

# Negotiating Community Benefit from Resource Activities in Rural Regions

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**How can rural communities  
directly benefit from resource  
development occurring within  
the region?**

# Scope of my research

## 'Property Rights'

- Rights to benefit from the extraction of public resources

## 'Territorial Jurisdiction'

- Rigidly defined spheres of jurisdiction controlling the distribution of benefits from public resources

## 'Social License'

- Power to demand distribution of benefits from the extraction of public resources outside of the sphere of property or jurisdiction

# Potential Strategies

## 'Property Rights' Mineral Rights

- Transferring of Crown mineral rights to local governments
- E.g. First Nation claims of title over Crown lands

## 'Territorial Jurisdiction' Revenue Sharing

- Crown enters into formal revenue sharing agreements with local governments
- E.g. First Nation Revenue Sharing Program

## 'Social License' Corporate Social Responsibility

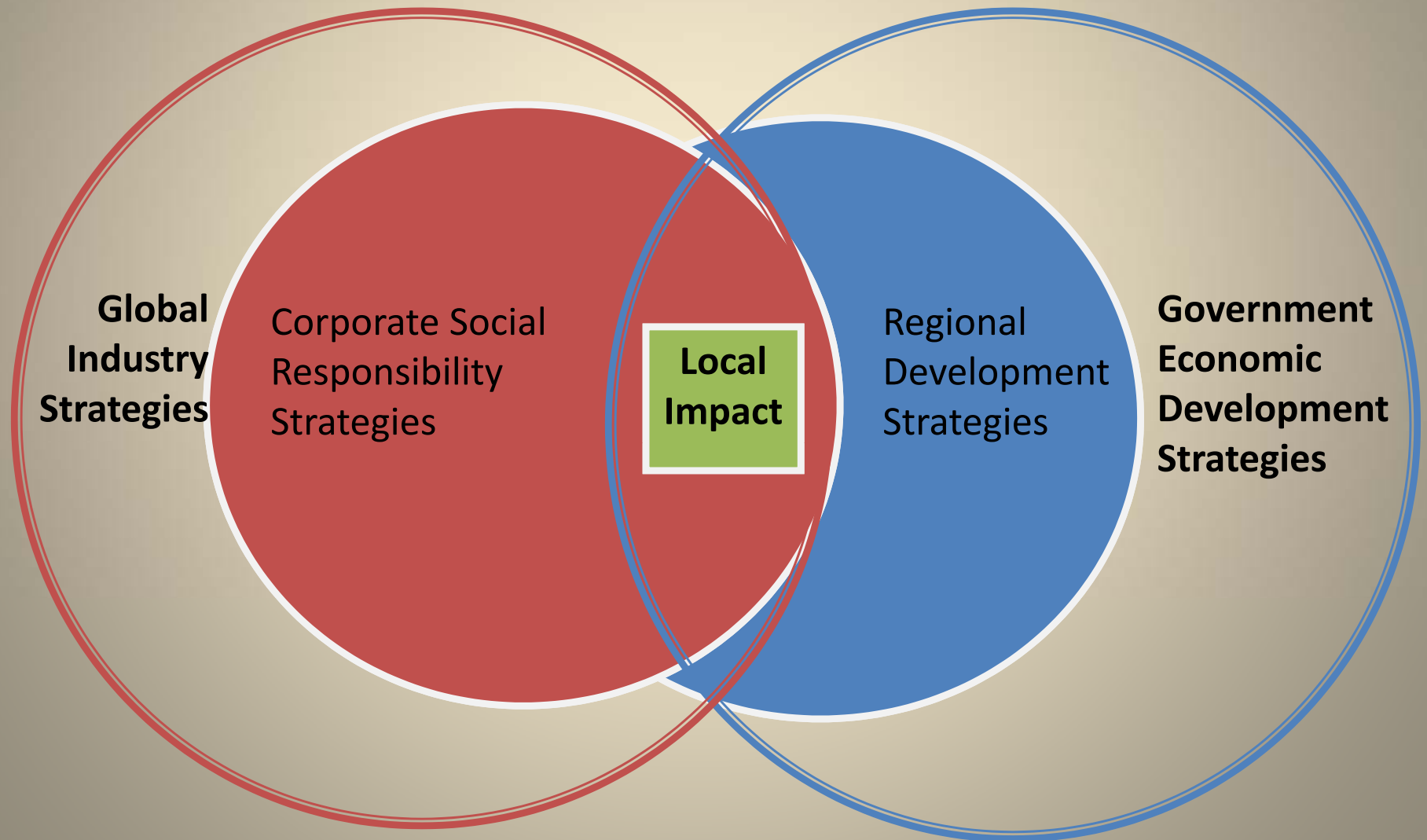
- Community set a 'price' for earning a social license for resource extraction
- E.g. Local governments use political leverage to negotiate benefits directly from corporations

# Focus of Today's Presentation

## Corporate Social Responsibility

- CSR can be understood as the reciprocal relationship between a company and society in which they are a part, where “activities of the company have wider impacts on the society in which it operates; and that development in society in turn impact on its ability to pursue its business successfully”  
(Das Gupta 2008, p. 97)

# Exploring Local Impact



# Key Ideas

- 1. Mineral exploration and mining companies are being pushed by the international and national industry associations to be more responsible corporate citizens**

# Key Ideas

## **Example: Mining Association of Canada, *Toward Sustainable Mining (2004)***

- Support the capability of communities to participate in opportunities provided by new mining projects and existing operations
- Be responsive to community priorities, needs and interests through all stages of mining exploration, development, operations and closure
- Provide lasting benefits to local communities through self-sustaining programs to enhance the economic, environmental, social, educational and health care standards they enjoy



# Key Ideas

## **2. Companies use CSR practices as a method of risk mitigation**

*“Greater sustainability and reduced business liabilities are achieved where companies learn to partner with local government on community projects, aligning their social investment programs with the strategic social and economic priorities of a legitimate democratic planning and political process at district or regional level” (Esteves 2008)*

# Key Ideas

## **3. The application of CSR practices is influenced by the political context of the region**

*“Industry tends to be caught in the middle of what appears to be a volatile and evolving question of jurisdiction over resource management amongst government including First Nation governments”*

*(Shanks 2006)*

# Prevailing community development models of CSR being adopted by resource companies:

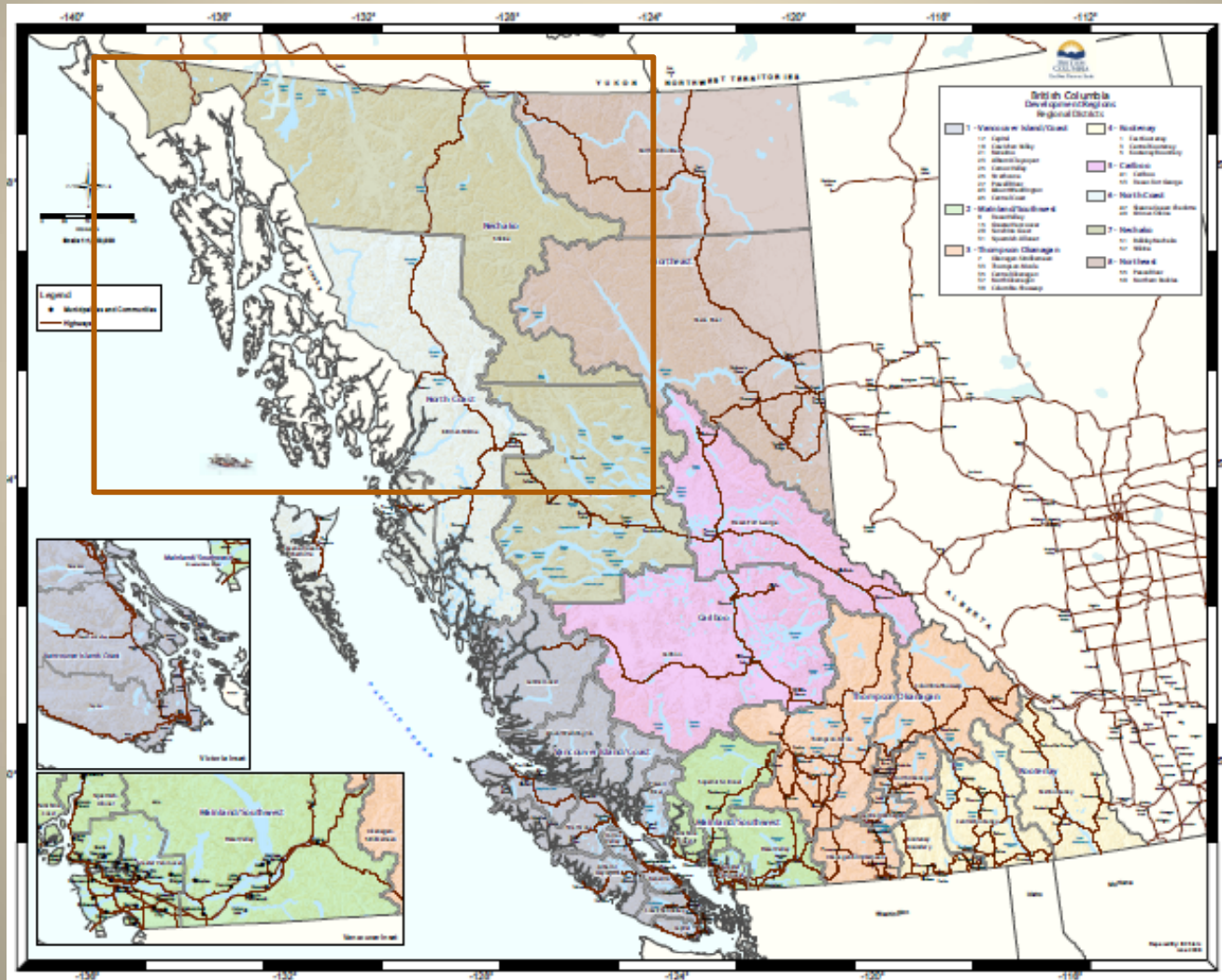
1. **Company-led approach – when companies internalize community development through in-house corporate programs**
2. **Philanthropic corporate foundations – when companies outsource community development through the establishment of a corporate foundation**
3. **Partnership model-when community concerns are addressed through cooperation between company, state and civil society organizations**  
(Yakovleva, 2005, p. 203)

# Examples of CSR Practices in the Mining Industry

- Revenue distribution
- Projects, funds and foundations
- Supporting small local businesses
- Employment and skills development
- Conflict and dispute resolution
- Community health initiatives
- Mine closure mitigation
- Community participation in decision-making
- Improved social impact assessment

(Yakovleva 2005)

# Research Area



## Research Methodology

- 45 Key Informant Interviews: Municipalities; First Nations; Regional Districts; industry associations, industry representatives and service contractors and Province of BC ministry representatives

- Industry CSR practice analysis

- Legislative and policy analysis of local government and mineral development

- One last trip is planned for May 2011

## Early Findings

- Smaller, locally based mineral exploration and service companies are more actively involved in on-going CSR activities
- Municipalities are competing to attract direct and indirect benefits from mineral development in the region

## Research Methodology

- Research has been taking place in the NW BC over the past two years

- Focus geographic area: Regional District of Bulkley Nechako and the Regional District of Kitimat-Stikine

- Two field research trips to NW BC occurred in May 2009 and April and May 2010

## Early Findings

- Larger mining companies are negotiating direct benefit agreements exclusively with First Nation governments
- Municipalities report having to solicit 'one-off' donations for specific projects

# CSR Practice: Negotiated Community Benefit Agreements

## **Types of benefits that are being negotiated:**

- Employment quotas**
- Special training programs**
- Local procurement of goods and services**
- Support for local business development**
- Cultural adaptive work environments**
- Cash**



# CSR Practice: Negotiated Community Benefit Agreements

- In NW BC companies are entering into community benefit agreements (contracts) exclusively with First Nation governments
- Municipalities report they do not have the political leverage to demand community benefit agreements and must rely on indirect benefits from companies

# CSR Practices: Investments in Local Training Programs

- **School of Exploration and Mining  
Northwest Community College:**
  - Surface Diamond Drillers Helper
  - Drill Core Technician Basic Training
  - Camp Management
  - Metal Leaching and Acid Rock Drainage
  - Mining Exploration Field Assistant
  - Environment Monitor Assistant Program
  - Hy-Tech Drilling Drillers Helper's Course
  - Prospector Basic Training and Mining Exploration Field Assistant

# School of Exploration and Mining Northwest Community College

## **Keys to Success:**

- Government funding**
- Capacity to build the program at NWCC**
- Commitment of companies to hire graduates**
- Students and employment is connected to the region**

# Contributions to Rural Development

- 1. Identification of gaps in the implementation of CSR practices can contribute to future dialogues with industry to development government, industry and NGO partnerships to improve the efficacy of corporate donations**

# Contributions to Rural Development

- 2. Communication of CSR practices to local governments to inform negotiation strategies with resource companies**
- 3. Facilitate dialogue about the political imbalance within rural regions related to jurisdictional control and benefit of natural resources**

*Thank you!*

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