Proceedings of the 2nd OECD Meeting on Mining Regions

Darwin Australia, November 2018
Summary

The 2nd OECD Meeting of Mining Regions and Cities took place from the 20th to the 22nd of November in Darwin, Australia. The meeting brought together representatives from mining regions and cities as well as national policy makers, private sector representatives and academics that work on the nexus of regional development and mining. It was attended by 155 people from across 11 countries and allowed for knowledge-exchange and discussion around three main themes:

1. Productivity, jobs and economic diversification.
2. Sub-national governance, funding and financial issues.
3. Innovative private sector-community partnerships.

A special focus was given to exploring innovative partnerships between Indigenous communities and the mining and energy industries. Topics covered included the competitiveness and growth of cities, rural service delivery and infrastructure, economic transition, benefit sharing with local communities, and the impacts of technological change on local economies.

The meeting also allowed to identify the substantive areas of focus for the Mining Regions and Cities Initiative and strengthened and expanded the network of mining regions and cities as a platform for knowledge-sharing, peer review, and action. The event concluded with the communication of the “call for action” and the announcement of the next event in Skelleftea, Sweden in June 2019. This call for action is designed to set the parameters for future work by us on this topic and a symbol of commitment from stakeholders to work together on better regional development policies in a mining and resources context.

The event was followed by an optional site visit to Nhulunbuy in East Arnhem Land on 23 and 24 November 2018. This site visit focused on the success of transitioning Nhulunbuy’s regional economy from a single, mining-focussed economy to the establishment of broader interests alongside mining, including tourism and agriculture. It also showcased the successful, collaborative relationships between the region’s Traditional Owners, the mining industry and government.

The event was made possible through the support of the Northern Territory Government, Rio Tinto, Glencore, ConocoPhillips, South32, Airnorth, Developing East Arnhem, Kirkland Lake Gold, and Ernst and Young.
OPENING SESSION - Mining and Regional Development in an Australian and South-East Asian Context

Luke Bowen, General Manager Northern Development and Trade introduced the session and welcomed participants.

Bilawara Lee an Elder from the local Larrakia Nation provided the welcome to country, which recognises the Larrakia people’s association with their land and their place as First Australians.

The Chief Minister of the Northern Territory, the Honourable Michael Gunner MLA welcomed participants and outlined how the Northern Territory is the strategic, geopolitical and economic front door for Australia to the world and Darwin its capital. The Chief Minister outlined the opportunities that developing Northern Australia could deliver including equipping and empowering First Australians, who make up 30 per cent of the Territory’s population and own more than 50 per cent of its land.

The Chief Minister spoke of the great partnerships being fostered and led by the resources sector including the Gulkula Mining Company in Nhulunbuy, the work of the Mirarr Traditional Owners rejuvenating the township of Jabiru and repurposing it from a uranium-mining town into a tourist town; and the work of the Anindilyakwa People with GEMCO’s manganese operation to invest in a range of local projects.

These projects are based on partnerships with the resources that empower local communities. The Chief Minister reinforced that it is incumbent on government and industry to work collaboratively to build and maintain public acceptance through implementation of world’s best practice. The Chief Minister outlined the work currently underway to continue to build a world class gas industry in the Northern Territory, and to grow population and the skills base to support future economic opportunities.
Enrique Garcilazo, Head of Regional and Rural Development Unit at the Organisation for Economic Co-operation and Development outlined how the OECD is aiming to build a global collaboration for regions and cities with a specialisation in mining and resources. This included:

- Introducing the OECD work on regional and rural development, which over the last 20 years has built a body of evidence about how regions contribute to national growth and competitiveness, and the importance of place-based approaches to maximising regional growth potential.

- Presenting evidence which shows that regions with a specialisation in mining and resources have unique growth characteristics and dynamics, and face a complex set of economic, social and environmental challenges, which can vary between different regions due to their history, access to markets, endowments, and for cyclical reasons.

- That the OECD will provide a platform for knowledge-sharing and learning, benchmarking and peer review, and guidance to develop better policies for mining regions and cities.

Nigel Browne, Chief Executive Officer, Larrakia Development Corporation Member, and Indigenous Reference Group, Northern Australia Advisory Council spoke about the importance of Indigenous peoples to the development of Northern Australia. The Indigenous Reference Group of the Ministerial Forum on Northern Development has developed an implementation plan, which has been endorsed by Ministers. More inclusive growth can be achieved by taking action to help traditional owners understand the economic potential of their land, sustained investment in social infrastructure (housing, health and education), and adapting and coordinating government programs to the realities of different parts of Northern Australia. Taking this action will help realise the potential of Indigenous peoples and Northern Australia.
Luke Bowen gave a presentation outlining the importance of Northern Australia to the domestic economy and Australia’s engagement with Asia. Northern Australia is strategically located and does the “heavy lifting” in terms of rising demand for minerals, metals and energy resources. Key points included:

- Australia’s prosperity is dependent on our capacity to trade.
- China is Australia’s dominant trade partner and their dominance is continuing to grow.
- 57% of Australia’s sea exports are from Northern Australia.
- Northern Australia’s resources, particularly iron ore, dominate Australia export mix.
- Mining exports value per 1,000 person in Australia is $5.10; for Northern Australia it is $60.00.

A facilitated panel discussion was then convened with Dr. Van Long Hoang, Deputy General Director, Vietnam Ministry of Natural Resources and Environment, Linda Murry, General Manager Gove Operations, Rio Tinto, John Bowler Chair, Australian Mining Cities Alliance, and Enrique Garcilazo.

The panel included discussion about the impacts of technological change in mining on local communities. Participants noted that autonomation will continue to change the nature of work (e.g. data management and data scientists, technicians and maintenance), and the location of employment. This will require proactive approaches in mining regions to education and training, and looking at opportunities to leverage automation to create local businesses in the services sector. The panel also discussed how to strengthen partnerships between Indigenous peoples and the mining industry. This includes driving cultural change in the industry, flexibility in the formation of partnerships, investing in community assets (e.g. infrastructure, skills, and entrepreneurship), and reducing regulatory burdens so Indigenous peoples can own and operate mines.
THEME 1: Productivity, jobs and economic diversification

Competitiveness and Growth of Cities in a Resources Context

Facilitator: Mr Adam Fennessy, Partner EY, Advisory, Government and the Public Sector

Cities are important for regions that specialise in mining and resources because they can act as magnets for talent and investment, and increase the scope for value-adding and diversification - particularly in terms of services to mining and resource operations. These benefits are not generated automatically, and initiatives to address this challenge include:

- Developing an urban development vision that includes linkages with the mining and resources sector;
- Supporting SME growth and development in mining services;
- Facilitating investment in urban amenities and addressing diseconomies associated with mining and resources (e.g. pollution, dust, noise);
- Proactively address overcrowding issues related to housing affordability and choice issues and the quality and capacity of public services; and,
- Developing urban-rural linkages, and linkages between cities to build economies of scale.
Presentations:

- *The growth of Darwin through the lens of the Ichthys LNG Project* – Joint presentation by Michael Tennant (Northern Territory Government) and Sean Kildare (Inpex)
- *Mining innovation and diversification - City of Greater Sudbury* - Ian Wood, City of Greater Sudbury, Canada
- *Competitiveness and quality of life in Antofagasta*, Fernando Cortez, Antofagasta’s Industrial Association, Chile
- *A Collective Impact Approach to Mining Community Development: the case of Port Hedland*, Simon Corrigan, BHP and Angela Rooney, Port Hedland Collective

Main themes from the presentations and discussion:

- Urban development strategies need to be community-led and based on a partnership model. This means finding new ways to operate and working toward a single vision for a community or region, and avoiding overlapping plans and agendas. Working closely with, and building the capacity of local government is very important in this context.

- Collaborative partnerships can provide the basis for investments that meet the needs of local communities and mining and resource companies, which can include investing in education and training facilities to build the capability of the local workforce, and in local roads and airport infrastructure. Co-investment from state and national governments is also critical in improving local amenities and public goods. “Every situation is different and locals know best – it is important to build and empower local capacity to deliver local development outcomes in a mining context” Ian Wood – City of Greater Sudbury

- Improvements in local infrastructure and services can help create an environment where cities are more likely to retain and attract talent. Investment in urban amenities also needs to be accompanied by strategies to support entrepreneurship and diverse employment opportunities.

- Successful economic diversification often builds upon existing strengths and capabilities. Regions that have mining and resource extraction should take a strategic approach to incrementally move
up the value chain into higher value-added activities. Local partnerships – between firms, government, and universities – are important in terms of setting a vision and pooling resources to support innovation and entrepreneurship.

“Collective Impact is a commitment of a group of actors from different sectors committing to a common agenda for problem solving social issues using a form of collaboration.” - Angela Rooney, Port Hedland Collective

Economic diversification and transition in rural and remote areas

Facilitator: Mr Chris McDonald, Policy Analyst, OECD

Mining and resource extraction is usually concentrated in particular low density or rural regions. Rural economies are more vulnerable to changes in external markets than metropolitan areas. Mining and resource rich regions are even more exposed to these vulnerabilities, and can run at different cycles than national economy. Addressing these challenges and improving regional economic resilience can be achieved by:

- Supporting local economic development strategies to identify niche areas of absolute and competitive advantage
• Facilitating the availability of small scale grants and credit to SMEs and start-ups coupled with capacity building and technical advice (e.g. provision of information to firms about external market trends and opportunities)
• Investing in digital technologies to improve access to services and markets
• Implementing proactive support (training, employment pathways, entrepreneurship) for workers affected by mining closure and transition
• Active labour market policies and local entrepreneurship population groups that face barriers to economic participation (e.g. Indigenous peoples).

Presentations:
• The Jabiru Transition, Sandra Schmidt, Department of the Chief Minister Northern Territory, Australia
• Mining and Regional Development – the Case of Lapland, Mika Riipi, Lapland, Finland
• The Australian Experience – Trends, Challenges and Opportunities - Jack Archer, Regional Australia Institute
• Transition in the Pilbara – Terry Hill, Pilbara Development Commission
• Puna, Argentina: sustainability at centre stage - Juan Biset, University of Buenos Aries
• Regional economic development, policies and programs in Queensland Paul Holden, Department of State Development, Manufacturing, Infrastructure and Planning

Main themes from the presentations and discussion:

• Rural communities need collaborative governance arrangements that can leverage local mining and resources operations into improved well-being for citizens. This means supporting partnerships that help identify and measure local social, environmental, cultural and economic assets, and translate that into an agreed plan of action for the community.

“Regional development is critical to achieving a positive legacy for generations to come. For the Pilbara this means creating sustainable economic development by capturing the value of the resources sector, creating diversity in the economy” - Terry Hill, Pilbara Development Commission
• Diversification does not mean being “all things to all people” and should not be an end in itself. Rural communities should look at how to utilise existing assets and capabilities to create new business and employment opportunities. Key measures can include building local awareness about market and technological trends, and clusters that building linkages between sectors and educational institutions.

• In a transition and closure context, it is important that a proactive approach is taken to redeploying existing assets to generate new economic and community development opportunities. Communities should be closely engaged in the transition strategy with sufficient time and resources to invest in new opportunities.

• Rural communities with a specialisation in mining and resources have important assets that can be re-deployed. They usually have high quality transport and energy infrastructure, technical skills related to mining operations, and skills and experiences in dealing with temporary visitors and workers. These assets can be transitioned to new areas such as transport and logistics, tourism and renewable energy.

“Following some of the more recent economic challenges, i.e. closing of a number of older and larger operations and lower commodity prices, our Department has taken a proactive, place-based approach to strengthen the economic base of Queensland’s north-west Minerals Province.” Paul Holden, Department of State Development, Manufacturing, Infrastructure and Planning
Mika Rippi, Governor of Lapland, Finland, speaking about implementing Smart Specialisation in Lapland and the importance of global collaboration between mining and regions
Welcome Drinks by the Chief Minister
Aboriginal dance performance by One Mob Different Country
THEME 2: Governance, funding and financing issues

Delivering Infrastructure and Services for Rural and Remote Communities

Facilitator: Enrique Garcilazo, Head - Regional and Rural Development Unit, OECD

Rural and remote areas that have mining and resource operations can have very different characteristics to the average region. Low density economies tend to have strong reliance on the primary sector (agriculture, forestry, fisheries and mining), are very sensitive to transport costs, and in some countries Indigenous ownership of land. Mining and energy operations can have a transformative effect on rural and remote economies and provide opportunities to invest in transport, communications and energy infrastructure for remote communities. Government has an important role in creating the conditions for better infrastructure and services in remote areas by:

- Ensuring fiscal transfers to subnational governments that account for the **cost of delivering services in remote locations**
- Providing **support for local government** infrastructure planning and asset management
- Using **different appraisal models** for urban and rural infrastructure projects (e.g. multi-criteria assessment, economic impact analysis alongside BCA)
- **Leveraging private sector investment** to deliver public goods
- **Removing barriers** to the use of existing public and private infrastructure for broadband access
- **Investing in digital technologies** to improve access to public services (e.g. telemedicine)

Presentations:

- **Remote infrastructure investment in the Northern Territory**, Jamie Chalker, Department of Housing and Community Development, Northern Territory, Australia
- **Delivering infrastructure to enable opportunity**, Michael Consolo, Government Business Relations, Telstra, Kathleen Robinson, Department of Corporate and Information Services Northern Territory, Australia
- **Infrastructure and local services: the case of Hamilton, Victoria**, John Martin La Trobe University, Australia
- **Working with rural communities in Vietnam**, Van Long Hoang, General Department of Geology and Minerals Vietnam, Ministry of Natural Resources and Environment
Main themes from the presentations and discussion:

- Public investment in local infrastructure and housing plays a critical role in supporting community well-being in rural and remote areas. This investment can deliver additional benefits if communities are engaged in the design and implementation of these initiatives, and procurement rules and practices are changed to facilitate local job creation.

- The delivery of public infrastructure and services is not a sufficient condition for improving community well-being. It should also be accompanied by actions that improve land use planning frameworks, skills development opportunities and support for entrepreneurship. A good example is accompanying investment in digital infrastructure with initiatives to help people use and take advantage of these technologies.

  “To compete and to be effective in today’s business and social environment we need IT infrastructure built for tomorrow” Michael Consolo, Government Business Relations, Telstra

- Local municipalities also need to have the capacity to undertake long-term infrastructure planning, investment and maintenance, and engage local communities in this decision-making. Mechanisms are also needed to coordinate decision-making and investment between different levels of government that are responsible for social and economic infrastructure. Too often these capacities and linkages are missing and this leads to sub-optimal infrastructure and service outcomes for rural remote communities.
“To achieve sustainable outcomes for rural communities, economic benefits obtained from the mining industry should be spent on career training and educational programs as well as on improvement of infrastructure and accessibility” Van Long Hoang, General Department of Geology and Minerals Vietnam, Ministry of Natural Resources and Environment

Investing Resources Revenues for Long-Term Regional Development

Facilitator: Jim Rogers Department of the Chief Minister, Northern Territory Australia

Across many OECD and non-member countries producing regions receive resource revenues, which is based on the principle of compensating them for the depletion of non-renewable resources. This increases expenditure capacity of sub-national governments and can be used to improve the prosperity and quality of life of local communities. Sub-national governments are key actors in public investment (in 2016, they carried out near 57% of public investment across OECD countries), and play a very important role in the provision of economic infrastructure. In order for producing regions to benefit in the long-term from resource revenues a number of elements should be in place:

- Clarity about objectives of the minerals tax system and its impacts upon regional and local economies (e.g. revenue stability and counter cyclical investment)
• **Compensating for fiscal imbalances** created by the royalty system between different regions
• Applying the **principle of subsidiarity** in the allocation of competencies related to investment decision-making
• Better linking **planning and budgeting** and allow for multi-year planning and spending of the royalty transfers
• Building **administrative skills and capabilities** at local level, particularly related to infrastructure (planning, prioritisation, and implementation)
• Creating mechanisms to **incentivise co-operation and trust building** between stakeholders, and different regions and cities

**Presentations:**

- **Transformational development**, Sharon Anderson and Ian Sweeney Central Land Council, Northern Territory, Australia
- **Gumatj: anchoring our future through sustainable investment**, Klaus Helms, Gumatj Aboriginal Corporation
- **Lessons from the ALC experience**, Tony Wurramarrba, and Mark Hewitt, Anindilyakwa Land Council
- **Investing Resource revenues for the longer term**, Simon Kot, City of Karratha
- **Invest in Planning**, Eddie Fry Chair, Indigenous Business Australia

**Main themes from the presentations and discussion:**

- Revenue sharing and benefit sharing arrangements, and Indigenous ownership of mining and resource operations can help Indigenous communities achieve their objectives for development. This is based upon negotiating a balancing between traditional cultural practices, language and values, and opportunities for employment and wealth creation. Experiences demonstrate that community-led models which use resource revenues to invest in people’s capability, better housing and infrastructure, and other business opportunities are more likely to deliver long-term benefit than distributing dividends to individuals.

- Industry can see the benefit of moving away from a transactional/ sponsorship approach to co-investing in partnership with local communities. New forms of collaborative governance are needed at a local level to make this happen between industry and different levels of government. Decisions should be guided by a shared long-term regional development strategy which invests in
enabling factors to create local jobs, business opportunities and a more attractive environment to live and work.

- Government has a responsibility to ensure the delivery of essential infrastructure and services (transport, communications, education and health) in remote areas. There has been a trend of cost shifting onto other parties (Indigenous peoples, remote communities, and industry) and this is not sustainable. Governments need to listen to remote communities, involve them in the decision-making process, promote innovation and flexibility, and provide sufficient funding to provide essential services.

“Despite the great fortune that has been derived from mining on our lands in the past 50 years, the Anindilyakwa People remain entrenched in poverty of consciousness. Our organisations need to reform and to consciously plan for our long-term future, and to be liberated from the shackles of past thinking. The Anindilyakwa Land Council must lead the way in decisions to ensure our People have basic needs met and our children a bright and prosperous future”

-- Tony Wurramarrba, Anindilyakwa Land Council
PLENARY SESSION: Global Vision and Priorities for Mining and Regional Development

Facilitator: Mr Chris McDonald, Policy Analyst, OECD

Participants:
- Cristian Rodríguez Institute of Public Policy, Catholic University of the North
- Andres Letelier, CREO Region Antofagasta, Chile
- Bridgette Bellenger, Department of the Chief Minister, Northern Territory, Australia
- Ian Wood, City of Greater Sudbury, Canada
- James Kernaghan, Circle Advisory, Australia
- Mika Riipi Governor of Lapland, Finland
- Jonas Lundström, Region Västerbotten, Sweden

Main themes from the discussion:
This plenary session provided an opportunity to report back on the pre-conference and discuss the future strategy for the OECD Mining Regions and Cities Initiative. Participants highlighted that:

- Global co-operation on this topic makes sense. Regions with a specialisation in mining and resources face similar challenges and opportunities, which are often different to other regions in their own country, and they can learn a lot from each other in a global context.
- The mining and resources industry is sometimes seen in a negative way. This work can contribute to building understanding about how this industry contributes to national and local prosperity and well-being, address global challenges such as climate change, and support the inclusion of Indigenous peoples.
- The basic framework—productivity, jobs and economic diversification, quality of life and well-being, and sub-national governance and fiscal arrangements—makes sense and can form the basis of our collective efforts.
- The OECD can play a role in terms of providing a platform for co-operation, building evidence and tools to inform better policies, and influencing national and regional decision-makers.
“The OECD Mining and Regions Network can provide a common platform, for the development of knowledge, collaboration and exchange”

-- Cristian Rodríguez, Institute of Public Policy, Catholic University of the North

PLENARY SESSION: Indigenous Peoples and the Resources Sector

Introduction by the Honourable, Ken Vowles MLA, Minister for Aboriginal Affairs and Minister for Primary Industry and Resources welcomed participants to the second day of proceedings and outlined the importance of the resources industry to the Northern Territory.

Presentation - Gulkula Bauxite Mining Operation - Linda Murry General Manager Gove Operations, Rio Tinto, and Klaus Helms CEO, Gumatj Aboriginal Corporation:

- Gumatj is a local Aboriginal Corporation that manages Aboriginal freehold land on behalf of the Gumatj peoples who are one of 13 Yolngu clans of northeast Arnhem Land.
- In 2016, the Corporation established Gulkula Mining Ltd., which operates a small Bauxite mine - Rio Tinto Ltd. also provided financing for the community to establish a training centre on the mining site to develop employment pathways for local Aboriginal people.
• Indigenous ownership of the mine helps ensure culturally appropriate work practices and support for Aboriginal people in northeast Arnhem Land.
• The mine will also enable the community to develop skills and experience to foster economic diversification and value-adding, particularly into forestry and land rehabilitation.

“We have not only developed the mine for us - it is also for the region”
-- Klaus Helms, Gumatj Aboriginal Corporation

Panel members:
• Dawn Madahbee Leach, National Indigenous Economic Development Board of Canada
• Agneta Granström County Council, Region Norrbotten, Sweden
• Derek Flucker, Aboriginal Enterprises in Mining, Energy and Exploration Ltd (AEMEE)
• Linda Murry, Gove Operations, Rio Tinto
• Klaus Helms CEO, Gumatj Aboriginal Corporation

Main themes from the discussion:
• A starting point for Indigenous peoples is the relationship with land in terms of culture, language, and livelihoods. It is important that Indigenous peoples have data and information about their land, the capacity to map it, and identify areas of environmental, economic and cultural significance.
• Indigenous rights to land and resources is recognised in the UN Declaration on the Rights of Indigenous Peoples, and in different ways in national laws. This also means the right to say no when mining and resource projects threaten land and water use that is critical to Indigenous communities.

• Within this context, mining and resource operations can happen in a sustainable way and deliver mutual benefits for Indigenous communities, industry and regions. In addition to respecting Indigenous land rights and the principle of Free, Prior and Informed Consent (FPIC) a number of conditions need to be in place.

• Indigenous peoples need to have a voice and control in the mining and resources industry. This can be achieved by supporting Indigenous peoples into leadership roles, on boards and decision-making bodies, and by owning and operating businesses. Procurement policies are an important lever in this respect.

• Indigenous peoples also should have the opportunity to build their own institutions that can provide information and tools to support negotiations, leadership and business development, and employment and training etc. Peer-to-peer learning at a national and international scale should also be encouraged and supported.

• Government can have an important role in facilitating Indigenous participation in mining and resources. This includes through the provision of housing, infrastructure and public goods, reducing regulatory burdens, effective consultative frameworks and opportunities for meaningful dialogue, and facilitating solutions (rather than controlling).

“The OECD can play a role in educating cities, regions, industry and governments about the importance of the Indigenous voice through the activation of Free, Prior and Informed Consent”, Dawn Madahbee Leach, National Indigenous Economic Development Board of Canada

• “We do not want to be dependent on the government - we want to be in control”
Derek Flucker, AEMEE
THEME 3: Innovative private sector-community partnerships

Good Practices in Benefit Sharing and Working with Communities

Facilitator: Luana Cormac, Department of the Chief Minister, Northern Territory, Australia

Benefit sharing arrangements between mining and resource companies and local communities can be an important lever for regional development. Partnerships can also be complicated because of differences in power, expectations and interests, and the wider socio-economic and environmental impacts of mining and resource operations. In order to help ensure regions achieve their development objectives and increase well-being several elements need to be in place such as:

- **Proactive and early** engagement with local communities
- Inclusion of **socio-economic impacts** into regulatory processes that are related to project approvals
- Making processes and outcomes of benefit sharing agreements **more transparent**
- Ensuring that subnational levels of government and communities have the **capacity to engage** in negotiations and manage revenues
- Creating spaces for different stakeholders to **collaborate effectively**
Presentations:

- **West Arnhem Land Fire Abatement Project**, Patrick Hastwell, Conoco Phillips and Jen Ansell, Arnhem Land Fire Abatement
- **The experience of Valor Minero**, Álvaro García Valor Minero, Chile
- **Good practices in benefit sharing and working with communities – examples from Thailand**, Phairat Charernkit, Department of Primary Industries and Mines, Thailand
- **Uranium Mining and Economic and Social Development**, Luminita Grancea, Nuclear Energy Agency
- **Working with First Nations and Metis in Alberta**, Trish Merritthew-Mercredi, Indigenous Relations, Province of Alberta, Canada
- **McArthur River Mine Community Benefits Trust**, Greg Ashe, Zinc Assets Australia, Glencore
- **Partnering for economic development and inclusion: An industry perspective on what we’ve learnt and where to next**, Chris Combe and Drew Wagner, Minerals Council of Australia

Main themes from the discussion:

- A basic requirement is the importance of clarity and certainty in regards to the regulatory framework governing project approvals, operations, and royalties. The regulatory framework generally deals with socio-economic impacts and benefit sharing in a limited way (e.g. through elements of Environmental Impact Assessment processes).

- Mechanisms are needed to ensure local communities and regions have a strong voice in shaping benefit sharing arrangements and can form collaborative partnerships to deliver them. These benefits may relate to employment and training, procurement and SMEs, and local infrastructure and capacity building initiatives.

- Partnerships and consultation should continue throughout the project cycle (from pre-approvals to closure and remediation). Community based monitoring of social and economic impacts and the outcomes of benefit sharing arrangements are very important in terms of building and maintaining trust and “social license to operate”.

- Indigenous peoples have legal rights to land and resources which need to be protected in regulatory and decision-making processes. Including Indigenous peoples in setting the framework for land and resource management along with consultation prior to review and approval is critical.
“The WALFA project has delivered clear economic, social and environmental benefits: 300+ Indigenous jobs and training per year on-country, protection of cultural heritage sites, and it is among Australia’s largest offset programs with over 2 million tonnes CO₂e of abated” Patrick Hastwell, Conoco Phillips
The Future of Social Licence with Local Communities in the Context of Technological Change

Facilitator: Chris McDonald, OECD

Technological innovation (digitalisation, automation and the internet of things) is changing the nature of the mining industry and will do in the future. This brings opportunities and challenges for local communities. For example although it creates high wage specialised jobs these may have a greater propensity to locate in metropolitan areas whereas the number of lower skilled jobs on-site may decline. The cumulative impact may be reduced tax revenues and economic activity for host communities. Some measures that can help regions adapt to these changes are:

- **Incorporating risks and opportunities associated with digital transformations** into local planning and negotiations regarding benefit sharing
- **Adapting education and training to new technological requirements** and start building expertise of local employees early
- **Investing royalties and benefit sharing** in improving public goods, and economic diversification opportunities
- **Leveraging private sector investment in digital infrastructure** and services for local community benefit
- In the context of job displacement and automation, proactively identify **how operations can be adjusted to create more value for local communities**

Presentations:

- **Social license to support thriving communities**, Adam Fennessy, Ernst and Young
- **Role of universities in supplying future competencies and technologies to drive regional development**, María Cecilia Hernández, Catholic University of the North, Chile
- **The social license of mining and the digital evolution: preparing communities for the future**, Leeora Black, Deloitte Risk Advisory
- **People at the heart of mining and development: questions and ideas for the tech age**, Wendy Tyrrell, Development Partner Institute
- **Queensland’s METS 10-year roadmap and action plan**, Allison Bambrick, Mining Equipment, Technology and Services (METS) Sector Team, Queensland Government
Main themes from the discussion:

- Technological innovation in the mining and resources industry encompasses four main themes: Automation and robotics; digitally enabled workforce; integrated platforms and ecosystems; and next-generation analytics and decision support. This will generate improvements in productivity, safety, and reduce greenhouse gas emissions; however, it will also change the nature of work and have potentially significant impacts on local labour markets.

- Mining services will continue to grow as an area of business and employment. These firms can also help diversify and create more resilient regional economies because they also tend to provide services to other sectors and can penetrate new markets. An important pre-condition for all regions to capture these benefits is access to quality digital technologies.

- Educational institutions can play an important role in supporting regions to proactively engage with challenges and opportunities associated with technological change. Shared governance arrangements with industry and government stakeholders can ensure university teaching and research is better integrated with community, industry and labour market needs. Platforms can also be created to connect research and development with pathways for commercialisation and entrepreneurship.

“To link with the regions’ development we have an approach based on working with industry and government to increasing capacities for technological transfer, innovation and entrepreneurship in the students of science-based careers and programs.” María Cecilia Hernández, Catholic University of the North, Chile

- The diffusion of new digital technologies in the mining and resource sector will be disruptive and generate positive and negative impacts for local communities. Addressing this complexity will require deeper collaboration between industry, government and civil society, which builds trust through dialogue, and allows for experimentation and learning.
“Technological innovation and growth in Asia led by China and India will create long-term opportunities for Queensland’s METS sector.” Allison Bambrick, Queensland Government
Parallel policy workshops

Industry, government and civil society representatives came together to discuss specific topics in more depth and the main themes are identified below.

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<th>Policy workshops</th>
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| Dialogue for Indigenous Peoples - sharing experiences from around the world | • The legal framework (land rights, consultation, rights to veto) and fundamentally shapes possibilities regarding regional development for Indigenous peoples in a mining and resources context.  
  • Indigenous peoples desire is to apply the standard of Free, Prior and Informed Consent (FPIC), and that Indigenous institutions have the capacity, information, time and resources to participate.  
  • Place-based approach is critical because it allows Indigenous peoples to understand how different projects (infrastructure, mining, energy, forestry etc.) interact and their cumulative effects on Indigenous livelihoods and well-being. |
### Creating local business eco-systems linked to mining and resources

- Regions can take a proactive role in creating local business eco-systems connected to mining operations by setting a vision and framework for economic development, fostering linkages with industry, and maximising the use of existing assets such as universities and industry parks.
- National and sub-national government also need to create an enabling environment for this to occur through support for regional planning, investment in infrastructure, and addressing market failures in local business environment (information asymmetries, access to finance, and research and development).

### Building resilient local economies through economic diversification

- A long period of mining and refining can provide significant base infrastructure to support other industries and the wider community.
- Affordable housing and increased accommodation availability can support new and existing businesses to extend their products and services.
- Continued infrastructure investment in roads and sea ports will assist in reducing the cost of living, improve supply chains and improve access to infrastructure for industry.
- Universities can help shape the future of regions by connecting students, industry and skills. The focus should be on training a region, not an industry. This means ensuring all training has established links to local employment opportunities. Other key lessons identified include; let your partners lead, train on site or blended delivery, there is not a single delivery model and staff capability is critical.

### Social license – strong relationships with host communities

- Proponents need to engage early, senior leaders need to present, and there is a need to move beyond a transactional approach, and develop enduring partnerships with a broad range of local stakeholders.
- Changes in personal can have a big impact on the quality of collaboration – therefore it is important to clarify roles and responsibilities and develop institutional structures that can endure when a key broker leaves the project and community.
- The following bottlenecks were identified in terms of impeding good dialogue: the wrong speed (too quick or slow), too much money (can create dependency relationships), top-down direction and not considering community views, and too much ego (need to earn trust).

### Preparing for the future: Mining

- Across OECD countries, mining towns have come and gone throughout history. Their longevity is a function of a favourable location and success in facilitating...
### Closure and Transition

Valuable adding and economic diversification related to investment, business development, and jobs that have occurred on the back of mining and resource operations.

- Mining companies can play a proactive role in facilitating this diversification notwithstanding their limited tenure, and the cost to mining and resource companies of doing so is minimal compared to the ongoing benefits bestowed on communities.

### Inclusion of Women in Mining: Skills, Employment, and Entrepreneurship

- Industry recognises that the mining and resources sector has been male dominated, discrimination needs to be addressed, and workplaces made more supportive for women to enter and advance in their career.

- A number of measures were discussed to make workplaces more inclusive for women including flexibility in rosters and opportunities for part-time work, the availability of childcare, organisational champions and mentoring (women and men), unconscious bias training, and monitoring and reporting on progress in female employment and leadership.
Closing remarks

- Enrique Garcilazo, OECD
- Jodie Ryan, Department of the Chief Minister, Northern Territory Government
- Luana Cormac, Department of the Chief Minister, Northern Territory, Australia
- Jonas Lundström, Region Västerbotten, Sweden

Enrique Garcilazo thanked event speakers and participants, and noted that this is another step in creating a global collaboration for mining regions and cities. He introduced the “call for action” which had been drafted by a small team who participated in the pre-conference. This call for action articulates:

- The importance of mining regions and cities as engines of growth for national economies and important actors in the future supply of minerals, metals and energy resources
- The need to move beyond transactional and sectoral toward place-based approaches to regional development
- The importance of preparing for how digitalisation, climate change and the shift to climate resilient economies will create new opportunities and adjustment costs for regions

The call for action represents a commitment for regions and cities, national governments, the global mining and resources industry and civil society organisations to create a global platform convened by the OECD that can:

- Develop a tool-box with recommendations and global data to benchmark and inform the design and implementation of better regional development policies in a mining and resources context;
- Produce regional case studies that deliver specific recommendations and implementation support for mining regions and cities; and,
- Create opportunities for learning and peer review through a partnership approach to events, the toolbox, and case studies.

A number of organisations and individuals expressed their willingness to sign this call for action, which will be circulated by the OECD after the event.

Luana Cormac and Jodie Ryan from the Northern Territory Government also thanked participants who had come from different countries and other parts of Australia. Thanks were also extended to key sponsors of the event - Rio Tinto, Glencore, Conoco Phillips, South 32, Kirkland, Ernst and Young, and Air North. The event provided an opportunity to highlight good practices and lessons to an international audience, particularly in terms of the innovative efforts of Aboriginal communities in the Territory. For example, the
WALFA project and the Guluka Mine. The Northern Territory is willing to sign the call for action and looks forward to working with the OECD and other regions on these topics in future.

Jonas Lundström announced the next event to be held in Skellefteå, Västerbotten Sweden in June 2019. He indicated the importance of continuing to build and expand this network and welcomed the fact there were many familiar faces from the first event in Antofagasta.
Site visit to Nhulunbuy in East Arnhem Land, 23rd and 24th November

Participants had the opportunity to engage with Indigenous leaders and learn about the Rio Tinto Operations in East Arnhem Land.

The group started with the innovative work of the local Gumatj Aboriginal Corporation (here) who owns the Gulkula Bauxite mining operation. The Gulkula Mine is located on the Dhupuma Plateau in North East Arnhem Land. The small-scale bauxite operation aims to deliver sustainable economic benefits to the local Yolngu people and provide with the job training to build careers in the mining industry. It is the first Indigenous owned and operated bauxite mine. The Corporation, with support from Rio Tinto has established the Gulkula Regional Training Centre which is adjacent to the mine and provides young Yolngu men and women training across a wide range of industry sectors. These include: extraction (mining), civil construction, building construction, hospitality and administration.

Engaging with the Gulkula Bauxite mining operation
The Corporation has also established a number of other enterprises to support economic diversification. This includes the Gumatj Timber Mill which sources stringy bark eucalyptus trees to make strong timber roof trusses and decking. They also make beautiful furniture, homewares and cultural instruments. To minimise the environmental impact of sourcing timber, Gumatj mill has a special agreement with mining company Rio Tinto, which allows it to source trees prior to the company clearing land for its bauxite mine near Nhulunbuy.

**Rio Tinto Gove Operations** has been supplying the global aluminium industry with bauxite for more than 40 years [here](#). Using conventional open-pit mining methods, Gove Operations consists of a continuous bauxite mining operation, 18 kilometres of overland conveyor to transport mined bauxite to the export wharf, stockpiles and a ship loader. In November 2017, Rio Tinto announced that it would not restart the Gove Alumina Refinery which had been curtailed and under care and maintenance since 2014. Since announcing the closure of the Refinery detailed works have been undertaken to determine a process to safely remove the infrastructure located at the Refinery.

The group was also welcomed by the **Rirratjingu Aboriginal Corporation (RAC)** in nearby Yirrkala. The group was welcomed to the country of the Rirratjingu people, which was followed by **Bunggul** (a traditional dance). The group met with RAC leaders and this session provided an insight to local culture, the history of land rights and what RAC does as a corporation. The relationship between the Corporation and Rio Tinto including the Gove Traditional Owner Agreement was also explored, including business opportunities and other positives for the region.

The group then visited the **Buku-Larrnggay Mulka Centre, Yirrkala** [here](#) and enjoyed a personalised guided tour of Buku-Larrnggay Mulka Arts Centre. Established since 1976, this is a multiple award-winning remote Indigenous art centre, digital studio and museum of the Yolngu people of North-East Arnhem Land or Miwatj Region.
Buku-Larrŋgay Mulka Arts Centre
2nd OECD Meeting of Mining Regions and Cities: Pre-conference
Tuesday 20th November, 2018
Darwin, Australia

Record of meeting
(1) Welcome and introductions

The OECD began by providing some context for this global mining regions and cities initiative. The starting point for this work is implementing better policies to improve economic development and well-being outcomes for regions and cities that are specialised in mining and resources. The evidence clearly shows these regions have characteristics and growth dynamics that are different to national economies, and in some critical areas (e.g. infrastructure, skills, housing, public services) policies designed at national and sub-national levels policies are not matched to their needs and circumstances. There is a clear rationale for developing a global platform to share knowledge, peer review, and provide recommendations toward better public policies for mining regions and cities.

The first OECD Mining Regions and Cities event in Antofagasta in October 2017 provided the basis to agree on three objectives for this work:

1. **Develop tool-box with guidance and evidence** for regional development in a mining and extractives context for industry, national and sub-national governments, and non-government organisations to cooperate on addressing shared challenges.

2. **Produce a series of regional case studies** that deliver specific recommendations and support to implement better regional development policies in a mining and extractives context.

3. **Develop a global platform for mining regions and cities** through events and peer-review that enable knowledge sharing, advocacy and dialogue between public/private sectors and local communities on better policies to enhance regional productivity and wellbeing.

Three priority themes were also identified to guide the dialogue, analysis, and recommendations:

- **Productivity, jobs and economic diversification** - Policies that enable the development of the mining industry, that support productivity and also strengthen the supply chain linkages around mining activities and support economic diversification and transition efforts.

- **Quality of life and wellbeing** - Policies that enhance quality of life and address inclusive growth and well-being challenges that affect regions and cities with a high degree of dependency on mining and extractive industries.

- **Sub-national governance and fiscal arrangements** - Sub-national governance and fiscal arrangements that address the complex relationships between national and sub-national governments, the mining industry and community stakeholders in relation to issues of economic development and wellbeing.

Within this context, the objectives of the pre-conference were to:
• Identify the **substantive areas of focus** (lessons, key challenges and opportunities, policy reforms) for this initiative;
• Define the **preferred outcomes and outputs**; and,
• **Strengthen and expand a network of mining regions and cities that can provide a platform** for knowledge-sharing, peer review, and action.

(2) Substantive areas of focus

**Productivity, jobs and economic diversification**

In the initial discussion the following points were raised by participants.

**Economics of mining regions and cities:**
- Quantifying the role of mining regions and cities in national economies (productivity, investment, national export basket)
- Better understanding who benefits from mining and resources, and the mechanisms through which local communities can benefit (direct and in-direct employment, supply chains, and revenue sharing)
- Analysis of how mining is taking place in rural and remote areas, also benefits metropolitan areas to build a story about linkages and interdependence (including the spatial impacts of fly-in / fly out or drive in/ drive out workforce models)

**Future productivity and job creation:**
- Global assessment regarding the pace and impacts of automation in the mining sector, where new jobs will be created, and how that may impact rural communities
- An important point is understanding what policy settings can be put in place to facilitate automation and create opportunities for local communities (education and training, SME development, infrastructure investment)

**Global value chains, mining and regional development**
- The emergence of global value chains has transformed the nature of processing and services related to mining and resources, and we need a better understanding of this, including the niche roles and advantages of different regions
Proactive approaches to regional adjustment and transition

- Looking at ways that regions and cities can be proactive in terms of adjusting to new circumstances (investment, transition, and closure), skills auditing and matching was identified as a good practice.

The following priority sub-themes were identified to inform future work:

- Better understanding the role that mining regions play in national economies and how benefits from mining and resources operations are distributed (employment, local businesses, governments, and urban and rural areas)
- Building local SME eco-systems connected to mining and resources operations in the context of global value chains (how do they evolve, what are the trigger points, how can they support diversification)
- Future potential impacts and regional development opportunities associated with digitalisation and environmental sustainability (circular economy, automation and job/skills requirements, investment needs, emerging business opportunities)
Quality of life and well-being

In the initial discussion the following points were raised by participants.

Collaboration/engagement/ multi-level- Governance
- Supporting and highlighting models that engage all stakeholders (private, public, NGOs etc.), and the inclusion of indigenous peoples, early in the work of the development plans for the region (empowerment)
- Identification of effective mechanisms and tools to support collaboration, particularly with the private sector
- Efficacy of collective impact models and their potential to generate sustainable economic and community development in a mining and resources context

Human capital
- Managing the social and economic impacts of fly in/ fly out workforces and transient populations
- Employment opportunities outside mining, and inclusion of non-mining workforce (teachers, nurses, social workers)
- Developing a local labour market that is inclusive of women, and provides opportunities for advancement
- Young people leaving and how to attract them back
- Social impacts of long commuting distances

Provision of services
- Need for innovation to deliver services to remote places (e-health), and how to promote innovation and creativity to fill service gaps

Environmental sustainability
- Sustainable management of national resources, balancing economic development with environmental degradation, and evaluating differences in Environmental Impact Assessments (EIAs) between regions.

The following priority sub-themes were identified to inform future work:
- Delivery of high quality public services in mining regions, including the potential for digital technologies to increase accessibility.
- Improving the attractiveness of cities and towns to attract and retain talent (local infrastructure, services and amenities, and integration efforts).
Innovative ways of engaging stakeholders in decision-making and building consensus about development, including through collective impact models (e.g. local municipalities, Indigenous communities, industry, and other levels of government).

Sub-national governance and fiscal arrangements

In the initial discussion the following points were raised by participants:

Policy mismatches

- Addressing challenges associated with the centralisation of policy and governance of subsoil resources, and conflicts with sub-national (including Indigenous) policies and governance for land and water

Local collaboration and collective impact

- Looking at collective impact models as a way to build consensus amongst multiple stakeholders with different interests (requires a strong broker or backbone organisation)
Transparency

- Looking at ways to improve transparency regarding the use of natural resource revenues and benefits for producing regions

Regional planning and strategy

- Models for long-term regional development planning and investment in a mining and resources context

The following priority sub-themes were identified to inform future work:

- Strengthening the capacity of local government to plan and coordinate economic development, and mechanisms to facilitate joint planning and resource allocation
- Mechanisms and tools to help make informed decisions about local and regional development (transparency, data, understanding impacts)
- Revenue sharing arrangements that enable timely investment in public goods and housing to smooth adjustments and build economic resilience.

(3) Preferred outcomes and outputs

Participants noted that this would be the only global platform specifically focused on cities and regions in a mining and resources context. The core outcomes should be related to increased visibility, stronger relationships, better knowledge, benchmarking and peer review, and better policies for mining regions and cities. Three areas were identified where the OECD could add-value:

- Create a global network through events that helps build visibility and relationships to enable knowledge-sharing, learning and peer review (building upon existing city and regional based networks within countries and the EU);
- Deliver high quality reports and papers that build evidence about the economic development and well-being of mining regions and cities, and deliver policy assessment, guidance and recommendations at a global and regional level; and,
- Develop tools and public goods that can support better decision-making (data and benchmarking, and the identification of leading practices in areas such as long-term planning and impact assessments).

Participants noted that the OECD should continue to engage with other national and global initiatives related to mining and resources to ensure this initiative does not duplicate and adds value to existing work and activities.
(4) Strengthen and expand the network
Participants noted the benefits that can come from this global collaboration, and agreed further work was needed on the governance model in terms of how to organise, how we work, and how we finance co-operation. As the intent is to build evidence and tools that can change public policies, the primary audience for this network will be political leaders, policy makers, and industry and civil society stakeholders working in partnership with governments. At this stage the network will be inclusive of

- Provincial, state, territorial and municipal governments
- National governments (ministries responsible for regional development, and mining and resources)
- Indigenous governments and traditional owner groups
- Mining and resource companies (including suppliers)
- Higher education institutions and think tanks
- Community organisations and not-for-profits
- Existing networks of mining regions and cities

The OECD will develop some further options on the future governance of this initiative, and present it back to the network.

Participants agreed to summarise the pre-conference discussions into a pledge or “call for action” which could be drafted and released at the conference, and to disseminate it amongst their own networks. A subgroup was set up to assist the OECD Secretariat to draft it.
Pre-conference attendees
1. Jack Archer, Regional Australia Institute, Australia
2. Joey Au, Ministry of Business, Innovation, and Employment, New Zealand
3. Melissa Beasley, Department of the Chief Minister, Northern Territory, Australia
4. Anthony Bebbington, the University of Melbourne and Clarke University
5. Bridgette Bellenger, Office of Aboriginal Affairs, Department of the Chief Minister
6. Juan Biset, University of Buenos Aires, Argentina
7. Luke Bowen, Northern Territory Government, Australia
8. Mischa Cartwright, Department of the Chief Minister
9. Luana Cormac, Department of the Chief Minister, Northern Territory, Australia
10. Robin Evans, Sustainable Minerals Institute, University of Queensland, Australia
11. Adam Fennessy, Ernst and Young, Australia
12. David Freshwater, University of Kentucky, United States
13. Alvaro Garcia, Alianza Valor Minero, Chile
14. Craig Graham, Treasury, Northern Territory Government, Australia
15. Luminita Grancea, OECD Nuclear Energy Agency
16. Agneta Granström, Region Norrbotten, Sweden
17. Ilari Havukainen, Regional Council of Lapland, Finland
18. Terry Hill, Pilbara Development Commission, Australia
19. Denise Humphreys, Clarke University, United States
20. Tracy Jones, Glencore - McArthur River Mine, Australia
21. Andrés Letelier, CREO Antrofagasta
22. Sarah Louise Knoll, SLK Collaborate
23. Jonas Lundstrom, Region Vasterbotten, Sweden
24. John Martin, La Trobe University, Australia
26. Chris McDonald, OECD
27. Trish Merritthew-Mercredi, Province of Alberta, Canada
28. Lisanne Raderschall, OECD
29. Mika Riipi, Regional Council of Lapland, Finland
30. Christian Rodriguez, Institute of Public Policy, Catholic University of the North, Chile
31. Jim Rogers, Department of the Chief Minister, Northern Territory, Australia
32. James Roncon, Broken Hill City Council, Australia
33. Angela Rooney, Port Hedland Collective, Australia
34. Kasey Stanfield, Delta Pearl Partners
35. Kris Starcevich, Goldfields-Esperance Development Commission, Australia
36. Matthew Storey, Native Title Council, Australia
37. Chatrin Tuorda, Region Norrbotten, Sweden
38. Osvaldo Urzua, BHP Billiton, Australia
39. Craig Wilson, Australian Mining Cities Alliance
40. Ian Wood, City of Greater Sudbury, Canada