

Exploring the Community's 'Right to Know'

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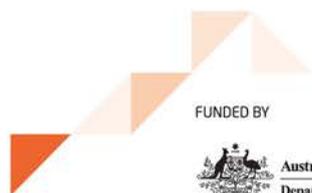
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Research aims:
The aim of this study was to explore how company, community and government actors share and utilise information about mining projects, based on a case study of the Ramu Nickel mining project, Madang, PNG.

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IM4DC Action Research Report



Summary of Action Research Activity

Exploring the Community's 'Right to Know'

This report presents the findings of a brief field engagement with the Ramu Nickel project operating on the northern coast of Papua New Guinea (PNG) in Madang Province. The research team engaged with the Ramu project on the right of project-affected communities to access information about mining activities. Community access to information is essential to its ability to understand change and negotiate with companies over matters such as access to land, compensation entitlements, development opportunities, management of impacts and for the resolution of grievances. Access to information is also a fundamental element in contemporary debates about social responsibility in mining. These debates include Free Prior and Informed Consent (FPIC), agreement making and community engagement. The study focussed on the flow of information about project lifecycle, mining impacts and development opportunities, and research data was generated through semi-structured interviews, group discussions and informal conversations with key informants.

The primary gaps identified with respect to community access to information at the Ramu Nickel project were:

- The majority of participants had a limited understanding of the life of the mine and some did not know at what stage the mining project was at.
- The majority of participants said that access to information was significantly better in the pre-permitting stages than during construction and operations.
- The process for formulating the second Memorandum of Agreement (MOA) was not considered to be consultative or transparent.
- None of the participants were clear about the content of the revised MOA and only 2 participants (landowner representatives) had a copy of the MOA.
- Because of lack of information about future mine plans, resettled families were concerned that the company may require them to move again.
- Access to information was also an issue within the company.
- Written material (e.g. newsletters) did not reflect participants' information needs, but rather, the programming priorities of the company.
- In most instances, participants did not know which core services (education, health, infrastructure) would be established when or by whom.
- Participants were unsure as to the process steps involved in raising concerns about the project or for requesting information.

The report considers information pathways and challenges at the mine level and more broadly, and provides a list of recommendations for the mine, the Mineral Resource Authority, provincial administration and landowners.

SMI **CSRM**

Centre for Social
Responsibility in Mining

Exploring the Community's 'Right to Know'

A brief report based on the Ramu
Nickel case study, Madang, PNG

March 2015



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The Centre for Social Responsibility in Mining (CSR) is a leading research centre, committed to improving the social performance of the resources industry globally.

We are part of the Sustainable Minerals Institute (SMI) at the University of Queensland, one of Australia's premier universities. SMI has a long track record of working to understand and apply the principles of sustainable development within the global resources industry.

At CSR, our focus is on the social, economic and political challenges that occur when change is brought about by resource extraction and development. We work with companies, communities and governments in mining regions all over the world to improve social performance and deliver better outcomes for companies and communities. Since 2001, we have contributed to industry change through our research, teaching and consulting.

Contents

1	Introduction	1
2	Study aims.....	2
3	Background to the study.....	3
	<i>Global debates.....</i>	<i>3</i>
	<i>Case study setting</i>	<i>4</i>
	Landowner Associations	5
4	Sampling and methods	6
	<i>Data collection process.....</i>	<i>7</i>
5	Observations and challenges.....	7
	<i>Primary gaps in community access to information.....</i>	<i>8</i>
	<i>Challenges particular to the Ramu Nickel project</i>	<i>9</i>
	<i>Differences across culture and language</i>	<i>9</i>
	<i>Delays in project development.....</i>	<i>9</i>
	<i>Breakdown in the landowner association model.....</i>	<i>10</i>
	<i>Low cost operating context.....</i>	<i>11</i>
	<i>Activities not meeting information needs.....</i>	<i>11</i>
	<i>Challenges within the PNG operating context</i>	<i>12</i>
	<i>Limited government presence.....</i>	<i>12</i>
	<i>Non-participative Agreement making processes</i>	<i>12</i>
	<i>Background poverty and high expectations.....</i>	<i>12</i>
6	Broader points to consider.....	13
	<i>Information pathways and structures</i>	<i>13</i>
	<i>Information dissemination and interaction</i>	<i>13</i>
	<i>Information in the life cycle</i>	<i>14</i>
	<i>Information entitlements and expectations</i>	<i>15</i>
	<i>Information availability as an driver of conflict.....</i>	<i>15</i>
7	Recommendations.....	15

1 Introduction

This report presents the findings of a brief field engagement with the Ramu Nickel project operating on the northern coast of Papua New Guinea (PNG) in Madang Province.¹ Managed and majority-owned by the state-owned China Metallurgical Corporation (MCC), Ramu Nickel is China's largest investment in the Pacific at USD \$1.4 billion.² The project footprint includes a nickel laterite mine inland on the Kurumbukari Plateau, a 135 km slurry pipeline, and a refinery, limestone quarry and deep sea tailings facility on the Rai Coast at Basamuk. Pipeline communities run from the mine parallel to the access road and then along the national highway to Madang and out to Basamuk. The estimated life of mine is thirty years.



Figure 1: Madang location map (left) and Ramu Nickel Project footprint (right)

The research team engaged with the Ramu Nickel project on the right of project-affected communities to access information about mining activities. Community access to information is essential to their ability to understand change and negotiate with companies over matters such as access to land, compensation entitlements, development opportunities, management of impacts and for the resolution of grievances. Access to information is also a fundamental element in contemporary debates about social responsibility in mining. These debates include Free Prior and Informed Consent (FPIC), Agreement making and community engagement. The research team did not undertake a performance assessment of any of these areas. Rather, the focus was to explore how community access to and use of information at Ramu Nickel might provide lessons for other mining locations.

¹ The fieldwork for this research was conducted in February 2015.

² In PNG, the project is an unincorporated joint venture between MCC Ramu (85%), MRML (2.5%) and MRRL (3.94%) two subsidiaries of Mineral Resource Development Corporation (MRDC) on behalf of PNG government and landowner interests and RNL (8.56%), a subsidiary of former developer Highland Pacific Ltd. In China, MCC Ramu NiCo Limited is owned by MCC-JJJ Mining, whose shareholders include China Metallurgical Group Corporation (MCC), a Fortune 500 company and three of the largest enterprises in the Chinese nickel and stainless steel industry including Jinchuan Group Limited, Jilin Jien Nickel Industry Limited, and Jiuquan Iron & Steel (Group) Limited.

To conduct the study, a four-member field team visited seven communities in the project footprint area over a ten-day field trip in February 2015.³ The Ramu Nickel mine at Kurumbukari was accessible by road via a degraded national highway and newly sealed mine access road from Usino junction. Coastal and inland communities were also accessible by road from Madang. The study team was transported by company boat to Basamuk. Community affairs staff at Kurumbukari, Basamuk and Madang were engaged both a formal and informal basis. Meetings with MCC management were granted based on courtesy rather than for the purposes of gaining approval for data collection. The study team also met with the Provincial Administration in Madang.

The structure of the report is organised as follows: the study aims and objectives are described in Section 2. In Section 3 we provide a brief background and overview of the Ramu Nickel project. We outline the methodological approach in Section 4 before presenting research findings in Section 5. Section 6 presents a set of general points for consideration. The report concludes with recommendations (Section 7) for the resource developer, PNG government and affected communities.

2 Study aims

The aim of this study was to explore how company, community and government actors share and utilize information about mining projects. To ensure that the discussion was manageable in the time available, the study was limited to the flow of information about project lifecycle, mining impacts and development opportunities. There are other types of information that could have been covered, for instance: community-level understanding of their rights under national law, technical procedures for environmental impact monitoring, or cumulative impacts of development. These topics were not covered by the research but remain important areas for future examination.

In a study requiring stakeholders to reflect on information processes in a specific mining location, contentious issues are bound to arise. During the study team's brief engagement with the project, we observed and heard about a number of these issues, including: displacement and resettlement, local employment and business opportunities, environmental impacts, deep sea waste disposal, compensation and the fulfilment of commitments. While these issues fall outside the scope of the study, our observation is that these issues and concerns warrant investigation by the company and the Mineral Resource Authority (MRA) (See recommendations in Section 7).

When examining information flow between stakeholders, there are a number of project-specific variables to consider. For example, the type of information that is most relevant to a local community will depend on:

- project configuration
- project location
- timing of the development
- stage of the project
- type(s) of commodity

³ The study team comprised two researchers from CSRSM, a PNG mining and community development specialist and two Madang-based researchers.

- processing techniques
- ownership arrangements
- the estimated life of mine.

Further, the avenues through which information can be shared with a community will be governed by local norms, which are in turn influenced by levels of literacy, and beyond this, local interest about the project as it moves through its lifecycle. In any given context, these and other variables will influence the degree to which project-affected people give or withhold 'consent', negotiate agreements and engage with mining industry actors.

3 Background to the study

Global debates

The first background theme that is relevant to this study is Free Prior Informed Consent or 'FPIC'. Over the last decade, FPIC has achieved global attention for its potential to 'level the playing field' between land dependent communities and multinational mining corporations. While several international organisations have developed policies stating their commitment or interpretation of FPIC, there is presently no commonly agreed industry position or model for the achievement of FPIC, with few examples demonstrating its application in mining communities.⁴ Further, no specific guidelines exist around how to operationalize the individual dimensions of the framework.

In PNG there is no specific legal requirement for developers to follow an FPIC process. However, the combination of customary land ownership and the consultation requirements of the PNG Mining Act (e.g. aspects of the Development Forum) approximate key elements of the FPIC framework.⁵ Considering how these elements may be achieved is of interest in this study, not whether, or the extent to which, landowners provided FPIC for the the Ramu Nickel project.

The second theme is agreement-making. Internationally, several jurisdictions require developers to enter into formal agreements with the state and representatives of mining communities as part of the permitting process. Other types of agreements are used for recording expectations relating to specific issue areas, and for outlining mechanisms for monitoring or redress should difficulties arise. On the one hand, agreements offer the appeal of defining roles and responsibilities, impacts and opportunities, resources and the distribution of project benefits. On the other, agreements tend to be successful only when all parties are operating from an informed position. While there are clearly benefits associated with the use of agreements in mining, ensuring that all parties receive timely information and have sufficient knowledge and access to expertise remain ongoing challenges. In this study, the focal point for participants was information associated with the Memorandum of Agreement (MOA) and Mining Development Contract (MDC).

The third theme is community engagement. Across the mining industry, the expectation that local and landowning communities are engaged and participate in processes of mining and development

⁴ Owen, J.R., and Kemp, D. (2014) 'Free Prior and Informed Consent', *Social Complexity and the Mining Industry: Establishing a Knowledge Base. Resources Policy*, 41: 91–100.

⁵ Macintyre, M. (2007) Informed Consent and Mining Projects: A View from Papua New Guinea. *Pacific Affairs*, 80, 1: 49-65.

has become a generally accepted principle. Locally inclusive engagement is a permitting requirement for many jurisdictions and a standard provision in corporate policy platforms and in the international standards. In an operational setting, performing the task of community engagement is usually delegated to a community affairs department or equivalent. These departments are often positioned on the periphery of the organisational structure, and work in conditions of great social complexity and with a limited ability to influence internally.⁶ The industry's ability to engage effectively – including through the exchange of timely and relevant information with local communities – continues to be called into question.

Case study setting

Mining is a major driver of economic growth in PNG.⁷ Since the 1970's, the country has witnessed the development of successive large scale mining operations. The country is also home to several high profile international 'test case' operations with civil war at Rio Tinto's Panguna copper mine in Bougainville; the destruction of the Fly River at the Ok Tedi Copper mine formerly owned by BHP Billiton; human rights and security issues at Barrick's Porgera Joint Venture operation; the use of deep sea tailings at Newcrest's gold mine in Lihir; and the rapid closure of Placer Dome's gold mine in Misima.

Ramu Nickel is PNG's most recent nationally significant project to come into production. Foreign majority ownership of a mining operation by another sovereign state is a unique scenario in PNG, as is Chinese management of a major mining operation.

Like other large-scale mining ventures, the development of the project spans several decades. Key milestones include:

- 1962. Ramu laterite ore discovered by Australian Bureau of Mineral Resources.
- 1997. Highlands Gold secures the project and establishes Highlands Pacific to manage.
- 2000. MDC and the MOA signed with Highlands Pacific.
- 2003. MCC commence technical and economic due diligence.
- 2006. MDC and the MOA signed with MCC.
- 2007. Construction permits granted.
- 2008. Full scale construction.
- 2010. Construction largely complete. Ramp up commences.
- 2012. First shipment to China.
- 2013. Revised MOA with MCC.

While only in the early stages of production, MCC has already received significant media attention. The operation has been the focus of PNG Mine Watch, PNG national media, several court cases and community protests. Most recently, local community members set fire to several millions of dollars worth of company equipment in response to frustrations about the lack of opportunities for

⁶ Kemp, D., and Owen, J. (2013) Community Relations and Mining: Core to Business but not "Core Business". *Resources Policy*, 38, 4: 523-531.

⁷ According to the ICMM, in 2010 mining contributed 33.4 per cent of PNG's gross domestic product See: <http://www.icmm.com/document/4440>.

employment and contracting.⁸ Others have focused their research on the circumstances in which the mine was established: direct government-to-government negotiations, generous tax concessions, and the presence of a substantial foreign workforce.⁹ The study team has noted these issues as background context, though they were not the focus of the research.

Also relevant to note is that while the Ramu mine is not itself a large operation, the proposed Yandera gold and copper mine – located less than 30 kilometres from the mine site at Kurumbukari – has been touted as the ‘next Ok Tedi’. Given the close proximity of the two projects, there is a heightened potential for cumulative impacts offering yet another major ‘test case’ for PNG.

Landowner Associations

An estimated 20,000 people live in the project footprint area. Clans residing within each of the four identified impact areas are represented by one of four landowners associations. In matters relating to the MOA, each association has equal authority to participate through its elected representative structure. On the business development side, the four associations co-own an umbrella company, Raibus Ltd, which has subsidiary companies for security, engineering and a joint venture with NCS catering. In 2014, business contracts worth more than 30 million Kina (approximately USD \$11.5 million) were awarded to landowner companies, with more than 90 per cent secured by Raibus.¹⁰

The basic function of a landowner association is to represent community stakeholders in their negotiations with the developer and the government. In PNG, these negotiations cover a wide range of topic areas: land access, business opportunities, social development, environmental impacts, compensation, grievances and disputes, and royalties. In terms of information flow, landowner associations are often positioned in agreements as the primary ‘conduit’ between the community and the government and company, and the primary mechanism for information dissemination to local communities. This is also the case at Ramu Nickel.

Landowner representatives are elected by the members of the association based on their clan affiliation in one of the mine impact areas. Each recognised clan group is expected to be represented within the association. That representatives have direct social ties with community members raises several challenges that can inhibit the effectiveness of the association. For instance, representatives can quickly become embroiled in clan politics over land or business opportunities. Similarly, landowners that successfully secure business contracts or project benefits for themselves may be viewed as no longer representing the interests of the clan. In cases where community members are still waiting for compensation payments or feel excluded from project benefits, the success of individual landowners through business or other benefits can erode confidence in the representative, and by extension the association.

⁸ Reuters. (2014) China's MCC Halts Ramu Nickel Mine in PNG After Attacks. *Thomson Reuters Foundation*, Available at: <http://www.trust.org/item/20140807025424-m4xiq/?source=search>

⁹ Smith, G. (2013) Nupela Masta? Local and Expatriate Labour in a Chinese-Run Nickel Mine in Papua New Guinea, *Asian Studies Review*, 37, 2: 178-195.

¹⁰ For a full account of the business development structures in place at Ramu Nickel, see: Seip, B.K. (2012) Impact of Business Management on Landowner Enterprises in Papua New Guinea: A case study of the Kurumbukare Limited Company. *Contemporary PNG Studies: DWU Research Journal*, 19: 96-107.

4 Sampling and methods

The Ramu Nickel project was selected for this study for two key reasons:

1. The mine had commenced its third year of production, making it one of a small number of mine sites within the Asia Pacific region to have recently moved into the operations phase of the project life-cycle. Other more established mines were not considered for this study because of the years that had passed between permitting and current activities. The team was concerned that the presence of significant legacy issues would have a negative effect on participant recall, or that legacy issues would overshadow any interest participants might have in a conversation about “information flow”.
2. The mine is Chinese operated, making it the only wholly Chinese operated mine in PNG. The contrast between the two nations on matters relating to governance, authority, freedom of expression has direct implications for how people understand information and the rights of communities to access information at different times.

Prior to commencing the study, the team made contact with senior personnel from Ramu Nickel to outline the objectives of the research and to seek logistical support for the fieldwork component of the study. Company support was granted by the President of Ramu Nickel.

The sampling strategy was to gain a broad spectrum of input from across the footprint area. This approach has the benefit of comparing community-level perspectives across a wide geographical area. The obvious limitation is that due to time constraints the team was unable to delve deeply into issues or individual experiences.

Research data was generated through semi-structured interviews, group discussions and informal conversations with key informants. Our aim was to record participant narratives about their experience with the project, with some perception data regarding how other stakeholders understand and prioritise information needs. Other than introducing information from other informants into interviews for validation or comparison, there was no ‘fact checking’.

Table 1: Community sample

<i>Location</i>	<i>Dates (2015)</i>	<i>Setting</i>	<i>Method</i>	<i>Duration</i>	<i>Group Size</i>	<i>Active sample</i>
<i>Near-mine communities (Kurumbukare):</i>						
Enekwai	10/02	Market	Group discussion	1 hr	45-50	7
	10/02	Car	Interview	30min	1	1
	11/02	School grounds	Group discussion	30 min	8	2
Ainageri	11/02	Hamlet	Group discussion	1 hr	20	6
<i>Refinery communities (Basamuk):</i>						
Mendri	13/02	Hamlet	Group discussion	2 hrs	60	4
Ganglau	14/02	Hamlet/Aid post	Group discussion	2 hrs	40	4
Tugiak	14/02	Hamlet	Observation of agricultural programs	1 hr	-	-
<i>Pipeline communities:</i>						
Ono (inland)	18/02	Market	Group discussion	2 hrs	50	7

Erima (coastal)	19/02	Hamlet	Group discussion	2 hrs	30	10
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Table 2: Company sample

Location	Dates	Setting	Method	Duration	Sample Size	Active sample
Mine site (Kurumbukari)	10/02	Central admin.	Group discussion	1 hr	7	3
	11/02	Car	Group discussion	45 mins	3	3
Refinery (Basamuk)	13/02	Central admin	Briefing	1 hour	3	2
	13/02	CA Office	Briefing	1 hour	4	2

Note: The mine-site (Kurumbukare) has carriage of community relations for ‘inland’ pipeline communities. The refinery (Basamuk) has carriage of ‘coastal’ pipeline communities.

Table 3: Government sample

Location	Dates	Setting	Method	Duration	Sample Size	Active sample
Madang	17/2	Provincial office	Interview	1.5 hours	2	2

Data collection process

The research process was sequenced as follows:

- communities identified by the research team
- request made to community affairs to make contact with community and request permission to meet
- contact made prior to arrival
- research team arrived in the village and made contact with relevant spokesperson
- spokesperson called on individuals to gather for the meeting
- team members introduced by research facilitator
- explanation of the research provided, followed by a description of points for discussion
- opportunity provided to ask questions or clarify discussion
- research facilitator sought agreement from the participants to continue with the process.

Each village-based session was conducted in *Tok Pisin* and facilitated by one of the independent social researchers from the research team. Hand written notes were taken during each session with translations into English where needed. Following each session notes were typed up and verified by the research team. A thematic analysis of the data was conducted thereafter.

5 Observations and challenges

The experience of the Ramu Nickel project reflects a number of challenges with respect to the flow of information between company, community and government actors. Some of these challenges are particular to the Ramu Nickel project, whereas others are symptomatic of the PNG mining context.

These more general issues have varying effects in different operating contexts, and we note some of those effects as they are beginning to play out at the Ramu Nickel project.

Primary gaps in community access to information

Based on current data, the following list provides a summary of the primary gaps with respect to community access to information at the Ramu Nickel project.

- The majority of research participants at Kurumbukari (Enekwai and Ainageri) were unable to define what stage the mine was at in its project lifecycle. Several respondents thought that the mine was still clearing land, and was yet to develop a mine pit. The Basamuk and pipeline communities appeared to have a better sense of the project stage. All groups had a limited understanding of the estimated life of mine.
- The majority of research participants indicated that access to information was significantly better in the pre-permitting stages of the project. Several participants recalled receiving information from the government and the former owners about potential impacts and opportunities during the planning phase. This same level of engagement had not continued into construction and operations.
- The process for formulating the second MOA was not considered to be consultative or transparent. Most participants agreed that there was a higher level of transparency during the four-year agreement making process under Highlands Pacific than for the agreement process under MCC.
- None of the research participants were clear about the content of the revised MOA, or the status of implementation on key commitments. Participants could only recall commitments made under the original MOA. Over the entire sample, only two people indicated that they had a copy of the MOA. Both of these interviewees were landowner representatives.
- The resettlement community at Enekwai was unclear as to whether they would be subject to future relocations as the mine continues to develop.¹¹ Based on the lack of information flowing about future mine plans, families were concerned that the company may require them to move again. This point was expressed as a general sense of uncertainty about the stage of the project, potential mine life, and intentions of the company.
- Access to information was also an issue within the company. Community affairs staff (both mine and refinery) reported experiencing difficulties when attempting to access information from management. With limited access to information themselves, community affairs were in turn constrained in their ability to share information and were described by one community as “tight lipped”.
- Written material (e.g. newsletters and magazines) distributed by the company provided a source of information, but participants indicated that the content of this material did not reflect their information needs, but rather, the programming priorities of the company.

¹¹ There is very little public documentation relating to the two resettlement communities at Kurumbukari. The research team was only made aware that a relocation had been effected after its arrival to site.

- The development and provision of core services in education, health and infrastructure was identified as a priority in all community discussions. In most instances participants did not know which services would be established when, under which sections of the MOA or who was responsible for different elements of delivery.
- Ramu Nickel did not have a functioning project-level grievance mechanism in place at the time of the study. People were unsure as to the process steps involved in raising concerns about the project or for requesting information. This includes knowing whether to approach national or provincial government, or the company, or which party has specific responsibilities in relation to the project (e.g. environmental impact monitoring).

Challenges particular to the Ramu Nickel project

Differences across culture and language

Staff at both the mine and the refinery reported experiencing difficulties in navigating cross-cultural norms. National staff stated that they were still adapting to the Chinese approach to communicating information about the project. Both PNG national community relations staff and their Chinese expatriate managers found the lack of a common professional language to be a significant barrier to the flow of information. In some instances this was expressed in a light hearted manner, with people explaining the various techniques they employed in order to be understood by their colleagues. Techniques included gesturing/signing, producing sounds to indicate a place or an action, or using a combination of commonly used words from both *Tok Pisin* and Mandarin. At other times staff were less positive about their experiences, noting the sense of frustration they felt in being unable to communicate basic information on important issues in a high stress environment.

Throughout the data collection process, community feedback was imbued with strong anti-Chinese sentiment. In 2012, Smith recorded instances of local discontent over the number of Chinese contract laborers used on the project, reflecting a strong expectation for local employment.¹² More broadly, respondents spoke negatively about what they perceived to be a lack of willingness on the part of MCC management and staff to understand PNG culture. The general feeling was that MCC managers made little effort to understand or adapt to the local context and instead engaged only with formal representatives from the government and the landowner associations. According to research participants, MCC made little effort to engage at the community level and on the occasion of a community visit, did little to build the relationship or resolve concerns. Most participants were of the view that their own government was turning a “blind eye” to community issues because of the arrangement with the Chinese government.

Delays in project development

The majority of participants expressed a sense of uncertainty over the project development timeline. Following an intensive period of engagement between the former operator and community, the project was put on hold in 2000 while investors were sought to bring the project online. The delays were also due to the complex refinery process that reportedly took some time to finalise. During this period, community members felt that much of the open communication and positive momentum enjoyed under Highlands Pacific during feasibility was lost.

¹² Ibid Smith (See Footnote 9).

Given the delays in project start up, some of the early anthropological studies undertaken as part of early permitting had become outdated.¹³ Company representatives stated that new social dynamics had emerged as families grew and as new migrants settled in the area. These early studies were in the process of being updated or redone by internal community relations staff.

Breakdown in the landowner association model

In reflecting on the performance of the landowner association, some participants stated that during the period 2006-2012 the association had been a vehicle for negotiating the flow of information between the project and the community. Since the project moved in production, a number of changes have affected the association's ability to perform its role as a conduit between households, company and government stakeholders. These include:

- the rapid onset of social and environmental impacts commencing with the commissioning and operation of the mine
- a series of land disputes that have prevented the company from releasing compensation and land use payments to a number of landowner groups
- fewer employment opportunities being available for local community members at the completion of the construction phase.

These factors have resulted in an overall increase in both the volume of grievances and the demand for information. At the same time, the composition of the landowner executive changed and participants were of the view that the association had ceased performing some of its core functions. Participants stated that since 2012 the landowner association had become ineffective in providing information to the community about the project. In some instances this was attributed to the executive succumbing to the interests of "outsiders", in others it was suggested that the executive was unable to represent landowner issues while land disputes were ongoing. A perceived lack of financial transparency in the running of the association and the umbrella company added to the sense of dissatisfaction at the community level. Concerns about conflicting interests, obligations and allegiances are an ever present issue.

These issues notwithstanding, landowner representatives face a set of unenviable challenges. The role demands responsibility for activities that are extremely complex and for which little training or support is available. Simply put, representatives are required to form an association in alliance with groups with which they may have no prior experience of cooperating with (or indeed a negative shared history), to then negotiate and execute a legal agreement over the development of an internationally significant asset, in partnership with multiple levels of government and a foreign company, that will result, at minimum, in the alienation of land, considerable social and environmental impacts, and an unprecedented and rapidly changing social and economic landscape.

The 'landowner association as an information conduit' model presents challenges for project affected communities in terms of access to information and representation. The highly complex

¹³ Zimmer-Tamakoshi, L. (1997) When Land Has a Price: Ancestral Gerrymandering and the Resolution of Land Conflicts at Kurumbukare, *Anthropological Forum: A Journal of Social Anthropology and Comparative Sociology* 7, 4: 649-666.

circumstances under which landowner associations operate also raises important questions about the level of knowledge, skills, resources, relationships and commitment required in order for this approach to be successful.

Low cost operating context

MCC has declared the Ramu Nickel a low cost operation. The low cost approach to the running of the mine was expressed in the various localities as the company deferring certain community programs and initiatives until the mine is at full ramp up and is generating a profit. This approach has implications for the flow of information. For example, at the time of the study, the company did not have a formal point of interface with female leaders at Basamuk. The establishment of a gender office at Basamuk has been deferred until the operation is considered profitable. Community informants stated that gender programming from the Madang office was not having any effect locally, and that there had been minimal engagement with women at the two project sites.

More broadly, interviews suggest that reduced capacity or non-performance by one of the parties to the agreement has direct implications for other parties. During interviews with mine staff they explained that when the community was not satisfied with either the landowners association or the government, the issue was brought to the community affairs team. An increasing demand on the community affairs team did not appear to have been well understood internally within the business. At Kurumbukari, for example, the approach was described by staff as “issues driven” where community affairs wait for issues to arise, and then work to solve them. Staff joked that they were the “fire fighting department”.

This more reactive strategy was not serving the company well with violent outbreaks at Kurumbukari due to dissatisfaction with, amongst other things, local business opportunities. In this case, systems for raising issues and grievances were reported to have broken down. In other places, landowners said that they were using their own resources to travel to the Madang office because the local community affairs team were not able to progress their issues. Some people at Basamuk said that they were traveling to Madang by boat to lodge complaints at the country office rather than locally. Most of the communities that participated in the research were aware of the recent violence at Kurumbukari, and indicated that similar incidents could occur at Basamuk if the situation did not improve. Local community relations staff indicated that they were unable to work more proactively to avoid or prevent issues because they did not have resources (e.g. access to vehicles and personnel) available to them.

Activities not meeting information needs

Community participants provided positive feedback about some of the company’s activities, in particular the agricultural support program for communities at Basamuk. While these discrete activities are well regarded and involve sustained interaction with communities, they do not necessarily address the information priorities of the various project-affected communities. Given the level of interaction between staff and project-affected communities, including through local employees, the issue appears to be that communities feel they are not receiving useful or relevant information through those interactions. Fundamentally, the program of activities is not structured to deal with the provision of information about the current or future likely impacts of the operation – either proactively or in response to specific requests.

At a meeting in Basamuk it was said that “the mine only gives out the minimum amount of information” and that information relating to future development was treated as strictly confidential. While community-level engagement and interaction was generally viewed in positive terms, the purpose of that engagement needs to include provision and receipt of information that assists both the community and the company in future decision making. The current systems and structures for communication of information was described as “broken”.

Challenges within the PNG operating context

Limited government presence

Study participants noted a lack a government presence at the community level. This was attributed to the lack of basic services such as health, education and road infrastructure. Government was also noted as being absent from its project monitoring and oversight role, and addressing the information needs of project-affected people. Given high levels of demand for services and ongoing concerns about impacts, the community is looking to the company to address these gaps. As the only large and well resourced institution in the local area, the company is assumed to have capacity to address these gaps. In this situation, it is likely that the company will become increasingly encumbered with community frustration over government inaction. Land disputes that have delayed payment of the compensation component of the MOA are being mediated by the government. Information about the progress of these cases was considered to be unsatisfactory.

Non-participative Agreement making processes

Participants expressed frustration at the process surrounding the signing of the second MOA with MCC.¹⁴ Comparisons were made between the four-year negotiation that involved Highlands Pacific and what participants described as the government-to-government agreement that had been arranged with MCC. In PNG, convention dictates that a new owner inherits a standing agreement, particularly one that involved significant input from landowning communities. The Lihir mine, for example, has witnessed several changes of ownership in its seventeen years of operation. It is unusual that a review process would be conducted without some effort to engage local communities and their representatives. Nonetheless, communities reported great difficulty in accessing information about both the substantive and procedural elements of the present agreement. The content of the agreement was not known, there were no plain language copies available, and most people were unclear about the timing of forthcoming reviews and how they would be able to participate.

Background poverty and high expectations

The communities in the Kurumbukari and Basamuk areas are remotely located with historically poor access to road networks and public services. Researcher reports prior to the development of the mine emphasise the high level of dependence that these communities have on land and natural resources for basic provisioning. During village meetings, participants emphasized their reliance on land and water resources and the concerns they held over current or future impacts to those resources. In each meeting participants expressed an expectation for improved water supply, electricity, school upgrades and better access to health services. In some communities, expectations

¹⁴ We assume that the first agreement was a result of all parties going through the process of preparing for the Development Forum.

for improvement exist in a context where basic services and infrastructure are completely absent. The community closest to the refinery, for example, does not have power or access to a nearby primary school.

While few people reported having cited the revised MOA, it was the understanding of most participants that development benefits would flow once the mine commenced operating. In addition to the delayed release of compensation monies, communities expressed frustration around what they perceived as a lack of development in their area. In terms of information, there are two immediate implications. First, that if plans are in place to progress development activities in the affected areas, the approach to scheduling and implementation of these activities is not known to the community. Second is that perceived failure to deliver on benefits that have been formally agreed as a condition of the project raises questions of the integrity of other stated intentions or commitments.

6 Broader points to consider

Information pathways and structures

- Different parties will have different interests in a particular project. These interests will affect the transmission and reception of different types of information. It is therefore important to ask: Which conduits of information are most appropriate at the community level given the complexity, diversity and consequences associated with information about mining projects?
- In many instances, companies will rely on community-based structures to transmit information. Different structures will have variable capacity in terms of experience, willingness and resources for sharing information: Which communities demonstrate a level of readiness to engage with the mine, request, digest, analyse and communicate information, and which communities may need greater levels of support and input?
- Where communities do not hold land that is considered to be of strategic importance to the developer, their ability to demand or leverage can influence access to information. Whether the flow of information is directed to power and influence, or is addressing the needs of other groups is vitally important when understanding the causes and effects of information inequality.
- There is often a need to involve independent parties that are not reliant on a project proceeding in a particular way. One consideration is whether developers and governments should involve independent or alternative parties when communicating information about the project.

Information dissemination and interaction

- High levels of interaction can be indicative of present or emerging grievances or the lack of resolution of legacy issues, rather than the free flow of information. For this reason, environments in which there are high levels of interaction can be less conducive to the provision of information, simply because issues or concerns can come to dominate

engagement. The key here is to understand the character of the interaction between company representatives and members of the community.

- Developers can often assume that other parties are able to deduct information based on seemingly obvious changes in the physical landscape. For instance, one might assume that if operational activity is occurring in a nearby area, that the community would therefore be able to identify the relevant project stage. Due to inconsistencies in the content and flow of information, individuals can arrive at very different understandings about project status. Similarly, people can receive information, but may not be able to contextualise it. One important aspect to consider is the level of support that may be required so that communities can understand the context and significance of what they are observing.
- While it is important to consider higher-order problems relating to the provision and accessibility of information, basic questions remain relevant. In addition to ensuring that information is provided in a timely manner, it is critical that individuals receive information in their preferred language. It can be helpful to ask whether key documents have been translated or rendered accessible to local stakeholders in this way.

Information in the life cycle

- The need for information does not cease once a developer has reached a permitting milestone. Evidence indicates that the phases of construction, production and expansion introduce stage-specific requirements for information. While this may seem like a basic consideration, it remains important to ask whether communities have access to information that is relevant to the stage of the project.
- Social baseline data is an important source of information for all parties. Developers and regulators need to ensure that such information is collected and analysed in both an equitable and rigorous manner. It is in the interest of all parties that social data remains current to track and respond to social impacts and to avoid disputes over land ownership, resource use, compensation and project entitlements.
- At permitting, developers are typically required to declare their design, consult and agree on the terms of development. Once a project moves into operations, companies may not want to disclose all details of the project. In an expansion scenario for example, there are often concerns about the risk of speculation. It is important to consider how a company balances its commercial interests with a community's right to know.
- There are stages through the permitting process where developers and regulators look to identify signals of consent. During this time, they are not required to identify signals of withdrawal. Thereafter, the extent to which grievances or concerns are used to offset the claim of consent is minimal. While there is an increasing awareness of grievance and remedy processes, they are not always seen by companies as signalling the withdrawal of consent. It is important that developers recognise the kinds of signals in terms of either consent being weakened, reconsidered or withdrawn.

Entitlements and expectations

- Village-level development programming can provide important resources for local communities, in addition to serving as a foundation for relationship building between communities and the mine. While these activities have potential in terms of functioning as conduits for information flow. This does not happen automatically. For social programming to serve this function, information sharing must be intentional.
- The argument for using an expectations management approach is that communities can develop expectations that are unrealistic, or expectations relating to goods or services that have not been agreed by the respective parties. However, the term is too often applied in circumstances that have any kind of community expectation, or where the high level of expectations is not unrealistic but refers to an entitlement that has not yet been met. Considering whether the company is avoiding, deferring or clarifying expectations as a part of their information and communication strategy is vitally important.

Information availability as an driver of conflict

- There is a link between provision of information and conditions of unrest. In the absence of information about procedures or mechanisms for advancing concerns or expediting the receipt of confirmed entitlements, community members often find themselves unable to seek remedy or redress through what the developer or government would consider to be a preferred pathway. Understanding how communities can access procedural mechanisms, and utilise them is one means through which to avoid communities deferring to protest and disruption.

7 Recommendations

For Ramu Nickel:

- commission an independent review of stakeholder engagement strategy and processes. The review should include five categories of stakeholder: (i) media, (ii) Provincial government, (iii) Landowner Association, (iv) Ramu Nickel employees (particularly those in Community Affairs), and (v) community members.
- bring forward the establishment of gender teams at both Kurumbukari and Basamuk.
- review the company's approach to cross-cultural induction to ensure that expatriate managers are familiar with PNG approach to engagement and information sharing.

For the MRA:

- provide each stakeholder group with a signed copy of the final version of the revised agreement.
- review the government's current on-site social and environmental impact monitoring arrangements, including for resettlement at Enekwai. Consider methods to engage members of the community in the development of indicators.

- commission an independent review of the landowner association model, in particular, the levels of commitment, engagement, resources, training required by each of the respective stakeholders to ensure the model is operable for the purposes of information flow.

For the Provincial administration (Madang)

- document resourcing constraints and seek more active support from the Provincial government to discharge duties under the MOA

Joint recommendations for Ramu Nickel, the MRA, and the Provincial government:

- co-ordinate community-level awareness sessions in each of the affected areas to ensure that the content of the current MOA is understood by stakeholders.
- encourage independent reserachers (national and international) to engage in longditudinal studies of issues of community concern.

For the landowner associations:

- Consider developing specialist functions within landowner organisations in order to improve provision of information to landowner and affected community groups. Alternative propositions may include a trial partnership with a third party organisation or sub-contracting the function to organisations that specialise in disseminating technical information at the village level.