

18 August 2017

Foreign Affairs, Defence and Trade Committee,
Department of the Senate,
PO Box 6100,
Parliament House,
Canberra, ACT 2600

BY EMAIL: fadt.sen@aph.gov.au

Dear Sir / Madam,

RE: Submission to the Australian Senate on Australia's Trade and Investment Relationships with the Countries of Africa.

Attached you will find a Submission from the Australia-Africa Minerals and Energy Group ("AAMEG") on Australia's trade and investment with the countries of Africa.

AAMEG is the peak body representing Australian resources industry companies engaged in the development of Africa's mineral and energy resources.

Australia is one of the top investors in mineral exploration in Africa. There are currently more than 170 ASX-listed mining and other resource companies operating over 400 projects in some 35 African countries.

Australian-listed companies control more than 90 mining operations in Africa. The range of minerals is extensive and the scale of exploration, extraction and processing involves current and potential investment is estimated to be worth more than \$40 billion. Nowhere else in the world do Australian mining firms have so much invested. About one in twenty companies listed on the Australian Stock Exchange has an investment in Africa.

AAMEG was established in 2011 to support the Australian resources industry in its activities across the African continent. AAMEG supports its members by:

- Being the voice of industry on member-driven issues;
- Building the Australian Government's understanding of and support for the Australian resources sector operating in Africa, and assisting with engagement between the resources sector and Government;
- Enabling the Australian Government to leverage off the Australia's resources industry footprint in Africa to drive Australia's economic diplomacy initiative;

- Building relationships with African Governments and providing venues for collaboration on issues of common interest; and
- Creating a forum for members to network and share operational experiences in order to strengthen the Australian resources industry's operational capability in Africa.

AAMEG would be pleased to be part of any future discussions on Australia's trade and investment in Africa as appropriate, in order to add to or expand on the points set out in this Submission.

Sincerely, , ,

//**Doug Horak**
Interim CEO

Attachment: **AAMEG Submission: Australia's Trade and Investment Relationships with the Countries of Africa – *Driving the Government's Economic-Diplomacy Strategy further by leveraging off the resources industry.* 20pp.**

Australia's Trade and Investment Relationships with the Countries of Africa

***Driving the Government's Economic-Diplomacy Strategy further
by leveraging off the resources industry***

**AAMEG Submission to
the Foreign Affairs, Defence and Trade References Committee
of the Australian Senate.**

18 August 2017

Australia's Trade and Investment Relationships with the Countries of Africa

Driving the Government's Economic-Diplomacy Strategy further by leveraging off the resources industry

This paper has been prepared by representatives of the Australia-Africa Minerals & Energy Group ("AAMEG") to assist the Federal Government in understanding the important role that the Australian Resources Industry plays across the African Continent and to support the Federal Government's efforts to build strong and enduring relationships between Australia and the countries of Africa.

General Background

Australia and Africa are custodians of great resource endowment. Australia has a well-developed and technically mature resources industry, which has been exporting its capabilities and competitive strengths overseas for the past 25 years, establishing a significant global footprint, notably on the African continent. The resources industry in Africa, with the exception of that in South Africa, is at a much earlier stage of development, as a result of historical political unrest and generally unattractive foreign investment conditions.

Favourable changes in the political and legislative landscapes since the early 1990s, combined with the historically low levels of exploration activity, have more recently made many African countries attractive investment destinations. This situation has been further advanced by the degree to which the multilateral institutions (UN, IMF and World Bank) have engaged with African Governments, and the degree to which World Bank agencies (MIGA, IFC and AfDB) have engaged with resource companies. Nevertheless, in Africa there are great differences to be found in the maturity of the industry from one country to another that is reflected in the political and social conditions, the willingness to conform with internationally accepted norms of governance, and how the benefits flow to the various stakeholders. Of the 54 African countries, 35 are still listed¹ as Least Developed Countries and yet Africa is generally acknowledged as having some 30% of the world's mineral, oil and gas reserves.

Resource development has been a major contributor to Australia's economic progress, and it is now also contributing substantially to an improving economic outlook for many of the countries of Africa. Over the past decade, real *per capita* incomes have increased by more than 30% percent and three of the top ten world's fastest growing economies² are located in Africa.

Looking further ahead, resources development will remain a cornerstone, if not the cornerstone, of African economic development for the remainder of the twenty-first century - and perhaps well beyond. The African Union ("AU") has recognised this reality in launching its African Mining Vision (2009)³ and Action Plan (2011), to support AU member's efforts to use "transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development". Resource companies have an obligation to support this worthy aspiration, enabling the people in the local communities surrounding their operations to be engaged meaningfully to reach their full potential. Such an approach is becoming widely accepted in Australian and Western companies, as fundamentally good for business.

¹ http://www.un.org/en/development/desa/policy/cdp/ldc/ldc_list.pdf

² <https://www.weforum.org/agenda/2016/04/worlds-fastest-growing-economies/>

³ <http://www.africaminingvision.org>

In response to the Senate's call for public submissions on Australia's trade and investment relationships with the countries of Africa, AAMEG offers the following comments that are intended to respond to aspects of items (a), (f) and (g) of the Terms of Reference listed on the website at:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Affairs_Defence_and_Trade/Trade_investmentAfrica

Australian Resources Industry Engagement in Africa

It is not surprising that the Australian resources industry has found its way to Africa, led by the miners, and followed by oil and gas companies and major service industry providers. Australian mining is genuinely entrepreneurial with a "can do" attitude, with a capability in assessing, and a preparedness to take on, unfamiliar risks.

Australian resource companies also generally understand that, to be successful in Africa in a manner that will be sustainable, they must be able to deal with a number of non-technical risks including political and social risk, institutions that often lack the capacity to function, security and health issues, extreme poverty, bribery and corruption, host-government action or inaction that adversely impacts investment conditions, the occasional unpredictable actions of host-country security forces, and many other often-unfamiliar risks.

The mining industry has led the way in Australia's re-engagement with Africa since the 1990s, and it has done so with notable success as demonstrated by the number of Australian-operated mines that have been brought into production (see Figure 1 on page 4), as well as the manner in which local communities and host governments have been appropriately and meaningfully engaged.

Sub-Saharan Africa has the highest concentration of Australian resource projects in the world, with some 36% of the total number outside Australia, compared with that in the Asia-Pacific (22%), Latin America (17%) and USA/Canada (14%).⁴ Sub-Saharan Africa also accounts for 48% of all Australian resource projects in developing countries. The involvement of the Australian resources industry in Africa is very significant.

The long history and scale of the Australian mining industry, coupled with its focus on innovation, has resulted in world-leading expertise in mining and mining services. This strength should not be dismissed as being part of Australia's "old economy". Rather it should be embraced for its global technical leadership across the board, in resource science and all associated technologies, project development and sustainability practice. It has also provided the means to enable the commercialisation of large low-grade mineral deposits, which were previously considered uneconomic.

The Australian Mining Equipment, Technology and Services ("METS") sector comprises a diverse range of companies that produce technologically advanced, globally competitive products and services for mining companies world-wide. The METS sector is on a growth trajectory, having grown five-fold in the last fifteen years and now exporting to virtually every corner of the globe. Some 84% of the companies in the METS sector are Australian owned.

During 2012, it was estimated that the METS sector employed more than 385,000 people, spent in excess of \$1.6bn on research and development ("R&D"), and earned revenues of almost \$90 billion,

⁴ http://www.cet.edu.au/knowledge-base/publications/133506_sharing-the-benefits-report

including \$15 billion in exports derived from the minerals and mining business⁵. Much of this Australian-sourced expertise provides the Australian METS sector with a competitive advantage and is available for the continued discovery and development of mineral deposits in the countries of Africa⁶ (see Appendix IV).

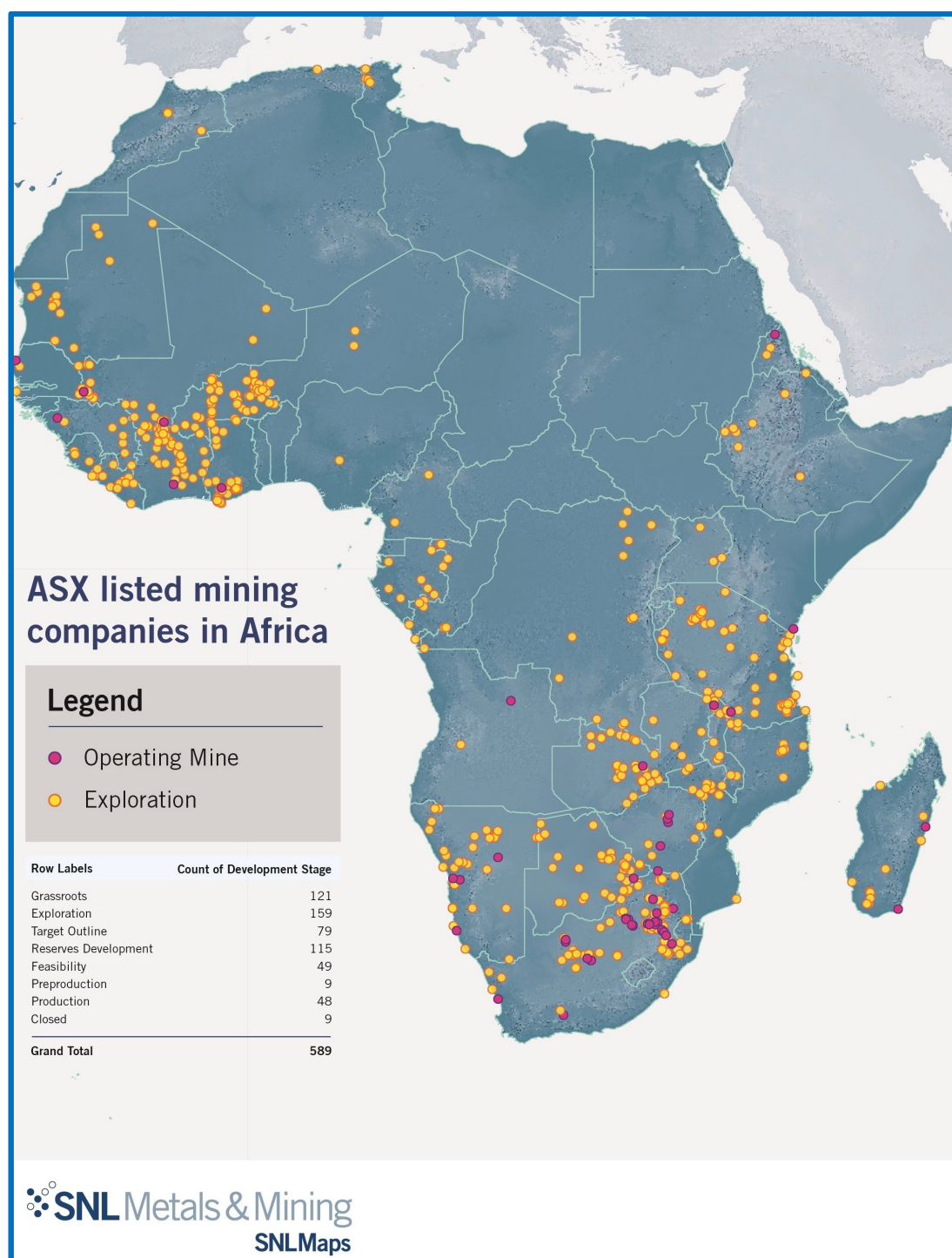


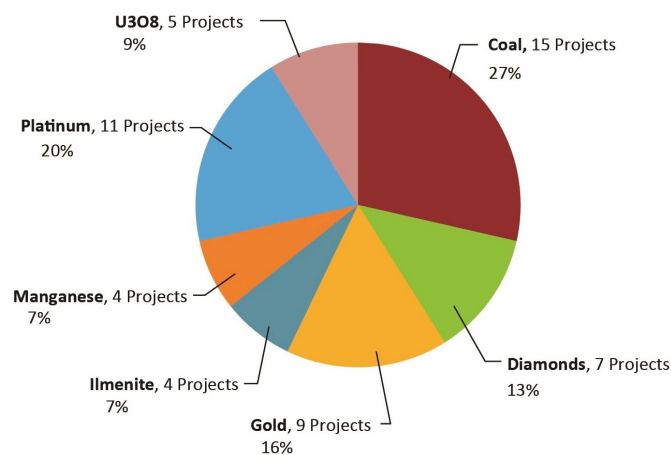
Figure 1: Location of Australian-operated exploration and resource projects in Africa, 2015.

⁵ <https://www.cmewa.com/policy-and-publications/policy-areas/economic-competitiveness/preview?path=Industry-growth-centres-METS-sector.pdf>

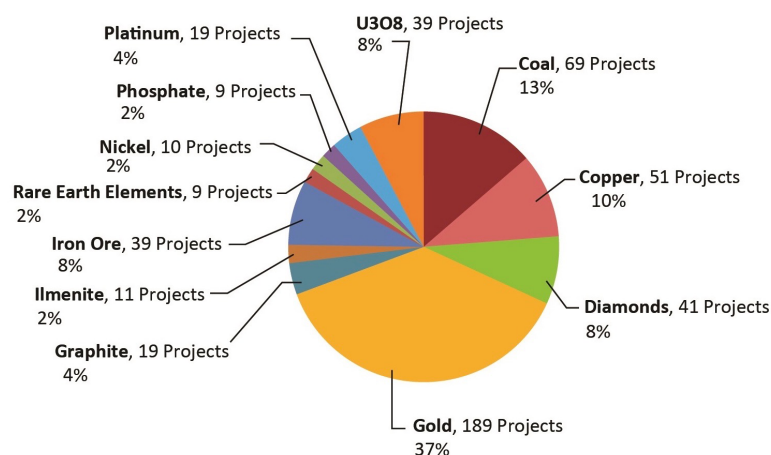
⁶ Mining Equipment, Technology and Services Report, Austrade March 2016

Australia is one of the top investors in mineral exploration in Africa. There are currently more than 170 Australian Stock Exchange-listed mining and other resource companies operating over 400 advanced projects in some 35 African countries (AAMEG research 2016). Australian-listed companies control more than 48 mining operations in Africa.

Operating Mines



Exploration



ASX Projects by Company size

Market Cap range	Exploration	Operational
0 - \$100 mils.	415	34
\$100 mil - \$1,000 mils	46	14
\$1,000 mils - \$50,000 mils.	21	9
\$50,000 mils. and above	13	1
	495	58

Figure 2: Sector investment by ASX-listed companies in Africa, 2015 (SNL Metals & Mining).

The range of minerals is extensive and the scale of exploration, extraction and processing involving current and potential investment is estimated to be worth more than \$40 billion. In addition, there are hundreds of Australian based, non-ASX-listed companies involved in exploration, operations and

development projects in Africa. Furthermore, about one in 20 companies listed on the Australian Stock Exchange has an investment in Africa. Nowhere else in the world do Australian mining firms have so much invested.

The use of Australian exploration and mining software and other technologies in these discoveries and in ongoing mine operations has also been important. Some 60% of the world's exploration and mining software has been developed in Australia. This sector generates \$600 million a year of mining related revenues and more than \$240 million in exports⁷.

The Australian pipeline of investment and prospective investment in Africa remains substantial – and companies involved range from the largest companies (BHP Billiton and Woodside Energy), to medium sized companies (including Resolute Mining, Base Resources, and Perseus Mining) to smaller sized companies (such as Tiger Resources, OreCorp, Kibaran Resources, Graphex Mining, Sarama Resources⁸ and Regal Resources); the great majority of which have their head offices in Perth.

Australian service companies (Ausdrill, Barmenco, PricewaterhouseCoopers, International SOS, Capital Drilling, Clayton Utz, etc) also have a very substantial presence and involvement in Australian operated projects in Africa.

The potential for future growth is demonstrated by the fact that just 5% of current mining projects are producing assets, with the balance in various stages of exploration and development (source – AAMEG research 2016). For example, the spread of Australian projects in Namibia demonstrates this (see Appendix I). Should even a small proportion of the development assets in the countries of Africa move into production, the scale and impact of the Australian footprint could be exponentially larger.

Beyond the technical aspects of exploration and project development, the Australian resources industry has made a significant impact in social and community development projects. The Australia-Africa Minerals and Energy Group is active in providing support to member companies across many of these aspects.

Importantly, Australian resource industry operators understand that industry cannot help people permanently with never-ending hand-outs, or by doing for them, things that they could, should, and want to do for themselves. Bi-lateral and multi-lateral aid programs, although an extremely important component, will not lift impoverished African communities out of poverty sustainably. Business enterprise, capacity building and opening the door to opportunity are absolutely essential ingredients. The section on Bicycles for Humanity in Appendix I is but one small example of how this can be done. There are many examples of Australian resource companies engaging meaningfully with the communities surrounding their operations, and incorporating them, to the maximum extent, in the business activity, enabling all involved, the opportunity to reach their full potential.

In bringing the requisite technical and social-development capability to Africa's "new economy", and with a large and expanding footprint, the Australian resources industry provides a unique platform for the efficient progression of Australia's national interest in Africa. Australia's economic diplomacy initiative is therefore well placed to leverage off the substantial and meaningful footprint established by the Australian resources sector.

⁷ Mining Software and Specialised Technologies Report, Austrade Sept 2013

⁸ TSX-listed but headquartered in Perth.

AAMEG – Australia-Africa Minerals & Energy Group

The Australia-Africa Minerals & Energy Group (“AAMEG”) was established in 2010, followed by formal incorporation in April 2011. AAMEG currently represents and supports almost 80 Australian mining, oil & gas, exploration, service and supply companies, and individual consultants active in Africa.

AAMEG has been working to build strategic relations with Governments (both in Australia and Africa), NGOs, industry and academia, and encouraging more collaborative approaches to resources-driven socio-economic development, including the establishment of effective Public-Private Partnerships to promote common Australian political and strategic interests in Africa. We recently produced an updated document - “Australia and Africa: Assessing the scale and potential of Australian engagement in Africa”, 2017 (located on the AAMEG website) which highlights the importance of the Australia–Africa relationship and begs the question regarding future Australian government engagement.

AAMEG is party to ongoing discussions with the African Development Bank and Australian Heads of Mission based across Africa, to identify possibilities for an AAMEG contribution, including through AAMEG members running or participating in training courses. Domestically, AAMEG is partnering with our local universities to develop and present training modules for Australian resource industry companies operating or contemplating operations in Africa and also for Australian Awards participants coming to Australia.

AAMEG has undertaken investment climate reviews of Ghana and Liberia, providing the industry findings to both the Australian and the host country governments. AAMEG is currently actively working with its members operating in Tanzania, given the recent legislative changes announced in early July 2017. AAMEG is continuously in touch with DFAT as it formulates a response on this issue.

AAMEG has been engaged since 2012, with the Centre on Global Health Security at Chatham House and USAID (Emerging Pandemics Threats Program) in the Extractive Industries Infectious Diseases Risk Assessment and Management Initiative (“IDRAM Initiative”). Activities around extractive industry operations in tropical hotspots frequently bring humans and animals into closer contact, which can potentially modify virus transmission patterns. Prior to this work, there was no established framework for evidence-based risk assessment and risk management of outbreaks with pandemic potential related to human activities in tropical hotspots. The IDRAM Initiative was designed to study these issues, as seen from a mining development activity aspect in Africa (see Appendix V).

AAMEG conducts workshops addressing a variety of issues including foreign bribery and corruption, cyber security, personnel security. It has actively promoted amongst its members, support for the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (ratified by Australia in 1999), the Extractives Industry Transparency Initiative (“EITI”) (implemented by Australia in May 2016) and the Voluntary Principles on Security and Human Rights (“VPSHR”). In addition, AAMEG supports the Sustainable Development Goals (“SDGs”)⁹, particularly Goal 17, to “Implement effective and targeted capacity-building in communities within the mine impact area in order to support the national implementation plans for the sustainable development goals”.

⁹ <http://search.dfat.gov.au/s/search.html?collection=dfat&form=simple&query=SDGs&profile=dfat>

AAMEG has coordinated working sessions for its members that have included representatives from the Federal Attorney-General's Department, the Australian Federal Police ("AFP") and the Business Liaison Unit of the Australian Security Intelligence Organisation ("ASIO").

AAMEG is an active member of the UN Global Compact Network - Australia and in this capacity, it recently assisted the Department of Foreign Affairs and Trade ("DFAT") with the development of a set of model clauses under the VPSHR (ratified by the VPSHR Plenary Session in June 2016), for industry to use in security agreements between Government Security Forces and companies in the extractives sector.

AAMEG has taken a lead role in responding to current security concerns across Africa. It has coordinated a Security Working Party, with support from DFAT and ASIO to address these issues. In February 2017, AAMEG launched a package of initiatives to assist in responding to security concerns, including a security application called D-Risk¹⁰ (see Appendix III). This is available to members and will track recent security incidents or concerns in the areas where their workforces, including Australian expatriates, are operating (further information regarding this initiative is located on the AAMEG website).

One AAMEG member has been responsible for the development of a 55-page AAMEG Social Aspects Management Handbook (July 2015), which is available to member companies, and which includes a foreword written by the Hon. Julie Bishop, Australia's Foreign Minister.

An AAMEG member company, in collaboration with MIGA (World Bank agency) and a US military consultant experienced in such issues, developed a VPSHR Implementation Toolkit for Major Project Sites¹¹, which was based on an actual field experience in Africa.

AAMEG has provided two submissions to the Federal Government (Dec 2011 & Aug 2015) addressing Foreign Bribery and Corruption issues and a submission to the Federal Government in February 2017 titled "The Economic and Political Significance of the Australian Resources Industry Presence across the African Continent".

AAMEG also works closely with the organisers of the Africa Down Under Conference in Perth where it has conducted workshops and information sessions on a variety of issues relevant to the challenges of operating in Africa.

An AAMEG member company¹² has developed guidance for member companies on how to incorporate elements of the Sustainable Development Goals ("SDGs") into the corporate strategy in a way that meets the overlapping objectives and expectations of a) the company's business plan, b) the community's needs and aspirations and c) the SDGs. Given that the SDGs are a set of 17 individual goals and 169 specific targets that seek to address a wide range of development issues, the guidance identifies an appropriate number of achievable targets (see Appendix II) within 11 of the SDGs, deemed appropriate for smaller resource companies to focus on and deliver positive outcomes. As the guidance stresses, it is important to focus on the nature of the company activities and the people in the local communities and to find the sweet spot where there is overlap between the business drivers, the SDG targets and local development needs. The approach will vary depending on circumstances from one location to another, as well as on the size of the company and scale of the specific mining operation.

¹⁰ <https://www.d-riskalert.com>

¹¹ http://www.miga.org/documents/VPSHR_Toolkit_v3.pdf

¹² <http://socialaspectssolutions.com>

AAMEG has developed an Associate Membership category for African Governments. This initiative provides the opportunity for meaningful engagement and learnings across a number of issues. We are currently using this platform to discuss security issues and the kind of response that needs to be developed.

AAMEG has regular liaison with DFAT in relation to progressing areas of common interest. While this has resulted in a number of successful initiatives, there is mutual recognition that significantly more can be achieved to the benefit of Australia's national and economic interests, with an explicitly integrated strategic approach that is more collaborative with industry in order to more effectively engage with the individual countries in Africa.

The Role for Government as a Partner of the Resources Industry

Notwithstanding the strength of the Australian private resources sector engagement in Africa, Australian government support and engagement is vitally important. Australia's main competitors in the African mining space often do have substantial government backing (particularly the Canadians, British and Chinese) and with models more integrated with industry, in what is recognised as a challenging and often unpredictable operating environment.

The Australian diplomatic and trade network in Africa plays a vital role in supporting Australian businesses on the ground, including through their honest-broker role with host governments, but much more could and should be done, given the size of the footprint of Australian commercial interests on the African continent. Australia is considered a global leader in resource governance, which also enhances the reputation and investment climate for the Australian resources industry back home.

The mining sector has appreciated the opportunity to partner with Government in capacity-building efforts (through the Direct Aid Program) and to support technical assistance programs (investment climate reviews and revisions of mining codes), but there is much opportunity to expand this collaboration. Senator Linda Reynolds, who participated in the Indaba Mining Conference in Cape Town in February 2017 expressed this well in her speech to the Senate on 28 March 2017 when she said, " ..it is clear that there is so much more that Australia [Australian Government] can do in these areas with relatively modest but well targeted development investment that I think would seamlessly integrate with the work being done by companies and NGOs in local communities and at mine sites".

Nevertheless, the Australian Government has established a notable beachhead from which to expand its collaboration. Last year, the very well targeted Australian Award scholarship program resulted in 268 Australian Award scholarships being provided to African students, with approximately 50% of those going to female students. As a result of such programs, there are now more than 6,000 Australian Awards alumni across the African Continent. In addition to skills and knowledge development, this collaboration builds an influential network of thought leaders who have a strong reason to promote further engagement between Australia and Africa. The benefit of such cooperation to business is that it adds to the standing of Australian companies locally, as well as at central government level. Australian industry benefits from more stable operating and legislative conditions, thereby improving returns. In addition, significant political capital can accrue to Australia as a result of the type of engagement that is viewed as a "helping hand" to a host country and its citizens, which in turn results in a greater willingness of host governments to accept government-to-government advice and guidance.

Too often in the past, aid has been viewed as a “hand out”, with the subsequent “sense of dependency” that attaches to that approach. The required focus now is more on collaboration amongst the various stakeholders, capacity-building, shared values and shared benefits.

African governments want the development of resource projects to contribute to, if not to kick-start, broader based economic development and are looking at meaningful government-to-government relations to be the facilitator for improvements in the investment climate and attractiveness to direct foreign investment (“DFI”).

One notable example of effective support for foreign governments in this regard has been the handbook called “50 pieces of advice to an official who is engaged in the negotiation of mining contracts”, by Professor Fabien Nkot, Senior Advisor to the Prime Minister of Cameroon. This important work¹³ was produced with the support of the IM4DC, a joint venture between the University of Western Australia (UWA) and the University of Queensland (UQ) and funded by the Australian Government through an Australian Aid Initiative.

Another example of effective support for foreign governments and Australian resource companies involved in Africa is the handbook produced by the Australian Government, academia and industry representatives, titled “Social Responsibility in the Mining and Metals Sector in Developing Countries”. This handbook draws on examples of Australian leading practice and has been developed as a guide for a range of audiences; mining company managers (especially those in small and medium-sized companies) who operate in developing countries, governments of developing countries, NGOs and communities.

Australian companies in Africa have a well-deserved reputation for ethical dealing and a well-developed sensitivity to Social Licence to Operate issues. When that is set alongside Australian technical resource industry expertise, Australia becomes a very desirable partner for many African governments – in fact a “partner of choice” and an “employer of choice”. As commented by Senator Reynolds in her Senate speech following the Indaba Mining Conference, “....now is the time to deepen and broaden our ties across this wonderfully vibrant and diverse continent – with almost a billion people, millions of whom are now moving into the middle class and looking for many of the goods and services that we can provide them”.

The Australian Government’s engagement, particularly in recent years, has greatly strengthened the hand of industry and an effective government role remains crucial in the period ahead. Overall, an increasing number of African governments want what the Australian resources industry has to offer, including the training opportunities at both technical and governance levels. However, dramatic fluctuations in AID funding and technical assistance programs, as we have witnessed in recent years, have the potential to develop a sense of scepticism from foreign governments as to the actual intended purpose. A steady and sustained level of effort and engagement is likely to deliver a much better result.

Current Situation and Future Opportunities

AAMEG has been closely engaged with government efforts to use resource development to promote broader based sustainable development in Africa. Areas of aid focus in Africa including mining skills development and mining governance are areas in which Australia has expertise to share and where both African Governments and business see opportunities for economic growth and development.

¹³ <http://im4dc.org/wp-content/uploads/2013/07/Negotiation-Handbook.pdf>

AAMEG has also worked actively to engage the WA Government on cooperation for mining related activity in Africa. Premier Barnett's 2014 visit to Lusaka and his meetings with Ministers and senior officials of COMESA (the Common Market for Eastern and Southern Africa), culminated in the signing of a Memorandum of Understanding, followed by his attendance at the Investing in African Mining Indaba Conference in February 2014. This is an indication of the WA Government's growing interest and involvement in the African mining scene. Senator Fierravanti-Wells' visit to Addis Ababa in January 2017, in her role as Minister for International Development and the Pacific, further enhanced Australia's connection with Africa.

AAMEG believes that it is ideally placed to add greater substance to resource industry skills development and capacity-building programs in Africa. AAMEG members have already participated in and supported government funded mining study tour events, but unfortunately so far this has tended to be on a somewhat *ad hoc* basis.

AAMEG has the capacity through its members to organise work experience placements both in African and Australian-based offices for mining/engineering students and resource governance personnel. There has also been discussion about participation in the Australia Awards Scheme; however, there is currently no process for substantive industry involvement.

It is felt that a lack of in-depth understanding of the extent to which the Australian resources industry has established an enviable beachhead on the African continent has resulted in wide fluctuations in the level of engagement and Government policy decisions that are not supported by well-informed discussion. The Australian resources industry, including its METS sector, is clearly world class, not only in terms of technical achievements, but also in terms of its focus on responsible corporate business conduct. The position that the Australian resources industry has developed during the past 25 years on the African continent provides a wonderful opportunity for the Federal Government to leverage its economic-diplomacy initiative.

Recommendations

1. Industry knowledge and understanding

It is recommended that the Australian Government engages a data collection service, well-versed and active in the Australian resources sector, to collect the data necessary to have a better appreciation and understanding of the scope and depth of the Australia resource industry's comparative advantage globally, and the scale of its involvement on the African continent, compared with that in other parts of the world. This research should include an assessment of the economic benefit generated for the Australian government, employees and companies. This would provide a better basis for policy decisions and lead to a more steady, sustainable and productive government-to-government engagement.

2. Support for the resources sector comparative advantage

It is recommended that the Australian Government develops a level of engagement with the countries of Africa, consistent with the Australian resources industry's commercial engagement and level of operating challenges, recognising that the Australian resources industry probably has the greatest comparative advantage of any Australian industry, in becoming a global player. The opportunity to establish an integrated strategic approach to engagement with individual countries in Africa, which both leverages and reinforces Australian resource industry activities, is considered significant.

3. Economic diplomacy

It is recommended that the Australian Government and industry engage more collaboratively on capacity-building initiatives (resource policy, administration training, governance, health and security), in order to take advantage of obvious synergies, reduce the overall costs of specific initiatives and better support both the Government's and industry's overlapping diplomatic and socio-economic interests.

The recent pilot undertaken in Kenya, Ethiopia, Zambia, Zimbabwe, and Nigeria was a cost effective, capacity-building program that was conducted in-country and was a good example of the Australian Government, the Western Australian Government, African Governments and industry working together for positive outcomes. This program, for limited costs, has the potential to expand and AAMEG would be keen to be part of this process.

4. Targeted support

It is recommended that Australian Government focuses initially on those resource-rich African countries in which the Australian resources industry already has a substantial interest and involvement. By working collaboratively with industry, a better understanding of the issues that negatively impact host-country investment climates can be achieved, leading to better-directed capacity-building initiatives that not only benefit Australian resource companies, but also improve the overall attractiveness of the host country as a foreign investment destination for all potential investors. The current situation in Tanzania is an example of where improved collaboration is likely to deliver a better outcome for all stakeholders. Industry members have first-hand knowledge of local issues and are well placed to assist in planning outcomes. To this end, the addition of industry representatives on Government panels would be advantageous.

Australia companies are also well placed to consider internships, mentoring programs and input into the content of the Australia Awards program, particularly the Australian Awards short course program. Built into the ethos of this program is private sector engagement, however we need to make this a working reality.

5. More-steady host-country engagement

It is recommended that the Australian Government endeavours to achieve a steady level of engagement with host governments underpinned by a well-informed, long-term strategy, rather than an approach that fluctuates wildly. Dramatic fluctuations in levels of engagement can lead to scepticism as to the underlying purpose of that engagement, damaging the reputation of both the Australian Government and the Australian industry.

Concluding Comments

AAMEG strongly believes that trade and the development of good business practices will assist in alleviating poverty across the continent of Africa, enabling countries to reach their full potential.

AAMEG also believes that the resources sector is uniquely placed to facilitate relationship building and innovative program development involving Governments, the private sector, not-for-profits and academia. Closer and more effective cooperation and collaboration amongst these key sectors can enhance the achievement of common objectives in a cost-effective way. We support working with innovative agents of change for true change to occur.

In many parts of Africa, sustainable economic development is already underway, underwritten by resource industry development, with the Australian mining sector playing a very significant role. The way remains open to forge a more active and balanced Public-Private Partnership between the

mining industry and Government in the pursuit of common sustainable development objectives, including poverty reduction.

Australia is uniquely placed to benefit from Africa's economic potential through its active involvement in resource development. Australia supports African governments in their efforts to unlock the growth potential of the continent and doing so in a socially and environmentally responsible manner. The benefits provided to the people of African nations include the jobs creation, skills development and "opening the door to opportunities" that result from direct foreign investment.

Looked at from a broader perspective, Australia also has important security and strategic interests in Africa. These will be addressed in a range of contexts, but the fact is that many of Australia's international security interests in Africa and elsewhere can be advanced via transformative (and sustainable) economic development, which in turn can best be achieved only through active engagement with the private sector.

Australia has a far-reaching footprint in Africa with investment and trade increasing significantly over the past 25 years. However, the development of Africa's mineral potential has really only just begun, and Australia should aim to have its resources sector play an ever-increasing role. Australia is recognised as a global leader in resource industry investment overseas, technical competence, managerial capability and ethical business conduct as evidenced by the degree to which it has successfully exported its capabilities to the world. We must work collaboratively to position ourselves commercially and diplomatically to play a key role as this African Century unfolds.

Africa is an important partner for Australia and we believe the resources sector is uniquely placed to facilitate the future development and growth of this partnership.

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Related AAMEG Reference material:

AAMIG¹⁴ (Mar 2010): **Review of Australia's Relationship with the Countries of Africa**. Submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade. (26 pp)

AAMIG (Dec 2011): **Australia's Overseas Representation – *Punching below our weight?*** Submission to inquiry in the Foreign Affairs Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade – Africa. (5 pp)

AAMIG (Aug 2012): **Whether Australia should join the African Development Bank (“AfDB”) Group – *the African Development Bank (AfDB) and the African Development Fund (AfDF)***. Submission to Multilateral Policy and Partnerships Branch, Australian Agency for International Development (AusAID). (3 pp)

AAMEG (Jul 2015): **A Social Aspects Management Handbook – Increasing Shared Value through better Business Practices**. (55 pp)

AAMEG (Feb 2017): **The Economic and Political Significance of the Australian Resources Industry Presence across the African Continent - *Leveraging off the resources industry footprint to drive the Government's economic-diplomacy strategy***. Submission to the Australian Federal Government for consideration in the development of a Foreign Policy White Paper. (19pp)

¹⁴ Subsequently renamed AAMEG.

Appendix I: Australian Exploration and Mining Companies in Namibia

Namibia is a country that has attracted a number of Australian exploration and mining companies over the years, and it is one for which some organised data is available thanks to S&P Global¹⁵.

The purpose of including information on Namibia is to give a picture of the scale of Australian exploration and mining activity in one of the countries of Africa for which the data are available.

Australian companies have 26 active projects in Namibia; 14 early-stage exploration, ten late-stage exploration and two operating mines. Australian companies spent US\$ 403.2 million on commercial non-ferrous exploration in Namibia in the 10 years (2007-2016). That was 40.5% of the total (US\$ 994.3 million) for all companies active in Namibia during that period.

The two mining operations of Australian companies combined spent on average US\$ 247.2 million per year on goods and services from Namibian-registered suppliers (2007-2015). Namibian suppliers accounted for an average 77% total procurement expenditure of these operations.

The two Australian mining operations in Namibia combined had on average 1,556 permanent Namibian employees (2007-2015). This equated to 21% of the total employees in the country's formal mining sector. Average number of contractors employed annually during this period was 1,342.

US\$ 5.2 million was invested into community development by the two Australian mining operations between 2007 and 2015. This investment was USD 1.2 million more than Australia provided Namibia in Overseas Development Aid in the same period (US\$ 4 million). The majority of this CSR expenditure was focused on educational and teacher-training programmes in the country.

Australian companies contributed US\$ 201 million of tax revenue to the Namibian government (2007-2015). This figure equates to 18% of the government's total tax revenue from mining activity in the same period. The types of Australian Companies with active projects in Namibia (as at May 2016) were 16 junior explorers, 1 intermediate, 1 major.

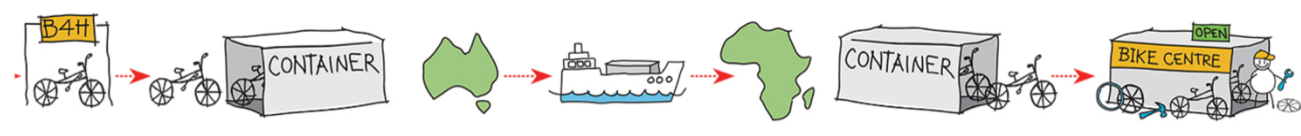
Bicycles For Humanity¹⁶

Bicycles for Humanity is a volunteer-run, grass-roots charity organisation focused on poverty alleviation through sustainable transport – in the form of a bike. The Perth chapter is led by Dave Tucker, a Perth-based resources company board member. Other chapters operate in Melbourne and Adelaide, as well as a sister organisation, Bicycles for Change in Sydney.

A bicycle in the developing world can be life-changing. It can allow access to health care, education, economic opportunity and the wider community. A bicycle provides huge leverage in breaking the poverty cycle as one can travel twice as far, twice as fast and carry four times the load.

Each of the shipping containers that Bicycles for Humanity sends to Africa, becomes a Bicycle Employment Centre ("BEC") – a containerised workshop providing employment, skills development, business opportunity and economic development for the community in which it is placed. Each BEC becomes a self-sustaining entity – a model of micro-financed small business, which is lately seen as one of the ways for the developing world to move away from dependence on aid.

The four Bicycles for Humanity charities have shipped nearly 14,000 bikes in 36 containers to four African countries and established 14 new Bicycle Empowerment Centres; something of which to be proud.



¹⁵ <https://marketintelligence.spglobal.com>

¹⁶ <http://www.bicyclesforhumanity.com>

Australian Exploration & Mining Companies active in Namibia (From S&P Global)				
Property	Primary Commodity	Development Stage	Activity Status	Company
Abenab	Vanadium	Advanced Exploration	Active	AVZ Minerals Limited (Owner) 95%
Brandberg	Tin	Grassroots	Active	AVZ Minerals Limited (Owner) 95%
Caprivi	Coal	Grassroots	Inactive	Instinct Energy Limited (Owner) 85%
Chungochoab	U3O8	Exploration	Inactive	Toro Energy Limited (Owner) 100%
Dome	U3O8	Target Outline	Active	Manica Minerals Ltd (Carried) 10%
Epembe	Tantalum	Exploration	Active	International Base Metals Limited (Owner) 31%
Erongo	Tantalum	Target Outline	Inactive	Magna Mining NL (Owner) 100%
Erongo	Graphite	Exploration	Active	Argosy Minerals Limited (Owner) 100%
Etango	U3O8	Feasibility Started	Active	Bannerman Resources Limited (Owner) 100%
Grootfontein	Copper	Exploration	Active	Golden Deeps Limited (Owner) 80%
Guchab	Copper	Exploration	Active	Sabre Resources Ltd. (Owner) 80%
Hammerhead	Iron Ore	Reserves Development	Active	AVZ Minerals Limited (Venturer) 95%
Hoarusib	Lanthanides	Grassroots	Inactive	AVZ Minerals Limited (Owner) 95%
Hoasib	U3O8	Exploration	Inactive	Africa Uranium Limited (Venturer) 70%
Huab	U3O8	Exploration	Active	Golden Deeps Limited (Owner) 80%
Huab	Coal	Grassroots	Inactive	Instinct Energy Limited (Owner) 85%
Kalahari Copperbelt	Copper	Exploration	Active	International Base Metals Limited (Owner) 100%
Kamanjab	Zinc	Exploration	Inactive	International Base Metals Limited (Owner) 100%
Kaoko	U3O8	Grassroots	Active	Manica Minerals Ltd (Owner) 29%
Karibib	Lithium	Exploration	Active	Auroch Minerals Limited (Owner) 100%
Kuiseb	Copper	Reserves Development	Active	Takoradi Limited (Venturer) 70%
Langer Heinrich	U3O8	Operating	Active	Paladin Energy Limited (Venturer) 75%
Marenica	U3O8	Prefeas/Scoping	Active	Marenica Energy Ltd (V) 75%; Millennium Mins, (P/L) Ltd 5%
Mile 72	U3O8	Reserves Development	Active	Metals Australia Limited (Owner) 100%
Nakop	U3O8	Grassroots	Inactive	Manica Minerals Ltd (Owner) 100%
Nova Energy JV	U3O8	Exploration	Active	Deep Yellow Ltd (Owner) 65%; Toro Energy Ltd (V) 25%
Omahola	U3O8	Prefeas/Scoping	Active	Deep Yellow Limited (Owner) 100%
Omitiomi	Copper	Feasibility Complete	Litigation	International Base Metals Limited (Owner) 100%
Ongava	Zinc	Reserves Development	Active	Sabre Resources Ltd. (Owner)
Ongombo	Copper	Prefeas/Scoping	Inactive	Namibian Copper Limited (Venturer) 80%
Opuwo	Cobalt	Target Outline	Active	Celsius Resources Limited (Optionee) 76%
Otjozondou	Manganese	Operating	Inactive	Shaw River Manganese Limited (Owner) 100%
Paresis	Copper	Grassroots	Inactive	AVZ Minerals Limited (Owner) 95%
Pavian Trend	Zinc	Prefeas/Scoping	Active	Sabre Resources Ltd. (Owner) 70%
Rossing	U3O8	Operating	Active	Rio Tinto (Owner) 68.6%
Shiyela	Iron Ore	Prefeas/Scoping	Active	Deep Yellow Limited (Venturer) 95%
Skeleton Coast	Diamonds	Limited Production	Inactive	Magna Mining NL (Owner) 100%
Steinhausen	Copper	Exploration	Active	International Base Metals Limited (Owner) 100%
Tumba	Copper	Grassroots	Active	AVZ Minerals Limited (Owner) 95%

Appendix II: Sustainable Development Goals

AAMEG provides guidance on 6 Key Goals and 18 Specific Actions for small and medium sized resource companies, aimed at making a positive impact on the Sustainable Development Goals ("SDGs"):

SDG 1 & 2: NO POVERTY and ZERO HUNGER

- Employ as many people as possible from within the country and the mine impact area,
- Purchase as many products and services as possible from within the country and the mine impact area,
- Minimise the impacts of land acquisition for project infrastructure,
- Support the development of non-mining livelihoods within the mine impact area, and
- Pay taxes and royalties.

SDG 3: GOOD HEALTH AND WELL-BEING

- Reduce the incidence of AIDS, TB, malaria and combat hepatitis, water-borne diseases and other communicable diseases within the mine workforce and communities within the mine impact area,
- Reduce the incidence of early death from non-communicable diseases within the mine workforce,
- Actively target the prevention and treatment of drug and alcohol use and abuse within the mine workforce,
- Achieve zero deaths from road accidents involving company, contractor and supplier vehicles, &
- Strengthen the in-country capacity for early warning, risk reduction and management of national health risks.

SDG 6: CLEAN WATER AND SANITATION

- Minimise mine-related pollution by eliminating dumping and release of hazardous chemicals and materials, avoiding the release of untreated wastewater and substantially increasing recycling and safe reuse of process and fresh water,
- Maximise water-use efficiency and ensure sustainable withdrawals and supply of fresh and process water to avoid adding to water scarcity in the mine impact area, and
- Support the participation of communities within the mine impact area in improving water and sanitation management.

SDG 16: PEACE AND JUSTICE

- Minimise mine-related conflict and violence,
- Promote the rule of law at the local and national levels,
- Adopt a zero-tolerance approach to corruption and bribery in all mine-related transactions,
- Support the development of effective, accountable and transparent institutions at community, local and national government levels,
- Ensure responsive, inclusive, participatory and representative decision-making when addressing mine-related issues, and
- Ensure public access to mine-related information.

SDG 17: PARTNERSHIPS FOR THE GOALS

- Implement effective and targeted capacity-building in communities within the mine impact area in order to support the national implementation plans for the sustainable development goals, and
- Develop effective public, private-public and civil society partnerships within the mine impact area, building on the experience and resourcing strategies of partnerships whenever doing so will improve the efficiency and effectiveness of achieving the sustainable development goals.

Source: A Social Aspects Management Handbook – Increasing Shared Value through better Business Practices, 55pp, Jul 2015 written by AAMEG member Robin Budden (<http://socialaspectssolutions.com>)

Appendix III: D-Risk Live Security Alerts¹⁷

AFRICAN FOCUSED SECURITY INTELLIGENCE SERVICE – D-RISK

Sahara Mining Services (Sahara) in strategic partnership with MS Risk, has created the D-Risk Security alert service with coverage over ten countries in West Africa; Ghana, Ivory Coast, Nigeria, Mali, Niger, Senegal, Burkina Faso, Sierra Leone, Togo and Liberia. D-Risk has been developed with the direct input of AAMEG members operating in West Africa.

The D-Risk Live Security Alert is an African focused security intelligence service that provides live security alerts to smartphones and computers as they occur. Alerts are accurately located on an interactive map and are classified as either Terrorist Attacks, Civil Unrest, Kidnappings or Armed Robbery.



Figure 1 - Four types of Security Alerts reported on D-Risk

D-Risk enables companies and travellers to accurately assess the risks and dangers associated with their businesses, investments and travel plans.

Why D-Risk?

The motivation for creating a mobile app “D-Risk Alerts” was born out of operational necessity. Sahara operates in remote parts of West Africa, and their field personnel had been subject to armed robbery attacks whilst on assignment. Additional terrorist attacks at the Splendid Hotel in Ouagadougou, (Jan 2016 / 25 people killed) and Radisson Hotel in Bamako (Nov 2015 / 20 killed) were literally kilometers from where Sahara has offices and employees working. Sahara took the steps of forming a joint venture with MS Risk. The combined skills of MS Risk (Intelligence collection) and Sahara (GIS and database management) resulted in the development of the D- Risk Application. The D-Risk application has been entirely developed within West Africa. Software programmers from Ghana were employed by Sahara and are still fully employed in developing D-Risk.

Conclusions

With the deteriorated security situation across North Africa, specifically since the Libyan War and the fall of the Gaddafi regime, West Africa has seen a marked increase in terrorism and other high-risk incidents tracked by the D-Risk application. Companies wanting to operate in West Africa need to be clearly aware of the historical and future threats with which they will be presented.

D-Risk provides a common platform that can see subscribers contribute to everyone's safety. It is nearly impossible to prevent the next attack, but it is now possible for companies and individuals to be well prepared with the latest information at their fingertips to track, trend and mitigate security exposures to meet duty of care obligations and achieve improved operational confidence.

More information on D-Risk can be accessed on: www.d-riskalert.com

¹⁷ <https://www.d-riskalert.com>

Appendix IV: METS Sector Engagement of Africa (the Ausdrill Ltd experience)

The Australian Mining Equipment, Technology and Services ("METS") sector had a gross value of \$65.4 billion¹⁸ for 2013-14, employed 385,000 people and had exports of \$11.4 billion. The sector recorded a growth rate of 6.3% during the same period compared with the national average of 3.6%.

Ausdrill Ltd ("Ausdrill"), an ASX-listed company, is one example of the companies in this sector, working in Africa through subsidiaries and joint venture partnerships.

Ausdrill manages its drilling operations in Africa through a wholly owned subsidiary, African Mining Services ("AMS"). During operations that had rather humble beginnings in Kalgoorlie in 1987, the company has continued to grow for 27 years and has generated revenues of over \$6.5 billion.



The company's underground mining services in Africa are carried out by African Underground Mining Services ("AUMS"), a joint venture between Ausdrill and Barminto Pty Ltd. This joint venture has been in operation for the past 10 years.

AMS and AUMS have operated in Ghana, Mali, Burkina Faso, Guinea and Senegal in West Africa; in Zambia and Tanzania in East Africa; and in South Africa. Companies to which it has provided services include – AngloGold Ashanti, Goldfields, Newmont, Randgold, Perseus, Kinross, Endeavour Mining, Resolute Mining, Hummingbird Resources, Toro Gold, Roxgold and Semafo.

Both AMS and AUMS have always strived to operate in a way that demonstrates a strong commitment to the people and the country in which they are operating. Good corporate citizenship is a fundamental element of the companies' corporate strategies. The company has trained more than 20,000 people in the art of surface and underground mining.

As well as training the local workforce and enabling them to reach their full potential, the companies have supported a number of social development programs including participation in the building of schools and hospitals in the local villages in the vicinity of their operations. The company is proud of the work it has done in supporting the Grace Masak Foundation, an orphanage in Ewutu Senya in Central Ghana.

The company was quick to act during the Ebola crisis in West Africa in early 2014, initiating the Ebola Hand Wash Soap Project at their operations in Guinea. An AMS sea container was converted into a soap-making enterprise, manned by the AMS Employees Wives' Association. This initiative and the awareness training, resulted in significantly improved basic health and hygiene practices, particularly in local communities.

Local staff who have been trained by AMS supervisors have gone on to assume roles in operations that they once could not even contemplate. Some have gone on to become expatriates in their own right, working all over the African Continent, and in some cases, elsewhere around the world. The legacy of this capacity building work is something in which AMS takes great pride.

¹⁸ Industry Growth Centres and the METS Sector, Elizabeth Lewis-Gray April 2015
<https://www.cmewa.com/policy-and-publications/policy-areas/economic-competitiveness/preview?path=Industry-growth-centres-METS-sector.pdf>

Appendix V: Infectious Disease Risk Assessment and Management Initiative (“IDRAM”)

The Infectious Disease Risk Assessment and Management Initiative (“IDRAM”) was set up in 2012 by the Centre for Global Health Security at Chatham House, under the leadership of Prof. David Heymann, Professor of Infectious Disease Epidemiology at the London School of Hygiene and Tropical Medicine. The aim of the initiative was to increase awareness of Emerging Infectious Disease (“EID”) in the extractives industry, particularly zoonotic diseases emanating from animal habitat disturbance as a result of mining activities.

AAMEG was involved from the start of this initiative in October 2012. The initiative was also aimed at facilitating the extractives industry contribution to national preparedness and response capabilities. The value of this kind of work was subsequently emphasised with an outbreak of Ebola in West Africa in late 2013-14.

The Pilot Phase of the IDRAM Initiative, which was run in the Katanga Province of Congo (DRC) in 2014, was developed as a “proof of concept” to explore the feasibility of establishing collaborations among multiple stakeholders to manage EID risks. The partners involved in the Pilot Phase included:

- Chatham House & the Centre for Global Health Security (London), (convened the first meeting, engaged partners and led the initiative),
- International SOS (who managed the project, the field program and provided technical assistance),
- FHI 360 and Ecology and Environment (who provided subject matter and technical expertise),
- USAID via their Emerging Pandemic Threat (“EPT”) Program (the principal funding agency),
- London School of Hygiene and Tropical Medicine (technical expertise), and
- AAMEG (who assisted in the coordination of member mining companies).

The mining companies with operations in Katanga that participated included:

- Freeport McMoran (Tenke Fungurume Mine),
- Tiger Resources (Kipoi Mine),
- MMG (Kinsevere Mine), and
- Mawson West (Dikulushi and Pweto Mine).

The local authorities and other organisations in Katanga that participated included the provincial government and health authorities, provincial and regional academia and professional bodies from Lubumbashi University and others.

The results of this collaborative work confirmed that the private sector, particularly the mining sector, can be an important partner in EID prevention, preparedness, and response. The main rationale for collaborations amongst multiple stakeholders is based on the high economic cost associated with uncontrolled epidemics.

In addition, desktop exercises were conducted twice in:

- Lubumbashi (DRC) for 28 participants in August 2014, and
- Africa Down Under Conference for 39 participants in September 2014.

Participants in the activities of the IDRAM Initiative gained a better understanding of the socio-ecological impacts of mining projects, how these can influence disease emergence and transmission that result from animal habitat disturbance, and how collaborative efforts can lead to a more effective mitigation of the associated health risks.

