

Social performance indicators at the Collahuasi copper mine, Northern Chile

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ABSTRACT

Increased public scrutiny and expectations have encouraged many mining operations to draw on specialist skills from the communication and social sciences to help improve social performance. Community relations has emerged as a means to improve company responsiveness, with practitioners focused on resolving real and perceived community concerns, impacts and risks: their work emphasises dialogue, improved understanding and stronger relationships with stakeholders, but importantly also the need to drive organisational change within corporations to improve practice.

This paper reports on the strengthening of community relations approaches at the Collahuasi copper mine, Northern Chile. In particular, the paper outlines the development of a set of key performance indicators to track the social performance of the programmes and activities of the community relations team. Indicator categories include: community perception, community engagement, community complaints, social programme spending, social programme evaluations, management system compliance and data on programme outputs. Indicators are illustrated with data for the 2010 period. The indicators provide an important means to consider progress over time and to target areas to improve practices and programmes.

INTRODUCTION

This paper chronicles the development of key performance indicators (KPIs) to track the programmes and activities of the community relations team at the Collahuasi copper mine (CMIDC), Tarapacá, Northern Chile, one of the world's largest copper mines by production. The resources sector is seeing increased use of social impact monitoring techniques; ranging from indicators that are directly influenced by the company, such as the outputs and outcomes of programmes and activities (e.g., KPIs & programme evaluation) to the analysis of the indirect impact of operations at the local, regional and national scale where the company is one of a number of contributors (e.g., sustainable development indicators; see Parra and Franks, this volume; Parra 2008; and Brereton and Pattenden, 2007). Social impact monitoring is an important means to acquire knowledge to inform internal company management systems (Franks et al., 2009; Kemp 2009a; Franks 2011).

The development of KPIs is one of a number of initiatives to improve community relations practice at CMIDC. Other initiatives include participatory monitoring; stakeholder analysis and benchmarking against ISO 26000 (Fernández et al., this volume); formal complaints handling to proactively respond to community issues; detailed voluntary social impact assessment (using the Anglo American Social Economic Assessment Tool; 2007); local-level participatory community development programmes; and education and health foundations. These initiatives are currently being consolidated into a community relations plan.

Until relatively recently CMIDC focused its community relations activities on just one of its communities of influence. Other communities had few easy means to raise issues with the company and have them adequately responded to, which led to instances of local level conflict. These conflicts highlighted the importance of having a constructive ongoing relationship with all impacted communities to ensure the timeliness of company responses to issues of community concern and prompted CMIDC to develop a specialist community relations team with a field presence across the company's operations and logistics corridor.

Community relations supervisors are assigned responsibility for managing community relations for a specific geographic area, with the team coordinated by a dedicated officer. Field-staff are supported by a community relations manager and Iquique-based administrative support staff. Field supervisors maintain regular informal and formal contact with community leaders and residents, assist the coordination of community development programmes and foundations (that have their own implementation teams) and provide a bridge between CMIDC operational staff and the community. The community relations team covers a geographic area of approximately 40 000 km² and more than 18 communities. The communities represent diverse backgrounds, values and interests, from Aymara altiplano communities, coastal caletas (predominantly fishing villages), urban communities of mine workers, a regional capital and established horticultural towns.

The following section outlines the development of indicators to track the social performance of the community relations team.

KEY PERFORMANCE INDICATORS

Indicators were developed for the following categories: community engagement, community perception, community complaints, social programme spending and management system compliance.

Community Engagement

KPIs for community engagement include a monthly tally of meetings undertaken by community relations field supervisors with key community stakeholder groups, benchmarked against a monthly target; the monthly tally of community visits to the mine and port; and community relations field supervisor compliance with internal weekly and monthly reporting.

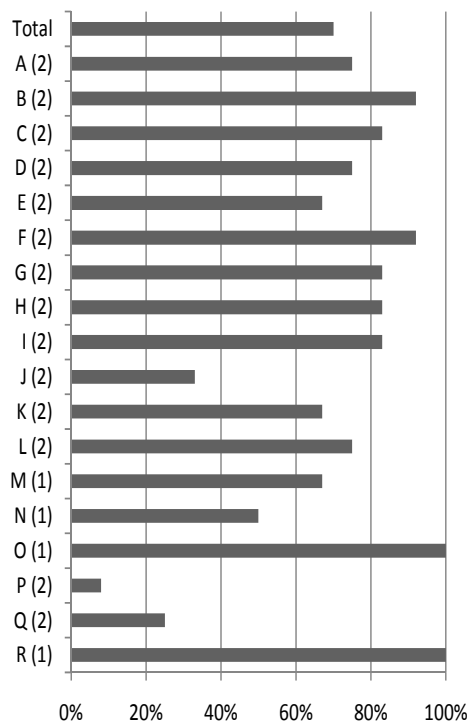


Figure 1 Community meetings (aggregated % monthly target achieved; Jul-Dec).
Bracketed number indicates monthly target for town A, B, C etc.

Figure 1 demonstrates that the community relations staff participated in a large number of engagement activities across a very wide geographic scope. It is clear, however, that the expectations of the community relations team (represented in the monthly targets) were not achieved at a number of localities during the time period represented. This data has been used to reassess whether the targets set for the frequency of meetings are appropriate; and to consider if more resources need to be devoted to engagement activities at particular localities and whether the balance of responsibilities across staff are optimal. Figure 2 represents the receipt of weekly field reports from community relations field officers as part of an internal management system and whether the reports were received on time. This is the first period that such a system was in place and the data reported in the KPI has been used to target improvements in reporting.

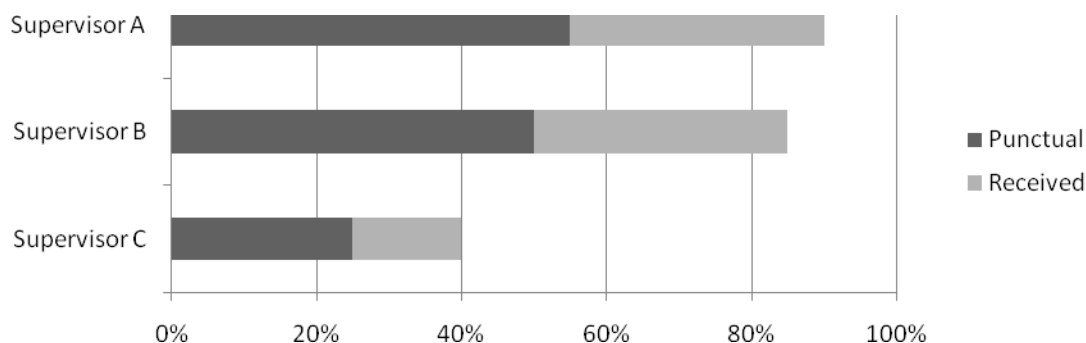


Figure 2 Example of weekly field report KPI (Aug-Dec). Data represents the percentage of field reports received from community relations field staff and whether the reports were received on time

Community Perception

Indicators for community perception were developed based on a survey of each community designed and administered by CMIDC. The survey identifies community views on a range of issues with plans for the survey to be periodically updated. Around 700 surveys have been returned to date in 19 communities with a response rate above 70%. Survey analysis is to be completed for all communities in 2011. Results are aggregated into indices with comparisons to be made to the previous year's results. KPIs will distinguish between operational performance issues and community relations performance issues.

Community Complaints

A formal community complaints process has been recently implemented at CMIDC. KPIs are designed based on the number of complaints received for each level of severity, the percent increase/decrease on the previous year and the number of complaints resolved to the satisfaction of the complainant. A KPI based on the timeliness of the complaint response benchmarked against what is set out in the procedure is under consideration. While complaints were previously recorded the tracking of complaints and issues was incomplete, and it is therefore likely that complaints were under-reported. The goal therefore should be to increase the reporting of previously unreported complaints while at the same time aiming to minimise the occurrence of issues that lead to severe (high/medium) complaints.



Figure 3 'Your opinion matters'. Community complaints feedback box

Social Programmes

Social programmes should aim to be prioritised and balanced according to: strategic risks, identified community needs, population, and the building of independence and a lasting legacy (Kemp, 2009b). Indicators were developed for each of these goals and are based on an analysis of data for 2010.

Spending was analysed according to strategic business risk. A matrix of issues impacting on business risks was developed and compared to the target issue of the programme spending. This analysis revealed that spending was overwhelmingly targeted toward issues that did not present a significant strategic risk to the company, with high risk issues attracting only a minority of resources.

Indicators were also developed based on the geographic balance of spending across CMIDC communities of influence. This was undertaken based on population and the strategic value of the location. Regional scale spending was excluded from this analysis. Analysis based on population compared the actual spending as a function of the population of each location with the expected population spend if spending was evenly distributed across the region according to population. This analysis revealed that while some high population centres received programme spending in proportion to the population, others were significantly under and over represented (see Figure 4).

As a point of comparison an analysis was undertaken of spending as a function of the strategic value of the location. A matrix was developed that identified the strategic features of each locality. Features included: proximity to the operation and logistic corridor, political and administrative centre, employee residence, presence of key stakeholder groups, level of poverty, amongst other factors. This analysis revealed a spending bias toward larger population centres, where highly strategic, yet smaller locations were under represented (see Figure 5).

KPIs were also developed based on an analysis of the proportion of programme spending that included community involvement in the development of the programme (idea generation, delivery and design), and the proportion of programmes that have had a formal selection process and programme evaluation upon completion. There are plans to introduce a composite KPI based on the findings of independent programme evaluations undertaken on a proportion of all social programmes.

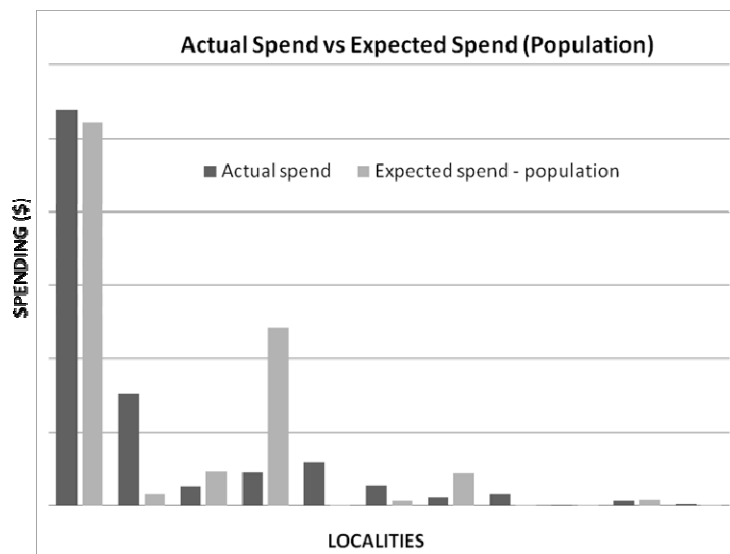


Figure 4 Community relations programme spending as a function of the population of each location. The figure shows actual spending contrasted with the expected spending if it were to be normalised by the population of each locality

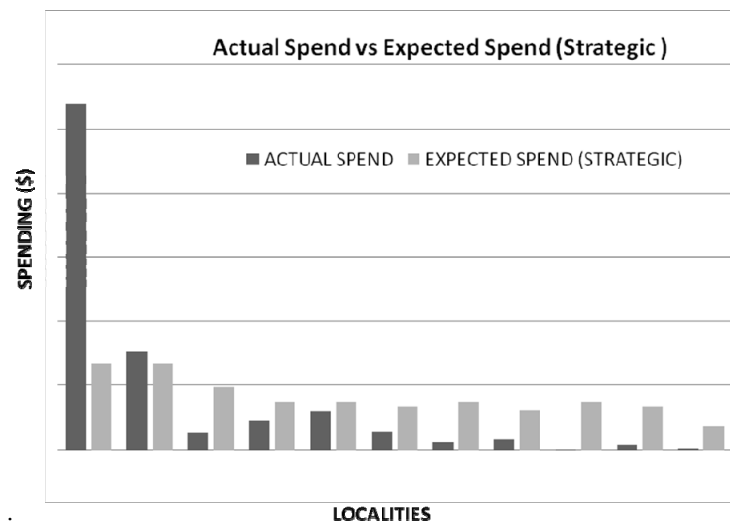


Figure 5 Community relations programme spending contrasted with spending if it were to be done according to the strategic value of each location

Management System Compliance

Anglo American has developed a self assessment tool to assess compliance against their social management systems and this tool was used as the basis for the development of a performance indicator. CMIDC is a joint venture between Anglo American, Xstrata and a consortia of Japanese companies and as such the management systems do not completely align with Anglo American.

The assessment did, however, provide a benchmark for performance. The results indicated that CMIDC performed well in categories such as community development, while areas were identified where improvements could be made. The self-assessment tool provided an innovative means to analyse the performance of CMIDC against a robust criteria and generate meaningful data that can be compared on an annual basis.

Programme Outputs and Operational Benefits

Aggregated data on project and programme outputs, such as the number of jobs created, local businesses supported, taxes paid, churches built, and scholarships funded could form useful indicators of CMIDC impact. Such indicators will be explored for potential implementation in the future.

CONCLUSIONS

This paper has reported on the development of a series of KPIs to track the social performance of the Collahuasi copper mine, Northern Chile. The indicators provide an important source of analysis to guide improvements in community relations practice and inform internal corporate management systems. The KPIs are one part of a broader initiative to strengthen community relations practice at CMIDC, which are currently being consolidated into a community relations plan.

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