<th>Newmont</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsorship of new Youth Centre (Middlemount)</td>
<td>Provision of midwifery training scholarships (RTA Gladstone)</td>
<td>Support for development of an alternative curriculum for at risk students; Spinifex State College, Mt Isa</td>
<td>Sponsorship of Central School Breakfast Club - project to provide healthy breakfasts for underprivileged children (Pajingo, Charters Towers)</td>
</tr>
<tr>
<td>Design and Manufacturing Hub – training and vocational education (Moranbah)</td>
<td>Employment and training in agriculture (RTCA Kestrel Mine)</td>
<td>Funding of a full-time Indigenous support officer at CentaCare, Mt Isa.</td>
<td></td>
</tr>
<tr>
<td>Woorabinda Timber Products Agreement – training and assistance to create local timber business in an Indigenous community</td>
<td>Teacher Aide Traineeship (RTCA Blair Athol Mine)</td>
<td>Support for establishment of a Teaching Medical Centre in Mt Isa</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled by CSRM from Sustainable Development reports available at individual company websites

BMA Community Partnerships Program

The BHP Billiton Mitsubishi Alliance (BMA) owns and manages seven Bowen Basin coal mines and the Hay Point coal export terminal near Mackay. BMA is the largest private employer in the region.

The BMA Community Partnerships Program (CPP) was launched in September 2002, following a review of the company’s community support activities and an extensive consultation process to identify ongoing needs for the area. This review concluded that, although BMA were providing community support, a failure to prioritise and address community needs on a coordinated basis, exacerbated by a period of prolonged and divisive industrial activity in 2000/01 had resulted in a community perception that the organisation did not care about people.

It was noted that women, in particular, were feeling marginalised, while young people were leaving the region because of a lack of training and employment alternatives. The remaining youth were unable to access activities available in larger communities.

The CPP aims to address these issues by providing support within six broad categories: youth support, business and skills training, community welfare, sport and recreation, arts and entertainment, and the environment. The emphasis of the CPP is on targeting identified needs through partnership arrangements with government, community groups and employees. The program is administered from BMA’s Brisbane office through a full time Community Relations Co-coordinator who monitors the program from Central Queensland. Program expenditure in 2005-6 totalled $5m.

Examples of Initiatives supported by the CPP included:

- Dysart Youth Training Centre
- Tertiary Scholarships
- Part funding of three youth worker positions
- Youth Drop In Centres at two Police Citizen Youth Clubs
- Formation of a Learning and Development Centre to improve literacy teaching
- Support for the Salvation Army Money Care program, to assist people who are experiencing financial management difficulties
- Funding of a co-coordinator for Moranbah Community Radio
- The ‘Just walk It’ program.

(Source: DITR 2006)
It is difficult to compare the amount of money expended on community programs by different operations, due to different accounting practices, plus differences in the size and location of the operations themselves. However, as the table below indicates, in some instances the amounts are substantial. Both BHPBilliton and Xstrata have made a commitment to contribute one per cent of pre-tax profits to community programs, based on a three year rolling average.

Table 3: Community spend ($p.a.) by selected mining companies

<table>
<thead>
<tr>
<th>Company/operation</th>
<th>Location</th>
<th>Annual $$ spend on community programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMA</td>
<td>Central Qld</td>
<td>$5m</td>
</tr>
<tr>
<td>Xstrata Copper</td>
<td>Nth Qld</td>
<td>$1.88m</td>
</tr>
<tr>
<td>Pilbara Iron (Rio Tinto)</td>
<td>Pilbara, WA</td>
<td>$17m</td>
</tr>
<tr>
<td>BHPB Iron Ore</td>
<td>Pilbara WA</td>
<td>$12.5m</td>
</tr>
</tbody>
</table>

Source: Compiled by CSRM from Sustainable Development reports available at individual company websites

**Partnerships**

While mainstream practice in the industry has generally been to provide direct financial support and donations, leading companies are now showing interest in using partnering models to address major social issues such as community health, education and training. These partnerships are typically with local community organisations, service providers and/or governments and are frequently initiated via the signing of a Memorandum of Understanding.

Some current examples from Queensland and Western Australia are:

- The Western Cape College project, which seeks to address the poor educational attainment levels of Aboriginal children. The project, which is the outcome of a partnership between Comalco Weipa, Education Queensland and local Indigenous groups, was developed to turn around the culture of failure that surrounded Indigenous education in the area (Tiplady & Barclay, 2007).

- The Gladstone Schools Engineering Skills Centre (GSESC) project. This training program is a joint initiative of the RTA Community Fund, the NRG Gladstone power station, Australian National Training Authority (ANTA) and local schools, in conjunction with Education Queensland. Co-located within the NRG Gladstone Power Station, the Skills Centre focuses on preparing year 11 and year 12 students for a smooth transition into the workforce as apprentices or trainees in the engineering trades. The program has been extremely successful in producing work-ready students (CSRM, 2007).

- BHPBilliton Iron Ore in the Pilbara has developed a Health Memorandum of Understanding (MOU) – partnership with the Western Australia Department of Health. Programs include:
  - RFDS on the road
  - Port Hedland Well Women’s Centre
- Female GP in Newman
- Indigenous Breast Screening Clinic
- Pre-Natal Accommodation
- Support for the University of Western Australia Healthy Communities program (BHPB, 2006)

The same company has also signed an **Education Memorandum of Understanding** (MOU), which is a partnership agreement with the W.A. Department of Education. Programs include:

- Kicking Goals
- Flexible Learning in Schools
- Sister Schooling
- No School No Pool
- Cadetship for Excellence
- Curtin University Resources and Chemistry Precinct (BHPB, 2006).

Most partnerships involve a single company, but the last couple of years have seen the formation of two higher level partnership agreements at the industry to government level. These are:

- A 2006 MOU between the MCA and the Commonwealth Government to ‘work in partnership with Indigenous people to build strong and sustainable communities in which individuals can take up the social, employment and business opportunities in mining regions’. Western Cape York was one of the initial sites selected under the MOU.

- The recent signing of an MOU between the QRC and the State Government to increase Indigenous employment in the resources sector and related Indigenous enterprise development. The initial focus of the MOU will be on North West Queensland.

It is too early to judge the success of these initiatives, but they point to a new and promising direction in the industry’s approach to dealing with complex social issues.

**Community Engagement**

Traditionally, community engagement in the industry tended to be limited, unstructured and essentially one way (with the emphasis on informing communities rather than on seeking feedback or establishing a dialogue). However, there has been a trend away from this model in recent years, as companies have become more attuned to protecting their ‘social’ – as well as legal – licence to operate.

It is now relatively common for mines to have formal consultative community consultative committees and forums in place, although the effectiveness of these mechanisms varies considerably. Periodic community surveys and stakeholder engagement exercises are also undertaken on a regular basis.

Some recent examples of innovative approaches to engagement are as follows:
• Rio Tinto Iron Ore in the Pilbara has recently instituted interactive community forums to identify and discuss community issues and concerns. According to the Pilbara Iron website:

Key issues raised at the forums included childcare, health, housing and maintenance, the general appearance of the towns and the need for better communication between the company and community.

To monitor the progress of issues raised, a community forum website has been established where members of the community can view the outstanding activities and agreed actions. The frequency of the forums has also increased from annual to bi-annual with clear lines of communication established to progress activities in between forums.

• Anglo Coal’s German Creek operation, based near the town of Middlemount in the Bowen Basin has just completed a SEAT assessment (see above) which included a comprehensive community engagement component. Priority issues identified by the local community (for example, relating to housing, recreational facilities and local business opportunities) have been explicitly addressed in a community plan developed in response to the assessment.

For further examples, see the handbook on Community Engagement and Development, prepared for the Department of Industry Tourism and Resources Leading Practice Sustainable Development Program for the Mining Industry (http://www.csrm.uq.edu.au/docs/CED.pdf).

Use of social science research

Leading companies in Australia and elsewhere are also starting to make greater use of social science research to inform decision-making and organisational practice in relation to communities.

For example, Rio Tinto Australia, which has been the industry leader in this regard, has:

• funded path-breaking demographic research on Indigenous people in the Pilbara and Kimberley regions of Western Australia

• conducted an internally-funded, two year project across several sites to better understand the factors that impact on the sustainability of mining towns

• completed several socio-economic baseline assessments of communities associated with its operations

• supported a large-scale project (undertaken by CSRM) on Indigenous employment in the mining industry, plus work on Indigenous business development.

BHP Billiton Stainless Steel Materials has funded a two year project for the CSRM to develop regional sustainability indicators for its Ravensthorpe Nickel Project in South West Western Australia. BHP Billiton corporate has also been trialling the
development of a socio-economic assessment framework for utilisation across its sites world-wide.

Another trend has been for companies to commission evaluations of their community programs, in recognition of the substantial financial outlays associated with these programs. CSRM has completed two such reviews and has participated in a third, with more likely to take place in the near future.

At the industry level, the Australian Coal Association Research Program (ACARP), which previously had an almost exclusively technical focus, is now funding projects in the Hunter Valley and Bowen Basin relating to the social and economic impacts of mining in these areas.

Most recently, the CSRM has been commissioned by three mining operations in Queensland – Pajingo (Charters Towers), Ernest Henry (Cloncurry) and Century (Lower Gulf) to conduct research into the potential socio-economic impacts of mine closure on those communities. This information will be used by the operations in question to engage with their communities about potential impacts and to develop strategies to mitigate these impacts.

**Collaborative Initiatives**

Because mining companies compete with each other for access to physical and human resources, they have historically been reluctant to collaborate with each other in addressing what, to an outsider, might look like common issues and challenges. For example, companies generally prefer to run their own community programs, rather than pooling resources to support regional level initiatives. In large part, this is because there is assumed to be a reputational benefit from having the company name associated with particular initiatives. However, in some mining intensive regions in Australia companies are now coming to accept that in some instances a collaborative approach may be more beneficial than each company going its own way.

An example of bi-lateral collaboration is the joint funding by Rio Tinto Coal and BMA of an economic development officer based in Emerald. An example of a multi-lateral approach is provided by the Pilbara, where intense pressures on social and physical infrastructure have been the spur for the main industry players to develop regional-level coordinating mechanisms.

The Oil Sands industry in Canada has adopted perhaps the most developed example of the collaborative approach. Companies in the Athabasca region of Alberta, where the industry is concentrated, have formed the Athabasca Regional Issues Working Group (RIWG). This group has a 3 person secretariat and states as its objectives:

- Sharing oil sands developers’ information, perspective and advice with affected stakeholders
- Consulting with stakeholders to facilitate solutions to development issues
- Collaborating with stakeholders while balancing individual and collective company responsibilities
- Communicating accurate and credible information, analysis and forecasts to our stakeholders

- Managing an inclusive committee process that is focused on analyzing issues, facilitating solutions and achieving results

One of the initiatives of the RIWG has been to fund a comprehensive study of the current and likely future social and physical infrastructure needs of the Wood Buffalo region, with the aim of building a business case to Government for more investment in the region (Athabasca RIWG, 2005).

The RIWG also operates several committees, including separate committees for housing, health care, transportation and Aboriginal affairs. By way of example, the mandate of the Housing Committee is to:

- identify issues related to the impacts of resource development on housing within the Regional Municipality of Wood Buffalo.

- identify issues to be addressed and engage RIWG Issues Management Process.

- recommend to the Board strategies identified to address the issues.

- implement strategies approved by the RIWG Board of Directors.

It is not known how active or effective these committees are in practice, but the model certainly warrants further investigation.

**International comparisons**

With some exceptions, such as the Canadian case just referred to, mining companies in Australia perform in much the same way as mining companies in Canada, the US and New Zealand. For example, WaihiGold in New Zealand adopts a similar approach to community investment to that of Newmont’s mining operations in Australia, namely, Kalgoorlie, Tanami and Pajingo). In Canada, BHP Billiton’s Ekati mine supports similar programs for its Aboriginal community as their Australian counterparts do for local Indigenous communities. Strategies include; setting targets for the number of Aboriginal employees at the mine, supporting apprenticeship training programs, supporting environmental management programs and funding research and screening programs for tuberculosis (BHPB, 2006).

These similarities suggest that the business drivers for investing in community development programs to minimise the negative socio-economic impacts of mining development projects are similar in first world countries. When operating in countries with a stable political environment, robust legal systems and a strong regulatory framework for mining operations, mining companies tend to support community projects that:

- provide a strong skills base for the mining industry workforce

- deliver community services valued by the company’s employees

- promote the reputation of the company within the community.
Funding of physical infrastructure

In the traditional mining town, the company was usually the main provider of infrastructure, including housing, roads and community facilities. This is still the case in some remote communities (e.g. Weipa, Jabiru, Roxby Downs, some Pilbara communities), but the traditional, closed, mining town is gradually becoming a thing of the past in Australia.

Companies are no longer willing to construct purpose-built towns because experience has shown that they are expensive to build and maintain and tend to become ghost towns when mines close. Today, new development prospects tend to be in more remote locations and have shorter mine lives, which means that it makes even less financial sense to invest in permanent infrastructure. Moreover, employees are less keen to relocate to remote locations. As a consequence of these intersecting factors, there has been a dramatic growth in the number fly-in fly-out (FIFO) and drive-in drive-out (DIDO) operations. Essentially, a company will now generally only establish a residentially based operation where there is already a pre-existing community nearby with at least basic services, and the location is considered ‘liveable’.

Another important development has been the move by companies, usually with the active support of State governments, to ‘normalise’ previously closed mining towns by bringing them under local government jurisdiction. This has often also been associated with mines divesting themselves of most of the company-owned houses in these communities and establishing a privatised housing market (albeit one underpinned, in the early days, by guaranteed buy-back schemes for employees).

Particularly where a town has been ‘normalised’, companies have been able to argue – with some justification - that the primary responsibility for providing services and infrastructure should lie with the local and state governments, as is the case for most other communities in the country. Mining companies generate huge revenues for state governments and would like to see more of this invested back in local communities, which frequently struggle to provide the infrastructure necessary for mining towns. As long as they are paying substantial royalties to government, companies will continue to publicly resist calls to provide infrastructure and services that they see as being the responsibility of government. Companies are also critical of the lack of coordination across government agencies and departments and the inefficiencies and delays this creates at the local level in getting new partnering initiatives off the ground.

Although the public position of the industry is that funding for community infrastructure should be the responsibility of government, not companies, in practice the approach has been more pragmatic. Companies recognise that, particularly in a tight labour market, it is difficult to attract and retain employees unless towns have decent facilities and services and an acceptable standard of housing. Consequently, where the need is apparent, companies have often been willing to fill the breach - preferably in partnership with Government, but unilaterally where there seems to be no other option.

In Queensland, mining companies are still major providers of infrastructure in communities such as Moranbah, Dysart, Middlemount, Claremont, Tieri, Glendon, Blackwater and Weipa.
For example, as part of its 2007 community plan developed for Middlemount (see above), Anglo Coal has committed to:

- building new duplexes to accommodate company personnel
- upgrade existing mine accommodation
- repair and renovate the Middlemount shopping centre precinct
- identify/construct commercial properties and rent these facilities to new business ventures (Anglo Coal, 2007).

Similarly, BMA has recently announced a new partnership between BMA, the Queensland Government, and, possibly the Commonwealth Government to develop a multipurpose indoor sports centre in the town of Dysart near BMA’s Saraji and Norwich Park Mines. The core of the centre will be two courts for netball, basketball and volleyball, and a gymnasium and aerobics centre. The complex will also incorporate a youth centre, café and facilities for adjunct child care.

According to the latest BHP Billiton Sustainability Report, in addition to the Community Partnership Program ($5m p.a.), BMA provides ‘other forms of township support, such as rates and special rates and water subsidies, [which] take BMA’s total annual commitment to more than $20 million’ (BHPB, 2006).

Pilbara Iron (a Rio Tinto subsidiary) has estimated that the cost of providing infrastructure and maintenance support to its Pilbara communities in 2006 was in the vicinity of $32m (Rio Tinto Iron Ore, 2006).

A recent illustration of the extent to which companies are still prepared to invest in community infrastructure is the Ravensthorpe Nickel Project in south-west Western Australia, being developed by BHPB Billiton. This has been planned as a predominantly residential operation, with the expectation being that the majority of employees will live in the small coastal community of Hopetoun. Prior to the project, Hopetoun’s population was only 800 people; there was only one store, no school and few other facilities. The project has the potential to more than double Hopetoun’s population and obviously will place its limited infrastructure under very significant strain. In an attempt to manage these impacts and to make Hopetoun an attractive place to live for employees and their families, BHP Billiton has, amongst other things:

- financed the construction of a new housing estate, including both family-style accommodation and duplexes for singles and couples
- funded the construction of a police station
- committed to provide a child care facility in the community
- built a block of shops; and
- provided financial incentives for new businesses to be established in these shops.

1 It should be noted that in Middlemount, unlike other Bowen Basin towns such as Blackwater and Moranbah, most of the housing is still owned by the company.
From the perspective of the company, it would have been preferable for the State Government or the private sector to fill these gaps, but once it came clear that these other actors were not ‘coming to the party’, the company acted.

Implications for engaging with industry

Based on the preceding analysis, there are several suggestions which can be made to Government about how to engage constructively with the minerals sector to ensure that the socio-economic impacts of mining projects are being appropriately managed.

1. In dealing with companies and the industry in general, it is advantageous to know what higher level policy commitments they have made in relation to communities and sustainable development. This can provide the starting point for discussions around possible partnership and leveraging opportunities. Reminding companies of their commitments can also help to buttress arguments for why they should – or should not – take particular actions.

2. As commercial organisations, companies generally respond positively to propositions that are supported by a robust and persuasive business case. For example, there are clear incentives for mining companies to support training and skills development initiatives that will provide them with a skilled and adaptable workforce. Similarly, initiatives that provide services and facilities that are likely to appeal to a company’s workforce will usually be viewed as attractive options.

3. With the industry’s determination to move away from the old ‘company town’ model of infrastructure development, partnerships that include mining companies, state and local government representatives and affected communities are likely to be the most effective way of addressing future infrastructure and service delivery issues. In recent years, the industry has shown itself to be supportive of partnership approaches.

4. Social research conducted by the companies can be a valuable source of data for Government and another good starting point for discussions. These studies are often placed on websites and, failing that, will generally be made available on request.
References


http://www.icmm.com/icmm_principles.php

http://www.iied.org/mmsd/finalreport/index.html

