**HE GEOFF TOOTH, AUSTRALIAN HIGH COMMISSIONER
SPEECH TO THE MINING BUSINESS AND INVESTMENT EAST AFRICA 2012 CONFERENCE, NAIROBI**

**28 SEPTEMBER 2012**

Minister,

Permanent Secretary, Commissioner for Mines Masibo, Chairman Tana of the Kenya Chamber of Mines

Ladies and gentlemen,

I am delighted to be here tonight and that the High Commission was in a position to sponsor this dinner and introduce you to some fine Australian wines. You are all of course most welcome but let me say that it is particularly pleasing for me to have so many Australians and representatives of Australian companies in the room, suggesting as it does that we are now doing mining business in East Africa and are looking to do even more. Might I also say how glad I am to see my friend Ali Khan Satchu in the audience tonight. You know you are in a place where serious business is happening when Kenya’s Warren Buffett is in the same room.

Ladies and gentlemen.

The Minister and I have been in this diplomatic and speech giving game long enough to know that speaking before people have had their food is not the ideal spot to be. I had hoped to tell you a mining joke of some sort to encourage you to listen to the serious stuff that follows, but it hasn’t been easy to find one. My usual source, Mr Goggle, proved rather poor. The joke that got the most hits would probably get me made persona non grata in Kenya, in Scotland and with my wife. Most of the rest I either couldn’t understand or were about those poor trapped Chilean miners, not the best subject for a conference like this no matter how funny. So I’m going to have to be brief and straight to the point instead too grab your interest.

What I would like to do is back-up many of the key messages I heard from the Minister this morning. The win, win, win outcome he spoke about where government, investor and community all gain from mining projects is at the heart of what has driven Australia’s extraordinarily successful mining industry. I have no doubt it is what can be achieved in East Africa too.

Those who study the economy of this region know that mining needs to become a more important part of the development story. In resource-rich but economically-poor countries, a well-managed mining sector can increase government revenue flows; improve employment, income and enterprise opportunities; and support progress towards the Millennium Development Goals by helping to reduce poverty and deliver sustainable economic development. Done well, the mining industry can create a whole series of other industries, initially in mining services, but more broadly across the services industries in general.

The mining sector in East Africa is simply too small for countries at this stage of economic development, its ambitions and with its resource potential. The heavy dependence on rain-fed agriculture and the tourism sector leaves Kenya for example too vulnerable to cycles of boom and bust and of the impact of external factors such as climate change. Mining is still less than 1 percent of the Kenyan economy. It employs perhaps 5 – 6,000 people in a country of nearly 42 million. Apart from Tanzania these figures are largely repeated across East Africa. Compare those figures to Australia’s 10 percent of GDP and 220,000 people employed in a population of 22 million to see what growth potential there is.

Ladies and gentlemen, I’m proud to say that the potential returns for Kenya from mining are about to be shown by an Australian company down Kwale way. I don’t want to steal too much thunder from Joe Shwarch’s presentation tomorrow morning but if the projections prove true Base Resources will be a major producer of a highly valued commodity in the very near future and in doing so will significantly boost Kenya’s GDP, provide 100’s of millions of dollars of tax revenue, significantly increase Kenya’s mineral sector export earnings, potentially move minerals into the top 5 export earners for Kenya, employ hundreds of Kenyans, lead to the creation of some important new infrastructure and support the development of the local area.

Perhaps most important of all, when Base starts mining heads will turn internationally. It will send a very strong message that Kenya is “open for business” and ready to take advantage of Africa’s mining boom.

Another head turning event, and sign of confidence in the Kenyan mining industry, has been the sale of Aviva to Barrack, one of the world’s major gold mining companies. Of course I am a little sad to see an Australian company leave the East African mining scene but the sale is a tribute to the outstanding exploratory and community work Aviva did and will undoubtedly encourage other Australian companies to enter the market.

 Ladies and gentlemen,

 I don’t need to tell this audience that mining companies need certainty and continuity in decision making, and a strong emphasis on maintaining an open, supportive investment regime. While it is boom time in Africa, the supply of foreign investment is obviously not unlimited, it is significantly impacted by developments in global economy and is very competitive. Good companies, companies that work to develop local communities, that pay their taxes, that abide by high environmental standards, need certainty.

So it was very encouraging to hear from the Minister that updated mining legislation will be considered soon by the Kenyan Parliament and that the East African Community is focussing on improving mining laws across the region. Can I also compliment the Minister for his strong public commitment to a transparent mining policy with zero tolerance for corruption, and to holding companies to their commitments to local communities. And Kenya and other East African countries are investing in more comprehensive geological mapping and to supporting events such as this one, Australia’s African Down Under and the annual Indaba Conference in South Africa. These are all important steps and announcements that can only install confidence in potential investors and the local communities that will host their projects.

Ladies and gentlemen, Australia has more than 100 years of experience in harnessing natural resources to build our economic future. And we are committed to sharing this experience with Africa.

The Australian Government – through our aid program – is helping develop Africa's minerals sector in a way that is sustainable and transparent – in a way that yields benefits for the entire population.

We have committed $200 million between 2011 and 2015 on mining for development.

This includes hundreds of scholarships in the mining sector to African professionals from 27 countries, many from East Africa, to study in Australia. The AusAID scholarship program offering these courses in 2013 is now open and information is available in this room and on the High Commission website.

Many East Africans have also participated in mining study tours to Australia. These tours enable officials to visit our regional centres and learn first-hand about natural resource management, including mining governance, taxation and impact assessment.

Australia’s International Mining Centre for Development in Perth will feature prominently in these tours and study opportunities. By 2015, the Centre will train 2,000 people in the management of mineral resources. In August this year Australia’s Foreign Affairs Minister announced an extra $4.9 million in funding for the Extractive Industries Technical Advisory Facility to help developing countries share the benefits from mining. The Facility helps developing countries to understand, negotiate and analyse the complex financial, legal and environmental aspects of mining agreements.

And my Minister has also announced that Australia will make an initial commitment of $5 million over the next two years to support the establishment of the African Minerals Development Centre which will implement the African Union's African Mining Vision Initiative.

Australia is also the major funder of the Extractive Industries Transparency Initiative and is strongly encouraging the countries of East Africa to join-up to take advantage of the considerable technical assistance that EITI can provide. And lastly can I also use this opportunity to plug the Austrade office in Nairobi. The office services the East African region and is keen to to assist businesses find Australian suppliers and do business with Australian companies. Two Austrade representatives – conveniently named Brendan and Brenda – are attending this conference and very happy to discuss opportunities.

Ladies and Gentlemen

Mining and petroleum can be a tough game – we have learnt that in Australia from experience and yes by making mistakes, both onshore and off. It can create enormous expectations. Quite naturally there is concern in communities about what mining can also mean for traditional ways of life, for social cohesion, for the environment, for sound development practice. But Australia has reaped the rewards from effective, equitable and sustainable management of our mineral resources sector. We want to see it happen in East Africa and we are willing to offer our practical support to ensure it does.

Let me finish by expressing my strong appreciation to Chairman Tana, Monica and all those involved in the Chamber of Mines for organising this Conference and congratulate the East African Community, the Minister of Environmental and Mineral Rescources, the Kenyan Investment Authority and other partners and sponsors for having the good sense to support it. This conference is already making a strong difference to how East Africa is perceived in the mining investment community and it looks likely to grow in status and size over coming years as mining in this region expands.

Thank you, enjoy tonight and the last day of this conference. And if you have any good mining jokes that I can use next year please send them to me at the High Commission.