Findings on Social Acceptance in a Comparative Study of Mining Approval Processes

SOCIAL ACCEPTANCE OF THE MINING AND METALS INDUSTRY – 26 OCTOBER 2016
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Contents

- Background
- Our study
- Balancing interests
- How to mediate
- To reach social acceptance
Background

- A global industry.
- Producers compete internationally
- Prices are set on the world market.

Regulations and environmental assessments when prospecting and mining

The following presentation is based on the report Tillstånd och miljöprövning för att öppna gruvor.

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This presentation should not be taken as a summary of the report as it expands the discussion into areas that are not covered in the report.
Content of study

- Published 2016
- Commissioned as a part of a larger review of the Swedish mining industry’s place in the global mining industry
- A review of the mining and environmental laws regulating prospecting and mining in six countries/regions
- Countries/regions chosen mainly because they are competitors to Swedish mining goods exports
- The countries/regions all have a well developed mining industry

Countries/regions
- Sweden
- Finland
- Poland
- Western Australia
- Minas Gerais
- Ontario

To download report tillväxtanalys - tillstånd och miljösprövning för att öppna gruvor

Balancing the interests

On the one hand mines give:
- Metals - necessary for our society
- Work opportunities
- Incomes

On the other hand there is:
- The Environment
- Consumption critique
What are the interests

- From a study by Karin Beland Lindahl
  - Unit of Political Science
  - Luleå University of Technology

- It is difficult to balance interests when they are fundamentally different.

- Those on the fringe rarely changes their mind just change their arguments.

Social Acceptance

How to achieve social acceptance for mines
- that is, if the society decides that it wants them

- a need for metals to build a modern society
- a need for metals to sustain a modern society
- where should the metals be sourced
- where should the mines be located
- societal stocks
How to mediate

- Mineral strategies
- Legal framework
- Stricter environmental codes
- Independent institutions
- The perception of excess profits in comparison to taxes paid - taxes, royalties etc.
- Corporate Social Responsibility

Mineral strategies

- More important with a mineral strategy
- revised more regularly
- assuring:
  - competitiveness
  - increased environmental protection
  - social acceptance
- with a goal to strike a balance between often conflicting interests
Legal framework

The legal framework that regulates mining is similar in the six countries studied.

- There is always a mining act that regulates the granting of permits for prospecting for minerals and mining activities
- One or more environmental or planning laws that regulate or restricts the granting of environmental permits for industry in general, i.e. not limited to the mining industry.

Legal framework – revisions

- Laws and regulations, revised more frequently;
- Many countries implement minor amendments annually.
- At the time of our study revisions were being made in four of the six countries
Environmental laws

- A separate administrative or judicial hearing is held for issuing permits
- Environmental issues are receiving higher priority
- Earlier in the process,
  - Prospecting permits
  - Mining permits

An environmental problem

If mining is strictly an issue of the environment we should just enforce stricter environmental regulations - right?

Or are we just pricing the most environmental efficient mines out of the market?
Shifting the environmental burden to those areas where the laws and regulations are less strict?
Since the environment is valued differently across the globe.
Ministerial interference

In the six countries studied

We do not find evidence of executive or ministerial interference in the process of granting permits. We do however observe a trend where issues related to mining law and environmental law are becoming increasingly politicised. Permits are granted after extensive discussions and political debate rather than solely on the basis of administrative hearings.

Excess profits

- Are they true
- During the last 10 years mining companies often had very good profit margins
- But what about the 30 years prior to that
- this is also a question of who owns the metals
CSR – a definition

“Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”

“CSR is about how companies manage the business processes to produce an overall positive impact on society”

“Actions that appear to further some social good, beyond the interests of the firm and that which is required by law.”

CSR - & mining

- But why should companies need to perform more than the laws regulate?
- In a democratic state the laws are in themselves a democratic tool to make people and companies do the “right thing” according to the priorities of the people.
- However, currently, many mining companies are forced to engage in CSR because doing the “right thing” is not enough to gain social acceptance.
- Democratic problem in making companies pay for schools etc
What has this meant for the mining industry

- Mining laws are developed to better take into account indigenous peoples’ rights
- What is considered a stakeholder has widened
- Long appeal processes are common
- Many mining and junior companies state that the permission process is sometimes unpredictable as there is a lack of properly educated staff in the governmental institutions that can understand both the need for mines and the need for the best possible environment
- Based on the study, the countries’ laws and regulations, problems and potentials are fairly similar.
- However, this is based on only developed countries, how does this compare to developing countries?
- It is a fact that depending on the quality of life, people and states make different priorities when it comes to the economy, the environment, mines, and for that matter, other industries.

To reach social acceptance

- The legal framework, mineral policies, and other regulations need to be continuously updated
- Some of the economic gains might need to trickle back to the region of the mine
- Information early in the project and then continuously throughout the project
- Processes for appeals of decisions
- There needs to be clear guidance as to conflict solution
Sustainability

The Garpenberg mine
Start of operations 1200
Still going strong
new investments by Boliden
world class cash costs

Thank you

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LKAB – Kiruna mine
Photo: Anton Löf