Mining for Development Roundtable 2012

Perth, Australia
27 August

EVENT SUMMARY

International Mining for Development Centre

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IMPLEMENTING PARTNERS
The University of Queensland Australia
The University of Western Australia

Contents

In partnership with the Australian Government and with grant funding from AusAID, The University of Western Australia and The University of Queensland established the International Mining for Development Centre (IM4DC) in October 2011 to assist in improving incomes, employment, enterprise opportunities and life outcomes for people in the rural and urban areas of developing countries where mining and other extractives industries are located. It does this primarily by building human resources capacity and facilitating the establishment of leading practice within extractive industries. IM4DC works in and with developing countries in Africa, South Asia, South East Asia, North Asia, the Pacific region and Latin America.

The benefits of the work of the IM4DC for developing nations are realised through the increased skill levels of key personnel within governments, universities, research institutions and civil society organisations to bring about:

- Improved policies and practices in the governance and management of extractives industries and their interactions with society and the environment
- Improved legislative frameworks
- Improved knowledge of a country's resources base
- An ability to continue to build local capacity in minerals governance and mining/extractives industries practices.

To do this it focuses on assisting developing countries to determine:

- A competent and transparent system of industry governance and regulation
- Mechanisms for community and environmental sustainability
- Expertise and technology that facilitate operational effectiveness.

The annual Mining for Development Conference presented by IM4DC provides an opportunity for discussion between stakeholders on leading practice in mining for development and the issues facing nations in implementing sound mining policy. In 2012, the Conference was held in a one day roundtable format.

The event brought together participants from around the world, including South Africa, Mozambique, Kenya, Niger, Ethiopia, Cameroon, Canada and Australia.

SNAPSHOT

Hosted by IM4DC on 27 August 2012 in Perth, Western Australia, the Mining for Development Roundtable formed part of an on-going commitment to building international relationships and exchanging knowledge of leading-practice approaches to mining for development. The one day Roundtable was designed to review the performance of mining in generating economic benefits and facilitating social progress in developing countries, and to identify the themes and principles required to guide future policy and practice.

The Mining for Development Roundtable provided a forum for governments, industry, civil society, universities and international donors to talk frankly about the opportunities and challenges that the mining sector presents to developing countries.

With an audience of more than 120 attendees, the Roundtable provided a valuable opportunity for participants to:

- Share knowledge and experience - of both leading practice in, and shortcomings of, mining in developing countries
- Discuss strategies for mining to help to achieve broad-based economic growth and poverty reduction in developing countries
- Identify needs for capacity building
- Develop and strengthen networks.

Through facilitated workshop sessions, participants were able to gain a stronger understanding of opportunities and challenges in relation to:

- Assessing the outcomes of mining for development to date, its successes and shortcomings
- Identifying leading approaches to mining for development, focusing on infrastructure and local economic development
- Building a consensus on some of the key steps needed to build success in mining for development.

OPENING REMARKS AND ROUNDTABLE OVERVIEW

Professor Paul Johnson, Vice-Chancellor of The University of Western Australia

Professor Johnson noted that The University of Western Australia and The University of Queensland are ranked in the world's top 100 universities and are globally-recognised centres of excellence in the resources sector.

Both universities having been an integral part of more than four decades of large scale development across coal, iron ore, gold, nickel, base metals, diamonds and petroleum.

It is this experience that places IM4DC well to share the knowledge held by the Universities and its other partners with developing countries in Africa, Asia and Latin America.

Welcoming Dr Mamphela Ramphele for her keynote address, Professor Johnson said that he hoped that the Mining for Development Roundtable would help shape Australia's approach to working with its developing country partners to build their capability to host mining that underpins sustainable development.

For some participating countries, capacity building needs and current focus can be summarised as follows:

Republic of Cameroon
Building capacity by providing people with the means to assess and negotiate potential investment opportunities and their subsequent returns

Mozambique
Capacity building in contract negotiations, training inspection and geological mapping

Nigeria
Skills development in the mining and geology sectors

Senegal
Oxfam International's program has focused on civil society capacity building at the grassroots level in local and community organisations

Uganda
Clear and robust legislative review

Australian Government and Mining for Development

The Australian Government has long recognised the opportunity to utilise Australia's expertise in the resources sector, which resides within industry, government and higher education to deliver aid that supports economic development.

IM4DC is the flagship of Australia's mining for development initiative. IM4DC provides developing countries with the Australian expertise they need to build a sustainable mining sector, making better use of revenues, improving sustainable development outcomes, and growing their economies in a way that delivers benefits across communities.

Australian governments and industry have extensive experience in international agreements and foreign direct investment regimes relating to minerals and petroleum projects that operate in their jurisdiction. Australia, and particularly the states of Western Australia and Queensland, host substantial minerals and petroleum industries with exploration, extraction, processing and logistics operations in a range of commodities including gold, nickel, iron ore, mineral sands, copper, zinc, lead, thermal and metallurgical coal, rare earths, uranium, oil and natural gas.

Supporting the resources industry is a robust and diverse mining services sector, which provides technical and knowledge-intensive inputs.

Australia has sound and effective policy and regulatory frameworks, addressing economic and social factors, regional development, environmental management and mining industry operations at local, state and federal government levels.

Key Findings

Director of IM4DC, Ian Satchwell summarised the Roundtable's key findings during the Roundtable dinner at the State Reception Centre.

The Roundtable discussions focused on three primary topics, following on from each session:

- **Firstly the economic issues – revenue raising, infrastructure development and prioritisation**
- **Secondly, the social issues – priority areas for investment and best practice case studies that can be shared**
- **Lastly – consideration of the top priorities in relation to the work program of IM4DC, the Australian government Overseas Aid Program (AusAID) and other agencies like the Canadian International Development Agency (CIDA).**

Ian Satchwell noted that the overwhelming response from all sessions focused on the importance and role of capacity building in resource rich, developing economies.

He emphasised the intrinsic connection between research and development, education and capacity building, as well as the key role that government and initiatives such as IM4DC can play in the capacity building process.

In this context, Ian Satchwell said that the Roundtable agreed that the priorities for building capacity related to:

- Developing and administrating systems for collecting royalty revenues
- Monitoring and assessing transparency
- Unbundling the complexity of contracts and the spectrum of information coming from mining companies
- Creating a regulatory environment that is stable, does not pose sovereign risk to investors and is able to collaborate effectively with all partners
- Educational investment at all levels – from primary to TVET; and adult education in all regions including rural and remote areas with an emphasis on in-country education
- Focusing education on developing skills not only specific to the mining and mining services sectors but also on those that have durability beyond the life of mining – to stimulate people to harness civil society and develop industry and trade.

Ian Satchwell discussed the inequalities that can prevail in developing mining economies. Ensuring that affected people affected by mining receive benefits from growth of the local mining economy.

He noted that although governments may place regional distribution of mining revenue high on their list of fiscal priorities, they can often find it difficult to negotiate the myriad of regional, political and ethnic sensitivities that must be delicately balanced. This observation complemented points made by Dr Ramphele in her keynote address earlier in the day, where she posed the question of how mining companies could most fairly ensure distribution of the benefits of their activities.

Ian Satchwell noted that Roundtable discussions had underlined the reality that there is no 'one-size-fits-all' approach in implementing successful mining for development.

Countries, their resources, their communities, their environments, and their existing legislative frameworks and government capacities are all different. Mr Satchwell added that a large part of sustainability is comprised of structured governance frameworks and procedures, so while whole-of-government coordination is an essential component of building capacity in the mining for development sector, overall governance frameworks may be weak and susceptible to political cycles.

IM4DC will continue to facilitate discussions about leading practice in capacity building for mining for development.

KEYNOTE ADDRESS

Mining's contribution to sustainable development and the challenges in meeting stakeholder expectations

Dr Mamphela Ramphele
Chairperson of Gold Fields and
Director of Letsema Circle

Dr Mamphela Ramphele is one of South Africa's pre-eminent thought leaders in the field of social development and change, and was the keynote speaker at the Mining for Development Roundtable 2012. Dr Ramphele's contributions to South African social development include the founding of the Citizens Movement for Social Change and a leading role in the Black Consciousness Movement.

She has authored several notable books and publications on socio-economic issues in South Africa, and has received numerous prestigious national and international awards and honorary doctorates.

As a strong proponent for issues that are not just present in South Africa, but throughout developing and first world countries, Dr Ramphele's passion for spearheading programs designed to uplift and promote positive and effective social development make her a valuable contributor and leader in the mining for development community.

Dr Ramphele said that her native South Africa, a country both blessed and cursed by extensive and lucrative mineral deposits, is perfectly positioned to implement and demonstrate the principles of sound and successful mining for development. She said that she believes that the mining and resource industry, as a key contributor to the global economy, has, and needs to continue, to shift to focus not only on the financial outcomes to be gleaned from mineral and ore production, but to the undeniable positive, as well as negative, social impacts that mining can create.

Dr Ramphele discussed how resource-rich countries are presented with the opportunity to set an example of sustainable practices. She noted how mining had embraced the concept of sustainability: "The single most important thing to say about mining's contribution to sustainable development is the fact that the sector has finally woken up to the notion that it actually needs to be making a contribution to sustainability", she said.

"If we work openly and respectfully with communities and really have their interests and that of the planet and future generations at heart, we can hope, with some measure of certainty, to bring about sustainable development where we mine."

She conceded, however, that awareness of, and accountability for, mining's social impact are still in their infancy.

Describing the moral duty of society and industry to be caretakers of the land, Dr Ramphele emphasised the urgent and pressing need to do the right thing. Despite decades of environmental studies, the mining sector is tentative about including social and environmental initiatives in their operational strategies. Dr Ramphele said that sustainable mining is about not compromising our own wellbeing, but also looking out for the

many future generations who will look to the land for their livelihood.

Dr Ramphele emphasised the need for organisations to be transparent to all stakeholders about their operations. Society at large generally holds concerns for water and land degradation, as well as flora and fauna that may be impacted upon by mining. She said that organisations owe their stakeholders the right to be included in their operations, and today's society demands to be involved not just when dividends are distributed, but throughout the mining process.

Dr Ramphele suggested that a key component of communicating with stakeholders is illustrating the benefits of mining, and projecting a shared vision for the future. Dr Ramphele said that this vision must include members of society, and society must believe in this vision wholeheartedly.

Addressing fears held by some about additional costs on the mining industry, Dr Ramphele said "I certainly don't see this quest for transparency and equitable processes as having a negative impact on the mining sector. In fact, it is a wonderful opportunity for us as an industry to do the right thing."

Dr Ramphele asked Roundtable participants to consider how mining organisations can cut the cake in a way that is fair to all stakeholders – not just shareholders. Governments, she said, should be entitled to a share of the benefits. She argued that communities should also gain benefits through significant local infrastructure development, employment, new business opportunities, education and training. And thirdly she noted that society at large and particularly environmental groups want fears about the impacts of mining allayed.

Dr Ramphele discussed the role of governments to provide three things:

1. A regulatory framework within which mining can operate optimally; where the rules are clear, consistent and considerate.
2. Supporting social infrastructure in communities adjacent to mining, necessary for mining to take place. While she said this could take place solely or in partnership with business, she noted that, practically, this is really something that mining companies need to step up and take ownership of in order to make projects successful.
3. Law and order.

While balancing the needs of stakeholders, Dr Ramphele warned that organisations must not forget their most intrinsic of all stakeholders – employees. Social responsibility is undeniably owed to employees she said, and as key stakeholders, the development of their portable skills and their health and welfare is of the utmost importance. Wellness programs that extend beyond the eight hour working day and employee share schemes, she suggested, will become an increasingly critical offering to attract and maintain employees. Further, she emphasised the need for mining companies to play an active role in the training and skills development of its workers and those in communities adjacent to, and supplying, the mining industry. In her view, local procurement strategies that build businesses that can then survive beyond the mining boom are imperative. And finally, technical innovation that reduces risk and increases productivity with less physical effort was flagged as another important sustainable workplace investment.

"A holistic approach to community investment is a core requirement of sustainable business development."

While Dr Ramphele was strong in her sentiments to share benefits of mining among stakeholders, she warned that the industry must recognise the risk, both financially and operationally, that seed investors take on start-up. She suggested that the rewards for initial investors should be realised, but balanced with stakeholder benefits. In an industry built upon finite resources and the scramble to obtain the rights to the most profitable resource deposits, Dr Ramphele believes that pooling domestic and international funding sources opens up boundless opportunities for development.

Dr Ramphele warned that, without suitable financial gains, some foreign investors may risk erosion of accountability, are willing to cut corners and may be less inclined to fulfil their social and due diligence requirements. That is a race to the bottom, she said, when in fact the mining for development movement is oriented at encouraging and facilitating the opposite – a race to the top.

She issued a challenge: "Can major mining companies credibly compete in Africa, and encourage a 'race to the top' that ties the profit imperative to economic and environmental objectives of national government and local communities?"

"I have often heard it said that if the mining industry were to do sustainability properly, a lot of us would go out of business because of the high costs involved. I don't share this view. I think if we – industry, communities, pressure groups and government – can collaborate together to work out a fair distribution of the profits, while also adjusting our preconceived and erroneous beliefs that the Earth can go on providing for our needs no matter our population, or that the risk involved is always worth being able to deliver to a consumer market, then everyone can benefit from a new form of considerate and sustainable mining."

Dr Ramphele's final message was a sincere hope that the Mining for Development Roundtable would further develop discussion around the issues she raised and that growth in the mining for development sector will continue to provide opportunities for social growth and inclusion.

SESSION ONE

Sustainable mining for development: how can it be achieved?

SESSION CHAIR:

Professor Christopher Moran
Director, Sustainable Minerals Institute, The University of Queensland

PANELISTS:

Professor Fabien Nkot
Senior Advisor, Office of the Prime Minister, Republic of Cameroon

Ms Margaret Mckinnon
First Assistant Director General Africa and Community Programs Division, AusAID

Mr Andrew Hewett
Executive Director, Oxfam Australia

This was a big question for the beginning of the day, but speakers and participants had plenty to say. The themes from this session centered on the need:

- For strong governance and policy – which is supported and enforced by government
- For absolute transparency with respect to mining contracts and revenue
- To build capacity in resource-rich, immature mining countries so they understand the value of their commodities and can negotiate beneficial outcomes with mature mining companies, and to make sure mining companies understand the needs of those countries and how they can contribute meaningfully to their development
- To make sure the impacts of mining are assessed and considered in all mining projects – social, environmental and across genders – and to involve stakeholders throughout the mining project process.

At the beginning of his presentation, Professor Fabien Nkot explained that Africa hosts about 30 per cent of the world's mineral reserves. Clearly, this means there is much that could be exploited. But there is also much to be gained by developing these resources in a way that provides benefits to the African nations and communities that are, for the most part, developing.

"In this mining sector all the challenges come along with golden opportunities."
Prime Minister of Cameroon, HE Philemon Yang while attending the Commonwealth Business Forum in Perth on 27 October 2011.

Keeping this in mind Professor Nkot spoke about what, to him, are the five elements that need to be put in place in order to ensure that mining activities in Africa are serving the people of Africa and serving the development of Africa, the fifth element being the most important:

1. Political willingness – here he noted that, in many African countries, mining is not an ordinary business. If managed well, mining projects can change economies and the lives of the people of these countries. He noted that Cameroon is about to sign an agreement with an Australia- based company to develop an iron ore mine in the eastern part of the country. The project is worth US$4billion, while the budget of Cameroon is US$5.6billion. He was candid in acknowledging that if there is commitment to such projects from political leaders, this increases the commitment and devotion of local stakeholders to it.





2. Relevant institutional frameworks for the management of mineral projects – Professor Nkot discussed the various and complex elements of mining projects, and stressed the great need for co-ordination of activity, without which projects don't get off the ground, are delayed and can fail.
3. Instituting a culture of accountability and transparency – for Cameroon at the moment this equates to being part of the Extractive Industry Transparency Initiative and the Kimberley Process for diamonds.
4. Reinforcement of public participation through decentralisation of government.
5. Building capacity in the zones of mining activities – it was Professor Knot's view that African countries commencing their involvement in mining need to begin from a position of humility. He made the point that countries whose mining journey is in its infancy don't know the potential that mining holds and certainly have very little capacity in the area of international negotiations. These countries must not assume knowledge, but hire expert advisors in the areas of mining, railways, finance and legal matters.

   It is also necessary to build internal capacity in these areas. Skills and knowledge are needed to understand the interests of all parties and ensure the interests of the developing country and its people are protected.

Margaret Mckinnon supported Professor Knot's comments, noting the importance of Australia sharing its knowledge, skills and mining governance systems with mineral-rich developing countries.

She outlined the elements of the AusAID mining for development initiative and how these interfaced with developing countries.

Andrew Hewett, said that when it comes to introducing mining into resource-rich, developing countries, Oxfam strongly believes in the role of strong governance, regulations and standards, with the ultimate aims and benefits being to support indigenous communities, avoid corruption, reduce poverty and uphold human rights.

In his view, a regulated environment that upholds recognised and international standards, and that governments needed to consider the areas of:

- Anti-corruption
- Access to support from mining's negative impacts
- The conduct of impact assessments – social, environmental, gender. Here he noted that mining can change communities in a way that creates conflict. Women are often the losers in mining, and that the negative social impacts of more gender wealth inequality, such as alcoholism and abuse, need to be considered and addressed
- Full disclosure of revenue – project by project
- A robust and consistently applied grievance system that included safety matters.

He also spoke of the need, in each and every mining project, for a framework to engage with stakeholders and build and manage relationships with stakeholders.

ROUNDTABLE DISCUSSION

At the end of the session, the 120 participants were asked to discuss two questions:

1. **What are the main challenges to achieving sustainable benefits from mining?**

   There was a general consensus that the main challenges to achieving sustainable benefits from mining are:

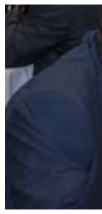
   - Defining 'sustainability' in the mining industry in order to set benchmarks and identify the main challenges
   - The need for transparency with respect to revenue and contract values. It was clear that mining companies need to earn the trust and understanding of governments, individuals, the communities in which they operate, and the broader society
   - Developing the skills and capabilities of developing countries' peoples with respect to mining and how to manage it. It was made obvious that resource rich and mining immature countries are not aware of the value of what they have on offer or how to negotiate beneficial outcomes when selling it. On the flipside, mining companies need to better understand what a country needs and wants in order to be able to develop an attractive community-based contribution.

2. **What are the key policies governments need to have in place to ensure mining is sustainable?**

   The participating groups agreed that the following have priority:

   - In addition to environmental and social protections, fiscal policies, competition policies, contracting policy including licensing agreements and mineral value chain were the key policies fields that governments need to have in place to ensure mining is sustainable
   - Governments need to be accountable, responsible, transparent and exercise their authority to ensure all policies are coordinated and adhered to
   - Governments must apply policies consistently across all investors.

SESSION TWO



Revenue, infrastructure and local development: what are the objectives and what are the challenges?

SESSION CHAIR:

Mr Ian Satchwell
Director, International Mining for Development Centre

PANELISTS:

Dr Pietro Guj
Centre for Exploration Targeting, The University of Western Australia

Mr Michael Stanley
Lead Mining Specialist, The World Bank

Mr Greg Thompson
Executive Director, International Transparency International Australia

Dr Pietro Guj outlined the main elements of the Mineral Resources Rent Tax (MRRT) recently introduced into Australia for iron ore and coal. He explained the reasons for its introduction and analysed its impact on a mid-size iron ore development in Western Australia.

In a discussion of the suitability of a resource rent tax for developing countries (in addition to their current mineral royalties and corporate income tax regimes), Dr Guj voiced concerns about the significant administrative capacity and legislative complexities required to implement and manage a resource rent tax.

While it may look like a good answer, he suggested that an easier path may be to retain current systems, but increase the rate of income tax specifically applicable to mining. This, he suggested, "would avoid complexity, facilitate understanding and acceptance, and minimise compliance costs and disputes for government and industry."

In a discussion of pros and cons for the MRRT, Dr Guj predicted that the MRRT will be more economically efficient and more equitable, but some of its efficiencies will be eroded by its administrative complexity and the dual state/federal system.

He also noted that an MRRT exposed countries more greatly to commodity price variation. "Whether MRRT will be a good source of revenue for the federal government depends entirely on the future iron ore and coal prices, on exchange rates and on the extent to which states will increase royalties," he said.

In Greg Thompson's view, improving revenue transparency so the public can understand mining revenue and its context, is a key element of success for mining in developing countries. It is part of a broader issue - eliminating corruption and the perception of it.

"If the resources belong to the people they should be able to know if they are receiving a good deal for them," he said

He noted that mining is among the top five sectors, in developing countries, most likely to bribe officials. Many governments do not disclose contracts or provide any kind of public information on natural resources.

This needs to change so that there is consistency of approach across the industry, so that unnecessary suspicion (of mining companies and officials) can be avoided, and trust and positive relationships can be built, ultimately making it easier to mine and making the benefits more widely known.

Greg Thompson noted that taking action against corruption can improve the integrity of the public administration of funds, as well as economic stability. He warned that trade-offs need to be clearly explained and logical, and there should be public education with respect to the negative impacts and broad long-term benefits of any mining operation.

The notion of revenue transparency can be nebulous, but it means things like project level reporting, listing subsidiaries, joint ventures and associated entities. It's also only a starting point and needs to be accompanied by appropriate government policies and practices. He suggested a collaboration of governments in order to get these issues right.

Michael Stanley discussed the sharing infrastructure through Economic Infrastructure Corridors, particularly with respect to roads, railways and ports.

He noted that only 50 per cent of mining-connected infrastructure needs to be exclusively for an operation's own purpose, so working together makes sense.

He advocated an options-based approach that allows for maximum flexibility and enables opportunities to be taken as they arise.

Infrastructure sharing need not inhibit mining activity, but seeks to maximise the utility of infrastructure investment and so deliver benefits to economic sectors that are not directly connected to mining.

ROUNDTABLE DISCUSSION

At the end of the session, the 120 participants were asked to discuss three questions in relation to what the objectives and challenges are when raising revenue for infrastructure and local development:

1. **What are the main factors governments need to consider when developing resources taxation regimes?**

   Importantly it was agreed there is no "one-size fits all" approach to taxation regimes. Similarly, taking a regional approach was considered too difficult, given the differences across countries. Participants suggested that governments need to consider the capacity to administrate a resources taxation regime given the maturity of the mining sector and the current legislation in their country. Before developing and implementing a tax regime each government needs to consider the overall objectives in terms of developing their country – both long and short-term – and have a transparent plan about what revenue from the taxes will feed into. They need to ensure there is stability in the tax regime that provides the consistency to maintain the confidence of investors, because there is significant competition between countries to attract investors. The system must also require transparency of revenue from investors.

2. **How should revenue be distributed across central and regional governments?**

   It was suggested that the distribution of revenue across central and regional governments is dependent on the impact of mining on regions, a country's government structure, a country's government relations at a local and national level, maturity of provincial governments and the relationships between governments and mining companies.

3. **How is infrastructure spending prioritised across hard and soft infrastructure, and different levels of government and the community?**

   In discussion about the prioritisation of infrastructure spending across hard and soft infrastructure, it was suggested that different levels of government and the community depends on a framework that ensures spending is in the best interests of all parties and the government's capacity and capability to administer the funding. However, different countries are likely to have different rules about who owns the resources being mined, therefore creating different expectations about who should benefit. It was suggested that in negotiating mining contracts, government needs to seek money for local development projects, identifying the amounts, projects and administration costs at the outset.

   It was cautioned that if a country doesn't have functioning legal systems, legislative and regulatory systems, the distribution of spending wouldn't be efficient.

   Sharing of regional infrastructure and planning to achieve this was supported, but concerns were raised around how this would work in practice, given timing issues of infrastructure provision, and the potential mismatch of needs and utilisation.

SESSION THREE

Investing in people: achieving positive social outcomes from resources development at a local level

SESSION CHAIR:

Professor Paul Flatau
Centre For Social Impact,
The University of Western Australia

PANELISTS:

Mr Ben Aryee
Chief Executive, Minerals Commission, Ghana

Professor Matthew Tonts
Head, School of Earth and Environment,
The University of Western Australia

Professor Saleem Ali
Director, Centre for Social Responsibility
in Mining, The University Of Queensland

According to Professor Tonts there are three emotional stages for communities when a new mining operation comes to town – excitement, uncertainty and then panic. After this comes a period of adapting as things settle down and the community figures out how things work. Follow-up studies show that towns generally cope well, but there are several problems, notably:

- High inflation – increasing the cost of living
- Employment opportunities for locals are not always as great as first thought, due to locals' lack of the required skills
- There can be an inability of services to keep up with the growth of a town or area, as more and more people come to town to service the mine.

Interestingly, there can be differences in the effects for communities, depending upon the resource that is being mined, said Professor Tonts. The less cyclical the price and demand for the resource, the better off the towns are. He noted that single company towns, while more vulnerable, perform just as well. Generally these towns' economies are driven by a multinational company, and this provides some stability. Naturally when there is high investment, the levels of socio-economic benefits are greater. Generally, the longer a company is part of a town, the higher the wellbeing of its residents.

Another important factor flagged by Professor Tonts was whether or not the relevant government is involved in the outcomes for the towns. Where the benefits/ infrastructure/ requirements for a town were linked to a mining company's agreement with a government, the outcomes for towns and their people were better, he said. This suggests that governments have just as much of a role as companies to play. They must understand a towns' needs and negotiate to agreement, how these will be provided with the mining company and then monitor and enforce that agreement.

Mr Aryee said that the objectives of resource development in Ghana are to enhance wellbeing of people. He highlighted the government's mining-related people development initiatives, including investment in universities and technical and vocational institutions, enhancing good governance in regional government, return of part of royalties to local areas, and localisation and content requirements.

He emphasised the need for partnerships between government, industry, local business, civil society and development partners to catalyse wider investment in the economy.

ROUNDTABLE DISCUSSION

At the end of the session, the 120 participants were asked to discuss three questions about how to achieve positive social outcomes from resources development at a local level:

1. **What are priority areas for intervention in local education systems – what are the key priorities for investment?**

   Participants agreed quality education and health care are paramount. Improving the quality of teaching in the local communities was a key priority for investment. Ideas included:

   - Creating initiatives that included incentives for teaching and health staff to either return or stay in local villages
   - Ensuring companies provide suitable training programs – including degree and vocational training graduates
   - Implementing a systematic approach to education to include youth and base level education, skills development programs and vocational skills training to create a sustainable approach that can be applied to the creation of jobs and employment beyond the life of the mine. This should be incorporated into existing institutions, not newly created standalone facilities
   - Finding a way to educate people about the mining industry – this may need to include basic literacy.

2. **What are some best practice examples of positive social outcomes created by the mining industry?**

   Participants agreed that there have been numerous positive social outcomes facilitated by the mining industry, including:

   - Mentoring smaller companies to enable business growth and skills development
   - Using revenue to create business opportunities
   - Providing paid employment
   - Preventative health programs
   - Portable water projects
   - Providing support to local communities through education programs and injecting wealth into the local economy
   - Funding for improved transport in Ghana.

3. **What are some negative outcomes and how can they be ameliorated?**

   Participants acknowledged that there were negative outcomes associated with mining projects, including negative impacts on the environment, land issues, the fact that cash salaries don't always get home to families, the importation of workforces rather than using locals and the impacts of illegal mining.

   There are also the negative outcomes that result after mines close, as there are very few economic activities in place that exist beyond the life of the mine. The mining companies need to have a plan in place to ensure the community can continue to operate without the mine.

   Lastly, large mining companies can use their power to influence the local community to get the decisions they want by using complex and technical information and language that locals cannot understand.

SESSION FOUR

Working together on mining for development: cooperation across civil society, governments and industry

SESSION CHAIR:

Mr Tim Shanahan
Director, Energy and Minerals Institute,
The University of Western Australia

PANELISTS:

Ms Patricia Pena
Strategic Policy and Performance,
Canadian International Development
Agency (CIDA)

Professor David Brereton
Deput Director – Research Integration
Sustainable Minerals Institute,
The University of Queensland

Dr Joshua Bishop
WWF International

The words "partnership" and "cooperation" were used widely to describe how civil society, industry and governments must behave in order to maximise benefits and ensure development. But there are challenges.

"Extractive development presents opportunities to foster multi- stakeholder approaches to inspire growth and reduce poverty."

Patricia Pena spoke about Canada's success in using mining to help develop rural Canada, bringing services to areas where there were none. She explained Canada's approach to supporting developing countries' extractive sector:

1. Build resource governance capacity.
2. Enable communities to engage and benefit.
3. Advance international standards and guidelines.

Within the above framework, Ms Pena talked about the various multi-stakeholder approaches that Canada supports and the various ways it supports extractive sector governance in Africa. Her example showed that there is not one set avenue for experienced countries to focus on, and that there are country-specific and region and industry-wide avenues for providing support.

An exciting new development is the pending announcement of the Canadian International Institute for Extractive Industries and Development, via an established Canadian university. The institute will focus on:

- Building analytical capacity
- Providing technical assistance
- Undertaking applied research

- Collaboration with IM4DC and support such regional initiatives as African Mining Vision and the Africa Mineral Development Centre.

Acknowledging that governments, industry and civil societies have different drivers and constraints, Professor David Brereton pointed out the benefits of partnering – shared resources, shared skills, knowledge, networks and funds.

If such partnerships are to be successful, he said their goals must be broadly complimentary, and that they required:

- Sound governance structures where the practical issues of culture and accountability were considered
- Realistic objectives and milestones
- Continuity
- Clarity of achievements
- Committed resources.

Dr Joshua Bishop was more muted in his support of such partnerships, suggesting there are no well- established partnership models. He too stressed the need for sound governance, and argued that there is likely to be an innate "mistrust" at the commencement of these relationships where much work needs to go into establishing confidence in one another and building understanding of each other's drivers and goals.

The great hope, however, is that a good model can emerge that creates a best practice standard so that others can adopt this as a starting point without reinventing the wheel.

ROUNDTABLE DISCUSSION

At the end of the session, participants were asked to discuss questions about how civil societies, governments and industry can work together on mining for development:

1. **What are the main fields and priorities for mutually beneficial collaboration?**

   There was overall agreement that building local capacity is a priority for mining companies. This would help with negotiations amongst other things. The other main priorities where collaboration would be mutually beneficial included: human resources, management and policy, research and development, training and skill development programs (mining, mine inspecting and geology in particular).

2. **How are priorities for action agreed across governments, the industry and civil society?**

   There was general consensus that civil society has a strong role to play in building capacity within communities for them to be able to negotiate and discuss the outcomes that communities need. It was also agreed that civil societies in general needed to be more efficient and governments needed to uphold their obligations.

   Otherwise it was agreed that there needed to be a vision and subsequent policy development within regions for agreed roles and action across government, industry and civil society. Communication was flagged as the key to working together.

Convergence - new thinking for new times

Co-hosted by The University of Western Australia and The University of Queensland, the key outcomes of the day's Roundtable event were presented at a gala dinner held at the State Reception Centre in Kings Park, Perth. Featuring eminent keynote speaker Reverend Tim Costello, the Mining for Development Dinner brought together distinguished international leaders from civil society, government and industry.

The address by Reverend Tim Costello culminated the day's events with a discussion on the topic of the new convergence "where business, government and the not-for-profit sector come together in new and creative ways", as the transition from a sharply divided world of rich and poor moves to something more complex as globalisation and development begins to lift millions out of poverty.

Opening with perspectives on how Australians frame and perceive global events and the implications that our changing society has on the way we live and interact, Reverend Costello pointed out that earth-shattering events, although monumental in the perspective of one lifetime, pale in comparison when placed on the timeline of all humanity.

Despite this, Reverend Costello speculated that perhaps events like the burgeoning of China's economy, the global financial crisis and the Australian mining boom signify a fundamental shift in the pattern of wealth and power in the world. Referring to economic historian Niall Ferguson's theory, "the great divergence," Reverend Costello debated why this divergence took place, and some of the potential factors behind why European countries developed faster than others. He raised issues such

as geography, natural resources, systems of government and work ethic, all of which can be debated as to their role in influencing development around the world.

The overriding point Reverend Costello made on the subject of divergence is that there is no law of nature that dictates whether some countries will enjoy wealth and power or live in poverty. He said the gap between countries is slowly but undeniably narrowing, as countries develop institutions and environments that encourage economic development and social inclusion.

With this slimming, divergence comes a pressing need to bridge the gap between the scale of economic growth and the outcome of better lives for people – a challenge that Reverend Costello stated must be faced in collaboration by governments, businesses, and non-government organisations.

"Bridging the gap between the scale of economic growth and the outcome of better lives for people is the challenge that governments, businesses and NGOs need to tackle in common."

"We need to start joining the dots – seeing that when we invest in a mining operation, or run a rural development program, or frame an overseas aid budget, we are all contributing to interlocking systems that have real impact on real people's lives. We need to maximise the potential, and realise the promise – and minimise and mitigate the risks of doing harm."

According to Reverend Costello, one of the places this pressing need is most apparent in is Africa. Pointing out that Africa, although held back by conflict, environmental degradation, governance challenges and poor infrastructure, is improving and developing with surprising speed, he emphasised that African nations need to utilise this period of economic growth to achieve lasting gains in infrastructure, support other industries such as agriculture and manufacturing and to develop health and education systems.

Reverend Costello talked about Australia's role in shaping regional and global outcomes that are sustainable and effective in improving lives and livelihoods, stating that it is not purely a government responsibility, but a shared agenda for government, non-government organisations, businesses and other institutions, as well as individuals. The benefits as he saw them are vast, from the traditional risk-based approach to a shared-value approach that reaps the rewards of a better engaged workforce, better investor relations and operational improvements that secure supply to customers.

At this time of rapid change, Reverend Costello encouraged the Australian business sector to get engaged, to start having conversations with the government and not-for-profit sectors, and come together to improve business and make a real difference in peoples' lives.

Reverend Costello is one of Australia's most sought after voices on social justice issues, leadership and ethics, having spearheaded public debates on gambling, urban poverty, homelessness, reconciliation and substance abuse. As Chief Executive of World Vision Australia since 2004, Reverend Costello has also been instrumental in ensuring that the issues surrounding global poverty are placed on the national agenda.

"In any resources boom, a key objective has to be making sure the benefits reach beyond those immediately involved, and making sure the benefits last into the future. This is as true in Western Australia as it is in Africa. For many African countries this means using the period of economic growth to achieve lasting gains in infrastructure, to support other industries like agriculture and manufacturing, and to develop their health and education systems."

Contact

International Mining for Development Centre
The University of Western Australia
WA Trustees Building
Level 2, 133 St Georges Terrace
Perth, Western Australia 6000
Tel: +61 8 9263 9811
Email: admin@im4dc.org

www.im4dc.org

The Energy and Minerals Institute
The University of Western Australia
M475, 35 Stirling Highway
Crawley, Perth
Western Australia 6009
Tel: +61 8 6488 4608
Email: emi@uwa.edu.au

The Sustainable Minerals Institute
The University of Queensland
St Lucia, Brisbane
Queensland, Australia 4072
Tel: +61 7 3346 4003
Email: reception@smi.uq.edu.au