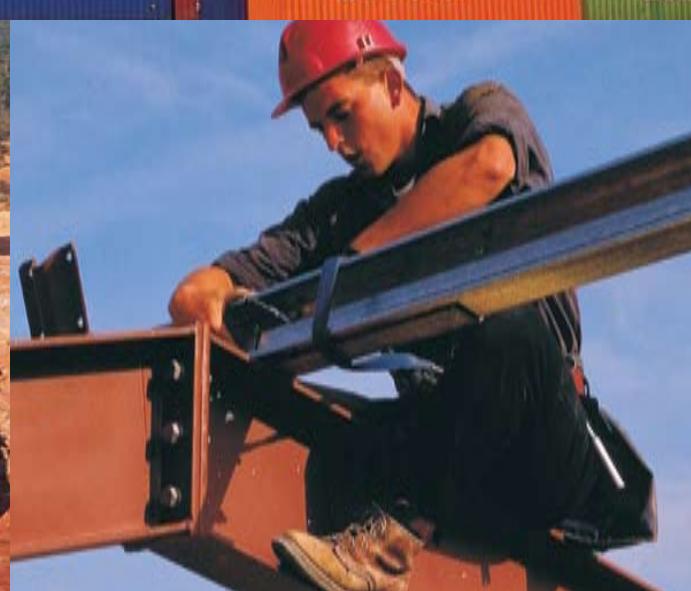




a guide for industry  
and communities

partnering with  
communities for  
sustainable development



Are you planning a new development or practice that impacts natural or cultural resources?

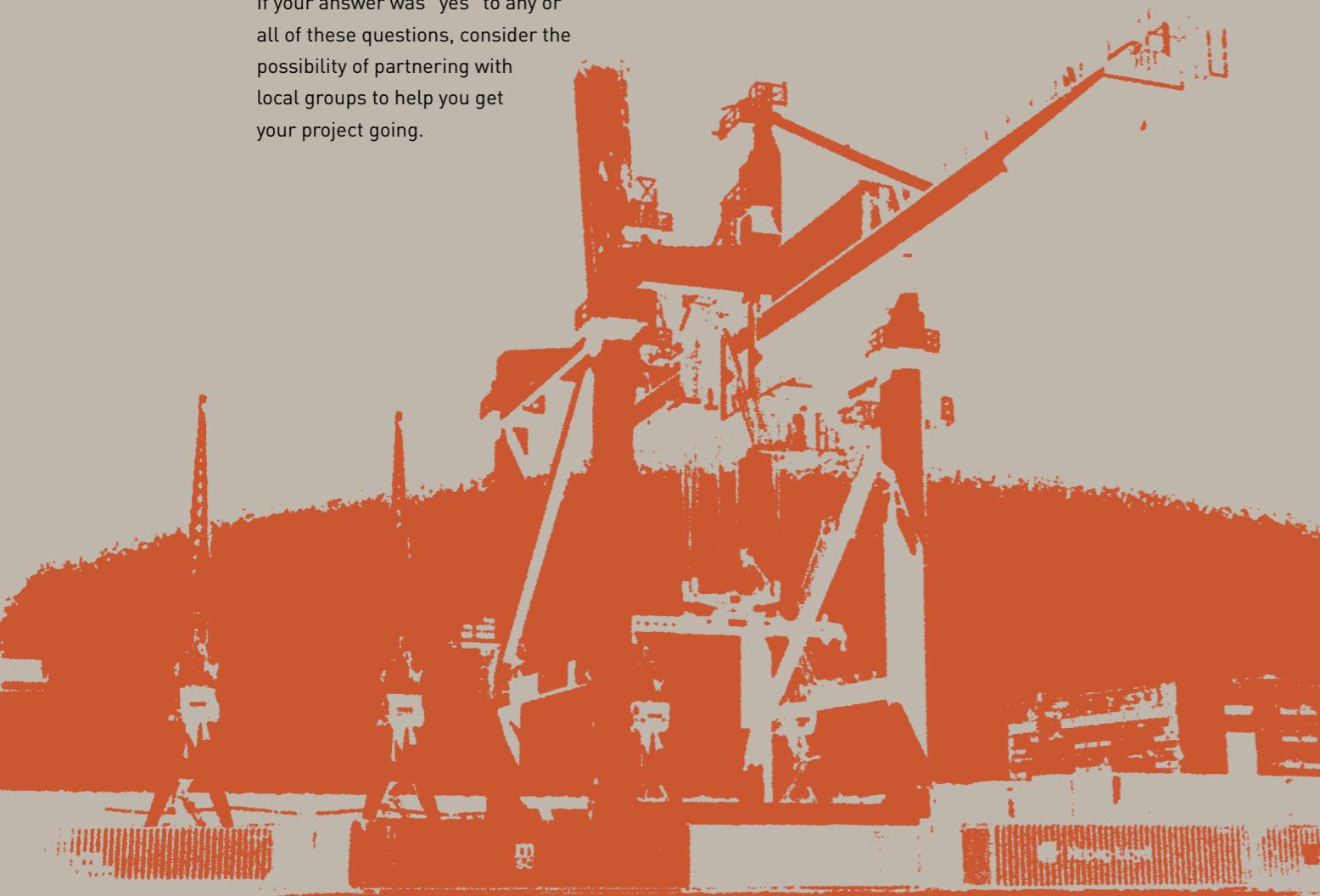
Do you anticipate opposition from the local community?

Do you have a reasonable long-term relationship with the local community?

Do you want to maintain this relationship?

Would you save money by commencing your project earlier?

If your answer was "yes" to any or all of these questions, consider the possibility of partnering with local groups to help you get your project going.



This guide presents an innovative, pragmatic approach to developing effective and on-going relationships with local communities while avoiding conflict and costly delays to your project.

The three principles underlying the success of the partnership approach are:

1. sharing power in decision-making, but limited to the project
2. co-authoring of development proposals by industry and the community
3. long-term project monitoring to ensure compliance with the proposed development

Based on its success overseas, researchers from the Cooperative Research Centre for Coastal Zone, Estuary and Waterway Management investigated this approach for its usefulness in Australia. They found it to be applicable to industries that regularly need to consult with communities or groups directly affected by proposed developments or practices.

## Why do we need a new approach?

### Why sustainable development needs a new approach

National and international companies are under increasing pressure to achieve sustainable development in local areas of operation. This requires that they balance their economic objectives with the needs of their local communities and the environment. And managing these needs can mean the outcome of a project is uncertain in the early stages of consultation and negotiation.

Effective and on-going relationships with local communities are essential for avoiding conflict throughout the development. Companies are now adopting more flexible approaches and structures for developing effective relationships at the local level.

## Why industry-community relationships need a new approach

Companies are a part of our communities and play an important part in keeping them healthy. As the relative power of federal and state agencies declines and the power of corporations grows, the quality of life for people in many rural and regional communities in Australia increasingly depends on the activities of these large-scale national and multi-national corporations.

And while they may benefit from industry investment, local communities perceive many threats to their environment and cultural life. A company—or any group—that tries to push through decisions while ignoring the needs of the local community increases the risk of protracted conflict.

Conflicts between industrial and resource developers and local communities are one of the most significant impediments to large scale developments, and often occur through misunderstanding or a lack of true negotiation.



Many companies recognise that resistance by local groups to their development plans is extremely costly. They are willing to invest time and money establishing contact and working with locals during the early stages of the development. By embracing their corporate responsibility to the community and going 'beyond compliance', they do not need to focus on regulatory systems as much as they once did.

Effective, on-going relationships with local groups and agencies help companies resolve conflicts early, and respond to social and environmental problems as they emerge. These relationships create trust that can help with implementing future developments and practices.

Communities benefit too, as local people have real power to influence company actions on issues that directly affect their community.

## Research findings

Research has found that:

- conflicts between companies and communities, which arise in the early stages of development, re-emerge during later stages of the project if they are not resolved
- differences between the company and the community also emerge after investment decisions have been made or approval has been granted by state and federal regulatory authorities
- companies may have started major operational work before these differences or conflicts become apparent, leading to additional costs and delays to the project
- companies can avoid conflicts and respond effectively to social and environmental concerns as they emerge by developing effective and on-going relationships with local community groups
- strategic and long-term relationships between companies and local communities are possible
- companies must be willing to share with the local community some of the power in decision making about the project

## What are the benefits of this approach?

This booklet provides guidelines for managing community and industry relations to meet the needs of both the company and the local community. The approach requires an initial outlay of resources but is highly beneficial in the long term, saving time and money in the development proposal, the implementation stage and in long-term project monitoring.

This partnership approach has the potential to create long-term trust-based partnerships between communities and local groups affected by a company's developments or practices. It allows projects to progress faster and eliminates costs that would otherwise be incurred through ignoring or misunderstanding the needs of the community.

While the partnership approach may appear radical, the long term benefits have been found to far outweigh the risk and uncertainty.

The approach is not just a tool for conflict management. By allowing companies to work directly with the communities that are affected by the development, it helps companies deal with issues before they become major conflicts.



## A case study from Switzerland

The International Holcim Group of Companies is one of the world's leading suppliers of cement, aggregates, concrete and construction services. One of its companies, Bunder Cement Ltd (BCU), had a problem—it was running out of limestone. The solution seemed obvious as there were substantial limestone deposits in the area. The company needed to construct a new quarry, including access roads to transport the limestone to the plant.

When BCU presented this plan in local community forums, it was clear that local people were concerned and would object to any expansion of the existing quarry. Conscious of community concerns and the impacts this would have upon the company, BCU managers took a new approach and got the community and other stakeholders involved in solving the problem of limestone access from the outset.

Local communities were allocated some power in making decisions about the development. BCU became more aware of community needs and values, and built a good relationship with groups directly affected by the development. This allowed them to resolve problems early so that they did not escalate into serious protracted conflicts.

The result was surprising, even to BCU and the Holcim Group. Together with community representatives, BCU agreed to build a tunnel through a mountain to transport the limestone underground. Not only was this solution acceptable to the community, it also proved to be a more efficient and cost-effective solution for BCU.

The tunnel was operational six years earlier than the extended quarry would have been. And, while there was an additional upfront investment in community engagement and an alternative technology, the company estimates that it saved US\$40 million by adopting the power-sharing approach.

## Is this approach for you?

### The six essential ingredients

#### 1. Active communities and local groups

Active communities and local groups directly affected by the development or practice are essential to the partnership approach. They have a defined membership who can provide perspectives that are otherwise unavailable to companies or consultants. Company planning can fail by overlooking social, cultural or environmental risks, or by measuring them inadequately. Active communities are acutely aware of these risks.

#### 2. A non-hostile long-term relationship with active communities

The partnership approach does not resolve existing conflicts. It helps to avoid potential conflicts before they become major impediments to meeting a company's or community's needs. The partnership approach requires that communities and the company have a level of trust that can be built upon.

#### 3. A mechanism for choosing people who are representative of those affected by the development

Members of the public should be elected to the Coordination and Commission teams by their peers or through formal democratic election processes. Committee agendas, decisions and actions must be open and available for public scrutiny.

#### 4. Active community commitment to the process

People are more likely to participate in a process that recognises the value of their contribution. Asking the public to be involved in the earliest stages of a project proposal can appear time consuming and expensive. But by allocating some power in decision-making to local groups, the company encourages those groups to commit to a joint planning and management process. And there are long-term benefits to gaining the commitment of active communities directly affected by the development.

#### 5. 'Negotiables'

If local groups and the company are to negotiate in this process, there must be areas that are negotiable. Are there alternative technologies, practices or development sites? If any party is unable to negotiate, the partnership approach will break down.

#### 6. Company executive support

The partnership approach must be driven by the more powerful player, that is, the company. Community groups can initiate the process, but companies must commit to it if it is to work effectively. And it works best when the CEO or senior executives are directly involved. Local groups are more likely to feel that the company is taking their views seriously if senior executives represent the company throughout the process.



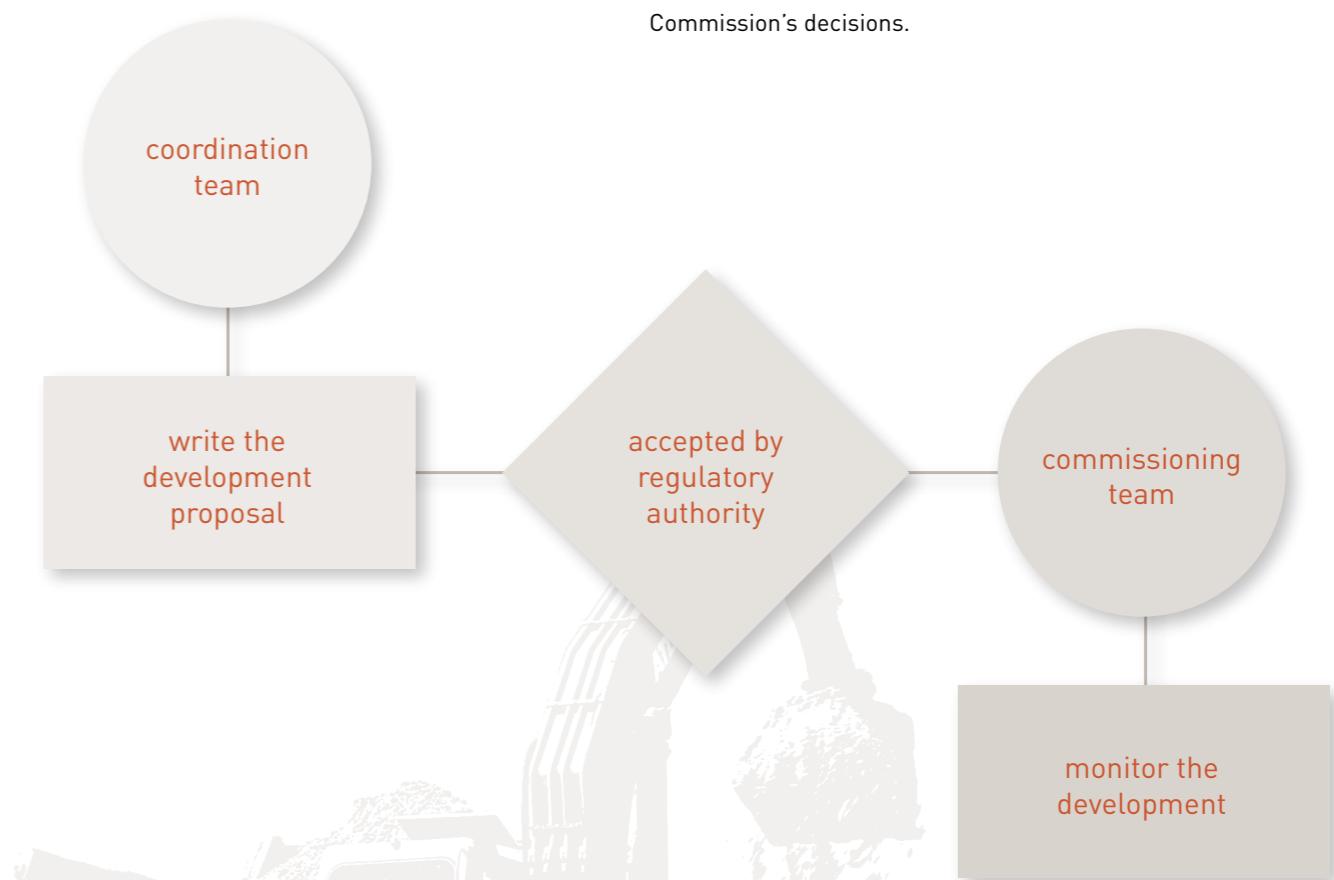
## How does it work?

The partnership approach requires that two teams are formed—the Coordination Team and the Project Commission.

The Coordination Team writes the development proposal, identifying the environmental, social, cultural and economic risks associated with the development. Once the proposal has been submitted to the appropriate government agencies, the Coordination Team disbands.

When regulatory or government development agencies accept the proposal, the Project Commission is formed. Monitoring the development project's compliance with the project proposal as prepared by the Coordination Team, the Project Commission is active for the life of the project.

Members of the respective teams meet regularly (at least once a month) and meetings are driven by the agenda. Any team member can call a meeting to discuss an issue that is important to them. Each team member has a vote on any decisions. Each member, including the company, must abide by the Project Commission's decisions.



## What does the Coordination Team do?

The Coordination Team is responsible for drawing up a constitution to govern the working of the Coordination Team itself, developing a community communication/engagement plan and writing the development proposal.

The team examines all the technical, social (including community values), economic and environmental information available for the development or practice.

Each team member votes on decisions that guide the development and practices of the company.

Members who represent local communities are responsible for feeding information back to their respective local groups.

### 1. Drawing up the constitution

The Coordination Team draws up a constitution describing the roles and responsibilities of the team, including voting procedures and members' voting rights.

The constitution states that all members:

- have the right to vote
- have the right to call meetings
- agree to abide by the vote of the team
- will pursue all other avenues of negotiation to avoid a 'hung jury' (causing the process to collapse)

### 2. Developing the community engagement/communication plan

The Coordination Team develops a plan that describes:

- the communities to be consulted and informed of the development
- a schedule of regular events and processes for engaging the community
- methods for gathering feedback from the local community throughout the proposal development process
- mechanisms for providing communities and the media with the minutes of Coordination Team meetings
- the roles and responsibilities of Coordination Team members in engaging and communicating with the community
- opportunities for the community to raise concerns with the Coordination Team

### 3. Creating the development proposal

A co-authored development proposal caters for both community and company concerns. Because it is co-authored, all economic, community and environmental requirements should be addressed, reducing the need for resubmissions.

In creating the development proposal, the Coordination Team examines:

- the social and environmental risks and projections
- the technical data
- the financial data
- the overall dimensions of the project, including evaluating the technology options

If the team cannot reach a consensus on the proposal, members need to identify and negotiate alternatives. To identify these alternatives, the local community, through its representatives on the team, explores technically and economically feasible changes to the development proposal.

## Who are the members of the Coordination Team?

As a guide, the Coordination Team is comprised as follows:

### Community

Four representatives from a broad cross-section of local communities affected by the development. The company supports these representatives financially for their time.

### Interest Groups

Four members from local interest groups and providing a broad representation beyond project-specific single-issue groups. Groups with a wide range of community members from various social strata, with a philosophy of 'serving the community before self' could be instrumental in a successful outcome.

### Local councils

Three publicly elected councillors, to be re-elected or replaced in the process of the local government election cycle. The Coordination Team is responsible for selecting local councillors.

### Regulatory agencies

Four representatives from regulatory agencies, functioning as referees rather than regulators, as the process moves significantly beyond compliance and thereby outside regulatory authority. By including representatives of the major regulatory bodies, the team can discuss and correct deviations from regulatory requirements long before they develop into serious problems.

### Development company

No more than two senior executives representing each of the development companies.



## What does the Project Commission do?

The Project Commission is responsible for monitoring the progress of the development project and enforcing the guidelines developed in the project proposal. The company and contractors report regularly to the Project Commission and address the concerns of members. This ensures that the company is complying with what was agreed in the proposal.

The Project Commission develops an official constitution in which it describes terms of reference, obligations and duties. Depending on the requirements of the project, the responsibilities and duties may change, but, in general, the Project Commission will:

1. monitor, supervise and control the implementation of the proposal developed by the Coordination Team, and ensure compliance with state and local regulation
2. appoint one or more independent scientists to advise the Project Commission throughout the project
3. conduct a physical inspection of the development at least twice a year
4. check that the accepted development proposal has been completed within regulatory guidelines before approving the next phase
5. develop appropriate measures and contingency plans to be implemented in the event of the failure or premature closure of the development
6. modify the development approach in response to changing circumstances or new more advanced insights, as long as the adjustments are ecologically sensible and technically and economically possible
7. present official reports at a public meeting to the local community at least once a year



## Who are the members of the Project Commission?

As a guide, the Project Commission is comprised as follows:

The local community	4 members
Interest groups	4 members
Local councillors	3 members
Regulatory bodies	4 members
An external scientist	1 member
The Developer	1 member from each company
Project management experts	2 advisory members
Community experts	2 advisory members

While members of the Coordination Team can become members of the Project Commission, they must be elected by the groups that they represent. This may result in new members joining the Project Commission.

The Chair and Secretary are drawn from the members and appointed by the Project Commission by mutual agreement. There are no special voting arrangements for the Chair and the Secretary.

For more information about the partnership approach to sustainable development, please contact:

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