



Submission No 89

**Review of Australia's Relationship with the
Countries of Africa**

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Organisation: Private Submission

Drew, Gillian (REPS)

Subject: FW: Africa Inquiry follow up question
Attachments: Partners Briefing on PSI.PDF; PSI approved principles.pdf

From: Andrew MacLeod [mailto:amacleod@melbourne.org.au]
Sent: Tuesday, 13 July 2010 7:20 PM
To: Carter, John Gordon (REPS)
Cc: Drew, Gillian (REPS); Gordon Noble
Subject: RE: Africa Inquiry follow up question

Hi John,

You will see from my comments below that I agree with a lot of AAMI's views and would value having a discussion with them directly.

- Do you consider such a public-private partnership to deliver social development assistance to be feasible?

In a limited way, yes. Private-public partnerships are used within our own economy (be it in schools, health or otherwise) so I see no intellectual reason why a well designed program could not work in the developing context. However one aspect that I think needs to be underlined is that long term effectiveness comes more often from development investment, rather than development assistance. By Development Investment I mean the assistance that has with it and expectation of financial return as well as social return. It is the recognition of the need for a return on investment that allows for the creation of a sustainable business model that can guarantee service delivery beyond the life of an aid project.

- If yes, how might such close links be facilitated?

Mechanisms like the PSI outlined above could facilitate such cooperation. In addition pulling in the bureaucrats from State and Federal Governments together with private companies that have worked on PPPS in Australia and her States and asking them, based on their experiences, to come up with models would be useful.

- A perception could arise that Government had become associated with the private mining project. How could this be overcome?

Yes such a perception is likely to arise. The question is not whether that perception is likely, it is whether that perception is necessarily a bad thing. A link with a well run mining operation that respects local customs and norms that gives a development outcome could be a good thing for both the government and the company. Linkages between private companies, including mining companies, and the government in indigenous communities in Australia is often made. The same links could be made with companies in a development setting.

In addition, the link between government and companies could add to the perception of an 'all of country' as opposed to 'all of government' approach is taken to facilitating development through aid, trade and investment. A perception of linkages in a successful operation would therefore be good.

However there is a risk if the mining company creates a bad impression in the host community. The question therefore is not the perception being created, it is managing what that perception is!

- Would you identify any other risks associated with such a concept?

There is a risk that the mining company would abrogate its CSR responsibility by handing it over to the government. A badly motivated company could be a great reputation risk, be it in the host community or back in Australia. A well motivated and well run company on the other hand could give enormous benefit. Hence the great risk of the concept is the need to be able to asses which companies are worth partnering with and which should not.

- On a related matter, do you feel there are there opportunities for NGOs and mining companies to collaborate in enhancing the development of the host country?

Yes I do see this, and there are existing examples of it – such as Oxfam's partnership with BHP in training on Community Consultation programs. There are some areas of value add for companies to learn from experiences of NGOs. However, perhaps counter-intuitively, I believe that NGOs have much more to learn from well motivated and run companies who can pick up on the many weaknesses of NGOs around project planning, evaluation, and the like. The deficiencies of the Not For Profit sector are well outlined in the recent Productivity Commission study into the effectiveness of the NFP sector in Australia.

Hence yes, there are opportunities for both to learn from each other.

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