

COMMUNITY ACTIVISM

INSIGHT

Taking on the miners

Conflict with local communities is now the biggest threat to mining companies around the world and people are not afraid to speak up for their rights, writes **Daniel Franks**

WHEN Glen Beutel began his stand against the New Acland Coal

Mine on the Queensland Darling Downs, not many people would have given him much of a chance. Beutel refused to sell his property to make way for the \$900 million mine expansion and he is now the last man standing in the town of Acland. But while he may be sitting on up to \$2 million in coal, approvals documentation submitted for the project late last week confirmed that his property will now be spared, with coal extraction coming from mining pits surrounding his land.

Acland is one of several cases challenging the received wisdom that the mining industry is all-powerful and local communities are without a voice. Community opposition is now one of the major risks facing the mining industry in Australia, and overseas, evidenced by the fact that the issue of social acceptance of mining has made both Ernst & Young's and Deloitte's top 10 lists of mining risks for a fifth consecutive year.

A series of the global mining industry's marquee projects have faltered at the hands of community opposition, causing significant costs for project owners.

In the highlands of Northern Peru, plans by US-based Newmont Mining Corporation and Peruvian company Buenaventura to open the Minas Conga copper and gold project spurred region-wide protests over water security, which ultimately led in 2011 to the suspension of the project during construction. The



STANDING STRONG: Glen Beutel refused to sell his property to make way for mine expansion in the Darling Downs town of Acland.

suspension put at risk US\$2 billion of capital investors had already sunk into the project.

Delays, projects modifications, increased demands on senior-staff time and the abandonment of projects, have the potential to substantially drive up costs. In research I conducted with Rachel Davis, from the Harvard Kennedy School and human rights organisation, Shift, we found mining projects are particularly vulnerable in the feasibility and construction stages, with delays costing world-class mining investments about US\$20 million per week as a result of conflict.

Environmental issues are the most common issues precipitating conflict but, behind these, socio-economic issues and unmet expectations about consultation and consent play an important role in shaping the broader mine-community relationship.

Growing awareness of the costs of conflict is driving

renewed industry effort to prioritise community relationships.

Bruce Harvey is global practice leader for communities and social performance at Rio Tinto. He argues the practice of community relations has in the past been "patchy" and "ad hoc", but "there is actually a way of doing this work properly."

"Project directors who understand the 'social project' will by and large succeed," says Harvey, "those who don't, will not."

The responsibility of business is central to this debate, but government also has a big role to play. Like companies, the record of government is mixed with some administrations increasing the environmental and social standards that the industry must comply with and others, like Queensland, moving to reduce so called green-tape to hasten approvals

and reduce business costs. While efficiencies can be found in the regulation of mining projects, there is a risk that by reducing the short-term costs associated with environmental regulation, the result will be greater community conflict and higher business costs in the medium to long term.

A nationwide survey of more than 5000 people conducted by the CSIRO confirms the public is sceptical of governments' ability to influence the performance of the mining industry.

Australians were found to be generally supportive of the industry (53 per cent positive, 38 per cent neutral, 9 per cent negative) but 80 per cent of respondents did not have confidence that regulation would ensure mining companies would do the right thing or would hold them to account. In contrast the survey found the Australian public believes that it can defend its

national interests together (44 per cent agree, 28 per cent neutral, 28 per cent disagree) and that communities in the vicinity of mines have the ability to influence policy and make sure the industry does the right thing (44 per cent agree, 32 per cent neutral, 24 per cent disagree).

"The Australian public is concerned about the quality of government oversight of the mining industry," says Dr Kieren Moffat, one of the survey's authors, "but it does have faith in the capacity of communities to directly influence industry performance."

Moffat also believes social acceptance and governance are related. "What we found particularly interesting is that the acceptance of mining is highest among those citizens who feel the governance arrangements in Australia are strong and who feel a strong sense that the Australian public can hold the industry to account."

The opportunity exists for both the mining industry and governments to put in place policies that ensure mining is undertaken responsibly. While communities can have a big influence on the success, or otherwise, of mining projects, it shouldn't be up to people like Glen Beutel to be the last one standing for the rights of communities.

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Australia

2012

Ambre Energy, Felton, Queensland: 'Friends of Felton' win campaign to block coal mining over potential impacts on agriculture.

2012

Vasse Coal, Margaret River, Western Australia: Viticulturalists stand firm against proposed coal project, leading to a region wide ban.

2011

Marathon Resources, Mt Gee, South Australia: Green groups and Adnyamathanha Elders win campaign to ban uranium mining at Arkaroola.

2010

Bickham Coal Project, Hunter Valley, New South Wales: Residents and thoroughbred industry unite to stop coal mine proposal over dust and groundwater concerns.

International

2013

Lanjigarh bauxite project, Odisha, India: Dongria Kondh indigenous people win campaign to stop proposed mining project putting at jeopardy billions of dollars of investment in existing refineries.

2013

Pascua Lama copper project, Chile: A decade of protests over water and glaciers has beset the \$8.5 billion project. Fines for environmental breaches contributed to the decision by the company to shelve the project during construction.

2011

Minas Congas copper and gold project, Peru: Construction suspended following region-wide protests over water security, risking US\$2 billion of capital expenditure.

2006

Esquel gold project, Argentina: Facing public opposition to the use of cyanide, the owners were forced to write down US\$379 million in assets and forgo US\$1.33 billion in reserves.

