

# INVERMAY: Nightmare or Dream Opportunity

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Bruce Harvey

*This case was written by Bruce Harvey. It contains views and opinions of the author that are not necessarily those of any employer or organisation with which the author is or has been associated. The case study is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management or community relations situation. This case is largely based on fact drawn from several projects, indicative of dilemmas facing mining development projects, however people and place names have been changed for reasons of cultural sensitivity. The names used do not necessarily portray actual people and places, past or present. All quotes are fictitious.*

## **CORPORATE PERSPECTIVE — A THREE ACT NIGHTMARE**

“INVERMAY: A THREE ACT NIGHTMARE!” the words leapt out from the front page of the newspaper at Ross Jackson. His throat tightened. “How many more missiles could possibly be fired at the Invermay Uranium Project?” he thought, “and why now? Only a week before a major review of the project! It was difficult enough as it was trying to get support. The last thing the project needed was a banner headline like this!” Ross wondered how his company, blue chip min-

ing house CRA Limited, would react to this latest publicity.

Ross slumped into his chair and reflected on everything that had happened in the past two years. He could hardly believe they had gone so quickly. In November 1985, in the very last drillhole of the season, his exploration team had drilled into rich uranium ore that had subsequently proved to be part of a substantial deposit. He had named the deposit Invermay, after his ancestral home in Scotland.

The deposit straddled the boundary of Simpson National Park in the remote Simpson

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Desert of New South Wales (NSW). “What rotten luck! Who drew the lines on maps marking national park boundaries anyway, and on what basis?” Ross ruminated. Furthermore, the area now faced an Aboriginal land claim. “And now the press are on to it,” he reflected bitterly, “No doubt thanks to some activist group with nothing better to do! Well, they were right in one respect, ‘Uranium, National Park, Aboriginal Land Claim — A Three Act Nightmare!’, but just exactly whose nightmare? Mine!”

Uranium appeared to be present at Invermay in world-class grade, quantity and metallurgical character. Ironically, it had been discovered whilst looking for diamonds, but that’s mineral exploration for you.

For Ross Jackson, Invermay had been the discovery of a lifetime and the last two years had flown by as his team had proficiently drilled out the boundaries of the ore system, progressively adding more and more tonnes to the resource. A sizeable deposit was present, but would it be economic and would the company risk development even if it was? At first the public had known little about it. The area was remote and public reporting commitments do not require disclosure at the early exploration stage. Eventually public announcements had to be made.

The Government wasn’t being helpful. It had its own political difficulties without having to grapple with conflicting land interests. The public service, technically neutral but prone to social influence, regulated the project under an array of Federal and State legislation covering Aboriginal site clearance, the environment and radiation monitoring. Against this backdrop, Ross and his team had set about meeting all regulatory and reporting obligations as they would any technical task; with thoroughness, according to the letter of the law, on time and with full consideration of safety, Aboriginal culture and the environment. In short, a thoroughly professional approach in full expectation of reciprocal treatment.

Far from easing the approval process this technical approach had met with a tidal wave of opposition. It was a credit to Ross and his team that Invermay’s evaluation had remained on track and that actual intervention and delay had been minor. Tactics in the campaign of opposition included:

- Direct intervention by Federal and State politicians resulting in ad hoc amendments to

tenement arrangements such as the imposition of a ‘temporary exploration exclusion zone’ to the south of Invermay where the exploration team had hoped to find more uranium.

- An unannounced visit by an ‘activist’ Federal Senator demanding a site tour, berating staff and collecting material for later misuse against the project.
- A barrage of allegations concerning contravention of conditions that had all been proved false but that had to be investigated before additional ore reserve drilling was allowed to proceed.
- Journalistic attacks on the integrity of the company and its personnel.
- Self-proclaimed ‘guardians’ refusing to allow company personnel to speak to local Aborigines and, in the resulting information vacuum, carrying out a campaign of disinformation. It could only be imagined what horrors were being told of mining and uranium.

These were the ingredients for social conflict the project faced. Overall those opposing the project were extreme, networked and articulate. Despite all this, by November 1987 the deposit was shaping up as a world-class resource of 36,000 tonnes of contained  $U_3O_8$  with every indication that more would be found. A consulting group had been engaged to independently overview all aspects of the project and was due to report in two days time. On the basis of this report, Ross and his team would take a recommendation to the CRA Board in two weeks. It was a critical time for the project, further work was going to involve a major escalation of expenditure.

### Corporate Strategy

CRA Limited was Australia’s largest mining house and had a range of subsidiaries that mined iron ore, zinc, copper, gold, diamonds and coal within Australia and the ‘Pacific Rim’. The Group’s turnover in 1986 was one billion dollars. The issues of uranium and development on Aboriginal land were particularly sensitive and the Board was split in its attitude towards them. Although it was acknowledged that uranium had provided good profits to the group in the past, the social and political climate had changed and it was now potentially damaging in turns of overall public perception. Likewise, public sentiment towards perceived corporate intrusion on Aborig-

inal interests was distinctly negative. Many directors were unsure whether the Group should take the risk of negative public sanction developing against the Group as a whole. Others believed the risks could be managed.

### Political Sentiment

Whilst politicians were generally pro-development, public sentiment in major urban centres far away from Invermay, where over 65% of Australians lived, had turned distinctly anti-development. This was particularly the case where Aboriginal or environmental interests in land were seen as under threat. For politicians, it seemed an easy trade off to placate urban constituents by opposing mine development in remote parts of Australia.

Many politicians were also opposed to uranium mining, particularly on land with environmental and Aboriginal interests. The current Federal Government's pragmatic policy was to restrict uranium mining to three existing operations in Australia. They were able to do this under provisions of the Atomic Energy Act by withholding export licences for any new operations. Many people saw this as essentially hypocritical and doing nothing except providing great advantage to Canadian uranium miners by restricting competition. In fact, Canadian uranium mines had been able to secure a large share of the global uranium market. Ironically, Canadian mines in northern Saskatchewan faced similar issues to Invermay, but the operations had all proven to be leaders in aboriginal employment, business development and environmental management, whilst generating strong revenue for shareholders and landholders alike.

In short, Invermay was a 'hot potato'. The incumbent Federal Government did not have the resolve to change its essentially illogical uranium policy and continued to show great paternalism toward Aboriginal people. The Opposition had stated clearly that, if elected, it would allow greater Aboriginal self-determination and permit market forces to determine which uranium mines should operate within Australia. All the polls indicated the Opposition had a good chance of gaining power in the next election.

### Simpson National Park

Simpson National Park is Australia's second largest, covering some 15,000 km<sup>2</sup> of mainly sand

dune desert. The area is extremely remote with no infrastructure development. Access is by way of unmaintained 4WD tracks through sandy and rocky desert. The government discouraged tourism for safety reasons and only a few very well equipped and experienced 4WD enthusiasts visited the Park.

The National Park was proclaimed an 'A Class Reserve' in April 1977, for the purpose of Conservation of Flora and Fauna. It incorporated all of the Simpson drainage basin, a desert river system that rose and drained to a salt lake completely within the bounds of the Park. Typical of such desert river systems, the Rudall rarely flowed and most of the time was a vast sand-choked system of braided channels and gum trees with the occasional ephemeral waterhole.

Simpson was never intended as a National Park in the sense that most people understand the concept. It was really a scientific reserve. At the same time as it was declared it was also designated open for exploration and mining, consistent with the notion of scientific inquiry that was envisaged for the area. Before and after the creation of the National Park, CRA had actively explored the area for basemetals, gold, diamonds and platinum. Prior to 1972, no prospecting or exploration had been carried out by anybody in this remote region. CRA had held exploration title in the area since 1977 and had continued region-wide exploration for satellite uranium deposits since the discovery of Invermay. This exploration had occurred both outside the National Park and inside it under terms and conditions regulated by the State government.

CRA had voluntarily extended environmental provisions required inside the Park to all its exploration areas outside the Park. In this way it avoided condoning behaviour one side of an arbitrary line that was unacceptable on the other side. CRA believed it was pro-actively running an environmentally sensitive programme. It had already carried out extensive flora and faunal surveys, inside and outside the National Park, for baseline data inclusion in environmental impact studies that would eventually be needed by the Environmental Protection Agency (EPA). These data included a fully-mounted and documented flora set containing over 500 species, the most comprehensive documentation of Simpson Desert ecology to date. The company had provided assistance for other ecological programmes, including protection of a rare colony of wallabies.

## Aboriginal Community

Aborigines living a traditional nomadic lifestyle had been present in the Simpson Desert until the early 1960s, before migrating to missions closer to the coast. Since 1984, Aboriginal people had returned to the area and established 'outstation' communities at Walgee and Mt Barry, some 70km SE and NE respectively of Invermay. The people had overlapping family and political affiliations with constantly changing and often conflicting alliances of interests. The Simpson Desert Land Council (SDLC) attempted to represent the interests of all Aboriginal people in the region.

The Heritage Protection Act in NSW requires all ground disturbing activities to avoid Aboriginal heritage sites. In 1985, before any drilling began, the Invermay area was declared clear of such sites by Aboriginal traditional owners and anthropologists, but only after some disagreement with the SDLC. A group of Aborigines affiliated with the SDLC was now living in a makeshift camp inside the National Park on a water bore drilled by CRA on granted exploration tenement at Mt Barry. The settlers were in breach of the law, but by 1987 they were well established with infrastructure provided by Federal Government funds.

CRA and the SDLC appeared to be at loggerheads over a whole range of issues, and yet CRA's direct dealings with Aboriginal people had been open and congenial. Chance encounters on the road were always friendly. Company and Aboriginal people were polite and possessed no obvious enmity to each other. From Ross Jackson's perspective, it was obvious that the SDLC's insistence on no direct dealing with Aboriginal people was a deliberate strategy to prevent a relationship developing. He considered that the problem lay not with the community but with the Land Council.

CRA's directives to its staff were clear and unequivocal; the dignity and privacy of Aboriginal people were to be strictly recognised and no CRA personnel were to make contact without due cause. Nevertheless, opportunities to interact as a neighbour were acted upon and the Mt Barry Aboriginal community's main access track and airstrip had been graded on this basis. Similarly, medical evacuations and other services had been coordinated for the community.

## Community Relations

Ross Jackson believed communities, and politicians in their role as community leaders, required balanced information to make balanced judgements and sought ways to provide this information. A government inter-departmental committee had been set up to prescribe terms and conditions for exploration and these had proved onerous, but acceptable. The committee was now assisting communication and mutual understanding. Ministerial briefings had been provided and more avenues for communication were being sought. Direct interface with the broader community had included;

- Small numbers of adventure-seeking visitors to the National Park were frequently helped with mechanical repairs, fuel, oil, spare parts, directions, water and hospitality. The company had drilled a waterbore at an important track intersection and equipped it with a hand pump for emergency use by anybody in need. Water was a very precious commodity in this part of the world, particularly to Aboriginal people moving back to their traditional country.
- Pastoralists in areas peripheral to the Simpson Desert were kept informed of CRA's activities. Cattle station access tracks damaged by company vehicles were repaired or compensation was paid. Mail, messages and other information of interest were regularly passed on.
- The Royal Flying Doctor Service (RFDS) was the medical safety net throughout outback Australia and CRA had helped it nationally and locally in various ways. In one instance an RFDS air ambulance was stranded at Mt Barry airstrip after it grounded both propellers and seriously damaged its engines. New engines could not be ground-freighted in because of potential damage to soft metal bearings. With the airstrip no longer serviceable, CRA organised the use of another strip and ferried in the engines by helicopter.

## Invermay Project

Invermay was shaping up as an exciting potential mining project, although much more work was required to establish this. All surface ownership and mineral rights were actually held by the NSW government, but under provisions of the Mining Act these had been licensed to CRA in return for annual rentals, strict compliance with environmental conditions and government royal-

ties. Thus, CRA had secure exploration title over the project and an exclusive right to gain mining title and mine the deposit if it chose to progress.

The deposit was shaping up to have a very high grade and a very compact size. In the event of development, the deposit and any associated mining infrastructure could be constrained to 50ha, much of it outside the current Park boundaries. Preliminary studies had shown it could be mined by selective open-pit methods to 150 m depth. Mining and extraction costs would be lower than many competing mines elsewhere in the world, and the mining process would provide a unique ability to sort run-of-mine materials into barren waste and ore. Potential radiation hazard and environmental impacts from waste rock could then be very effectively managed.

Any waste rock generated in an open pit development that could not be used as pit back-fill would be stored in low profile contoured hills resembling local topography and covered with local soil removed during mining. Rehabilitation would be best practice and a climax flora community would re-establish inside 20 years. Low rainfall and high evaporation rates meant that water management would not be an issue, a great advantage over mines located in the wet tropics or the Canadian north.

In short, given the compact nature of the treatment plant, made possible by the ore characteristics, Invermay looked like it could enter the market as one of the lowest cost producers with considerable potential for increased tonnage as it developed. Invermay, from a technical viewpoint, looked low cost and low risk. The project would be affected more by external factors than technical issues.

### Regional Infrastructure

Invermay was 90km south of the nearest reliable road access at Salisbury Gold Mine, a large operation run by another mining company in an otherwise empty landscape. A recently discovered copper deposit, Neville, was located 70 km to the NW and rumours suggested it too might be on the verge of development decision.

In the event of development, Invermay would require a road to be built at company expense from Salisbury. The existing company airstrip would require upgrading to all weather capability. Communications would be via satellite. Large quantities of potable-quality water had already been located in a bore field eight kilo-

metres NW of the deposit. Power could be provided by a multi-unit transportable diesel power station. No major accommodation infrastructure would be required; the operation would be 'fly-in, fly-out' with the small workforce of 30 personnel on two-week roster housed in prefabricated accommodation.

The resources the mining companies could bring to bear and the scope for government co-commitment to infrastructure development was high. Mining companies with development projects in mind have great lobbying power, far more so than small Aboriginal groups attempting to resettle far away from existing infrastructure. The two groups working together could greatly amplify their potential lobbying power. Politicians like nothing more than being able to satisfy two or more disparate proponents with single programs.

### Social Environment

"Things have certainly changed," reflected Ross Jackson, thinking back to what it had been like in Australia 20 years ago when he had first immigrated as a young graduate geologist. Working in the outback of Australia had been a great adventure. In those days explorers and miners were like national heroes, pushing back the frontiers of science and opening up the interior of Australia to discover vast resources of mineral wealth to fuel national development. The whole nation had been behind the push for development and the atmosphere had been so positive. Back then mineral explorers had the landscape to themselves. Traditional Aboriginal people had abandoned their nomadic lifestyle and drifted to the towns and missions. The environmental movement was unheard of and nobody travelled in the outback other than fellow frontiersmen and pastoralists.

"And how quickly things changed!" thought Ross, "no sooner did the minerals export boom begin to pay dividends, than a new generation seemed to want to close it all down." He knew that some of the Board members thought the only valid stakeholders were the company's shareholders. The CEO in particular, old Jack Sims, was from the 'old school'. It was Jack's emphasis on technical and financial competence over the last two decades that had driven the company's success.

Invermay could possibly contribute to maintaining company growth, but not if the level of

anti-mining sentiment persisted and prevented timely development. And it was not an isolated case. Exploration away from established mining centres was under attack everywhere in Australia. Projects were being delayed and even stopped in their tracks. Mining companies would soon be restricted to developing extensions and new deposits close to existing mines. The miners just didn't seem to have the ability to counter the trend. No mechanical problem was too hard for their technical competencies, but these new 'soft' issues were beyond them. The harder they tried to 'fix' the social problems and argue their case with solid rational data, the more polarised the debate became.

Ross reflected on his own team. They were all keen, young, highly committed and competent people. The trouble was they just didn't seem to have the right competencies to tackle the project blockers at Invermay, and to date all pleas to head office for extra resources and assistance had meet with incomprehension. Old Jack had even said at one stage, "There are no mining problems that a bigger bulldozer won't fix, just push harder!" Ross thought to himself "Some help that was." He was convinced that the current situation could be turned around, but it would take time and determination to recognise social and political change. He even considered there might be opportunity for Aboriginal employment and small-scale business enterprise, but acknowledged he was getting way ahead of himself.

"Who knows, if we get it right we could even turn it to positive advantage and develop mines where others are unable to," Ross conjectured, "on the other hand, maybe all those companies that are pulling out of Australia and heading overseas have correctly read the 'writing on the wall'. Maybe we should do the same, cut our losses and abandon or sell up the project and spend the money overseas?"

Ross's thoughts came back to Invermay. He threw the newspaper on to the table. "Yes indeed," he thought, "what a nightmare! And I reckon there are far more than three acts!"

### **ABORIGINAL PERSPECTIVE — A DREAM THREATENED**

At Mount Barry life was grim. "Everyday seems to bring a new crisis or threat," thought Slim Thomas. He considered how far the community

had come since his extended family had returned to traditional country 18 months ago. At Mt Barry they had found a water bore put in by a mining company, "surely for anybody to use?" Slim had argued. He had seized the opportunity and moved back out with a dozen family members, away from the intensity and desperation of Jilligong, the mission settlement where he had grown up.

Mt Barry was 350 km to the east of Jilligong, well out into the desert away from any infrastructure and support, but it was traditional country and that meant a lot. Slim carried a memory of when he was a child (so young he couldn't really tell whether the memory was real, or whether it simple existed from constant retelling). The memory was of walking in from the desert with his family.

### **A Lifetime of Change**

In the late 1950s, the Australian Government had sanctioned the grading of tracks for 1000s of kilometres into the central desert from Woomera in South Australia to enable monitoring and recovery during the British 'Blue Streak' missile tests. These tracks brought the first European contact to the last nomadic people of Australia's deep desert. As a young child, Slim had been one of these people. His father, long passed on, had come across the enormous track. He had led his band along it until, in the stillness of dusk, they had found a camp with strange pale people and alien smells. The family had heard about such people, but had never seen them at first hand. They approached cautiously and Slim remembered vividly the sound his father's fire-hardened spear tip against the metal of the grader as he announced their presence. It was a sound he had never heard before.

The people, all men, surprised at first, responded calmly and with great friendliness. Although no language was shared, there was great interest and willingness to share food and water. The next few days and subsequent months were a time of great discovery for Slim as his family walked in along the cleared track made to the mission station on the rabbit-proof fence at Jilligong. Here they received flour, sugar and tea; tempting substitutes for hard-won bush tucker.

The months went by and gradually Slim's family came to accept the changes to life's pattern. His father was old; other extended family,

already resident, were convincing and they just stayed on. In return for constraints on daily behaviour, especially for the children, the family received regular rations and shelter. The months turned into years, Slim went to the mission school and suffered fierce discipline, but learnt English and Christianity. Away from school, he continued to learn and use his own people's languages and law. What the missionaries didn't know didn't hurt them, and it seemed easy to accommodate both ways of life. Regular trips into the near-desert substituted for older times, but no one ventured into the deep desert any more; it simply wasn't possible without motor transport.

In his early manhood, the missionaries left and handed control of Jillingong to the Government. Alcohol began to creep into the settlement. Without the firm, some would say harsh, control of the missionaries, violence between and within family and language groups grew. Traditional law had no answers for the new problems; many of the young people were never taught the old ways, or the new, and over a decade the settlement increasingly became a place of despair.

### A Dream Opportunity

It was out of this that Slim, aging himself, decided to take his family back to traditional country. Over the years he had acquired access to four-wheel drive vehicles and travelled back out on short trips. He had followed the tracks put in by mineral explorers as they moved out into the central desert in the 1970s. He had even worked for them and learnt mechanical skills. He could service vehicles, water pumps and generators, and he was highly regarded in both whitefella and blackfella camps.

The waterbore at Mt Barry seemed spirit, perhaps heaven-sent. "A dream come true!". Slim had watched it being drilled by a crew attached to an exploration team; he had watched the team camp on it for a couple of months; and he had watched them break camp and leave. Six months later he decided to set up his own camp. At first his 'mob' had nothing, they lived in traditional bough 'humpies', and they hunted and gathered bush tucker to supplement the supplies they brought out. They had gradually brought out more and more material, making the arduous two-day trek in their broken-down four-wheel drives. The track had long broken up and the sand and 'bulldust' was over a metre deep

for long sections, meaning hard and damaging driving. Some Government funds had been made available, a school was now established and a rudimentary airstrip had even been put in to allow the Royal Flying Doctor Service to visit and evacuate patients. The small camp was 'dry' under strong re-established traditional law and it had grown to over a 100 people, all looking to get away from Jillingong.

### Dream Threatened

"And now it's all going to be taken away!" ruminated Slim. The mining mob had discovered a big deposit on traditional country up to the NW. They now wanted to come back and re-occupy the Mt Barry campsite. At least that's what the land council mob had told him. They were going to mine uranium and poison the land. The dust would blow all across the desert and his people would get sick.

On top of that, all sorts of government people were now visiting and interfering, "You have to have this, you have to have that." The national park mob had been around and told him the camp had been set up inside Simpson National Park and might have to be moved. "How far?" he said. "Only a mile or so," they replied, "the Park boundary is just there," pointing a short way south.

"What bullshit!" thought Slim, "I'm a custodian of this country, not them! They don't belong to the country, they've never 'been through the law'. Even if they did, I see no line on the ground anywhere. Government people really have themselves on at times!"

And now grog was starting to turn up at Mt Barry. Young men were coming out from Jillingong with it in their vehicles. Because of the breakdown in traditional structures, they hadn't been through the law and they were out of control. They were bored, without culture and without whitefella skills to boot. They were lazy drunks and trouble-makers. Mt Barrow offered no opportunities for educating them, no jobs, nor diversion; they had no interest in traditional ways.

"That Ross Jackson bloke from the mining company has it easy," thought Slim. The mining mob seemed to have everything. Good vehicles, good huts, plenty of fuel and food. Planes and helicopters always flying around. Lots of fit young blokes who seemed to know how to work. They had even graded the Mt Barry access track

once and helped evacuate some of the people when they were sick. "And they seem all right too, except they've got no manners!" Slim often met them on the road. They always looked him straight in his face and asked direct questions. But they were friendly, which didn't seem to match how the land council mob described them. The land council said "Regardless of how friendly they seem, they work for a company and they have to do what the company says. And the company want your mob off the land and out of the way, so you leave all the dealing with them to us."

"Well, I have to trust that land council mob and, by crikey! we aren't going to move!" determined Slim. "I don't care what it takes, I hear there are lots of people down south who don't like uranium, we'll talk to them about stopping this mining business." The land council had organised some journalists to fly in and he had spoken to them last week. They were rude and pushy too. "What's the matter with these white city people?, those politicians aren't any better, always coming in for a few hours, never staying

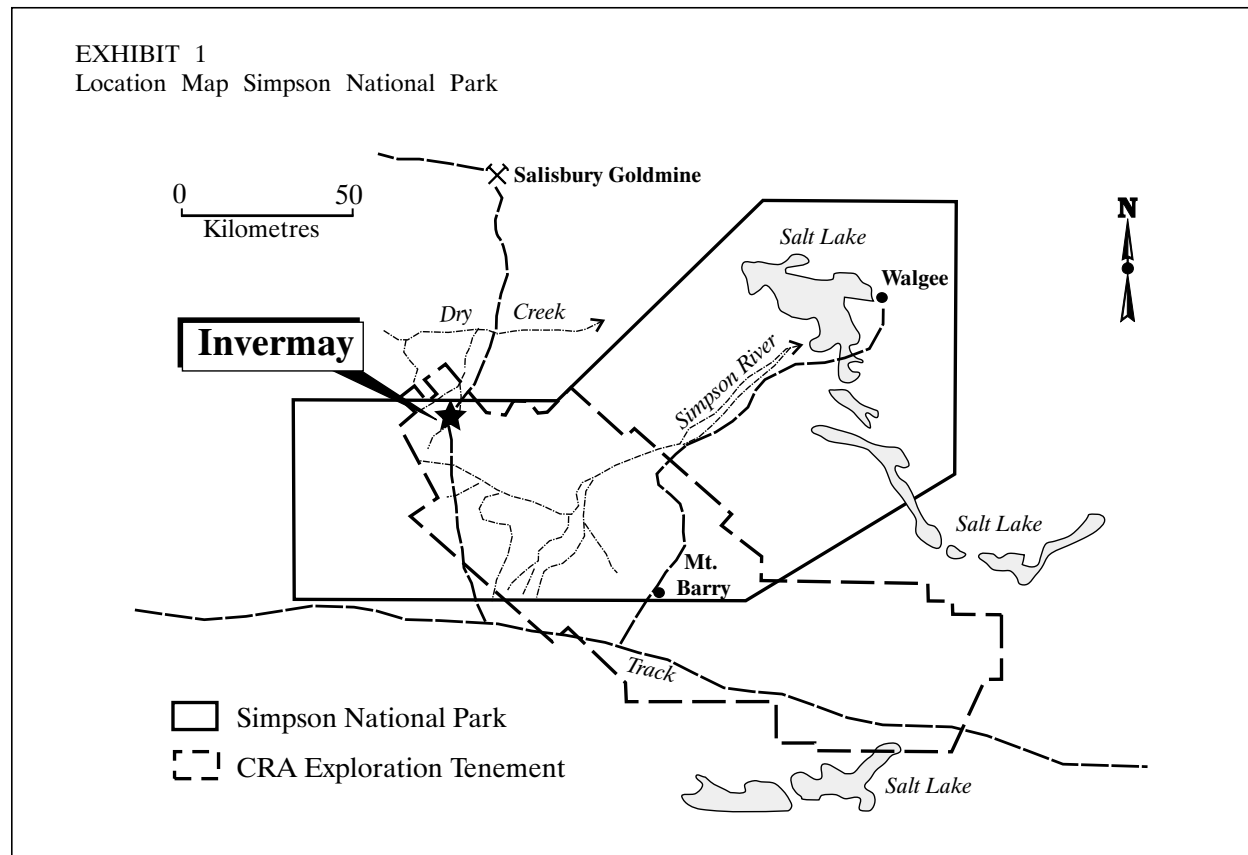
overnight, and promising this and that, but nothing ever happens." Despite his dislike for the journalists Slim had related his story and said he wanted the mining company to stop whatever they were doing and leave.

Some of the journalists had suggested he might be able to "negotiate"; to get a deal that offered his people a role in the mine, with training and jobs for the young blokes and benefits for the very young and old. Slim wasn't sure. He certainly thought his people might be able to look after the country and work in with the National Park mob, maybe even show people around and teach them about traditional ways, but didn't know where to start.

Slim was in great despair. "What to do? might just get on the grog myself," he thought.

**NIGHTMARE OR OPPORTUNITY — TEACHING NOTES**

The learning outcomes contained in this case are discussed below, introducing some minor additional material that might guide an analysis





## EXHIBIT 2

## Identification of Stakeholders

- CRA Shareholders
- CRA Employees
- Local Aboriginal people
- Aboriginal Land Councils and organisations
- State Government Bureaucrats
- Local Government (Shire Councils, Shire Clerks, Shire Engineers)
- Politicians — State and Federal
- Pastoralists, miners, tourist/business operators
- Community Groups, Tourists
- Police, Emergency Services, Royal Flying Doctor Service
- Urban based activists and NGO's

## EXHIBIT 3

## Envisaged Invermay Production

<i>Annual Production</i>	<i>1,200 T U3O8</i>
Estimated ore and waste to be mined	2,500,000t
Design Dry Plant Feedrate	55 t.p.h.
Annual Feed to Dry Plant	280,000t
Average Feed grade to Dry Plant	5.8kg U <sub>3</sub> O <sub>8</sub> /tonne ore
% Uranium recovery of Dry Plant	80%
Design Wet Plant Feed rate	8.0 t.p.h.
Operating Hours	7,560 hr per annum
Annual feed to Wet Plant	60,480 tonnes
Average Feed Grade to Wet Plant	21.6kg U <sub>3</sub> O <sub>8</sub> /tonne ore
% Uranium Recovery Wet Plant	92%

of the case. The case has its basis in fact and yet some of the issues and lessons have not emerged before. I also suspect, as it is with many cases, different issues beyond those envisaged by myself will emerge, reflecting the different 'worldview' of readers and the 'dynamic' of a case study team.

### Case Lessons — Inner Case

The study is developed as a case within a case. The 'inner' case is the Invermay story itself; the

conflicting land issues may challenge some individuals to question their own beliefs and force an exploration of corporate and Aboriginal motives. The 'outer' case is the general story, the changing nature of land 'ownership' in Australia and the need for new competencies and new strategies to support development.

At first reading, the controversial issues surrounding Invermay and the apparent mismatch of both groups' aspirations provide material to explore the process of how strategy develops. In the case of Invermay, strong pressure emerged from functional areas within CRA to influence corporate strategy on the issues of Aboriginal liaison. In this case, the company needed to recognise a specific detailed challenge at one site as an opportunity to change an important strand of overall company strategy. Likewise, Aboriginal interests need to get away from ideological position-taking and look for co-development opportunities.

When opportunities present themselves in this way, they need to be assessed and the parties need to be flexible enough for this to happen. In this case, this had the secondary (unintended) purpose of testing wider community reaction to development and opening up a wider challenge for debate; that of the corporate connection to community.

Some of the questions that might be asked, for which there are no right answers, are:

- Should the corporation base development decisions solely on strong profit and growth potential?
- To what extent should it consider potential negative impact on existing business?
- Does the potential reward outweigh the financial and social risk?

The main issue in the 'inner' case, however, is 'community'.

- Who are the main stakeholders?
- What is the extent of their 'legitimacy', power and their degree of support?
- Should Aboriginal people's interests take precedent over all others?
- What authority structures should the company recognise; traditional structures based on family and clan, or the new political land councils?

Another interesting avenue of potential discussion is the idea of encompassing 'shells' of jurisdictional context. Local community concerns

are enveloped within regional concerns, in turn encompassed within State jurisdictional interests, National interests and ultimately International convention.

- What are the motivating mandates and pressure points for each constituency and their representatives?
- How do they manage jurisdictional interface and liaison?

At Invermay, like most cases, there are a variety of extreme and moderate views. An important recognition is that the opposition to the project was largely due to external influences. Expectations were moving ahead of legislative change and a weak Government was not responding. Accordingly, unwritten local community rules were emerging and new strategies are required to cope with this.

- What were the real and potential conflicts between State and Federal Government policies?
- Does the company seek greater certainty in redrafting of the 'rules'
  - ✧ or does it learn to deal directly with Aboriginal interests and the resulting uncertainty?
- Is the company prepared, and can it learn, to work in a broader community environment, not just a regulatory one?
- How do Aboriginal people 'empower' themselves?
- What are the opportunities for alliance and co-management?
  - ✧ with the mining operation?
  - ✧ the National Park?
  - ✧ potential tourist enterprise?
    1. How can these opportunities be recognised and leveraged?
    2. How can the company get the public to question journalistic integrity
  - ✧ does it discredit sources, provide alternative and accurate copy
  - ✧ or does it ignore the attacks?
    1. Should politicians provide (potentially unpopular) leadership direction or should they represent public opinion as they understand it?
    2. Should they seek to sway public opinion, and do they need easily digestible information to help do this?
    3. Does development *per se* create difficulty for Aboriginal communities?

✧ or is it the stress of too rapid change and misinformation?

4. If the company doesn't fill the information gap, will somebody else?

5. Are public servants partners or regulators?

✧ should they have access to all information?

✧ do they need to know about failures as well as successes?

An important overall lesson for stakeholder relations is that pro-active achievements require communicating to wider audiences to be truly effective. All parties can be expected to behave politically and use their achievements and the media as resources in communicating with stakeholders.

### Case Lessons — Outer Case

The major case lessons concern the changing social and business environment of mining in Australia. This environment changed dramatically and quickly during the late 1980s and early 1990s. The development ethos of the 1960s and 1970s gave way to a whole new set of values, social attitudes and expectations. The mining industry was simply not prepared for this. The environment changed virtually overnight and mining companies did not know they had to respond, let alone how too. Many other industry sectors and companies need to work more closely with Aboriginal people. How prepared are they? How many Aboriginal people are prepared to consider development opportunities and what is the right vehicle to best achieve harmony with community aspirations?

In this regard, the major issue in the case is that of competencies. The Australian mining industry based two decades of success on technical competencies. Today new competencies are needed to meet the constraints and challenges. With the right competencies these constraints can become opportunities and provide competitive advantage. The competencies required are based on social and community skills in the management team, leading to more effective community relationships. These new competencies complement the narrow technical and commercial competencies that were the foundation of earlier competitive advantage. The mining industry's limitations were largely self-imposed. It simply had not developed the necessary core

competencies and skills to surmount the new constraints.

A large slice of individual mining companies' competitive advantage had previously been in their tangible resources, the physical assets in the ground. The orebodies provided a set of strategic assets on which wealth generation was based. In the new era, relationship-building competencies will be at the core of what makes a good mining company. The emphasis has shifted to this distinctive capability as the basis for wealth generation and competitive advantage.

The requirement for good social research skills, good cross-cultural understanding and diplomacy will be on-going through the life of mining projects. Previously, there has been a tendency to get the necessary government and social approvals out of the way and then focus on technical mining.

Valid questions are:

What is the role of corporate staff in developing excellent community liaison? Will the corporate centre provide a pool of expertise in community relations — or should it just manage strategic relationships with government?

I maintain that, at the very least, corporate leaders need to recognise the need for new competencies, understand their nature and potential, and manage their development and deployment. Corporations that do this well will be positioned for future growth. Corporations that do not will fail to win broad public support for their activities and will hasten their eventual demise.

A mining company with a newly discovered strategic asset in the form of a world-class orebody must manage the risk of losing the asset and make decisions about expenditure beyond the technical scope of the project. Whereas formerly this was restricted to well-defined taxation and royalty payments to the primary stakeholder, sovereign government, these days it may also involve payments to third parties to gain their sanction. Concurrently, the mining company needs to consider developing distinctive capabilities in managing stakeholder relationships to the same end. These competencies go beyond what are sometimes thought of, rather dismissively, as public relations skills. What is required is the ability to deal with people and communities proactively and transparently, and convince them that it is in everybody's best interest for the min-

ing company to develop the resource. It needs to convince stakeholders that the share of proceeds will be equitable accordingly to the value each stakeholder brings to the venture. This is the point where other distinctive capabilities of the company come to the fore; its technical competencies. Without them the ore would remain in the ground, or be mined less profitably, and nobody would benefit.

Another, related, major learning point is that organisations are open systems, constantly interacting with other organisations in their environments. These interactions are a major source of uncertainty. To a great extent remote mining operations in times past, beyond the rule of law and beyond community interaction, were closed systems. Thus they were able to control and predict most variables affecting their operation. These mines could make technically rational, output-maximising, decisions with a high degree of predictable outcome. The Australian mining environment is becoming a more open system and thus mining companies are affected much more by events outside their boundaries. The process of moving to a more open system is itself predictable and those companies fleeing off-shore looking for closed systems 'frontiers' may find some remaining, but for how much longer? As the world becomes more of a 'global village', pockets of closed-system government will rapidly disappear and companies relying on this strategy are merely delaying the inevitable. Better to develop the distinctive social capabilities now in order to evolve sustainable open-system proficiency.

Of equal importance is the realisation that too much reliance on a regulatory framework to provide certainty incurs a cost. The company taking this route to certainty must bargain away some of its own discretion. Furthermore, while regulation may initially provide some assurance to an organisation, there is no guarantee that a regulatory authority will not turn against the organisation. Regulation is very hard to repeal. Better to maintain a responsive environment and have the confidence and agility to work within it and even 'steer' it to some extent, than opt for overly prescribed regulatory 'protection'.

Managing the external environment is a critical function for management in the new era. 'New Age' mining companies are going to need to give this much greater attention than their predecessors.