



sacome

**Code of
Practice for
Community &
Stakeholder
Engagement**

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Inclusive. Transparent & accountable. Clear & informed. Accessible & timely. Meaningful.

> STATEMENT OF PURPOSE

Engaging communities and stakeholders in decisions about resources industry projects is good business.

Effective community and stakeholder engagement:

- is part of a company's commitment to assisting communities to better understand, prepare for and support activities that may affect them ('social licence to operate')
- promotes informed, well understood, accepted and sustainable decisions (within both parties)
- builds trust and positive relationships with and between stakeholder groups and the wider community
- supports the regulator in performing its role in the approvals process.

Key principles:

- *Inclusive*
- *Transparent and accountable*
- *Clear and informed*
- *Accessible and timely*
- *Meaningful*

Image courtesy of John Nitschke Drilling

Inclusive. Transparent & accountable. Clear & informed. Accessible & timely. Meaningful.

> INTRODUCTION & SCOPE

The South Australian Resources Industry recognises and is responding to an expectation from community, industry regulators and industry leaders that the wider community and stakeholders should be fully informed of activities that may affect them and involved to a level that informs decision making and is appropriate for varying projects.

The South Australian Resources Industry is taking a lead in meeting these expectations through a planned, but flexible approach to stakeholder and community engagement.

Depending on the nature and stage of a project, companies will apply various methods and strategies to involve stakeholders at an appropriate level and time, to assist decision making related to the project and to manage associated risks to a project that may emerge from conflicting interests and aspirations. Engagement methods and approaches are unique to circumstance and will range from

providing up to date, accurate and objective information, to consulting, collaborating and in some cases, empowering local communities through inclusion and provision of various means of support.

The code of practice is a means through which resources industry companies may choose to record and demonstrate their commitment to effective community and stakeholder engagement.



The code is available to all sectors of the SA Resources Industry including minerals, oil and gas, extractive industries, renewables companies, exploration companies and contractors (e.g. drillers and riggers).

The code can be applied effectively across the project sequence in each of the industry sectors including exploration, detailed exploration, project development and production, closure and site rehabilitation.

The code offers resources industry companies a set of guidelines that may assist them in:

- establishing meaningful relationships with their communities and stakeholders that may inform decision making related to their activities and creating a more accessible and sustainable operating environment
- gaining local knowledge and understanding about a range of issues and aspirations (personal and business) that could be important to a proposal or project
- reducing concern, doubt or confusion in the community that may otherwise exist in relation to a proposal or project, through open dialogue
- demonstrating, fostering and consolidating a level of community understanding and support sometimes known as the “social licence to operate”, and
- meeting regulatory expectations.

The wider community is the entity from which stakeholders are drawn. Stakeholders are individuals or groups with an interest (economic, social, cultural or environmental) in a proposal or a project. Stakeholders may be directly or indirectly affected by the proposal or project.



The Contents of the Code of Practice

The code has four key components:

A Statement of Commitment to Purpose and Foundation Principles

The Statement of Commitment to Purpose and Foundation Principles is a simple, straight forward and clear statement of purpose and foundation principles for effective community and stakeholder engagement.

Guidelines for implementation, performance measurement and regulation

The guidelines for implementation provide a ‘best practice’ model for companies to demonstrate their commitment to the foundation principles.

A list of supporting documents and resources

The Supporting Documents and resources include definitions, descriptions and case studies to provide signatories with a better understanding of the options and alternatives they may consider to demonstrate their commitment to the Purpose and Foundation Principles.

A Community and Stakeholder Engagement Toolkit

The Toolkit comprises a bank of template materials and other useful resources that code signatories can freely access and use at their discretion.

The ‘Social Licence to Operate’

Both the industry as a whole and individual project proponents need to demonstrate, foster and consolidate an appropriate level of community understanding and support in order to obtain what is sometimes known as the “social licence to operate”. The “social licence to operate” has the potential to be long-term and may change over time. Positive and enduring relationships can be forged between proponents, communities and stakeholders through effective engagement. Failure to obtain the “social licence to operate” may increase project proponents’ vulnerability to adverse business risks, which may include delays in project approvals, expensive or onerous conditions or, in some cases, the rejection of a proposal by regulators.

An absence of effective community and stakeholder engagement may lead to the need for additional resources to be expended by the company as it responds to community complaints and concerns.

The regulatory process is likely to proceed more smoothly and expeditiously should effective stakeholder and community engagement, as far as practical, address stakeholder concerns prior to applying for the required approvals.

> FOUNDATION PRINCIPLES

Inclusive

The engagement process identifies, reaches out to and includes participants who clearly represent all stakeholder groups from community (including Aboriginal and Torres Strait Islanders), government and industry.

Transparent and accountable

The engagement process is transparent and it is clear who is responsible and accountable for its implementation and management of any outcomes.

Clear and informed

The engagement process provides timely, balanced and objective information and promotes shared understanding between and within stakeholder groups. Issues on which stakeholder groups are to be engaged are clearly scoped and the factors that may or may not be influenced by their input are clear. In addition to outlining the key economic and social impacts that a proposal may bring to community and stakeholder groups, a framework for ensuring that the benefits of such a proposal are realised should be clearly articulated.

Accessible and timely

The engagement process is accessible to stakeholder groups. Time to deliberate is provided and an appropriate tone is created to encourage deliberation and the development of informed opinion.

Meaningful

The engagement process and outcomes are considered by regulatory and industry decision-makers and can influence decisions made. The engagement process provides feedback to stakeholder groups on how their input influenced the decision(s) and outcomes.

Within these Foundation Principles, the consultation should be:

Stakeholder-focussed

The activities of a resources company (exploration or production) are just one aspect in a network of relationships and activities that exist within a community. Accordingly, consultation should encourage respondents to view the proposal from a variety of community perspectives, rather than an individual perspective. This requires an understanding of community demographics, the socio-economic climate, cultural heritage and the aspirations of an affected community (individuals, businesses, local government), which can assist respondents in addressing any impacts and other concerns.

Interactive

Qualitative (or open-ended) questions will provide greater insights, build relationships, facilitate co-learning and provide a better quality of discussion than simple yes/no questions.

Efficient

Appropriate targeting of participants and tailoring the method of consultation to a particular group, acknowledging that the time and resources of community members and stakeholders are also valuable.

Valid

If feedback is not acted upon, it is important to justify why it was not incorporated into the final proposal.

Facilitative

It is important that the facilitator is seen to be as objective as possible and if matters are potentially confrontational, it is important that the facilitator is experienced in conflict management/resolution.

Flexible

Tailoring or combining methods to best consult with each stakeholder group will minimise the risk of excluding those who are difficult to involve (i.e. non-English speakers, indigenous and/or remote populations, those from lower socio-economic backgrounds etc.).

Effective

The proposal and its implications must be clearly understood by all stakeholders. It is expected that all parties will make a genuine effort and engage in good faith. While agreement may not be reached on all issues, points of difference will at least be clearly understood.

Identifying relevant stakeholders

Stakeholders are individuals or groups with an interest in a proposal or a project. Stakeholders may be directly or indirectly affected by the proposal or project.

A formal, structured stakeholder identification process should be established and implemented before engagement is to take place. Multi-disciplinary research approaches (e.g. anthropology, sociology, economics, and demography) are particularly useful in a comprehensive stakeholder identification process and assist in detailing relationships within a community, the drivers of social change and other potential risks or opportunities associated with a proposal. Where practical, if a person or organisation considers/identifies themselves to be a stakeholder, they should also be formally included in the engagement process.



Stakeholders in resources industry proposals and projects in South Australia generally include (but are not limited to):

- owners, occupiers and users of adjacent and nearby land to the proposal (this may include the relevant government department for Crown land)
- Aboriginal groups
- users of surface and ground water
- local communities (e.g. rural towns) and business owners within communities
- the relevant Natural Resource Management (NRM) Board
- Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE)
- local state and federal politicians
- the media
- State government departments other than DMITRE (for example, Department of Premier and Cabinet, Environment Protection Authority, Department of Environment and Natural Resources, Department for Water, Department of Planning, Transport, and Infrastructure, Aboriginal Lands Councils)
- Local government, i.e. Councils or Outback Areas Community Development Trust if outside council areas
- utility and easement operators in the vicinity (telecommunication, electricity, gas, water)
- people or groups with a specific interest in the site or area, for example non-government organisations (NGO's) and other local environmental groups, history/heritage, business or other interest groups
- potential contractors and suppliers of services or equipment
- the investment community (e.g. shareholders or potential investors)

> IMPLEMENTATION

In implementing this code of practice, signatory companies must be able to demonstrate their commitment to the Statement of Purpose and the Foundation Principles.

The code is performance based with the capacity to recognise uniqueness in the proposal or project, the characteristics of the community and the preferred approach of the company.

Under the code, signatory companies will develop a plan for their community and stakeholder engagement, incorporating mechanisms for measuring and reporting performance against the core principles of the code. A company's preferred methodology for measuring and reporting may vary with circumstance but should reflect the foundation principles and follow the guidelines set forth throughout this booklet.

A stakeholder and community engagement plan will include (but will not be limited to) documenting:

- appropriate methods and strategies to identify and engage effectively with stakeholders and the wider community, including baseline assessments of the communities in which operations will impact upon (demography, cultural heritage, localised issues, key industry etc.)
- methods and approaches aimed at identifying and considering issues of significance for stakeholders and the wider community and identifying areas where information or action (or inaction) is required
- measures that may be supported by the community and the regulator, providing a fair insight into the performance of the company's stakeholder and community engagement process
- an indicative timeline for the consultation process, recognising the potential for flexibility, based on the nature or stage of the proposal or project



Strategies for successful local community engagement

There are many and varied engagement strategies that may be adopted to deliver the Plan. Sources include various Minerals Council of Australia publications, Community Engagement Group Australia (CEGA) and International Association for Public Participation (IAP2), among others.



Image courtesy of Bryan Charlton

Some examples of different strategies include (but are not limited to):

- | | |
|--|---|
| <ul style="list-style-type: none">• Informal or formal one-on-one discussions• Public displays• Public meetings• Forums• Targeted briefings• Visitor centre• Hotline/dedicated staff contact• Direct mail and newsletters | <ul style="list-style-type: none">• Media releases/paid advertisements/inserts• Community Consultative Committees• Facilitated engagement by a third party• Websites and social media outlets (e.g. Facebook, Twitter, Google+)• Workshops• Focus groups• Open days and site visits |
|--|---|

Records of complaints may give an indication of the issues that are of concern for ongoing operations.

For larger operations, ongoing consultation may be achieved by having a formal Community Consultative Committee in place to address concerns from neighbours and to facilitate information sharing.

The importance of the local community

The local community has the closest physical, social, economic and cultural ties to the area of a resources industry proposal and is likely to include significant stakeholders. For this reason, a particular focus should be placed on the local community when developing your Stakeholder and Community Engagement Plan.

Resources industry projects are likely to result in widely differing perceptions, expectations and reactions among the local community. The local community may believe that they are to bear the burden of any impacts of the proposal, while the economic benefits (such as royalties) associated with a project’s operations may not be seen as directly benefiting them. On the other hand, the local community may have unrealistic expectations of potential economic benefits, especially in the early phases of exploration which come with a high level of uncertainty.

The benefits of adequately addressing local community issues may include:

Gaining local knowledge

Consultation may reveal information on a range of localised issues (eg traffic, weather events, and amenity values) that are important to the proposal and otherwise may not be obvious.

Identifying win-win outcomes

Local input may identify win - win outcomes that lower the costs of a project and at the same time increase social and/or environmental outcomes.

Relationship building

Building a positive relationship early in the project life can enhance the public reputation of a company, address feelings of distrust from community members and stakeholders,

Local input may identify win-win outcomes that lower the costs of a project...

manage/reduce historical misconceptions about mining, provide a sustainable operating environment, help attract and retain the best employees, facilitate development of other mining proposals by the same company elsewhere in the state and facilitate a future project change or expansion.



Make the formal approval process easier

Consultation can manage and lessen concern, doubt or confusion that the community may feel about a resources industry proposal. If the community feels powerless and marginalised about a proposal, legacies of community distrust and/or discontent may emerge and some community members may speculate about a “worst case scenario”. This often leads to organised opposition to proposals and politicisation of the approvals process. ‘Public outrage’ is a term often used to describe this phenomena.

> PERFORMANCE, MEASUREMENT AND REGULATION

Performance measures should be identified and included in the Stakeholder and Community Engagement Plan. Standards for this performance can be agreed with the community and/or the Regulator to raise levels of certainty. Examples of evidence that the standard has been reached can be also be agreed.

The Regulator’s (Department for Manufacturing, Innovation, Trade, Resources and Energy) main role is to ensure that the regulations prescribed in Mining Act 1971 and Petroleum & Geothermal Energy Act 2000 are complied

with, but also to ensure that mineral resources are developed in a way that balances the economic, social and environmental effects (either a Program for Environmental Protection and Rehabilitation (PEPR*) for mining, or a Statement of Environmental Objectives (SEO) for Petroleum and Geothermal Energy).

Agreed third party performance review processes can be negotiated with the Regulator and other stakeholders or signatory companies may choose to design their own performance measurement models.



Image courtesy of GHD

The role of Community and Stakeholder engagement in PEPRs and SEOs

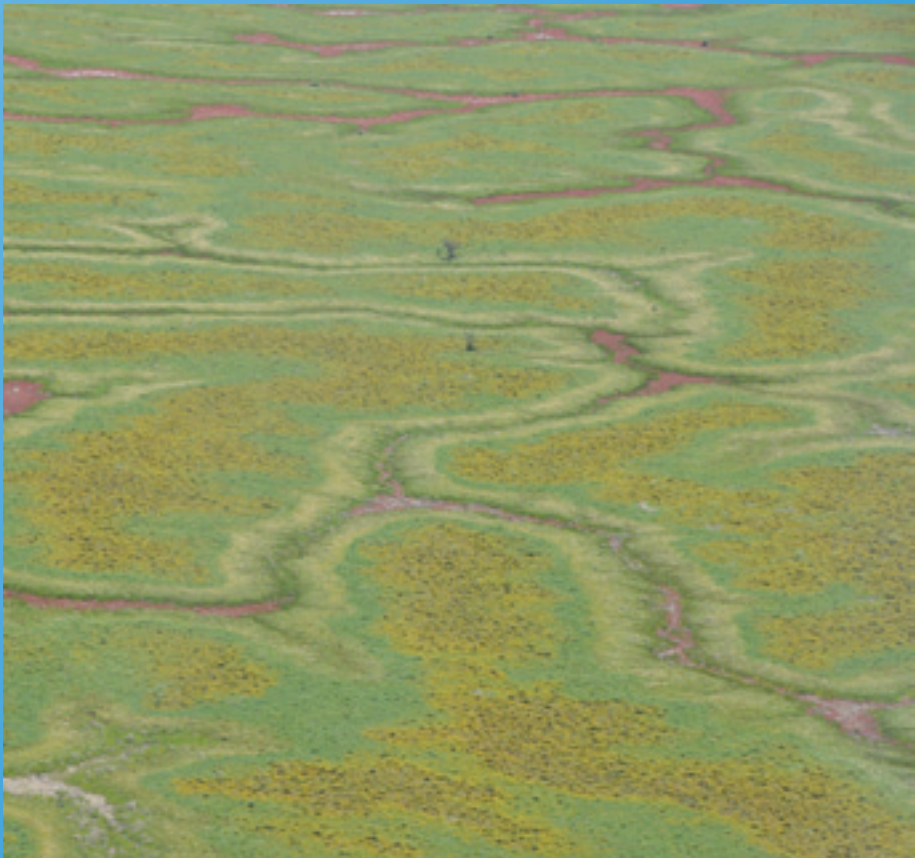
When preparing a PEPR or SEO, stakeholder consultation by the proponent prior to submission to DMITRE is a key aspect of the development of the documentation.

This section should summarise the results of any consultation that has been undertaken on the proposal for a new project, exploration site, or existing operation. The summary should list:

- the individual (or, if not practical, the groups of stakeholders)
- type of stakeholder (resident, council, government agency etc.)
- the concerns/issues raised
- the response to those concerns
- an overall assessment of community views and attitudes

If appropriate, this information may be summarised in a table.

For existing operations, stakeholder concerns may be summarised by reviewing complaints received about the operation since the last review of the PEPR/SEO, or issues arising from ongoing community consultative committee meetings (if relevant) or ongoing one-on-one meetings with neighbours.



Providing feedback on engagement

An important aspect of successful engagement is providing feedback to stakeholders and the community.

A process should be developed to provide considered feedback to all stakeholders on

all issues raised. Issues raised in any forum should be summarised and responses clearly documented.

Where a stakeholder has proposed solutions to an issue they have raised, it should be clearly stated that the company:

- accepts the solution offered by the stakeholder
- rejects the solution offered by the stakeholder, but proposes another solution (providing reasoning) that it believes would be effective

- rejects the solution being proposed by the stakeholder as being impractical, given the level of risk involved. This will require an explanation as to why the risks are considered acceptable without implementing the solutions proposed by the stakeholder or
- defers a decision on the appropriate control of the issue until further information (baseline studies) or further design work has been carried out. This may also include where the company believes that the issue is not real.



Image courtesy of Bryan Charlton

> SUPPORTING MATERIALS & REVIEW

A toolkit to support the Code of Practice for Community and Stakeholder Engagement is available for code signatories.

The code will be reviewed regularly by the SACOME 'South Australian Resources Industry Code of Practice for Community and Stakeholder Engagement' Review Committee. Community representative bodies and other interested parties will be invited to become 'supporters of the code' and participate in reviews.

Examples of good practice will be incorporated into future revisions of the Code of Practice by the Review Committee and opportunities will be found for code signatories to promote their good practice and point(s) of difference.

Benchmarking documents and resources in community and stakeholder engagement.

A number of benchmarking documents and resources assist in identifying a standard for stakeholder and community engagement that communities may expect of resources companies.

The following state, national and international documents have been used to benchmark good practice community engagement principles and have been adopted in the SA Resources Industry Code of Practice for Stakeholder and Community Engagement:

- Enduring Value, the Australian Minerals Industry Framework for Sustainable Development, Guidance for Implementation, Minerals Council of Australia (MCA) 2004;
- Enduring Value, Statement, MCA June 2005;
- 10 Principles for Sustainable Development (in Enduring Value MCA), International Council of Mining and Metals (ICMM) 2003;
- Community Engagement and Development Leading Practice Sustainable Development Program for the Mining Industry, Commonwealth Government DIET 2006;
- Principles for Engagement with Communities and Stakeholders, Ministerial Council on Mineral and Petroleum Resources (MCMPPR) 2005;
- International Association For Public Participation (IAP2), Core Values;
- Beyond Public Meetings: Connecting Community Engagement with Decision Making, Twyford V et. al. 2006;
- Principles of Engagement, Mining and Minerals Sustainable Development (MMSD) Project, International Institute for Environment and Development (IIED) 2002;
- Stakeholder Engagement Manual Volume 2: The Practitioners Handbook on Stakeholder Engagement UNEP;
- Mineral Resources Development Regulations, (State Government of Victoria) 2002;
- Victorian Government Resource Centre (www.egov.vic.gov.au);
- Community Engagement Handbook: A Model Framework for Leading Practice in Local Government in SA, Local Government Association of South Australia, 2008 (www.lga.sa.gov.au);
- E3 Plus: A Framework for Responsible Exploration (Prospectors and Developers Association of Canada) 2011;
- Engaging on the Ground: Site-level Community Engagement Practices in the Australian Minerals Industry, (Beach et. al.) 2005;
- Emerging Models of Community Engagement in the Australian Minerals Industry; A Paper Presented at the UN Conference on Engaging Communities in Brisbane, Australia (Harvey et. al., 2005);
- Understanding and Measuring Stakeholder Engagement: A Managerial Perspective (Black, 2005)
- Socioeconomic Benefits and Impacts: An Assessment and Planning Toolkit (The Minerals Council of Australia, 2010);
- Draft Community Engagement Guidelines for Mining in Victoria, DPI State Government of Victoria 2007;
- Establishing Environmental Values and Water Quality Objectives, SA EPA Guidelines, 2007;
- Local Government Act 1999 (SA);
- Local Government (General Regulations) 1999 (SA);
- Mining Act 1971 (SA);
- Mining Regulations 2011 (SA);
- Petroleum and Geothermal Energy Act 2000 (SA);
- Petroleum and Geothermal Energy Regulations 2000 (SA);
- Electricity Act 1996 (SA);
- Electricity (General) Regulations 1997 (SA)

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Thanks also to the Department for Manufacturing, Innovation, Trade, Resources

and Energy (DMITRE) and the resources industry representatives who participated in the drafting.

PEPR's were formerly referred to as either an exploration work approval – EWA, a Mining

and Rehabilitation Program (MARP) or declaration of environmental factors – DEF. Any existing EWA, MARPs or DEF arrangements are carried over as PEPRs until the cut-off point in 2014.



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