

# Do mining companies have a "social licence" to operate?

February 14 2014, by Ryan Sheales

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Community members oppose a coal seam gasfield planned for Illawarra, NSW.  
Credit: NoCSGIllawarra

Australian mining companies are employing a debatable and poorly defined concept to justify their presence in local communities, University of Melbourne research has established.

"Mining companies are increasingly claiming to have a 'social licence' to operate in certain areas because of perceived benefits to the local community," according to public policy analyst Dr Sara Bice.

"But claims to this 'licence' are misleading because the term isn't formally defined anywhere in law," she said.

Dr Bice's report, *What Gives You A Social Licence?*, is published in the

current edition of the academic journal *Resources*.

The study examines how mining companies—including BHP Billiton, Rio Tinto, Xstrata and MGM—conceptualise and define their own "social licence", and voices concerns about how these "licences" are applied in practice.

"A traditional licence involves one party empowering another based upon certain conditions and responsibilities. But there are no established criteria for how mining companies and communities might broker a so-called 'social license'."

"Equally, there are no clear rules for how one might be revoked," she said.

Dr Bice, who is based at the University's Melbourne School of Government, said this lack of clarity negatively affects both resources companies and communities.

"The language of licensing leads to confusion. It suggests a formality, and even regulation, which does not exist. In reality, a 'social licence' is purely metaphorical."

Dr Bice argues both parties would benefit from greater clarity.

"For corporations, better clarity on what their social licence really entails can help quell the 'vocal minority' who may engineer a backlash against operations," she said.

"At the same time, clear criteria would protect [local communities](#) from big corporations who may claim to hold a licence for which minimum standards have not been set."

**More information:** Bice, Sara. 2014. "What Gives You a Social Licence? An Exploration of the Social Licence to Operate in the Australian Mining Industry." *Resources* 3, no. 1: 62-80.

[www.mdpi.com/2079-9276/3/1/62#cite](http://www.mdpi.com/2079-9276/3/1/62#cite)

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