

# WORKING IN TANDEM FOR CHANGE

*The aid sector and miners must find common ground*

Sean Rooney and Anthony Bergin

AUSTRALIA has a world-class mining sector.

Up and down the sector's value chain, across mining and engineering companies, transport logistics, geotechnical services, regulatory authorities, training and research institutes, and mining communities, we've got a national competency for mineral extraction that's internationally competitive.

Beyond our shores, mining is a critical component in the economies of many developing countries.

It plays an important role in realising positive development outcomes, contributing to the reduction of poverty and disadvantage for millions of people.

In order to leverage our national competency in mining to benefit developing countries, the Australian government late last year announced the Mining for Development initiative to help developing countries use their natural resources to grow their economies and provide social benefits to their people.

The initiative was a recommendation of the recently completed independent review into the effectiveness of Australia's aid program.

Being led by AusAID, the initiative seeks to harness and apply Australian mining expertise from across the public, private, civil society and academic sectors to ensure positive economic and social outcomes are realised from mining in resource-rich developing countries.

The commercial extraction of a country's mineral endowment doesn't necessarily translate into positive development outcomes, the so-called "resource curse".

So the Mining for Develop-

ment initiative isn't without risk.

A key stakeholder and delivery partner in the initiative are the Australian mining companies operating in developing countries.

In 2010 it was reported that ASX-listed companies had more than 400 active resource projects in developing countries.

When our mining companies operate in developing countries they bring Australian know-how, skills and technology, as well as capital.

Importantly, they become participants in the development of their host countries.

The majority of Australian mining companies operating overseas acknowledge their development role.

Many willingly go beyond simply complying with the minimum standards prescribed by local operating requirements, laws and regulations, and adopt a continuous improvement approach in order to build and maintain their social licence to operate.

This is often achieved in challenging operating environments where there are weak governance institutions, changeable politics, cultural differences and limited local skills and capacity.

But there are also examples of Australian mining companies (or their subsidiaries) that cut corners or don't play by the rules, leading to negative social, economic and/or environmental impacts.

In these instances, the actions of a few reflect poorly on our miners and our nation.

The key issue here is ensuring that Australian mining companies operating in developing nations make effective contributions to positive development outcomes in host countries and conduct their operations to the highest

standards.

Recent public discussion has suggested the Australian government should apply Australian laws under which mining companies operate domestically to their operations outside Australia. But this approach assumes that Australian law is superior to that of the host country.

It could compromise the rule of law of the host-country government and apply our domestic rules in very diverse settings.

A better alternative is for the Australian government and the mining sector to work together to create a Mining for Development compact. This would enable alignment between the operations of Australian mining companies in developing countries and Australian aid objectives by establishing clear and agreed standards of practice to assist mining companies meet public expectations and contribute to development outcomes in host countries.

It would apply an appropriate framework to measure, assess and report development impacts of Australian mining companies.

The compact would enable effective integration of Australian aid activities with Australian mining operations in developing countries and provide an independent mechanism to address grievances raised with respect to the operations of Australian miners.

This would strengthen trust in the accountability of Australian mining companies.

Many elements of such a compact already exist in various forms.

But bringing these together would offer considerable benefits to the Australian government, our miners, and developing countries.