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Submission to Senate Standing Committees on Foreign Affairs Defence and Trade: Australia's trade and investment relationships with the countries of Africa

Introduction
I have worked as a mining engineer for more than 30 years splitting my time between operations, projects and most recently community relations, becoming more involved with the social aspects when I took up an opportunity in Ghana twelve years ago. Post graduate Community Relations management study at University of Queensland, a two year stint in Madagascar and a series of short term assignments in Brazil, Canada, Ghana (again), Indonesia, Papua New Guinea, Saudi Arabia and Uganda round out my community relations management portfolio. I am a member of the Australia-Africa Minerals and Energy Group (AAMEG) and the International Association for Impact Assessment (IAIA). In 2015 I wrote a good practice social aspects management handbook for AAMEG for which the Minister for Foreign Affairs, the Honourable Julie Bishop MP, kindly provided a Ministerial Foreword.

This submission is addressed to point (g) of terms of reference – "the role of Australian based companies in promoting the achievement of Sustainable Development Goals" – and in particular the role that smaller players, the type of company that makes up the overwhelming number of Australian-based explorers, developers and operators with interests in Africa, might play. Specifically, how these types of companies might contribute to the SDGs and just as importantly be recognised for what they do, to the extent that shorter life-cycles, smaller physical, environmental, social and economic footprints, leaner management structure and lesser lobbying strength allow.

Background
Sustainable Development has been with us for a long, long time. In fact it is close to 30 years since the term sustainable development was coined - the one that talks of "***meeting the needs and aspirations of the present without compromising the ability to meet those of the future."*** It became the catalyst for new thinking around ways to meet the challenge of balancing economic growth, environmental protection and social equality.

The global mining industry was very much engaged in the process, developing its own call to action in response to the new development paradigm through the Global Mining Initiative and the Mining, Minerals and Sustainable Development Project (MMSD) and summarised in its report "Breaking New Ground". The mining industry also played a major role in the coining of the term "Social License to Operate" way back in 1997.

The Millennium Development Goals (or MDGs as they were known), Extractives Industry Transparency Initiative (EITI), Global Reporting Initiative, the Voluntary Principles on Human Rights (VPs), International Finance Corporation (IFC) Performance Standards, Equator Principles and the International Council on Mining and Minerals (ICMM) all emerged around the turn of the new century, while Shared Value is a relative latecomer, first appearing in 2011. We've also seen some convergence in the language used by the development world and the mining industry (and business more generally) and, with the MDGs, the first steps towards an explicit set of human development targets.

From the reading I have done, there is certainly acknowledgement that the scorecard for the MDGs for the 55 countries in Africa shows a distinctly mixed set of results but it is not all doom and gloom. Coming off a low base, Africa has achieved 3 of the 8 goals – access to universal primary education, promoting gender equality and empowering women and combating HIV/AIDs and other diseases but major challenges remain, in particular addressing the issues of poverty, extreme hunger and inequality.

Now we're heading into the future with the Sustainable Development Goals (SDGs). Three years in the making, building on +20 years of trial and error experience and signed-off by all 193 UN member states in September 2015 before kicking-off on January 1st last year, the SDG are a set of 17 individual goals and 169 specific targets that seek to address a wide range of development issues.

Member states are expected to use the goals to frame their development agendas and while the goals are voluntary, there can be no doubt that they will occupy a position in the minds of government, civil society and business, all of which are expected to play a part in delivering on the goals.

Something that I have found a little surprising has been the speed and the breadth of the uptake although, on reflection, given they have been 30 years in the making maybe it shouldn't be quite such a shock. Or maybe it is that a global population of 7.5 billion and rising in a world that is rapidly getting warmer is ringing some alarm bells. Or maybe (and this is the sceptic in me talking) it is that promises are easy to make and much harder to keep. Whatever the reason(s), lots of people are talking about the goals.

Information available on its website indicates that DFAT sees the SDGs helping Australia advocate for a strong focus on economic growth and development in the Indo-Pacific region, and in promoting investment priorities including gender equality, governance and strengthening tax systems. The absence of any specific mention of supporting growth and development in Africa is a bit of a worry.

Outside of Australia, many mining industry players are embracing the goals. The Prospectors and Developers Association of Canada (PDAC) devoted a session at their 2017 annual convention to discussion of the SDGs which was hosted by The Intergovernmental Forum on Mining, Minerals, Metals and Sustainability. 31 of the 60 IGF members are from Africa while Canada and Germany are both prominent members and supporters (and both are active in providing development assistance in Africa and Canada is also a competitor on the ground). The IGF recently published a comparative study of its Mining Policy Framework against the SDGs.

More broadly, African countries have been developing their priorities for the SDGs which show some variation north to south and east to west. Sierra Leone and Liberia are already publicly on board with the SDGs as a path to development and stability post-Ebola. And while the organisation behind the Africa Mining Vision haven't put pen to paper yet I would be surprised if we didn't see a statement of some kind in the not too distant future.

Globally, within the wider business community Shared Value is embracing the SDGs, while closer to home in September 2017 we had the CEOs of 30 of Australia's leading companies sign-up as supporters of the SDGs.

And last but most certainly not least, the global mining industry response has been through the ICMM which has started to carve out a space, linking the SDG to their existing Sustainable Development Principles. But what is good (and doable) for the large multi-nationals is not necessarily the same for smaller players.

Which brings me to the topic for the rest of this submission – what makes sense for the smaller players, the type of company that makes up the overwhelming number of Australian-based explorers, developers and operators with interests in Africa? How might these types of companies contribute to the SDGs and just as importantly be recognised for what they do, to the extent that shorter life-cycles, smaller physical, environmental, social and economic footprints, leaner management structure and lesser lobbying strength allow?

SDG Opportunities for Australian miners in Africa

The approach I have taken here is to map the 17 goals against the social aspects described in the 2015 AAMEG Social Aspects Management Handbook, trimming the number of targets from 169 to a more manageable 40 and focussing on company activities and the people and the communities within the immediate mine impact area. By doing this I've tried to bring the global agenda down to something that I think can be achieved at a local, site-based level. Going through the process it was very satisfying to see that the advice in the Handbook stacks up very well when viewed through an SDG lens.

It is important to keep in mind that what I am talking about is voluntary – there is absolutely no obligation for anyone to do any of this. Companies may choose to forego the opportunities identified here and simply keep doing things the way they always have or they may choose to spend the time to go through the filtering exercise, going back to the 169 targets and going through the process of picking and choosing the ones they want to focus on.

A second point to note is that this is not an all or nothing proposition. Companies don't have to try and address all 40 targets. In point of fact I would suggest that they don't (try for all 40 that is). Instead, they would be better served by choosing to focus on the 1, 5, 10, or however many make sense for the company and its particular situation. The way that I see it is that each company needs to find its own sweet spot(s) where there is overlap between company business drivers, the SDG targets and local development needs and, where there is some overlap, the company decides how much time, effort and resources it wants to or can afford to put in. It is about hitting the bullseye.

So what might this mean for company contributions to each of the 17 SDGs?

On first glance, the connection between the two No Poverty and Zero Hunger targets and core business activities may not be so obvious:

T1. Contribute to the eradication of extreme poverty within the mine impact area, with particular emphasis on people directly and indirectly impacted by mine operations, where extreme poverty is currently measured as people living on less than $1.25 a day.

T2. Double the agricultural productivity and incomes of small-scale food producers within the defined mine impact area, with particular emphasis on people directly and indirectly impacted by mine operations.

So how might companies do this and still stick to core business activities and hit the bullseye? I think it comes down to the company doing 5 actions well:

Action #1: Employ as many people as possible from within the country and the mine impact area

Company-generated employment provides an important opportunity for local people to benefit from any project. Gainful employment builds a sense of involvement, ownership and empowerment as well as providing access to cash. Jobs are one of the biggest contributions a project makes to the local economy and can help to solidify company/community relationships. However issues surrounding jobs often become a major source of tension, particularly when local people see outsiders being hired for jobs they think they can do or feel they are entitled to.

Action #2: Purchase as many products and services as possible from within the country and the mine impact area

There are four oft-quoted reasons to purchase goods and services from local businesses: a) in response to government regulations or investment agreements stipulating local content levels; b) to provide benefits to the local community by creating business opportunities with local enterprises; c) to create a more robust supply chain and; d) to build local community support. In time it can also result in reduced operating costs as locally provided goods and services can be less expensive. In many markets, local suppliers are typically small and medium enterprises (SMEs) and to compete for bidding and contracting opportunities they often need help to bring them up to the required operational, safety, environmental and technical standards. This is typically achieved using a combination of training, mentoring, and other support (usually externally sourced) and through internal efforts to identify opportunities, communicate the business reasons and the use of performance-linked reward structures.

I would suggest that committing to these first 2 actions should be easy decisions for a company to make and that any company job or service contract or a business supplying the company will pay significantly more than the SDG target of $1.25 a day. The harder decision that needs to be made is how far are the company is willing and able to go in order to go to develop the skills of local people and the capabilities of local businesses to increase the numbers and the size of its impact.

Action #3: Minimise the impacts of land acquisition for project infrastructure

Minimising the impacts of land acquisition for project infrastructure is important because landlessness tops the list of impoverishment risks associated with involuntary resettlement and food insecurity comes in at #05. So clearly it is important to manage any resettlement well and the AAMEG Social Aspects Management Handbook gives plenty of pointers in the right direction.

The real value that SDG 1 and SDG 2 add here is to bring some solid and measureable targets for a livelihood restoration programme, something that is often sadly lacking. By this I mean that companies, communities and governments should never consider anything less than $1.25/day as being an acceptable result for any Alternative Livelihood Programme, while achieving a doubling of agricultural output for all affected / displaced people starting afresh is something to aim for.

Action #4: Support the development of non-mining livelihoods within the mine impact area

Extending beyond the livelihood obligations that come with mine-related resettlement, the degree to which a company commits resources to the wider community is usually a discretionary decision. If the company does decide to support income generating activities in the community then focusing on improving agricultural practices and value-adding to land-based activities makes a lot of sense, building as they do on the inherent strengths of the local people.

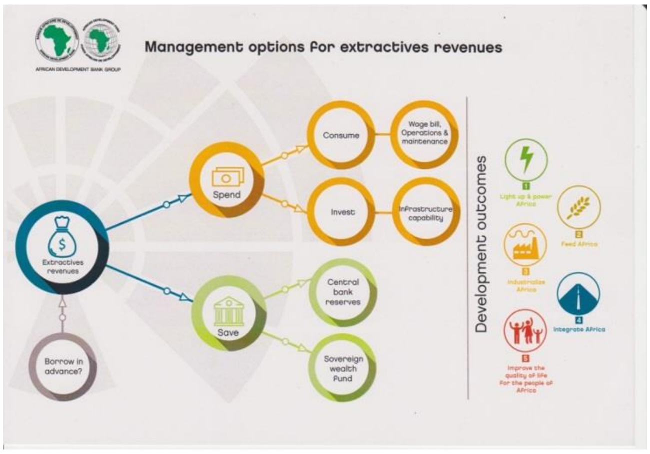
Unfortunately good examples or case studies are hard to find – companies just don't seem to publish their good work on their websites, but two examples do stand out:

The Base Titanium story is to my mind without doubt the most cohesive, comprehensive and ambitious approach for using natural capital to build human capital that I have seen from a small company (or any company for that matter). It is most definitely a shining example of leading industry practice but that isn't to say that it is the best or only way to go for everyone – it depends on the business plan, which is unique for every company.

While undertaking a review of Community Relations and Development for the Resolute Mining operated Syama Mine in Mali it became very clear to me that they do a good job with their Income Generating Activities programme. They have a diverse range of small projects going on, all of which were initiated as a result of requests from community members (mostly women) (2 big ticks from a development practice point of view), none of which required large cash input from the company, all of which have some potential to scale-up and all of which are generating a good deal more than $1.25 per day for the participants.

Action #5: Pay taxes when due

This image from the African Development Bank shows why tax and royalty revenue are high on the radar for most governments.



Clearly there are a lot of demands on government money and government expectations for revenue are usually high and often seem unrealistic. On the other side of the ledger, the pressures on governments are huge and they face extreme often equally seemingly unrealistic development expectations from their citizens. This is an issue for all miners but maybe especially so for smaller players with projects that are less likely to have a nation changing impact so are even less likely to go close to meeting expectations. So it is not a comfortable place to be.

For companies, paying what is due according to law or the terms of a negotiated investment agreement is increasingly seen to be part and parcel of being a responsible and reputable business. Interestingly Ernst & Young in their recently released business risk outlook has transparency at #05 in their top 10 and specifically talk to the issue of tax payments and the role transparency has in enhancing confidence and trust.

While there is often a well-founded concern about where tax revenues end up, initiatives like EITI and Publish-what-you-Pay are powerful tools that can be used to apply pressure to governments to explain what it is doing with the money and there are many ways for companies to use these tools to their advantage.

A number of companies operating in Ghana take out newspaper ads every quarter when they make royalty payments, when I was with Ambatovy we actively supported Madagascar's EITI candidature, Resolute has been an active supporter, sitting on the board of the Mali EITI organisation and being involved in communication sessions within its operating region. Base Titanium has come out as an EITI supporter, even though Kenya isn't a member and just last year Australia signed up to EITI so there may be new opportunities through DFAT.

Delivering on these five actions not only contributes to achieving the SDG goals, they also provide companies an opportunity to tell the full story of their contribution to the country and the communities in which they operate, something that I think many companies could do much better than they currently do, if the easily available public information on websites and in annual reports and sustainability reports (those that have them) is anything to go by. As it is, it is tedious and time consuming to pull the threads together even when you know what you are looking for so how a government minister, a civil servant or a community member is ever going to work it out is anybody's guess. Perhaps more importantly, how can company employees make sense of what the business does or explain to their families and friends that the company is pulling its weight? It's an opportunity missed – employees are one of the most important and influential stakeholder groups a company has and they are without doubt most accessible. I am not saying that an info-graphic or a Top 10 Frequently-Asked-Questions is the be all and end all but it would seem to me that it would be a good place to start.

Health and Safety is a given for most companies, impacts on health are often a concern for local communities and the 5 SDG targets for Good Health and Well-Being are a good fit with company priorities.

T1. Reduce the incidence of AIDS, tuberculosis, malaria and combat hepatitis, water-borne diseases and other communicable diseases within the mine workforce and communities within the mine impact area
T2. Reduce the incidence of early death from non-communicable diseases (NCDs) within the mine workforce
T3. Actively target the prevention and treatment of drug and alcohol use and abuse within the mine workforce
T4. Achieve zero deaths from road traffic accidents involving company, contractor and supplier vehicles
T5. Strengthen the in-country capacity for early warning, risk reduction and management of national health risks

I'd suggest that the first three are business imperatives as far as ensuring a healthy workforce is concerned and would argue they are de-riguer these days for any responsible company operating in Africa and they are not that difficult. Peer education is the centrepiece of HIV management (it is low cost and easy to extend out into the community), TB and Hepatitis and NCDs like diabetes and high blood pressure show up in the pre-employment medical. The NCDs can be managed through workforce education and well-being programmes, which again are easy to extend beyond the fence, especially so if peer education is used.

Alcohol and drug management (T3) are also givens, with zero tolerance and routine testing being common-place. And there can be unexpected spinoffs into the community. When I was working for the Ambatovy Project in Madagascar we found that after we introduced workplace breathalysers our community team started hearing from employee's wives that their husbands were drinking less because they were worried about losing their jobs and as a result there was more money available in the household for basic needs like food, medicine and education. They also indicated there was a drop in the incidence of domestic violence. It was not something we were expecting when we put in the breathalysers, but a win is a win even if it is unanticipated.

Road accidents (T4) is another health and safety issue that is relatively easy to manage, whether it be through driver education, contract terms & conditions or vehicle speed limiting and monitoring, and another where there are often reputation spin-offs, where on two sites I've worked it was said by community members that "company vehicles don't kill".

T5 may or may not be relevant depending on where companies are operating but Ebola planning and response immediately springs to mind.

Quality Education (Goal 04) is perhaps the hardest of the SDGs for companies to address. I say this because, emotionally, seeing kids in school feels good but for projects and mines with relatively short development and operating cycles I think it is difficult to make a business case for investing in the early education of future generations of potential employees, which is the rationale that is often given for spending time and money on primary and secondary education. (This is one area where the big companies and their 30 – 50 year operating window have a much stronger argument). Also, smaller projects often don't have the long lead-time in which to invest in bringing the current generation of young people up to speed.

I am not saying that companies shouldn't support early education but what I am saying is that they need to be honest about the reasons they are doing it – that in this case it is coming more from the heart than it is from the head.

Putting early education to one side leaves two areas where the company business plan and the SDG might intersect. Both are about developing skills for livelihoods outside mining, so both are more about community development than they are about providing direct employment opportunities. The first is the relatively low-effort and quite common practice of providing scholarships and the second more resource intense approach is for the company to provide vocational training. Companies are usually free to choose one or the other or both or none and need to weigh up the merits against the myriad other demands for their Community Development dollars and resources.

If the company is an equal opportunity employer, dealing with gender equality (Goal 05) comes down to ensuring full and effective participation of women in discussion and decision making in mine-related matters in communities within the mine impact area, which it must be said is often easier said than done.

Next up is water and sanitation, which is a common issue for communities, is high on the SDG agenda and is an area where company activities can have a big negative impact if they are not done well. In this case we have three targets:

T1. 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
T2. 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
T3. Support the participation of communities within the mine impact area in improving water and sanitation management

The first two targets - minimising pollution and maximising water-use efficiency - are simply about adopting good environmental management practices.

As for the third one, it is typically addressed as part of a community development programme. I can't think of one site I've worked on or visited that doesn't provide some level of support to improving the availability of clean water and better sanitation. It is easy to cut the cloth to fit the available resources, although it must be said this is an area where it is easy to under-estimate the amount of effort to create long lasting behaviour change which goes far beyond simply providing a borehole or building a toilet and hoping for the best, which unfortunately is an approach taken by many companies, big and small. So maybe there should be a question mark on this one – in so far as it is an easy space to play in but needs serious commitment to do well.

Affordable and Clean Energy (Goal 07) talks to maximising energy efficiency of the mine operation and incorporating renewable energy into the energy mix of the mine operation (both of which are typically driven by hard-heading business cost/benefit analysis) and a third part, support for expansion of infrastructure and technology into the local communities, which is a community development decision which again needs to be weighed-up against other options and the availability of suitable partners.

Decent Work and Economic Growth (Goal 08) is another Community Development area (given the not unreasonable assumption that any work with the company and its suppliers automatically qualifies as decent in so far as pay and conditions within the industry are usually fair and child labour is not condoned.

Industry, Innovation and Infrastructure very much sit in the Community Development space and while the potential is there (power, IT, access to credit and financial services), having a meaningful impact is going to take a fair bit of effort and is not something that companies would want to be looking at without involving partners.

Reducing Inequalities speaks to the issue of fairness and opportunity, both of which are foundations on which a company's Social License to Operate is built, and I would argue the case that these are de-riguer for any responsible operator.

Goal 11 – Sustainable Cities and Communities - may or may not be an issue, depending on the project and its in-migration pull and cultural heritage characteristics.

Responsible consumption and production is about efficient use of resources, responsible chemical management, minimising operational waste through prevention, reduction, recycling and re-use and integrated reporting. Nothing that isn't (or can't be) done routinely on a well-managed site.

Climate Change is without doubt a major global challenge but there is relatively little that companies can do on their own to contribute to the targets that sit behind the goal, beyond supporting education and awareness building.

The next two only have relevance on specific sites. Life below Water (Goal 14) is about protecting the marine environment from pollution from mine-related activities, while Life on Land (Goal 15) is about reducing degradation of natural habitats and bio-diversity both of which would fall within the remit of an Environmental Management

Plan.

Peace and Justice (Goal 16) might sound a bit utopian but the goal is actually very practical and the targets definitely hit a sweet spot of overlapping interests:

T1. Minimize mine-related conflict and violence
T2. Promote the rule of law at the local and national levels
T3. Adopt a zero-tolerance approach to corruption and bribery in all mine-related transactions
T4. Support the development of effective, accountable and transparent institutions at community, local and national government levels
T5. Ensure responsive, inclusive, participatory and representative decision-making when addressing mine-related issues
T6. Ensure public access to mine-related information

I think it is hard to argue against any of these and I am not going to go through all six points. Rather, I’ll talk to the first one – the issue of mine related conflict.

The important piece to keep in mind here is that company impacts are never neutral – they can be negative or positive - but from the time a company starts work on-the-ground it starts to create change and starts to create tensions. Company actions shape the nature of relationships and the three issues that most influence a relationship – taking responsibility for impacts, fair distribution of benefits and behaving appropriately - are all company initiated actions.

Think about it in the context of the core business activities we’ve just looked at - Land Access, Water Impacts, Health and Safety. Whether companies end up in a tense and difficult working environment is largely up to the executive and management teams and the way the business plan is put together and executed.

To close, a few words on partnerships. These are important because they come up everywhere and they bring a lot to the table if they are done well. In this case, we have two targets:

T1. Implement effective and targeted capacity-building in communities within the mine impact area in order to support national implementation plans for the sustainable development goals
T2. Develop effective public, public-private and civil society partnerships within the mine impact area, building on the experience and resourcing strategies of partnerships when-ever doing so will improve the efficiency and effectiveness of achieving the sustainable development goals

Using partnerships is about accessing expertise, increasing reach, depth and leverage of programmes and activities and sharing risk but they are not something that companies must do - the decision to partner (or not) is a business decision and should support the overall objectives of the company strategy.

Typical initiatives to build business capabilities – like establishing a business development centre or setting up a microcredit program - often require collaboration. Likewise initiatives to build local skills and develop a pool of trained people often require, and should benefit from, collaboration with government and non-government service providers. Community development programmes addressing health, water and sanitation, education, income generation and governance can also benefit from working with good partners.

The alternative to partnering is to build the capabilities in-house (which usually means a relatively larger team of people each with a narrow field of specialisation and expertise) or narrowing the focus of company supported activities or not doing anything at all.

Partnerships can be particularly useful when trying to influence policy and practice at the national level. Actively supporting and being carried on the coat-tails of an international initiative like EITI is likely to be more far effective than a small company trying to influence the transparency agenda by direct lobbying for example.

For all the potential of partnerships, it is important to keep in mind that taking the partnership route does not automatically mean that the results will be positive, or any better than if the company had done its own thing. In many ways there is a parallel with the out-sourcing of technical services support to contractors, with many of the same contributors to success – clear scope, complementary skills, good communication and a willingness to be flexible.

Conclusion
I have covered a lot of ground, just touching the surface really but hopefully I've made a bit of case for how Australian companies focussed on Africa might contribute to the Sustainable Development Goals and at the same time, use them to their own advantage.

As I have mentioned before, I am not for one minute saying that companies try to do everything, in fact I suggest that companies would be best served by focussing on four key takeaways:

1. It is far better to do a few pieces well and to play to their particular strengths as Base Resources and Resolute Mining have been doing;
2. It is important to keep the eye on the prize and avoid falling into the trap of letting the tail (the SDG and Community) wag the dog (the Business Plan);
3. Companies need to be honest with themselves, their employees and their stakeholders about why they do what they do; and
4. Companies need to get better at telling their stories and talk often and loudly about how and why they do what they do.

Thank you.