



Mining industry must adapt to new mind-set surrounding indigenous engagement

TORONTO(miningweekly.com) – The Canadian and global mining industry must recognise new forms of engagement with indigenous peoples or risk disruption, protest and possible failure, an audience at PwC’s recent Mega Mining Minds seminar was told.

“There’s a new form of engagement and a new form of partnership,” former Ontario premier Bob Rae said. “It’s not the end of mining; it’s not the end of the ability to develop; and it’s not the end to business – it’s the beginning of a new era and a new type of opportunity.”

Rae specialised in first nations, aboriginal and governance issues and was a veteran politician and a senior partner at law firm Olthuis Kleer Townshend.

PAST TO PRESENT

In the past, it was considered acceptable for mining companies to simply reach agreements with governments – local, regional or national – and treat indigenous communities as a secondary concern. This had led to anger, protests and legal action.

There was still a divide between companies that understood that partnerships with indigenous communities created value and derisked projects and those that failed to appreciate this. “Some companies are more progressive than others. Unfortunately, some are stuck in the 1970s,” Orvana Minerals and Royal Gold director Gordon Bogden said.

Bogden, who also worked with Alloy Corp until September – where he helped develop a

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strategy for negotiations with aboriginal communities around the Avanti Kitsault molybdenum project, in British Columbia – noted that this form of failed engagement remained a serious concern, with an estimated \$20-billion-worth of projects around the world stalled because of poor government and community relations.

Engagement not only derisked these problems, but created value and lasting partnerships. Stakeholders now included first nations and indigenous communities but also government bodies, nongovernmental organisations, think tanks, academia, companies and industry bodies. Working together, new collaborative frameworks have been formed.

“It’s not about stopping development – it’s about increasing the degree of engagement and ensuring that when development takes place it includes the people that actually live on the land,” Rae said.

Legislation underpinning indigenous rights continued to grow at national and international levels. An important component was the United Nations (UN) declaration on the rights of indigenous peoples, increasingly seen as a core standard by governments around the world.

As an example, Rae cited decisions by the government of Alberta and the government of Canada to publically recognise the UN’s measures as guiding principles for their own policies. “I suspect other governments will have to follow suit,” he added.

KEY CONCERNS

Aboriginal communities had become far more sophisticated in delineating their long-term objectives and their expectations regarding extractive development. There was also a larger demographic of better-educated youngsters attending universities and entering the industry.

Tied with this, indigenous peoples also understood the industry’s cyclical nature and the role mining could play as a force for wealth creation.

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Through engagement, indigenous people wanted an integral say in negotiations, planning and operations. Employment benefits needed to be discussed and engagement had to remain constant through all phases of project and mine life. Environmental issues and a lasting, post-mining legacy were also essential.

The absence of engagement or a tangible stake in a project or operation made opposition and protest far more likely. However, many in the industry mistakenly assumed this opposition was often a protest against mining as a whole.

“It’s not correct to suggest indigenous communities are, by their very nature, opposed to development. I think that’s just a myth,” Rae said. “But it doesn’t mean people are not going to have questions about development and it doesn’t mean that getting to yes will be easy.”

The opportunities stemming from engagement are immense; for example, it has created a working template for those seeking to enter Canada’s far north, which was increasingly open and accessible for mine operations.

“The possibilities are huge and the benefits enormous, but you have to be engaged. If you aren’t, then you’ll get conflict,” Rae cautioned.

GETTING IT RIGHT

Numerous components made engagement work, including the correct use of language. For example, having a cooperation and benefit agreement rather than an impact benefit agreement in place, Bogden noted.

It was essential that companies appreciate and deal with those aspects a community identified as most important with respect to extractive development. Often, this related to issues surrounding the environment, including the protection of waterways and the water table.

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“Talking about commercial issues was quite straightforward,” Bogden noted, citing his recent experience of negotiations in British Columbia. “But days were spent talking about the environment.”

Juniors had a particularly important role as they were often the first contact between the industry and aboriginal communities. However, there was often an inherent tension created by the nature of the sector – junior and sometimes midtier miners aimed to define a resource to then sell on as soon as possible.

But communities desire long-term relationships that can take years to cement and can last across generations. Because of this, they also want a say on who potentially acquires a property.

Juniors have realised the importance of this. Getting engagement right also made their projects more attractive from a sales perspective as seniors were far more willing to acquire properties with excellent community relations over those that were considered problematic.

“[Juniors and intermediates are] a tremendous force, pushing that level of engagement and getting management teams engaged in this type of thinking,” Bogden said.

Personal relationships between chiefs and CEOs were also essential. That meant CEOs being approachable and willing to meet people face-to-face. “[Community leaders] are not going to be satisfied if you send your number four out to represent the company,” Rae said. “They’ll respond: ‘Where’s your boss? I’m a chief, where’s your chief?’”

Any CEO willing to head to New York or London to meet potential investors or travel to China to build business links, should be equally willing to meet with indigenous communities, he added

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