

# BRIDGING THE DIVIDE

between mining companies, government, environment and local communities

by Allison Galsby

## What is social licence?

The social licence to operate is the level of acceptance or approval continually granted to an organisation's operations or project by the local community and other stakeholders. It varies between stakeholders and across time through four levels from lowest to highest: withdrawal, acceptance, approval and psychological identification.

The social licence to operate is inversely correlated with social risk—the higher the social licence, the lower the social risk.

Social licence is practised by every business. It is important to the ability to operate and the capacity to make a profit.

When should Social Licence be considered? Social Licence is critical in every step of a business decision and of more importance as time passes. It is harder and harder to keep things secret in our information age.

What are you trying to achieve? What is the perception stakeholders have of your organisation? Do you listen to your stakeholders? Who are your stakeholders? Have you heard their points of view? Do they understand what you have said? If you both were able to say 'So that your understanding is the same as my understanding, repeat in your own words what was just said', what would be

the result? Would you be surprised to find that everyone attending a meeting takes away a different perception of what was discussed and agreed?

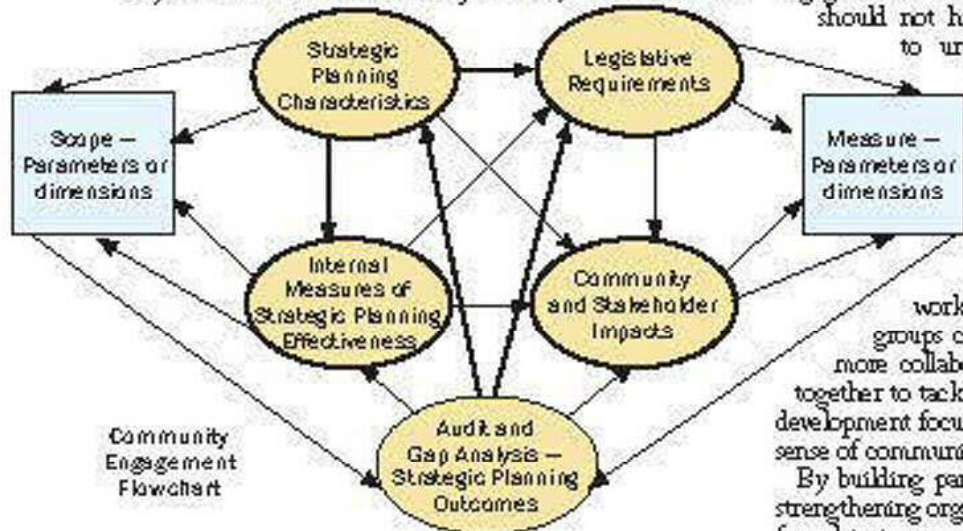
Historically, the contribution the mining industry makes to the community was managed by outside entities without the involvement of the people in the local community. These entities, who may have been mining company managers, consultants or government officials from national or state/territory governments, tended to inform communities about the programs available to them, seeking their agreement rather than their participation. International leading practice in community development—including World Bank requirements—calls for communities to be included in planning processes; encouraged and supported to participate to the extent of their interest and capabilities. Involving community members, both women and men, in the actual planning stages of development programs, makes success much more likely.

Mine development work is complex and fluid in nature and can be approached in diverse ways, but there are some logical steps.

Dialogue is the first step, which starts with community engagement. Dialogue for community development should not have an explicit agenda. It is important to understand the needs and expectations of people, establishing trust and confidence in the process. Without this, development work has no basis on which to move forward. Building understanding includes undertaking socio-economic baseline studies and social impact assessments.

Once concerns have been understood, working in collaboration with community groups can make community development work more collaborative. People are encouraged to work together to tackle issues that concern them. Community development focuses on connecting people and building a sense of community cooperation.

By building partnerships between different groups and strengthening organisations, there is a sense of shared focus for achieving agreed outcomes. The organisation may need



strengthening, particularly where there is a lack of capacity for undertaking specific community development work.

Encouraging broader connections with people outside the community with similar issues uses synergies to explore new solutions. Links can be facilitated with other organisations with expertise and resources that they can share with the community.

Community development challenges the view that professionals and experts know best. While it makes inherent sense that affected people should have a say in their own development, genuinely valuing local knowledge runs counter to the conventional approach in the mining industry. This approach dictates that 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 undertaking development work.

Some of the projects undertaken by the mining industry have improved health (through immunisation), safeguarded the environment and enhanced the community. Some of the projects have gone beyond compliance with mining companies investing in improving land through farming studies and farming improvements. Commissioning base line data studies have filled in gaps in the Australian biodiversity and ecological databases. Developed infrastructure is shared with the community. Many of the mining companies spend more on social licence to operate than on the mining operations.

Mine planning is developed to optimise the mining method to the sensitivities of the environment and the needs of all stakeholders. Below are a couple of photos of areas already mined. Lovely pristine environment not adversely influenced by mining. This is due to some very complex mine planning processes formulated to reach the right outcome for this area.

It is important to consider the impact of the company's public image on the price of their shares. How a business is perceived with respect to environmental performance and community relations can have a major effect on the market value of the company's stock. A company with a good reputation for minimising the environmental impact of its operations and working with local communities will generally have a higher market valuation than a company with a negative public perception of its environmental performance. As we are all painfully aware, the mining industry generally still has a poor public image for practices

that largely belong to the past, but still tend to depress the value of shares in mining companies.

It is generally accepted that local community support is needed in order to gain permits for a new mining operation or major industrial facility. Even a sound technical proposal that has little or no long-term adverse environmental impacts will usually be stopped by the failure to obtain such support. For an existing mining operation, comprehensive due diligence will assess whether or not the mine has the acceptance and support of the local community. This can be done by talking with the local newspaper editor, political leaders, including the local mayor or county commissioner and other community leaders. Answers to a few key questions can give a good indication of community attitude toward the mining operation. Such information is invaluable in determining the future life of the mine, the feasibility of expansion and the cost of final closure. If the local community is not supportive of the mining operation, it will be difficult, costly and time-consuming to expand the operation or even maintain the status quo and the final reclamation will have to meet high public expectations.

"You don't get your social licence by going to a government ministry and making an application or simply paying a fee ... It requires far more than money to truly become part of the communities in which you operate."

— Pierre Lessoned,  
President of Newmont Mining Corporation.

The resource sector is generally accepted by the public at large because of the role it plays. There can be no doubt the historic role the natural resource industry has played in the advancement of society their needs and well-being and the economic growth and industrialisation of specific countries. However, at the level of individual projects, this acceptance is neither automatic nor unconditional. To gain and maintain the Social Licence to Operate, there is the need to gain and maintain the support of the people that live and work in the area of impact and influence of any given project. There is ample evidence that a failure to gain and maintain this Social Licence can lead to conflict, delays and cost for the proponents of a project.

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There are mine workings under these surface features.