

ENGAGING ON THE GROUND: SITE-LEVEL COMMUNITY ENGAGEMENT PRACTICES IN THE AUSTRALIAN MINERALS INDUSTRY

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INTRODUCTION

This paper presents preliminary findings from a comparative study of the community engagement practices of eight Australian mining and minerals operations. It reports on what we have learnt to date about:

- minerals operations and how they engage with their communities
- communities and their experience and expectations of mining companies
- employees and how they assess the social performance of their sites.

The concluding part of the paper briefly discusses the implications of the research findings for improving community engagement practices in the Australian minerals industry.

About the study

Study focus

This is a two year study funded through the Australian Research Council Linkage Grant Scheme and supported by four of Australia's leading mining companies; Rio Tinto, Newmont, Newcrest Mining and BHP Billiton. The aims of the study are to:

- help build a knowledge base for the Australian minerals industry about effective strategies for managing relations with local communities
- develop a good practice framework of community engagement in the industry that is adaptable to local needs and conditions
- document lessons learned from the case studies.

The focus of the study is not on specific engagement techniques, but on the overall way in which mines and mineral processing operations manage their interactions with communities. The study is also concerned mainly with engagement practices during the operational phase, rather than with the management of community issues relating specifically to start-up or closure.

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Definition of community engagement

In the following discussion we use 'community engagement' as an overarching term to describe the interaction that takes place between an operation and its local community(ies). This definition recognises that all operations engage with their communities in some way, although they differ substantially in how they do it and how well they do it. In line with the definition provided in Enduring Value: The Australian Minerals Industry Framework for Sustainable Development, we use the term 'community' to refer to the people who live in the vicinity of an operation, or who are otherwise affected – economically, socially or environmentally - by its activities.

The case studies

The project consists of eight case studies, comprising six operating mines and two mineral processing plants. These operations were selected in consultation with the sponsoring companies to reflect the diversity of circumstances under which mining and minerals processing is conducted in Australia. All but one of the case study sites had been operational for at least five years and most are four years, or more, away from closure. Both coal and metalliferous operations were represented in the study, as were open cut and underground operations.

Participating sites were classified into one of three groups, based on the site's location relative to the nearest town - Urban Fringe, Rural and Remote (see Table 1). The urban fringe sites were located adjacent to residential suburbs or areas of rural subdivision. In this context a neighbour could be a suburban family or a hobby farmer, and could also be an employee at the mine site. The rural sites were located in the countryside within an hour's drive of the nearest urban centre. At these sites nearly all the workforce lived in nearby towns and commuted daily to site. Neighbours to these 'rural' mines were usually farmers or pastoralists. The remote sites were located too far away from population centres for the workforce to commute on a daily basis. The workforce at these sites flew in to the mine from one or more pick up points and stayed at a nearby camp. Neighbours to these operations were generally graziers. In one case, there was also a substantial Indigenous population living in the area in small communities.

Table 1: Overview of Participating sites

Site No.	Proximity	Coal / metalliferous	Type of operation	Years of operation	Yrs to closure
Site 1	Urban fringe	Coal	Underground	20+ years	10+years
Site 2	Urban fringe	Processing Plant	Refinery	20+ years	20+ years
Site 3	Urban fringe	Processing Plant	Refinery	0-5 years	20+ years
Site 4	Rural	Metalliferous	Open cut	5-10 years	20+ years
Site 5	Rural	Coal	Underground	5-10 years	10 years
Site 6	Rural	Metalliferous	Underground	10-15 years	4 years
Site 7	Remote	Metalliferous	Underground	5-10 years	10 years
Site 8	Remote	Metalliferous	Underground and open cut	10-15 years	4 years

Note: Participating sites have been de-identified in this paper.

Methodology

At each of the eight case study sites we undertook:

An initial desk-top mapping exercise to identify: a) available demographic and economic data about the community; b) key groups and organisations within the relevant community; c) the history of social change in the community; and d) the main points of formal and informal contact between company personnel and community members.

Analysis of relevant corporate records, such as formal community relations plans, minutes of meetings, outcomes of internal reviews, complaints files and company sponsored surveys.

Semi-structured interviews with approximately 10 site-based company personnel and 10 community members (see below for more details).

A quantitative survey of a representative sample of employees. The survey asked employees what they thought the company ought to be doing with the community, how they rated the performance of their operation on community engagement issues, what they knew about specific engagement initiatives, how they talked about their operation to others, and whether they thought their operation encourages them to be involved in community issues

At some sites there was also an opportunity to observe community meetings.

The interviews

At each site we conducted interviews with:

the person(s) who had formal management responsibility for the community relations function†
the mine manager

individuals in other roles where there was some contact with members of the community, for example: exploration geologist, environmental officer, contract supervisor, purchasing officer, human resources manager, and emergency services coordinator
workforce representatives nominated by the site.

On the community side, we sought, where practical, to interview individuals from the following groups:

those with an elected or managerial role in local government, such as the Shire Mayor, CEO or Ward Councillor

those who had a formal relationship with the mine through their roles in community groups, such as community consultative committee members

representatives of non-government organisations in the community (such as Landcare groups) who may have had some involvement or history with the mining operation

community members whose role put them in contact with a broad cross section of the community; such as a the school principal, newspaper editor, police sergeant, Chamber of Commerce president or other community group

neighbours to the site, or owners of adjoining properties

individuals who had made complaints about the operation.

We also made every effort to contact the Traditional Owners of the land where the operation was located, although a formal interview with representatives of these groups could not always be arranged.

† A range of position titles covered this role such as; Manager, Environment and Community; Manager HSEC; External Affairs Supervisor; External Relations Supervisor; and Specialist, Community Relations.

HOW THE SITES ENGAGED WITH THEIR COMMUNITIES: OVERVIEW OF FINDINGS

A comparative framework

A challenge with a large-scale study such as this is to find a relatively economical way of organising a diverse and complex body of data. There are potentially a large number of dimensions along which sites can be compared, so a judgement had to be made about which of these dimensions are most salient. Taking account of key themes in the literature on community engagement, the aspects which we chose to focus on were:

the extent to which the management of the community relations function was organised and systematised

the extent and depth of the site's connections with the community; that is, the 'thickness' of its engagement

the extent to which the site adopted an open or defensive stance in dealing with community stakeholders.

For each of these three dimensions, we defined two contrasting styles of engagement. In the jargon of the social sciences, these represent ideal types; that is, they draw out and to some extent exaggerate key themes and patterns, rather than purporting to mirror the 'real world'. In practice, individual operations vary considerably in the extent to which they exhibit particular characteristics and in the degree to which these characteristics are stable. However, the types provide a useful reference point for making comparisons across operations and for mapping changes within operations over time; they also provide criteria for evaluating the engagement practices of individual sites and identifying improvement opportunities.

Applying the framework

Organisational systems

Increasingly, leading companies in the industry are seeking to implement a 'systems approach' to the management of community relations (Harvey and Brereton 2005). This reflects the desire of companies to have more uniformity in practice across sites and greater continuity within sites, as well as to ensure that community issues receive more attention at the local level. The systems approach emphasises the importance of strategic plans, standards, regular performance monitoring and the like. By contrast, 'disorganised' sites are characterised by a lack of planning, no performance measures and an ad hoc approach to identifying and dealing with issues (see Table 2).

While having good systems in place does not, of itself, ensure effective engagement, an absence of systems certainly makes this more difficult to achieve and sustain. For example, sites with weak systems are more at risk of responding inconsistently to issues and of failing to follow through on commitments. They are also less likely to retain corporate memory and are more vulnerable to the loss of personnel. Good systems, on the other hand, help to provide, focus, consistency and continuity and are more resilient to personnel changes.

Table 2: ‘Organised’ vs. ‘Disorganised’ Engagement

Organised engagement	Disorganised engagement
Annual planning cycle used to structure activities and provide strategic direction	No forward planning; issues dealt with as they arise
Comprehensive performance monitoring and reporting processes	No formal performance measurement: reliance on informal feedback
Good record keeping systems	Minimal record keeping; poor organisational memory
Formal consultative mechanisms in place (e.g. committees and reference groups, regularly scheduled meetings)	Reliance on informal contacts, ad hoc interactions and ‘as needed’ meetings
Documented guidelines and processes for allocating the site’s ‘community spend’	Donations and in-kind support provided on a case-by-case basis, in response to requests

Our research found examples of both the uptake of, and resistance to, management systems approaches at the site level.

1. Most of our case study sites had formulated some kind of community plan, but these had often been prepared to comply with corporate requirements, rather than to provide a basis for future action and assessment. Community relations personnel at some sites queried whether this approach to management was suited to the community sphere, which they saw as more fluid and as being ‘about people, not processes’. Only three operations (Sites 1, 3 and 4) had plans which contained targets, KPIs and specific strategies, and which were linked to the annual planning and budgetary cycle. These sites had long future operational lives of 10 or more years, and planning for operational expansion was a key focus of their community relations strategy.
2. Most of the sites produced, or contributed to an annual ‘sustainability’ report of some kind, but the performance metrics that were used were very basic (e.g. number of complaints, \$\$ value of community spend). Reports were generally prepared to meet a corporate requirement, rather than at the initiative of the site, and were often seen as an impost.
3. Several sites had some kind of process in place for regularly monitoring the effectiveness of their engagement efforts (e.g. community surveys, use of external auditors to obtain feedback from stakeholders). In some instances these processes had been imposed from above, but in other cases they had been developed locally.
4. Record keeping was a challenge for all sites, with most struggling to develop and maintain documentation processes (e.g. stakeholder registers and contact data bases, bring-up systems, documentation of agreements). In most cases, this was not because record keeping was seen as unimportant, but rather reflected a lack of administrative support and the competing demands placed on the time of community relations personnel.
5. Three sites (1, 4 and 7) had established consultative committees or reference groups which met on a reasonably regular basis. Another site (site 3) had made a conscious decision to work with existing community groups in preference to forming a stand-alone consultative

body‡. At the remaining sites, the interactions that took place with external stakeholders largely consisted of informal exchanges with individuals (e.g. near neighbours) and small groups, often in response to a specific problem or issue.

Most sites had guidelines for dealing with community requests for donations, although these were often couched in general terms. Three had established community development funds to provide a more strategic focus to their community spending and two others were in the process of doing so. At the remaining sites funds were allocated on a largely ad hoc basis.

In summary, most of the sites had adopted some elements of the systems approach, but only a minority could be said to have embraced this as a way of doing business.

The ‘thickness’ of engagement

The second dimension on which we compared sites was in terms of the ‘thickness’ of their connections with the local community. As summarised in Table 3, sites that have ‘thick’ connections with the local community view community relations as a site-wide responsibility, maintain multiple points of contact with their communities and interact in a variety of forums. By contrast ‘thin’ engagement, is selective, controlled, and largely left to the ‘specialists’.

There are clear benefits for sites in being at the ‘thick’, rather than ‘thin’ end of the continuum. Operations which have multiple points of contact with the community are exposed to a wider array of information sources, which enhances their capacity to anticipate and respond to issues. Involving the broader management team, and interacting in the community’s as well as the company’s space, also helps to build and maintain relationships of trust. ‘Thin’ relations, on the other hand, are inherently more brittle and are often associated with mutual defensiveness and suspicion.

Table 3: ‘Thick’ vs ‘Thin’ Engagement

Thick engagement	Thin engagement
Community relations seen as a management team responsibility	Community relations largely left to the community relations specialist(s)
Regular, proactive contact maintained with a diverse array of stakeholders	Contact mainly with those stakeholders who demand attention (e.g. complainants, parties to agreements, key decision makers)
Site takes a broad view of what it should get involved in	Site takes a narrow view of its responsibilities
Use of a variety of forums to interact with and communicate to community members	Restricted channels of communication

Site 4 best embodied what we mean by ‘thick’ relations. This site had established a formal consultative committee which met regularly, participated actively in other local bodies (such as LandCare, the Chamber of Commerce and a regional health and safety committee), held a Christmas party every year for near neighbours, conducted an annual open day for the general public and maintained an active visitation program to neighbours. The site GM regularly attended

‡ Two other sites had established committees to oversee the implementation of Indigenous land use Agreements, but these had a very narrow focus

community meetings and was perceived as accessible by the site's near neighbours. In addition, other members of the management team were active in representing the mine in external forums. The one significant gap in the framework of relations established by this site was a lack of connection with local Aboriginal groups. Sites 3 and 8 also scored comparatively well in terms of the 'thickness' criterion, although they differed markedly in their level of organisation and strategic focus.

A countervailing example of 'thin' engagement is a Central Queensland coal mining operation – not included in the current study – where the site had contracted out responsibility for community relations to a consultant. There was no proactive engagement with neighbours or other stakeholders, and the site was not interested in being involved in any activities off the lease.

The sites in our study took their community responsibilities more seriously than the above-mentioned operation; nonetheless, the case studies highlighted several areas where there was potential for improvement.

- At most sites, the broader management team had little involvement in community engagement activities (such as attending community meetings, representing the site in external forums). This was often a source of frustration to community relations personnel at these sites.
- At two operations the community relations function was tightly managed from corporate head office by specialists and there was little site-level involvement with the local community. Consequently, there was lack of 'buy-in' from site management and the opportunity to strengthen local links was lost.
- Some sites did not have, or had lost, a clear understanding of who were their community stakeholders. For example, one remote site had been very active in building links at the regional level, but in the process had largely overlooked its neighbouring landowners.
- Most sites had taken some proactive steps to engage with sections of the local community (for example, by organising periodic visits to neighbours, providing briefings of local decision makers, joining community groups and forums) but this was generally done selectively rather than systematically. Much of the interaction that took place with the community occurred in the context of responding to specific issues or complaints, rather than in other, less conflictual, settings.

Building and maintaining 'thick' relations, particularly where there is a legacy of conflict and mistrust between an operation and sections of its local community is not an easy task. There needs to be a supportive management culture at the site level (see below), the community relations function has to be properly resourced, and sites must have a good understanding of their communities and be willing to engage on neutral ground. All of this requires time, effort and commitment, but the returns over the longer term ought to justify the investment.

Openness and defensiveness

The third aspect that we focused on was whether the site had adopted an open or defensive stance in its dealings with the community. This correlated fairly closely with the degree of 'thickness' in the site's relations with the community, but there was not a one-to-one fit. Treating openness as a separate dimension also drew attention more directly to the important role played by the management culture of the site.

The questions we asked here were:

- Was the operation narrowly focused on controlling social risks, or was there an interest in identifying opportunities to partner with community groups in mutually beneficial ways?
- Were groups and individuals who were critical of the operation seen as having legitimate concerns and issues that needed to be addressed, or were they likely to be characterised as unreasonable and self serving?
- Was the primary purpose of engagement seen to be to listen and discuss, or to promote the site’s own interests and points of view?

Table 4 summarises the main differences between these different approaches to engagement.

Table 4: ‘Open’ vs ‘Defensive’ Engagement

Open engagement	Defensive engagement
Focused on identifying mutual opportunities as well as managing risks	Predominantly risk focused
Attuned to community concerns	Suspicious and dismissive of critics
Interested in dialogue	Preoccupied with one-way communication
Tolerant of conflict and disagreement	Conflict avoiding

Site 1 exemplified a predominantly defensive stance to community engagement. Management at this operation was very much focused on risk management and had a clear agenda – to change the plans for mine expansion as little as possible in order to maximise extraction of the resource. The situation was quite adversarial and site level interactions with the community were carefully controlled and managed through specialist community relations personnel. While some of the company interviewees at the site expressed a preference for a more open style of engagement, this was seen as too risky in the current climate. By contrast, site 4 (see above) had managed to maintain a relative open stance, notwithstanding that it had been required to deal with some contentious near-neighbour issues. This site, along with site 2, had also been active in pursuing opportunities with local stakeholders to develop mutually beneficial partnerships (e.g. by taking the initiative to establish a local Landcare group).

Some broader observations about how sites rated on this dimension are as follows:

1. Many – although by no means all – of our industry interviewees characterised engagement as a predominantly one-way process of information exchange, rather than as a process of dialogue. The interactions that we observed between the mining operations and their communities were likewise often a sequence of one-way communications. In some instances this may have been inadvertent, but in other cases it appeared to involve quite a deliberate effort to keep control of a situation.
2. There was a fairly even split between sites that had a narrow risk focus, and those that were more opportunity oriented. Where sites were strongly risk focused this limited the scope for engagement with local stakeholders and, in turn, contributed to a perception amongst community members that companies only got involved with the community when ‘they had to’.

3. At the more defensive sites, complainants and critics were often characterised in terms of being motivated by self-interest (e.g. to obtain financial compensation) or as unreasonable or politically motivated. These assessments may sometimes have been justified, but once critics had been de-legitimated in this way, it became very difficult to engage constructively with them. At the more open sites, there was a greater willingness to see the other point of view and to accept that some conflict and disagreement was 'natural'.

To summarise, there was considerable variation between sites in terms of the extent to which they exhibited the characteristics of defensiveness or openness. Developing a better understanding of the factors which account for these differences will be a significant focus of our study over the coming months. Our preliminary analysis suggests that internal factors, such as the management culture and the quality of site-level leadership, are likely to be more important than external factors, such as the characteristics of the community itself. However, we have some way to go in understanding why supportive cultures take root at some sites, but not others.

COMMUNITIES AND THEIR EXPERIENCE AND EXPECTATIONS OF MINING COMPANIES

The communities in the study varied substantially in terms of their size, composition, cohesion, political make-up, economic base, degree of economic dependency on the mine/plant, and their historical relationship to the operation. There were, however, some recurring themes, which can be briefly summarised as follows.

First, most community members who we spoke to judged the social performance of sites not simply by reference to their community programs, or the personal qualities of their community relations staff, but by how the operations conducted themselves as neighbours, how they treated their workforce and how the employees themselves behaved. This meant, for example, that the impact of a community program could easily be undermined by a poorly handled dispute with a neighbour, or even something apparently as minor as failing to close a gate on a property.

Second, contrary to concerns expressed by some within the minerals industry, most number community members who we spoke to had no desire to become involved in what they considered to be 'the company's business'. For example, when we asked two 'near neighbours' whether they wanted to be involved in the planning decisions for a mine expansion, they replied:

No, it is up to them, we do not want to get involved with it. The cheapest way to build a rock wall and the best place for a tailings dam, that's up to them.

At the same time though, people did expect companies to act responsibly, treat people with respect and take prompt action to deal with any negative impacts resulting from their activities.

Third, community interviewees were often very conscious of being in an unequal power position and indicated that they needed support to engage effectively with large mining companies. Relatedly, those interviewees who were in representative roles (e.g. members of a community consultative committee) often found these roles difficult and were uncertain about what was required of them. This strongly suggests that community capacity building is an aspect that companies may need to explicitly address as part of their community engagement strategy, rather than expecting the community to match them in business skills such as planning, opportunity assessment and so on.

A final observation is that most interviewees were 'matter of fact' about the benefits companies receive from community engagement and community support, expressing neither an overt distrust nor a naïve faith in the company goodwill. By and large, people did not expect companies to act for purely altruistic reasons and recognised that there had to be some kind of business rationale (such as reputational benefits). At the same time, interviewees were justifiably cynical about community

initiatives which they saw as being predominantly PR driven, or undertaken mainly for the benefit of the company itself.

EMPLOYEES AND HOW THEY ASSESS THE SOCIAL PERFORMANCE OF THEIR SITES

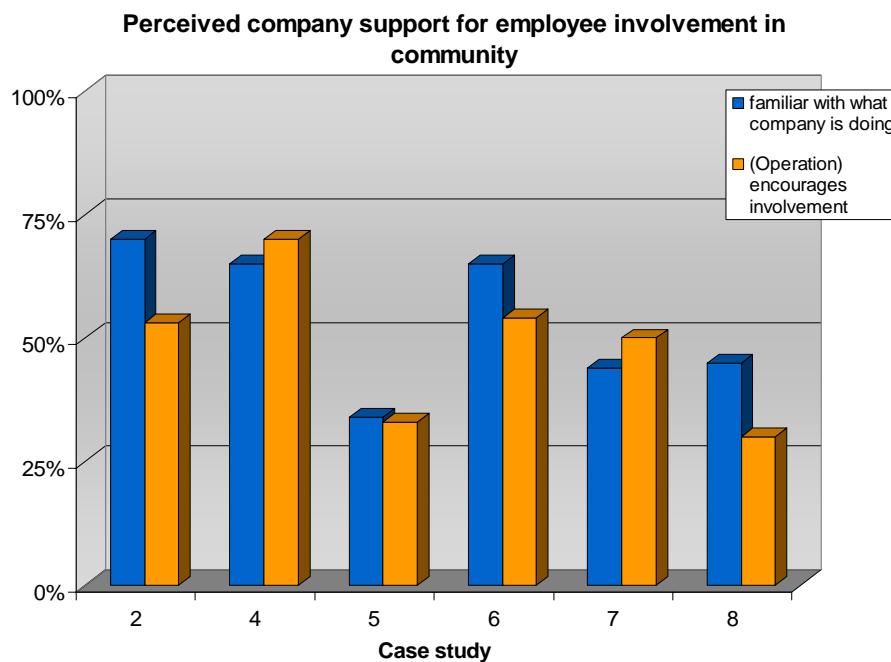
An innovative aspect of the project was the inclusion of a quantitative survey of employees in the case studies. At each site, a questionnaire was distributed to a representative sample of employees who were asked:

- How much they thought they knew about community engagement initiatives on site
- What they thought the company ought to be doing with the community
- How they rated the performance of their operation on community engagement issues
- How they talked about their operation to others
- If they thought their operation encourages them to be involved in community issues

We are in the early stages of analysing these data, but preliminary results from six of the case studies can be reported here. § In interpreting these data it should be noted that agreement or disagreement was measured on a six point response scale. There were three levels of disagreement, and three levels of agreement. In such a situation there is no effective neutral or undecided option: 50% agreement implies that 50% of respondents actively disagree with the item. The number of respondents per sites ranged from to 109 to 282.

As shown by Figure One, employees generally agreed that companies should operate in a socially responsible manner. At all of the sites, most of the employees who completed the survey said that the company should talk to community members about issues that affect them, provide funds for things that the community needs, and include community members in decisions which may affect them. There were no consistent differences between the sites in response to these questions.

Figure One

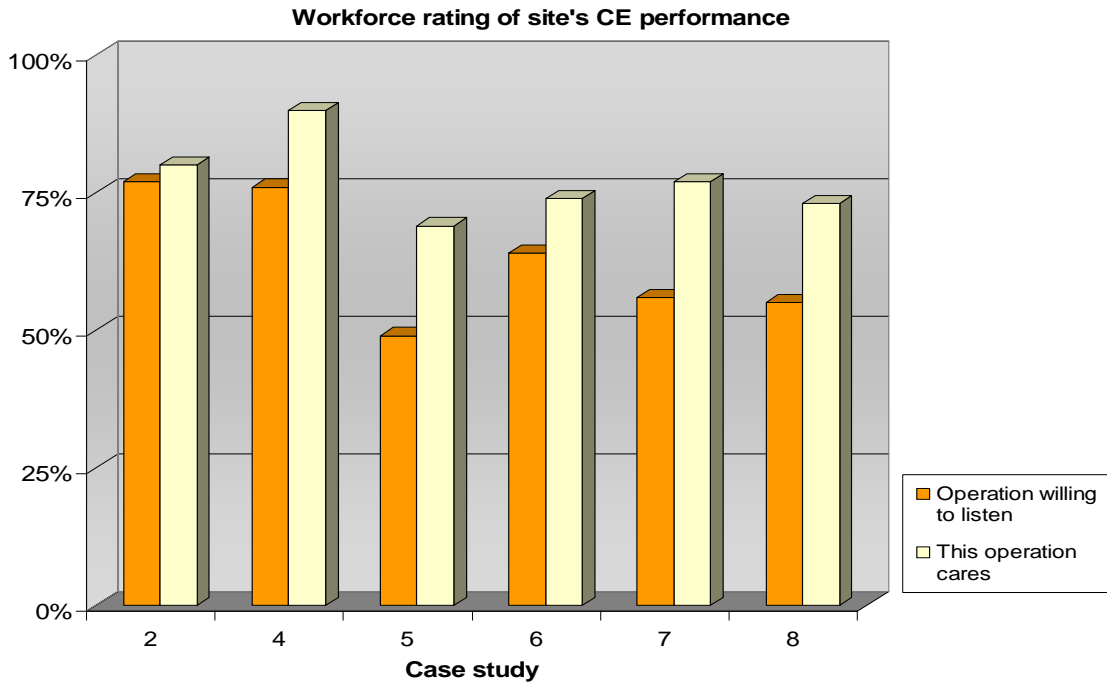


At all six sites, local communities in the region On the other hand, there was considerable variation in how employees assessed the community engagement practices of their sites (see Figure Two). For

§ At one site there were insufficient responses to provide a statistically valid sample. At another site, the scales were changed in the process of the survey being electronically distributed to employees, which has affected the comparability of the results.

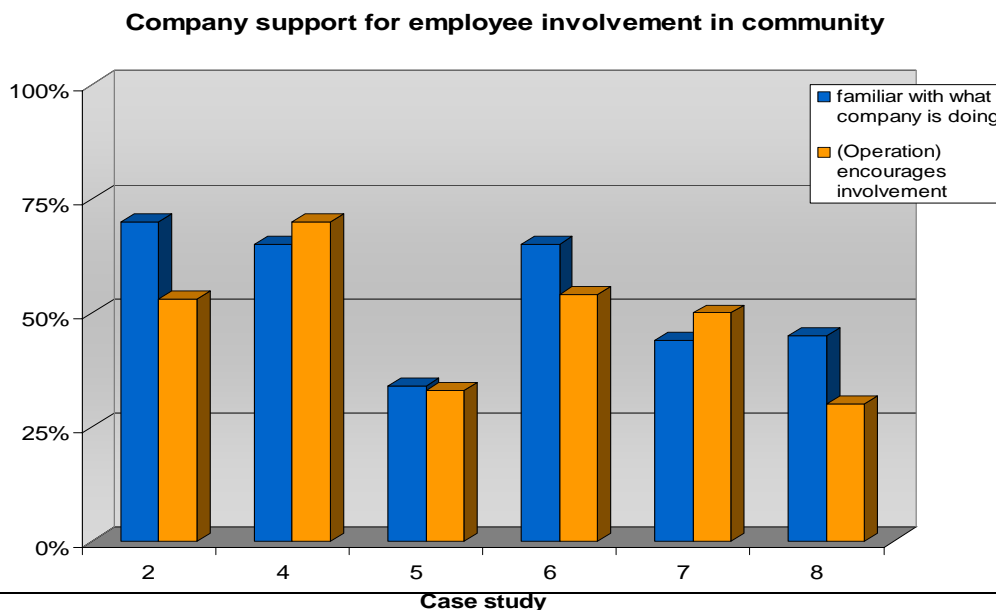
example, at two sites more than three quarters of the respondents agreed that the site was willing to listen to the community, whereas at three other sites only around half of the employees agreed with this statement. This represented a significant gap between what employees at these sites thought their company ought to be doing, and how they rated the company's actual performance.

Figure Two



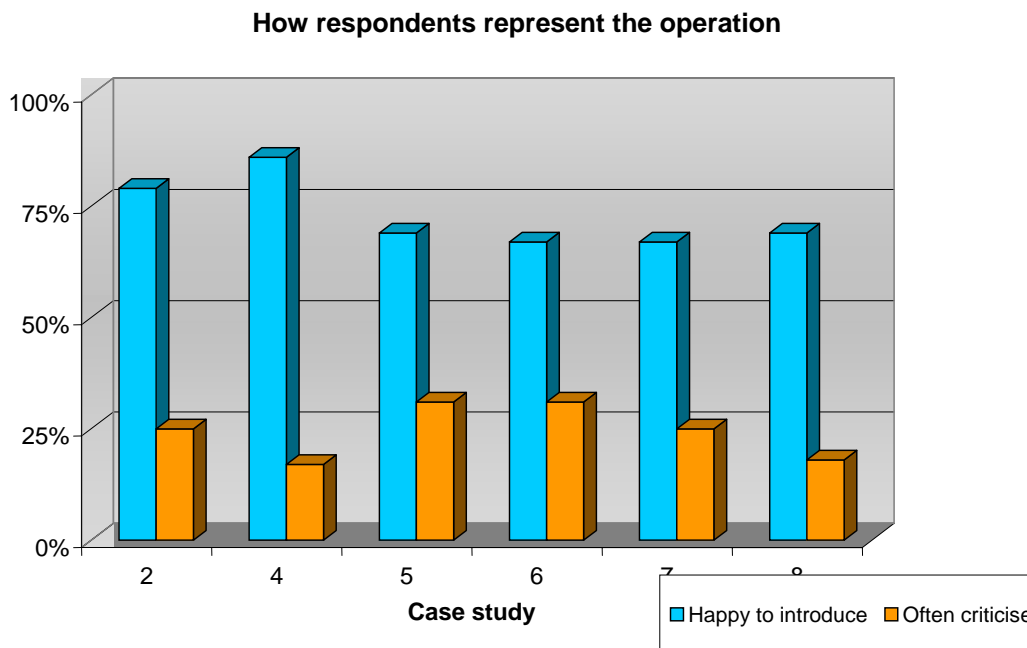
Some sites had also performed considerably better than others in keeping their employees informed about what the company was doing in the community, and in encouraging employees to be involved in the community. At three of the sites about two thirds of respondents indicated they were familiar with company policy and what the company was doing in the local community, whereas at the other three sites the percentage agreeing ranged from 34-52 per cent. Similarly, the percentage of respondents who said that they were encouraged to participate in community activities ranged from 33 to 70 per cent.

Figure Three



There are several reasons for why it is important to ensure that employees are aware of what the site is doing in the community, and providing them with opportunities to be involved,. Employees who live locally are a valuable conduit of information back into – and from - a community, so keeping them informed and on-side can have wider benefits. Providing employees with opportunities to become involved in external activities can also help to promote a stronger identification with the organisation, which in terms can have morale and productivity benefits. This is illustrated by Figure 4, which shows that site 4, which we considered to have the most developed approach to community engagement, had the highest proportion of employees who said that they were happy to introduce themselves as an employee of the company and the lowest proportion who said that they often criticised their work to others.

Figure 4



A final and related point is that, where employees feel part of a site’s community engagement program, they are more likely to act in ways that are protective of the site’s reputation. This is an important consideration, given that irresponsible or inconsiderate behaviour by employees towards members of the community can potentially be very damaging to a company’s standing locally.

CONCLUSION

The research findings emerging from this project have significant practical implications for how community engagement is practised in and by the minerals industry. The key learnings to date can be briefly summarised as follows:

- The sites that engaged most effectively had good management processes in place, had developed and maintained ‘thick’ relations with their communities, had adopted an open stance and were opportunity-oriented rather than just risk-focused. Conversely, sites that did not score well in terms of these criteria were more likely to experience strained and conflictual relations with their communities and to miss opportunities to place these relations on a more constructive footing.
- Communities judged sites across the full range of their activities, rather than just by reference to their community programs. This highlights the importance of managing community engagement as an organisation-wide function and not just as a stand-alone activity.

- Employees saw the value of good community engagement, but did not always feel informed about, or involved in, the engagement activities of where they worked. Sites need to be aware that employees are an important link between the site and its community and should be included in any engagement strategy.

In the next stage of this project we will focus on refining our understanding of the factors which influence how sites engage – both internally and externally – and identifying specific actions that can be taken to improve these practices. These findings will be presented in the main report, which is due for completion in mid-2006.

REFERENCES

B Harvey and D. Brereton (2005) *Emerging Models of Community Engagement in the Australian Minerals Industry*, paper presented at the International Conference on Engaging Communities, 14-17 August 2005, Brisbane.