

The Senate

Foreign Affairs, Defence and Trade
References Committee

Australia's trade and investment relationships
with the countries of Africa

June 2018

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Recommendations

Recommendation 1

7.7 The committee recommends that the Australian Government continue to actively monitor the emerging Continental Free Trade Area with a view to best position Australia to take advantage of it when it comes into force and ensure that businesses and the public are kept informed of the benefits of this agreement.

Recommendation 2

7.18 The committee recommends that Austrade actively monitor and promote non-extractive trade and investment opportunities in Africa to Australian businesses.

Recommendation 3

7.20 The committee recommends that the Department of Foreign Affairs and Trade work with organisers of major promotional events and conferences, such as Australia-Africa Week, to facilitate greater participation of the private sector from industries other than mining.

Recommendation 4

7.24 The committee recommends that the Department of Foreign Affairs and Trade review Australia's diplomatic representation in Africa with a view to applying new methods of operation.

Recommendation 5

7.27 The committee recommends that the Australian Government explore opportunities to increase the number of Australian ministerial and parliamentary visits to Africa.

Recommendation 6

7.31 The committee recommends that, in relation to the Advisory Group on Australia-Africa Relations (AGAAR):

- the Department of Foreign Affairs and Trade and AGAAR, engaging in appropriate consultation with stakeholders, review AGAAR's role with a view to build on its advisory responsibilities to include a more outward facing function to strengthen the Australia-Africa relationship;**
- detail about the work and achievements of AGAAR be included on the AGAAR website; and**
- the Department of Foreign Affairs and Trade include a response to the recommendations contained in the AGAAR strategy paper on its website.**

Recommendation 7

7.35 The committee recommends that the Australian Government give further consideration to supporting initiatives that strengthen the regulatory and governance landscape in Africa.

Recommendation 8

7.37 The committee recommends that the Australian Government review its visa assessment process for African travellers with a view to minimising processing times, increasing transparency and to ensure there are no unintended barriers.

Recommendation 9

7.40 The committee recommends the Department of Foreign Affairs and Trade review their Smartraveller advice platform with a view to providing more tailored and specific advice to Australian businesses operating on the African continent.

Recommendation 10

7.42 The committee recommends that the Australian Government consult stakeholders such as the Australia-Africa Minerals and Energy Group on ways to improve data collection regarding Australian mining activity in Africa.

Recommendation 11

7.49 The committee recommends that the Australian Government, in consultation with a range of stakeholders, explore options for improving Africa literacy, awareness, engagement, access to information and research.

Recommendation 12

7.54 The committee recommends that the Australian Government consider increasing Australian Centre for International Agricultural Research's funding in order to increase research, project and partnership activity in Africa.

Recommendation 13

7.58 The committee recommends that the Australian Government consider an Africa round for Business Partnerships Platform funding for African development projects delivered through public-private partnerships.

Recommendation 14

7.63 The committee recommends the Department of Foreign Affairs and Trade undertake a review of Australian mining and Mining, Equipment, Technology and Services (METS) companies operating on the African continent which undertake engagement and provide services or assistance to the communities in which they operate.

Recommendation 15

7.65 The committee recommends that the Department of Industry, Innovation and Science review its Leading Practice Sustainable Development Program for

the Mining Industry to ensure it is up-to-date and incorporates information on the UN Sustainable Development Goals.

Recommendation 16

7.71 The committee recommends that the Australian Government seek to increase the visibility of the Australia Global Alumni program among African alumni in order to formalise alumni networks.

Recommendation 17

7.72 The committee recommends that the Australian Government review its list of Australia Global Alumni ambassadors with a view to including an Ambassador from Africa.

Chapter 1

Introduction

Referral

1.1 On 13 June 2016, the Senate referred the following matter to the Senate Foreign Affairs, Defence and Trade References Committee for inquiry and report by 14 February 2018:

Australia's trade and investment relationships with the countries of Africa, with particular reference to:

- (a) existing trade and investment relationships;
- (b) emerging and possible future trends;
- (c) barriers and impediments to trade and investment;
- (d) opportunities to expand trade and investment;
- (e) the role of government in identifying opportunities and assisting Australian companies to access existing and new markets;
- (f) the role of Australian based companies in sustainable development outcomes, and lessons that can be applied to other developing nations;
- (g) the role of Australian based companies in promoting the achievement of Sustainable Development Goals; and
- (h) any related matters.¹

1.2 On 27 November 2017 the Senate agreed to extend the reporting date to 27 April 2018.² On 26 March 2018 the Senate agreed a further extension to 21 June 2018.³

Conduct of the inquiry

1.3 Details of the inquiry were placed on the committee's website at: http://www.aph.gov.au/senate_fadt. The committee also contacted a number of relevant individuals and organisations to notify them of the inquiry and invite submissions by 18 August 2017. The committee continued to receive submissions after the closing date. Submissions received are listed at Appendix 1.

1.4 The committee held two public hearings for the inquiry: the first in Perth on 2 May 2018 and the second in Canberra on 11 May 2018. A list of witnesses who gave evidence is available at Appendix 2. Hansard transcripts of evidence may be accessed through the committee website.

1 *Journals of the Senate*, No. 41—13 June 2017, p. 1385.

2 *Journals of the Senate*, No. 72—27 November 2017, p. 2283.

3 *Journals of the Senate*, No. 92—26 March 2018, p. 2921.

Acknowledgement

1.5 The committee thanks the organisations and individuals who participated in the public hearings as well as those who made written submissions. The committee would like to extend its particular thanks to the Heads of Mission of the Africa Group for their joint submission and attendance at the committee's hearing in Canberra on 11 May 2018.



Members of the committee with the Heads of Mission of the Africa Group

Previous inquiries

1.6 In June 2011, the Joint Standing Committee on Foreign Affairs, Defence and Trade tabled the report on its inquiry into Australia's relationship with the countries of Africa which covered: government to government links; Australia's aid program; education links; research links; trade and investment; defence and security; and Africans in Australia.⁴ The committee made 17 recommendations covering these areas, most of which were agreed in the government response dated 22 March 2012. Those that were not agreed included recommendation 10 (to establish a Centre for African Studies), recommendation 12 (to expand e-visas across Africa), and recommendation 13 (to undertake for Australia to become compliant with Extractive Industries Transparency Initiative guidelines). Some matters were again raised during the current inquiry and, where relevant, will be referred to in the report.

4 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Inquiry into Australia's relationship with the countries of Africa*, June 2011.

Structure of the report

1.7 This report is structured as follows:

- Chapter 1: introductory information about the inquiry and an overview of Australia's existing trade and investment relationships with the countries of Africa;
- Chapter 2: Australian mining in Africa;
- Chapter 3: barriers to Australian trade and investment with the countries of Africa; and barriers to African trade and investment in Australia;
- Chapter 4: broadening commercial interests beyond the extractive industry as well as the promotion of commercial opportunities;
- Chapter 5: the government's role in increasing trade and investment with Africa;
- Chapter 6: Australia's aid relationship with Africa, including activities contributing to the achievement of sustainable development goals; and
- Chapter 7: conclusion and recommendations.

Overview of Australia's existing trade and investment relationships with the countries of Africa

1.8 The continent of Africa, second only to Asia in both landmass and population, is diverse geographically, culturally, linguistically, and economically. Comprising 54 sovereign states, nine territories, and two de-facto independent states, Africa is home to over 1.2 billion people. This number is increasing sharply, however, with African nations boasting some of the youngest and most rapidly growing populations in the world.⁵

1.9 Submissions emphasised the importance of recognising that Africa cannot be described or analysed as a single market but is comprised of discrete economies with separate opportunities. For example, Grame Barty and Associates stated:

When we talk about a trade and investment strategy we should refer to significant, individual countries – such as Morocco, Ethiopia, South Africa, Kenya, Nigeria, Ghana, or at least regions – North Africa, East Africa, West Africa...Southern Africa. Each is different and it is important that we unbundle it into its relevant parts. A conversation around genuine trade and investment opportunities cannot occur until this transition by African advocates is made.⁶

5 Future Directions International, *The African Demographic Dividend: Can it be harnessed to avoid rising food security?*, 22 May 2018, pp. 2–4.

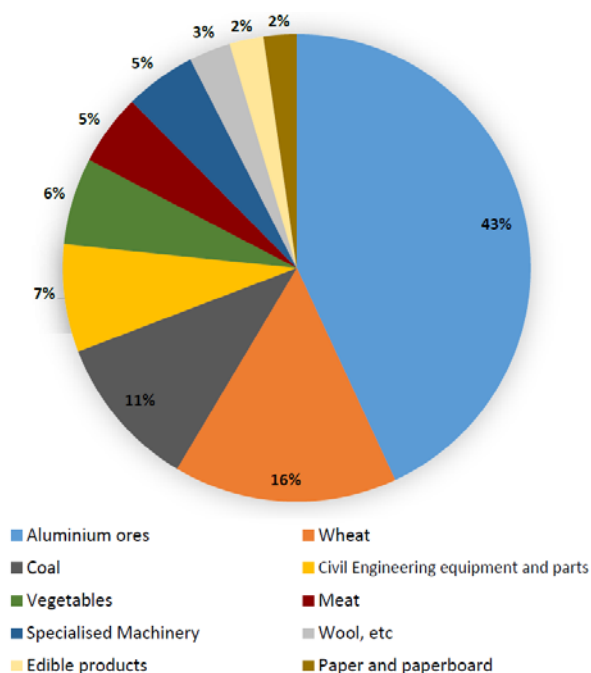
6 *Submission 3*, p. 7. See also: DFAT, *Submission 30*, p. 2; Ms HK Yu, *Committee Hansard*, 11 May 2018, p. 45; His Excellency Mr Lapologang Lekoa, High Commissioner of Botswana, *Committee Hansard*, 11 May 2018, p. 24.

1.10 In its submission to the inquiry, the Department of Foreign Affairs and Trade (DFAT) provided information on trade between Australia and individual African economies. This data indicates that the goods trade with South Africa is, by a wide margin, Australia's most valuable trade relationship with an African country. In 2016, Australia's trade with South Africa was valued at over \$2 billion.⁷

1.11 Australia also maintains trade relationships with several other African countries that, in 2016, were valued at over \$100 million. These include Algeria, Egypt, Gabon, Ghana, Mauritius, Mozambique, Nigeria, and Republic of the Congo.⁸

1.12 As shown in Figure 1 below, Australia's major merchandise exports to Africa, in 2016, were largely concentrated in the primary industries, with aluminium ores, wheat, coal, vegetables, meat and wool all featuring in the top 10 exports. Civil engineering equipment and parts, and specialised machinery, together formed 12 per cent of merchandise exports to Africa.⁹

Figure 1: Australia's major merchandise exports to Africa 2016 (A\$000)



Source: DFAT, *Submission 30*, p. 15.

1.13 The top five export destinations for Australian goods to Africa in 2016 were:

1. South Africa: aluminium ores; coal; machinery and parts.
2. Egypt: vegetables; wheat; wool.
3. Mozambique: aluminium ores; wheat.
4. Nigeria: wheat; edible products.

⁷ DFAT, *Submission 30*, p. 13.

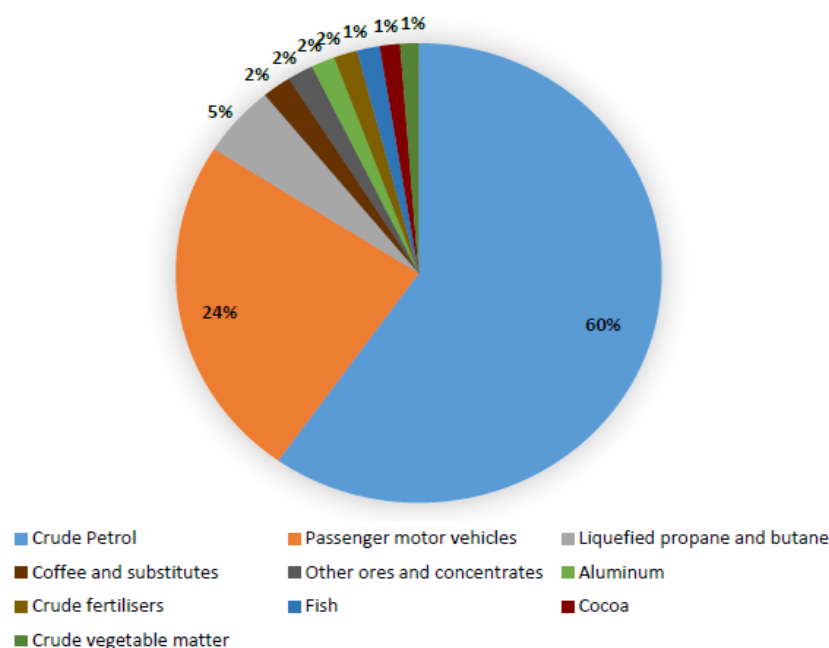
⁸ DFAT, *Submission 30*, p. 11.

⁹ DFAT, *Submission 30*, p. 15.

5. Ghana: civil engineering equipment and parts; machinery and parts.¹⁰

1.14 As shown in Figure 2, Australia's major merchandise imports from Africa, in 2016, were concentrated in crude petrol and passenger motor vehicles which accounted for 84 per cent of imports.

Figure 2: Australia's major merchandise imports from Africa 2016 (A\$000)



Source: DFAT, *Submission 30*, p. 16.

1.15 The top five goods import sources from Africa in 2016 were:

1. South Africa: passenger motor vehicles, ores and concentrates.
2. Gabon: crude petroleum.
3. Algeria: crude petroleum.
4. Republic of the Congo: crude petroleum.
5. Equatorial Guinea: Liquefied propane & butane.¹¹

Australia's trade with Africa, state-by-state

1.16 DFAT's report, *Australia's trade by state and territory 2016–17*, published in February 2018, noted that, on a state-by-state basis, Western Australia has the greatest export trade relationship with Africa, with exports valued at \$1,389 million, and imports valued at \$184 million in 2016-17. This is followed by Victoria where the relationship is almost inverted, with \$376 million in exports and \$1,369 million in imports over the same period. The trade relationship between Queensland and economies in Africa is still relatively small, with exports and imports valued at \$417 million and \$685 million respectively. This period did, however, see significant

¹⁰ DFAT, *Submission 30*, p. 10.

¹¹ DFAT, *Submission 30*, p. 10.

growth in the bilateral trade relationship between Queensland and Algeria predominantly as the result of petroleum imports. Between 2014-15 and 2016-17, the value of imports from Algeria to Queensland grew from \$0 to \$479 million, making Algeria Queensland's 17th largest source of imports. While Tasmania, as a small market, does not command the same scale of trade as other states, South Africa is an important trading partner with total trade of \$39 million in 2016-17. This makes South Africa Tasmania's 16th largest trading partner.¹²

1.17 Table 1 below shows the merchandise trade (imports and exports) with Africa by jurisdiction for the 2014-15, 2015-16 and 2016-17 financial years.

Table 1: Merchandise trade to and from Africa by state and territory

Jurisdiction	2014-15	2015-16	2016-17
Merchandise exports (\$A million)			
NSW	300	298	290
VIC	413	401	376
QLD	338	366	417
SA	439	315	276
WA	1,522	1,198	1,389
TAS	21	15	19
NT	2	1	0
ACT	0	0	0

Jurisdiction	2014-15	2015-16	2016-17
Merchandise imports (\$A million)			
NSW	650	523	531
VIC	1,516	979	1,369
QLD	608	382	685
SA	34	160	75
WA	458	231	184
TAS	29	12	35
NT	7	6	5
ACT	4	66	3

Source: Adapted from tables 13, 21, 29, 37, 45, 53, 61, 69 in DFAT, *Australia's Trade by State and Territory 2016-17*, February 2018.¹³

1.18 DFAT's report also published data about the percentage share of jurisdictional exports and imports from selected geographic regions as shown in Table 2 below.

12 DFAT, *Australia's Trade by State and Territory 2016-17*, February 2018, pp. 87, 43, 57, 56, 99

13 Note: Caution needs to be exercised in interpreting these statistics, in particular when analysing state/territory trade flows or comparing differences between states/territories. Merchandise exports are based on State of origin and imports on State of final destination (in which goods are released from Customs' control, but not necessarily where they are ultimately sold or consumed).

Table 2: Merchandise trade to and from selected geographic regions by state and territory

Jurisdiction	Africa	Americas	Asia	Europe	Oceania & Antarctica
Merchandise exports (% share)					
NSW	0.7	7.4	75.1	7.1	7.1
VIC	1.5	13.8	65.0	7.9	10.4
QLD	0.6	6.2	81.5	8.7	2.9
SA	2.4	14.1	67.3	11.6	4.5
WA	1.2	1.3	90.5	6.7	0.4
TAS	0.7	6.3	87.1	1.6	4.3
NT	0.0	3.7	93.3	1.9	0.1
ACT	0.0	0.0	3.0	97.0	0.0

Jurisdiction	Africa	Americas	Asia	Europe	Oceania & Antarctica
Merchandise imports (% share)					
NSW	0.5	14.6	58.1	23.8	2.6
VIC	1.9	14.2	56.8	22.9	4.0
QLD	1.7	16.9	62.2	15.6	3.2
SA	0.9	15.8	62.5	18.3	2.3
WA	0.5	9.8	65.1	11.9	12.2
TAS	3.9	30.1	44.1	18.7	3.2
NT	0.3	11.5	67.9	18.4	0.2
ACT	0.0	29.8	10.3	51.1	7.8

Source: Adapted from tables 13, 21, 29, 37, 45, 53, 61, 69 in DFAT, *Australia's Trade by State and Territory 2016-17*, February 2018.¹⁴

1.19 South Australia's trade relationship with Africa is relatively minor, with African countries comprising just 2.4 per cent of merchandise exports, and 0.9 per cent of merchandise imports in 2016-17. In New South Wales, African countries are 0.7 per cent of merchandise exports and 0.5 per cent of merchandise imports.¹⁵

14 Note: Caution needs to be exercised in interpreting these statistics, in particular when analysing state/territory trade flows or comparing differences between states/territories. Merchandise exports are based on State of origin and imports on State of final destination (in which goods are released from Customs' control, but not necessarily where they are ultimately sold or consumed).

15 DFAT, *Australia's Trade by State and Territory 2016-17*, February 2018.

Chapter 2

Australian mining in Africa

Introduction

2.1 Australia's current commercial activity in Africa is strongly focused on the extractives sector. While reported figures vary, submissions to the inquiry have indicated that at least 170 Australian Stock Exchange-listed mining and other resource companies are operating in some 35 African countries, with the scale of exploration, extraction and processing involving current and potential investment estimated to be worth more than \$40 billion.¹

2.2 Africa is generally acknowledged as having some 30 per cent of the world's mineral, oil and gas reserves.² The Australia-Africa Minerals and Energy Group (AAMEG) expressed the view that resources development 'will remain a cornerstone, if not the cornerstone, of African economic development for the remainder of the twenty-first century – and perhaps well beyond'.³

2.3 DFAT has described the footprint of Australian extractives companies in Africa as follows:

A DFAT stock-take in 2015 estimated that investment flows in the extractives sector by Australian companies were significant and geographically diverse with projects underway in 35 countries. Australian companies are most active in the resources sector in South Africa, Namibia, Tanzania, Zambia and Burkina Faso.⁴

Operations of Australian mining sector companies

2.4 Australian mining companies in Africa are active across a broad geographical area, in both the operation of mines and the exploration of future projects (see Figure 3 below).

1 Australia-Africa Minerals and Energy Group (AAMEG), *Submission 4*, pp. 5–6.

2 AAMEG, *Submission 4*, p. 2.

3 *Submission 4*, p. 2.

4 *Submission 30*, p. 3.

Figure 3: ASX listed mining companies in Africa

Source: AAMEG, *Submission 4*, p. 4.

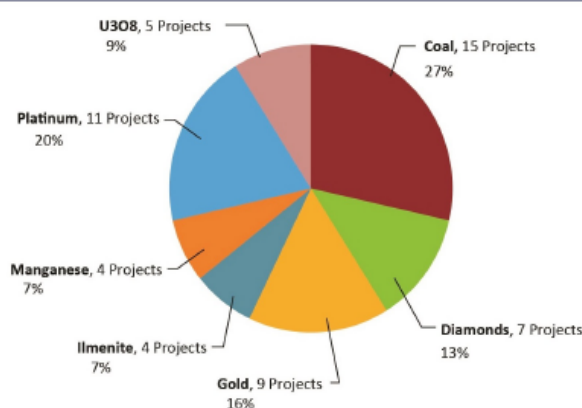
2.5 Data provided by AAMEG shows the range of minerals currently being extracted by Australian mining companies. As shown in Figure 4 below, Australian mining projects in Africa span a broad range of resources, including uranium compounds, manganese, ilmenite (a titanium ore), and diamonds. Coal mines form the largest portion of existing mines (27 per cent), followed by platinum (20 per cent) and gold (16 per cent).⁵ A large number of additional projects are currently in the exploration phase for those minerals listed above, in addition to nickel, phosphate, rare-earth elements, iron ore, and copper.⁶

5 AAMEG, *Submission 4*, p. 5.

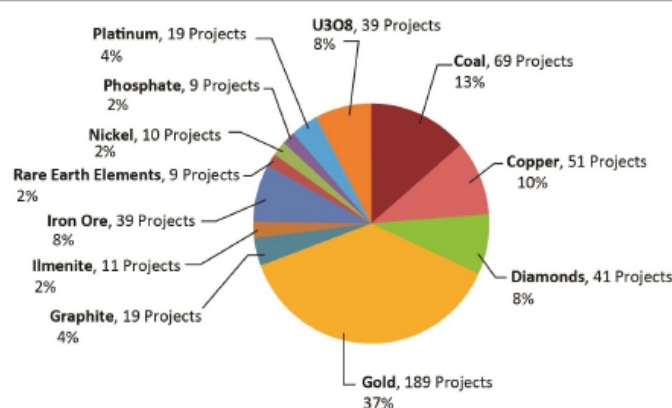
6 AAMEG, *Submission 4*, p. 5.

Figure 4: Sector investment by ASX-listed companies in Africa, 2015

Operating Mines



Exploration



Source: AAMEG, *Submission 4*, p. 5.

2.6 For example, Base Resources, with headquarters in Perth, is an Australia and UK-listed resources company. Its flagship development is the Kwale Mineral Sands Project in Kwale County, 50 kilometres south of Mombasa in Kenya. This is a US\$310 million investment currently producing ilmenite and zircon. The mine:

...is significantly boosting revenue for the Government of Kenya and Kwale County and is set to deliver significant revenues in tax and royalty payments over the life of the mine, together with considerable indirect taxation, direct and indirect employment and other economic benefits.⁷

Australian mining equipment, technology, and services (METS)

2.7 As a result of Australia's strength in the extractives sector, Australian companies have developed expertise in a range of supporting functions. The mining equipment, technology, and services (METS) sector has become an important industry in its own right.

⁷ Base Resources Limited, *Submission 6*, p. 1.

2.8 The Department of Industry, Innovation and Science describes the METS sector as follows:

The Mining Equipment, Technology and Services sector provides specialised products and solutions for mineral exploration, extraction and mining supply chains. This includes equipment manufacturers; engineering services; mine software products and other related equipment, services and technologies where the primary function is to support the mining and mineral extraction industries.⁸

2.9 In his submission to the inquiry, the Hon Bill Johnston MLA, Minister for Mines and Petroleum, also acknowledged:

Africa has also been identified as a key market for Australian mining equipment, technology and services (METS) companies, with many companies already having established operations in the region.⁹

2.10 Paydirt Media indicated that many African countries are important markets for Australian METS companies:

In the Austmine 2015 survey, 33 percent of METS companies identified Sub Saharan Africa as a key market, while 26 percent regarded North Africa as important. The Austmine 2013 Survey found that 26 percent of Australian METS companies have invested in Sub Saharan Africa through establishing operations there. There is therefore an obvious synergy whereby Australian mining activity provides the Australian METS sector with a competitive advantage which in turn is available to support the continued development of the minerals and energy sectors in the countries of Africa.

It is also of note that the use of Australian mining software in the discovery and ongoing development of the African minerals sector has been important. Some sixty percent of the world[']s exploration and mining software has been developed in Australia and generates \$600 million a year in revenues and more than \$240 million in exports.¹⁰

2.11 Mr Dominic Piper, Editor, Paydirt Media, stated that in his view the METS sector could be better supported by the Australian Government in Africa:

I think that as part of the overall METS, mining engineering technology services, sector it certainly is an area that would benefit from assistance from the Australian government, perhaps through Austrade [Australian Trade and Investment Commission].

In other jurisdictions, particularly looking at somewhere like Latin America and places like Mexico and Brazil and Peru and Chile, other big mining economies, the Australian METS sector is well served by Austrade for the

8 Department of Industry, Innovation and Science, *Mining Equipment, Technology and Services Industry*, <https://industry.gov.au/industry/IndustrySectors/MiningEquipmentTechnologyServicesIndustry> (accessed 6 June 2018).

9 *Submission 5*, p. 4.

10 *Submission 22*, p. 4.

most part, leading trade missions and things like that, organising companies to visit some of the major mines. We don't really see that in Africa at the moment.¹¹

Australia's trade and investment in other industries

2.12 Submissions noted that Australia's strong focus on the extractive industries is not indicative of the broader investment landscape in Africa, however, with technology, media and telecommunications, retail and consumer products, and financial services accounting for over 50 per cent of foreign direct investment in the countries of Africa in 2013.¹² Outside of the resources sector, Australian companies are forming a growing presence in agriculture, education, and services industries. This is further examined in chapter 4.

11 *Committee Hansard*, 2 May 2018, p. 31.

12 Export Council of Australia, *Submission 24*, p. 4.

Chapter 3

Barriers and impediments to trade and investment

Introduction

3.1 This chapter summarises the evidence received about the barriers and impediments Australian companies may encounter when seeking to conduct business with the countries of Africa. It was noted that barriers may affect the ability of Australian companies to expand their current operations in Africa as well as inhibit expansion into new markets in Africa.

3.2 Submitters identified a range of factors that may dissuade Australian businesses and investors from considering African countries for trade and investment, including sovereign risk, unstable security landscapes, a lack of existing infrastructure, an unfavourable perception of Africa among Australian investors, and a shortage of Australian diplomatic missions in Africa.

3.3 As highlighted earlier, Africa is a diverse continent and evidence to the inquiry emphasised that Africa is not a single market but is comprised of discrete economies with separate opportunities.

The African context

3.4 The Department of Foreign Affairs and Trade (DFAT) noted in its submission that a range of factors attributed to African society, culture and systems of governance may form a barrier to Australian trade and investment. These factors, which DFAT has collectively termed the 'African context,' include:

Local conditions, including traditional leadership structures, land ownership, expectations around remuneration and the broader social responsibility of companies...¹

3.5 DFAT highlighted land ownership as a particular barrier, owing to intersecting systems of ownership at different levels of society:

Land ownership in particular can be difficult to consolidate due to competing levels of government (national, state and local), traditional ownership claims, particularly where sites intersect lands of different groups, often with different ownership structures (patrilineal, matrilineal, collective and/or individual) all of which add complexity to large-scale mining, infrastructure and agriculture projects. As is the practice in other developing countries, local landowners may expect mining companies to build roads and schools as part of the company's Corporate Social Responsibility, in addition to royalties and other land fees being paid to government.²

1 Submission 30, p. 27.

2 Submission 30, p. 27.

3.6 DFAT's submission also drew attention to the economic systems in place in many African countries as a barrier to trade and investment, noting that the historical factors that shaped these systems are often unlike those of Western countries:

Many of the governments of Africa could be best described as taking a state centric, command economy approach to economic development. This can be seen as deriving both from a colonial heritage that utilised resources to enrich foreign elites and the Marxist ideologies of liberation movements with centralised social and economic planning approaches. Unlike the reforms of the last century which have seen a decreasing role for government in markets for liberal democracies, for most African nations the role of government remains central to economic development.³

3.7 DFAT recommended that businesses draw on the experience of a local partner or consultant in order to navigate these challenges.⁴

Governance and regulation

3.8 In its submission, DFAT noted that 'uncertainty around regulatory regimes can have a chilling effect on potential Australian investment across all sectors' and issues such as opaque and unfamiliar tendering practices can also deter Australian companies from bidding for government contracts and advantage competitors.⁵

3.9 With particular reference to the extractive industry, Oxfam also noted the risks associated with a poorly regulated environment:

Poorly regulated environments, as is often the case in natural resource governance, are also conducive to corruption which in turn forms an obstacle to legitimate business sectors developing. Community conflict as a result of unregulated, negative impacts of EI [extractives industry] companies, or a perceived lack of community benefits, can increase business risk as they may be subject to sudden business disruption. There are significant human rights risks in mining, including labour rights transgressions, impacts on women's security and health, and the displacement of local people to make way for new mines.⁶

3.10 To address these issues, Oxfam suggested:

The Australian government and EI companies should be investing in building regulatory capacity in the host country to improve the regulation of EI sectors, in order to increase investment certainty and a more enabling business environment.⁷

3 *Submission 30*, p. 27.

4 *Submission 30*, p. 27.

5 *Submission 30*, p. 27.

6 *Submission 35*, p. 8.

7 *Submission 35*, p. 8.

3.11 With particular reference to the renewable energy sector, Windlab Ltd (Windlab) observed that the political and regulatory structure in African markets is a barrier to development:

Whilst there is significant finance available for well-conceived, developed and structure[d] projects there is a paucity of such opportunities. There is a lack of political and regulatory structure in many African markets which prevent good industry practices from being developed and applied. Large renewable energy infrastructure projects worth hundreds of millions of dollars each require good regulatory and governance processes to succeed.

Most African electricity markets are dominated by a state-owned utility. Many of these utilities are inefficiently run, lack knowledge of renewable energy deployments, don't possess strong procurement practices and are not credit worthy from a project finance perspective.⁸

3.12 With particular reference to the mining industry, the committee received some evidence detailing initiatives to improve governance and regulation in Africa which is discussed in more detail in chapter 6.

Sovereign Risk

3.13 Sovereign risk in many African countries presents operational and financial challenges that may be difficult to justify, particularly for small and medium-sized enterprises (SMEs) seeking to enter these markets.⁹ Excessive tariffs, protectionist policies, and discrimination in favour of state-owned or politically-connected companies are common obstacles for foreign companies operating in some African markets. Australian companies have also suffered, or been threatened with, theft of property or legal rights by some governments.¹⁰

3.14 The effect of sovereign risk on Australian businesses operating in, or seeking to operate in, African markets varies significantly by country, a point highlighted by Mr Craig Goulder, Vice President, Global Exploration, Woodside Energy:

My role before this one was new ventures—to scale the globe and look at all the opportunities we have globally, including sovereign risk. My first comment to you would be that we don't consider Africa as a country. Africa's not the country; there are 54 countries there. And the risk that you refer to there is different from country to country. Our risk profiles that we use will rank every country globally, whichever one we're looking at. We don't see Africa as particularly anomalous amongst the opportunity set that's out there.¹¹

3.15 While these risks are often significant, Mr Goulder asserts that they are not an insurmountable barrier to Australian trade and investment in most African markets:

8 *Submission 7*, [p. 3].

9 DFAT, *Submission 30*, p. 28.

10 DFAT, *Submission 30*, p. 28.

11 *Committee Hansard*, 11 May 2018, p. 42.

There are always risks. It varies from country to country. But with the right mitigations we feel that we can work in most countries in Africa.¹²

3.16 The committee discussed sovereign risk with representatives from Windlab who advised that they have taken steps to mitigate any adverse effects of longer term sovereign risk. Windlab explained as follows:

We keep our maps pretty close to our chest. In the markets we are operating in, we've already gone out and secured many of the best sites, if not all the best sites, in those markets. We've acted early. We've put land leases in place. We've got joint ventures with local governments, which I think reduces that risk for us. The reality is that at some point we will have physical spinning machinery in-country, and that is very much subject to sovereign risk. Laying that risk off through development, finance institutions, bringing in local partners to invest in our projects is really the only solution to that. We're very much exposed longer term to sovereign risk.¹³

3.17 The scope and focus of sovereign risk, particularly in terms of physical security and intellectual property concerns, was also described as varying across industries. Extractive industries were described by Mr Rob Fisher, Chief Financial and Operating Officer, Windlab, as being more commonly targeted than sectors such as renewable energy:

I think we're very conscious of sovereign risk as it's played out for the mining companies because there is a nice parallel between what they do and what we do. We tend to find that policymakers around the world don't think of wind as a resource in the same way they think of gold or coal or whatever.¹⁴

Security, conflict and instability

3.18 Security concerns were also identified as a barrier to trade and investment with African countries. As outlined in DFAT's submission:

The 2017 Global Peace Index reported that Africa had become less peaceful overall due to factors such as ethnic tensions and election-related stability, increases in political terror, internal conflict, and political instability. Six of the ten least peaceful countries in the world are in Africa, and the World Bank considers that 18 sub-Saharan countries are fragile and conflict-affected states.¹⁵

3.19 DFAT noted that security is a concern for companies operating across Africa and in particular, '[i]n more volatile locations, the threat of terrorism (and of direct attack on facilities or employees) is a significant deterrent, especially for smaller

12 *Committee Hansard*, 11 May 2018, p. 42.

13 Mr Rob Fisher, *Committee Hansard*, 11 May 2018, pp. 3–4.

14 *Committee Hansard*, 11 May 2018, p. 3.

15 *Submission 30*, p. 29.

companies' and also advised that 'Australian companies operating in Africa face the risk of staff being kidnapped'.¹⁶

3.20 Dr Anthony Bergin and Ms Sofia Patel of the Australian Strategic Policy Institute (ASPI) also highlighted concerns about security:

In order for trade and investment opportunities to flourish, stable and secure systems of governance are required. Security threats emanating from terrorism, organised crime, trafficking and piracy exist across various regions and countries in Africa, particularly where Australia has commercial interests.

More than 35% of Australian mining projects are located in countries in West Africa and the Sahel, as well as the Kenya and Tanzania, where terrorism is of particular concern.¹⁷

3.21 DFAT stated that '[l]ocally, these groups impact on security, and act as a disincentive for investment, including for companies seeking to raise capital'.¹⁸

3.22 Security risk as a barrier to entering African markets was also highlighted by Mr Gordon Chakaodza, former Austrade Trade Commissioner in West Africa. Mr Chakaodza explained that when leading a mining services mission in Ghana and Burkina Faso in 2012, he observed a 'high interest and demand for Australian technology and mining services, especially from tier one and tier two mining companies'.¹⁹ Despite this level of interest, Mr Chakaodza observed that sovereign risk will impede new entrants in the West African market and incidents such as terrorist attacks remind 'everyone about the volatility in the region'.²⁰

3.23 Further to this, Mr Chakaodza submitted:

In February 2016, I facilitated a roundtable meeting at the Mining Indaba Conference on security issues in West Africa. Australian mining companies had firm ideas about mitigating security risk. I would encourage the Australian Government to pursue some of the ideas that came out of this forum.²¹

3.24 Security concerns were also highlighted by Grame Barty and Associates:

Africa has been and remains a difficult environment in which to operate. We cannot ignore this or pretend it does not exist. As a generalisation many countries within Africa lack sufficient skilled, local blue collar and white collar talent, efficient infrastructure (power, transport, logistics, and urban utilities in particular), enforceable rule of law and are often beset by opaque business practices, bribery, corruption, facilitation payments and lack of

16 *Submission 30*, p. 29.

17 *Submission 25*, [p. 2].

18 *Submission 30*, p. 21.

19 *Submission 14*, p. 2.

20 *Submission 14*, pp. 1–2.

21 *Submission 14*, p. 2.

adherence to contractual agreements. Parts of Africa are also experiencing increasingly high levels of terrorist and criminal activities including theft of natural resources, kidnapping and home invasions.²²

3.25 In relation to addressing security challenges, Mr Fisher of Windlab advised that their organisation recruits local people in their offices at different locations to ensure they have a good understanding of 'local risks'.²³

3.26 Mr Fisher also noted that while government security advice is useful, it is often not sufficiently targeted to business needs and areas, and must be supplemented by privately sourced advice:

We go to some lengths to make sure that we have up-to-date intelligence on the markets. When we send people out into the field, we take, where necessary, security people with our staff. They were in Ethiopia last year and had a convoy to help them get about the place. We're conscious of not going to parts of Africa that are known trouble spots. We get political and security information regularly through our insurers and through private services. But it is a real risk operating in those countries. There are dangerous places...We pay for a private security service to advise us on where we should be going and where we shouldn't. I think DFAT is good at a high level. We tend to need very specific information.²⁴

Cyber security

3.27 In its submission, ASPI observed that 'African nations have varied levels of sophistication with their approaches to cyber security'.²⁵ It was also noted that 'cyber security directly affects Australia's commercial interests' and ASPI supports 'the idea of Australia developing a program to enhance cyber resilience for Australian companies working in the extractive sector'.²⁶

Biosecurity

3.28 The Australian Centre for International Agricultural Research (ACIAR) submitted that biosecurity threats 'present serious impediments to trade between countries in Africa and trade between Africa with the rest of the world'.²⁷ To overcome these barriers, ACIAR developed the Australia–Africa Plant Biosecurity Partnership (AAPBP) in 2014.

3.29 Professor Andrew Campbell, Chief Executive Officer, ACIAR explained that the AAPBP has been a 'tremendously successful partnership' in addressing biosecurity issues and has trained more than 50 people across 10 countries:

22 *Submission 3*, 8.

23 *Committee Hansard*, 11 May 2018, p. 4.

24 *Committee Hansard*, 11 May 2018, p. 4.

25 *Submission 25*, [p. 5].

26 *Submission 25*, [p. 5].

27 *Submission 9*, p. 1.

We trained them in diagnostics, risk analysis, emergency response, what to do if you get an outbreak, surveillance, early warning systems and management. We didn't just train them as a network in Africa but we also exposed them to the key relevant expertise in Australia so that they would know who to email or who to pick up the phone to call if they think they've got a problem.

That program's been so successful that DFAT and the Department of Agriculture and Water Resources are now collaborating with us on a similar version in the Pacific. We think it's greatly improved the capability of those African countries to identify a potential outbreak, to improve the early warning systems and then to respond in a more coordinated way, rather than each country sort of doing its own thing on its own time frame. This has been a really high return on investment.²⁸

Infrastructure

3.30 DFAT identified inadequate infrastructure as a barrier:

Inadequate infrastructure adds to the cost of doing business in Africa, and has led to the failure of major mining projects in the past. Poor road and transport networks, intermittent power and inefficient ports are common challenges across Africa. Technical barriers to trade and underdeveloped logistics networks, such as onerous customs procedures and inefficient ports act much in the same way as poor transport in adding to costs.²⁹

3.31 Mr Fisher, Windlab, explained the challenges their organisation has experienced with respect to infrastructure:

The grids in countries are limited, old and frequently run by state owned enterprises with little recent experience of new technologies and no experience of integrating renewables into a grid, all of which Australians have learned to do.³⁰

3.32 Mr Fisher noted that their organisation's experience responding to challenges with renewable power generation in Australia 'will be useful to African and other developing countries as they inevitably add renewables to their grids'.³¹ This is discussed further in chapters 4 and 6.

The Australian context

3.33 Evidence to the inquiry highlighted that often Australian companies are unable to break into African markets as they are unaware of opportunities that may be available, unsure how to develop business relationships and there is a general lack of awareness and understanding about the commercial environment and market opportunities in Africa.

28 *Committee Hansard*, 2 May 2018, pp. 2–3.

29 *Submission 30*, p. 30.

30 *Committee Hansard*, 11 May 2018, p. 1.

31 *Committee Hansard*, 11 May 2018, p. 1.

Lack of awareness about Africa

3.34 Evidence to the committee suggested that in Australia there is a 'relatively low level of knowledge about Africa compared to knowledge about other regions and peoples of the world'.³² Dr David Mickler explained that Africa receives limited exposure in Australia and 'what the majority of Australians do experience is through media reporting, which is often focused on presenting 'negative' stories and narratives on war, famine and disease'.³³ This can create 'particular attitudes and approaches to Africa and Africans (and African-Australians)' to the detriment of facilitating positive and sustainable relationships with the countries of Africa.³⁴

3.35 Dr Mickler noted that if Australian traders and investors have a better understanding of Africa, this will have flow on benefits for potential trade and investment activities:

More specifically, greater awareness by potential Australian traders and investors of Africa's highly diverse historical, socio-political, cultural, economic, security, environmental, legal and regulatory contexts would enable more reasoned decision-making on potential trade and investment activities.³⁵

3.36 The Australian Business Chamber of Commerce (Southern Africa) (ABCSA) advocated for a greater understanding of the 'African way of doing business':

Australian Government and businesses needed to understand the 'African way of doing business' which is different to how they may operate in Australia. For example the Australian mining industry is capital intensive (Fly-in-fly-out and high salaries), whereas the African mining industry is labour intensive (lower wages, historical legacy issues). Many local communities rely on a mine's economic production model, and local communities must be able to benefit from economic activity. Most businesses who operate in this environment understand that this is the business model they need to adapt to operate in the market. However, new entrants to the market may not be aware of this and need to be appropriately advised that opportunities exist but they may need to adapt their business model to local situations.³⁶

Perception and representation of Africa in Australia

3.37 Concern was raised by some African Heads of Mission that the trade and investment relationship between Australia and Africa was being affected by a broadly negative perception of Africa by Australians, with His Excellency Mr Nabil Lakhel, Ambassador of Tunisia saying that:

32 Dr David Mickler, *Submission 13*, p. 2. See also: Dr Nikola Pijovic, *Submission 8*, p. 4.

33 *Submission 13*, p. 2.

34 *Submission 13*, p. 2.

35 *Submission 13*, p. 2.

36 *Submission 15*, pp. 6–7.

Australia, I think, needs to change its perception of Africa. Africa is not this poor continent. Africa has changed, so there are more opportunities.

For me, this logic of trade is not enough. Maybe you should have a global vision about your relationship with Africa. Seeing Africa as a market is not enough. Africa is many other things, many other opportunities, in many fields, in many sectors. The opportunities exist. It's just, I think, like my colleague said, you maybe need more ambition and more will to discover this continent.³⁷

3.38 DFAT also mentioned this perception barrier in its submission:

[F]or a number of reasons including perceptions of risk and lack of familiarity, Africa has not captured the attention of Australian business in the same way as Asia. Australian commercial engagement with Africa is below what might be expected from a G20 economy with global interests. Africa presents a significant opportunity, with growth sectors related to Australian capabilities, similar to South East Asia thirty years ago.³⁸

3.39 Media representation of Africa in Australia was identified as a contributing factor in the generation of this negative perception, with Mr Jemal Beker Abdula, Minister Counselor of the Embassy of Ethiopia, stating that:

How the media want to portray Africa's image to the public is not a real one sometimes. They just look after the devastating things without a focus on the opportunities for Africa. There are a lot of success stories that we can share. That perception and the way we deal with the media I view as a risk. So we have to balance. Balance is very important in a way that brings people together to develop a relationship first.³⁹

Availability of information

3.40 Submissions and witnesses noted that there is currently an information gap with respect to Australia's existing trade and investment in Africa which represents a barrier to increasing trade and investment with Africa.

3.41 The Australia-Africa Minerals and Energy Group (AAMEG) submitted that there is currently a lack of data available about the resources industry:

It is felt that a lack of in-depth understanding of the extent to which the Australian resources industry has established an enviable beachhead on the African continent has resulted in wide fluctuations in the level of engagement and Government policy decisions that are not supported by well-informed discussion.⁴⁰

3.42 Oxfam reported a lack of data on Australian extractive industry company presence in Africa:

37 *Committee Hansard*, 11 May 2018, p. 29.

38 *Submission 30*, p. 31.

39 *Committee Hansard*, 11 May, 2018, p. 22.

40 *Submission 4*, p. 11.

[T]here is a lack of data on Australian EI company presence in Africa, which is not only an impediment to the Australian Government identifying ways to maximise trade opportunities, it is an indicator that Australian EI companies are operating in a nontransparent environment, which is conducive to corruption and human rights abuses.⁴¹

3.43 The challenges with the availability of information was also acknowledged by DFAT:

It is very difficult to get a clear sense of Australian investment in Africa partly because recorded data is uncertain, some flows are commercial-in-confidence and a number of countries are unreliable in their statistical reporting.⁴²

3.44 AAMEG recommended that the Australian Government engage a data collection service 'to collect data necessary to have a better appreciation and understanding of the scope and depth of the Australia resource industry's comparative advantage globally, and the scale of its involvement in the African continent, compared with that in other parts of the world'.⁴³

Australia's diplomatic footprint

3.45 A number of submissions and witnesses identified the number of Australian diplomatic missions in Africa as a barrier to establishing strong trade and investment relationships.⁴⁴

3.46 Dr Nikola Pijovic explained Australia's 'diplomatic deficit' as follows:

Australia is the third wealthiest G20 nation (in per capita terms), yet it is tied with Mexico as the G20 nation with the least diplomatic posts in Africa (both have 8). It is punching below its weight, and does not have the diplomatic and trade coverage on the continent to be able to offer successful long-term promotion and support to Australian companies operating in Africa.⁴⁵

3.47 DFAT advised that currently Australia maintains diplomatic missions in nine of the 54 countries of Africa, with honorary consuls in a further 13 countries. Austrade has offices in five countries.⁴⁶

3.48 Australia's diplomatic presence is not evenly distributed across the African continent, however, with missions physically located primarily in Commonwealth and anglophone countries. These missions are then given regional accreditation, often for

41 Submission 35, p. 8. See also: ActionAid Australia, *Submission 16*, p. 2.

42 Submission 30, p. 19.

43 Submission 4, p. 11.

44 See, for example, Mr Andrew Dinning, Director, AAMEG, *Committee Hansard*, 2 May 2018, p. 26; Mr Andrew Repard, Executive Chairman, Paydirt, *Committee Hansard*, 2 May 2018, p. 30.

45 Submission 8, p. 4.

46 DFAT, *Submission 30*, p. 4.

several countries spanning large geographic areas. Additionally, a number of Australian missions in Europe are also accredited to African countries. Madrid, Lisbon, Paris, Rome, and Ta'xbiex missions are responsible for nine African countries.⁴⁷

3.49 The number and location of Australia's missions in Africa is discussed in more detail in chapter 5.

Operational and logistical factors

3.50 The committee received evidence about some operational and logistical factors that may also be barriers to trade and investment including travel logistics such as flight availability, flight paths and Australian visa requirements.

Travel between Australia and Africa

3.51 The committee received evidence drawing attention to the challenges posed by limited aviation connections to, and between, African countries.

3.52 Currently, there are only two direct routes between Australia and the African mainland: Qantas operate a flight between Sydney and Johannesburg, and South African Airways operate a flight between Perth and Johannesburg. Air Mauritius also operates a route between Perth and Port Louis, Mauritius.⁴⁸ Both Air Mauritius and South African Airways codeshare on Virgin Australia's domestic services within Australia.⁴⁹

3.53 It was noted by DFAT at the 11 May hearing that Qantas had begun flights on the Perth-Johannesburg route,⁵⁰ however the committee notes the announcement in the media that plans to commence operations have since been withdrawn.⁵¹

3.54 The ABCSA suggested in their submission that:

Additional airlines and flights on the Perth-Johannesburg route would introduce more competition and would benefit the tourism market.

An expansion of flights from Perth to other African destinations such as Cape Town was suggested and would be of interest to tourist and business travellers.⁵²

47 DFAT, *Submission 30*, p. 5.

48 DFAT, *Submission 30*, p. 17.

49 Government of the Republic of Mauritius, *Submission 31*, p. 6. See also: Virgin Australia, *Codeshare and Interline Partnerships*, <https://www.virginaustralia.com/au/en/experience/airline-partners/> (accessed 14 June 2018).

50 Ms HK Yu, DFAT, *Committee Hansard*, 11 May 2018, p. 48.

51 Chris Chamberlin, 'Qantas scraps plans for Perth-Johannesburg flights', *Australian Business Traveller*, 4 June 2018, <https://www.ausbt.com.au/qantas-scraps-plans-for-perth-johannesburg-flights> (accessed 13 June 2018).

52 *Submission 15*, p. 5.

3.55 DFAT stated that the limited route network between Australia and Africa was likely due to commercial viability of services:

One could argue that those flights don't exist because there is not enough demand.

We hope that, over time, as the trade and investment links and people-to-people links continue to strengthen between Australia and the African continent, those flights will increase in frequency and actually have some competition in that space.⁵³

Air travel within Africa

3.56 The committee heard evidence that the relative lack of aviation connectivity between African countries can make intra-African mobility a challenge, posing a barrier to trade and investment.

3.57 Mr Goulder from Woodside Energy explained that travelling within Africa can be challenging and time consuming:

I think the key piece of experience...actually having travelled between countries which are next door to each other. That is actually extremely difficult. In some instances you will go via Paris, believe it or not, to change to the neighbouring city. It can be that ridiculous...It's not easy to get between countries. That will make their hub-and-spoke approach far more difficult than you might think geographically.⁵⁴

3.58 Mr Goulder drew particular attention to the challenges that this poses for Australian heads of mission in Africa, who are often accredited to several countries.⁵⁵

3.59 DFAT officials also provided an example of the challenges of internal travel in Africa:

I visited Rabat and Abuja in January when I was heading the division. To get from Rabat to Abuja I had to go back to London and fly down again. So there is that problem in West Africa—sometimes the most cost-effective and time-effective way of travelling is to go back into Europe...

An[other] example is that if they [Australian diplomats] are in Abuja and want to fly to Niger, where they're accredited to, they usually have to go out to Lagos, across to Togo and up to Niger.⁵⁶

3.60 In this context, DFAT explained that they take these travel challenges into account when deciding on the location of new diplomatic posts and looking at accreditations.⁵⁷

53 Ms HK Yu, DFAT, *Committee Hansard*, 11 May 2018, p. 48.

54 Mr Goulder, Vice President, Global Exploration, Woodside Energy, *Committee Hansard*, 11 May 2018, p. 43.

55 *Committee Hansard*, 11 May 2018, p. 43.

56 Mr Matthew Neuhaus, Special Adviser, Middle East and Africa Division, *Committee Hansard*, 11 May 2018, p. 48.

57 Mr Neuhaus, *Committee Hansard*, 11 May 2018, p. 48.

3.61 On 28 January 2018, 23 African countries launched the Single African Air Transport Market (SAATM). Modelled on the European Common Aviation Area, this project, co-ordinated by the African Union, implements the 1999 Yamoussoukro Decision which was endorsed by African Heads of State in July 2000. According to the African Union:

The 1999 Yamoussoukro Decision provides for the full liberalisation of intra-African air transport services in terms of market access, the free exercise of first, second, third, fourth and fifth freedom traffic rights for scheduled and freight air services by eligible airlines. It removes restriction on ownership and provides for the full liberalisation of frequencies, tariffs and capacity. It also provides eligibility criteria for African community carriers, safety and security standards, mechanisms for fair competition and dispute settlement as well as consumer protection.⁵⁸

3.62 It is anticipated that, if this project is implemented effectively, it will enhance connectivity between African aviation markets that are currently unconnected or under-connected.⁵⁹

Australian visa requirements

3.63 The ABCSA identified Australian visas as a barrier to trade and investment between South Africa and Australia. South African business representatives travelling to Australia are required to apply annually for a visa. It was suggested that a 'multi-year visa would be more suitable for business applicants' and this would be consistent with Canada, the UK and the USA who already grant multi-year visas'.⁶⁰ ABCSA reported feedback they received from business applicants that they would be prepared to pay more for a multi-year visa because 'the travel convenience is worth some additional cost'.⁶¹

3.64 Furthermore, the ABCSA submitted:

It was noted that visas to Australia take too long to be processed and that Australia is not competitive in this regard, and is likely to be missing out on business and investment opportunities. This is especially the case as business [travellers] cannot get visas in time to undertake business activities in Australia at short notice.

It was noted that it was difficult to engage with Australian immigration officers on visa processing questions as there was not a customer service

58 African Union, *The Single African Air Transport Market*, https://au.int/sites/default/files/newsevents/workingdocuments/33100-wd-6a-brochure_on_single_african_air_transport_market_english.pdf (accessed 13 June 2018).

59 John Aglionby, 'Twenty-three African states launch single aviation market', *Financial Times*, <https://www.ft.com/content/4e672998-03f0-11e8-9650-9c0ad2d7c5b5> (accessed 13 June 2018).

60 ABCSA, *Submission 15*, p. 2.

61 *Submission 15*, p. 2.

process to enable a simple discussion of visa issues, or progress of visa applications, on the phone.⁶²

3.65 The ABCSA also raised concerns about the current application processes, in particular the length of time, for student visas which present a barrier for South African students wishing to undertake studies in Australia. Furthermore, it was noted that visas for Australians are issued upon arrival in South Africa.⁶³

3.66 High Commissioner Hussein, the High Commissioner for Nigeria also highlighted some challenges that Nigerian officials have experienced with visa applications:

...[T]here is a strict visa regime in Australia. The visa regime gives us a challenge in knowing what is happening in Australia. Let me give an example. My government approved a delegation to learn policy in Australia...Out of the 10 delegates, only three were issued a visa. This was a presidential committee approved by our president, but they were denied visas. In a nutshell, there's a lot to learn or to benefit from in Africa. I would like Australia to be open to us. They should shift their thinking from one specific continent or area of Africa, because Africa, as my colleagues said, is 54 sovereign countries, and each country is important as it is.⁶⁴

3.67 DFAT acknowledged concerns with visa access in its submission noting:

Businesses are frustrated with the length of time required to obtain visas (can be more than thirty days); with business advising that Australia is not competitive with its peers such as the UK and Canada. Industry notes that they expect Australia has missed out on business opportunities due to the time delays and complexities in obtaining visas to undertake business in Australia. Business also advises that the requirement to apply annually for a business visa is not competitive with other countries that allow long-term visas for 2-5 years. Business also advises that it is difficult to contact Australian Immigration authorities to seek an update on progress of issuance of their visa and to understand visa requirements.⁶⁵

3.68 DFAT also submitted that issuing business visas for Australian passport holders to access some African countries can be time consuming, 'with unclear and changing visa requirements'.⁶⁶

3.69 The committee raised the matter of the visa application process with officials from DFAT at a public hearing who advised that visa policy and processing is the responsibility of the Department of Home Affairs:

62 *Submission 15*, p. 2.

63 *ABCSA, Submission 15*, p. 2.

64 His Excellency Mr Bello Hussein, High Commissioner of Nigeria, *Committee Hansard*, 11 May 2018, p. 21.

65 *Submission 30*, p. 29.

66 *Submission 30*, p. 29.

Of course, visas are dealt with by our Department of Home Affairs colleagues, but our visa system is universal. Obviously, as part of the visa processing, our Home Affairs colleagues will take into account risks associated with the country that they're coming from and so forth. So, there may be differences in processing time as a result of risk management, but, otherwise, visas are pretty much a universal program.⁶⁷

3.70 Drawing on previous experience as an Australian Head of Mission in Africa, Mr Matthew Neuhaus explained that 'because of issues dealing with documents and so forth, particularly for new applicants, there has to be a lot of due diligence taken' and the application process is consistent across all countries.⁶⁸

3.71 Mr Neuhaus also observed that for frequent travellers, the visa application process is not a major impediment but accepted that establishing such activity may take some time:

The other thing I would say is that for frequent travellers, frequent businessmen, it is possible to get multiple-entry visas, and they do so, particularly from southern Africa, where I was. There was quite a lot of interaction. Just to reinforce that point: while this is obviously a matter for the Department of Home Affairs and for Immigration, for frequent travellers it is not a major impediment. But, sometimes, establishing that activity may take some time. Just given the nature of travel between Africa and Australia as compared to between Europe and Australia or Asia and Australia, still at this point of time it's just a real difference in volume and size.⁶⁹

67 Ms HK Yu, *Committee Hansard*, 11 May 2018, p. 52.

68 *Committee Hansard*, 11 May 2018, p. 53.

69 *Committee Hansard*, 11 May 2018, p. 53.

Chapter 4

Opportunities to expand trade and investment

Introduction

4.1 This chapter summarises the evidence received about opportunities to expand trade and investment with the countries of Africa, particularly broadening areas of interest beyond the extractive industries. These include: the emerging free trade area; leveraging existing interests such as mining to include new areas; Agribusiness; water management; education; technology and infrastructure. It also includes the promotion of opportunities.

Overview of opportunities

4.2 According to a recent paper from Future Directions International, most of the world's population growth in the 21st century will occur in Africa. By 2050, it is estimated that the population of Africa will have more than doubled from its current 1.2 billion people to nearly 2.5 billion.¹ This population growth is expected to be coupled with rapid urbanisation. The Future Directions paper anticipates that, by 2100, five of the world's 10 largest cities will be on the African continent.²

4.3 Africa also lays claim to the world's youngest population, with more than 50 per cent of the population of Africa younger than 20 years old. Due to increased life expectancy and reduced infant mortality rates it is expected that Africa will have access to a young and plentiful workforce.³

4.4 Regarding trade and integration, a Continental Free Trade Area is being established under the auspices of the African Union. Negotiations started at the beginning of 2017 and all 55 African Union members are involved.⁴ The Department of Foreign Affairs and Trade (DFAT) pointed out that 'enhanced African economic integration with a common set of rules and procedures would assist Australian business that generally operate across borders and various African countries'.⁵

4.5 There are specific areas where Australia is well placed with relevant expertise beyond mining capabilities. For example Windlab and Carnegie Clean Energy drew attention to the export potential of Australia renewable energy technology to meet a

1 Future Directions International, *The African Demographic Dividend: Can it be harnessed to avoid rising food security?*, 22 May 2018, p. 2. See also: Margaret O'Callaghan, *Submission 18*, p. 2.

2 Future Directions International, *The African Demographic Dividend*, p. 5. See also: Margaret O'Callaghan, *Submission 18*, p. 2.

3 Future Directions International, *The African Demographic Dividend*, pp. 2-3. See also: Margaret O'Callaghan, *Submission 18*, p. 2; Grame Barty and Associates, *Submission 3*, p. 10.

4 Trade Law Centre, *Submission 21*, [p. 3].

5 *Submission 30*, p. 25.

significant energy shortage in large areas of Africa.⁶ Carnegie Clean Energy drew particular attention to the potential for leveraging Australia's mining capability to include power and water solutions.⁷

4.6 Cooperation in education also emerged from a number of submissions, with some suggesting that the rapid growth of the African workforce would provide an opportunity for Australia to export its well-regarded education framework, particularly in the area of vocational education and training.⁸

4.7 Mr Gordon Chakaodza, former Australian Trade and Investment Commission (Austrade) Commissioner, suggested there are commercial opportunities for Australia in West Africa. Drawing on his experience as former Trade Commissioner, Mr Chakaodza submitted:

Looking beyond the mining and education sectors, I observed viable niche opportunities for Australian firms across several sectors: aviation, food and beverages and security services. Technology is clear standout as an opportunity area. Africans are enthusiastic adopters of new technology and Australian start-ups particularly those in the edu-tech and healthcare space should be encouraged to export their technology to African markets.⁹

4.8 Grame Barty and Associates also highlighted opportunities for Australian business:

...particularly in the areas of infrastructure, resources and energy, food and agribusiness, international health, advanced manufacturing, technology and services.¹⁰

4.9 DFAT indicated that Australian trade and investment in Africa has recently seen growth in non-extractive sectors in some regions:

Traditionally, most Australian investment in Africa has centred on the mining, oil and gas industries. More recently, we have seen investment in the infrastructure and construction industries, as well as telecommunications, agriculture and retail, financial and banking sectors. Expanded trade and investment links are expected for Australian companies operating out of Morocco, servicing North Africa in food and agriculture; infrastructure planning and sustainable development; mining, oil and gas; and health services.¹¹

4.10 However, in its submission, DFAT noted that recent DFAT and Austrade analysis indicates:

6 Windlab, *Submission 7*, pp. 2–4; Dr Michael Ottaviano, Managing Director, Carnegie Clean Energy, *Committee Hansard*, 2 May 2018, p. 15.

7 Dr Michael Ottaviano, *Committee Hansard*, 2 May 2018, p. 15.

8 DFAT, *Submission 30*, p. 17.

9 *Submission 14*, pp. 12.

10 *Submission 3*, p. 5, 16.

11 *Submission 30*, p. 32.

...the most realistic and immediate commercial opportunities for Australian companies in Africa are in mining and related equipment, technology and services; education; agribusiness and food and infrastructure.¹²

4.11 The Export Council of Australia stated that 'Africa is a natural destination for all the products and services related to mining and agriculture in particular'. Other areas of expertise include: infrastructure and construction and related services, financial and professional services, tourism, education, and advanced manufacturing. The top ten growth sectors in Africa are: resources, wholesale and retail, agriculture, transport and communications, manufacturing, financial services, public administration, construction, real estate and business services, and tourism.¹³

Broadening commercial interests

4.12 As noted above, with Australian companies well established in the extractive industries, submissions highlighted the need for Australia to broaden commercial interests beyond the mining industry.¹⁴ This was recognised by the Minister for Foreign Affairs, the Hon. Julie Bishop MP in her speech at the Africa Down Under Conference in Perth on 8 September 2017. The Minister emphasised the broadening of Australia's commercial interests from the already strong base in extractives and mining services, infrastructure and energy into retail and professional services. The Minister stated that '[t]he opportunity for mutual growth in our economic partnerships in these and other sectors is enormous'.¹⁵

Emerging free trade area

4.13 Her Excellency Ms Christelle Sohun, High Commissioner of Mauritius, informed the committee that:

A few weeks ago, on 21 March 2018 in Kigali, Rwanda, an agreement was reached for the establishment of an African Continental Free Trade Area. This will create a single African market for the elimination of barriers to trade in goods and services—one billion people and a total GDP of over US\$3 trillion, practically on your doorstep. Australia can now engage constructively with African countries to seize the numerous untapped trade and investment opportunities available in Africa.¹⁶

4.14 High Commissioner Sohun added that it was signed by 44 countries.¹⁷ DFAT provided further detail that what was signed on 21 March 2018 was the framework to establish the Continental Free Trade Area which then would need to be ratified by 22 countries before coming into effect and this may take some time:

12 *Submission 30*, p. 4.

13 *Submission 24*, p. 5.

14 See for example, Grame Barty and Associates, *Submission 3*, p. 2

15 Speech to the Africa Down Under Conference in Perth, 8 September 2017.

16 *Committee Hansard*, 11 May 2018, p. 13.

17 *Committee Hansard*, 11 May 2018, p. 14. See also: Government of the Republic of Mauritius, *Submission 31*, [p. 14].

My expectation is that if the negotiations are completed and the ratification process happens, which could be many years in the making...¹⁸

4.15 However, DFAT welcomed this as a very positive development with the potential to create one of the largest free trade areas in the world which would present opportunities for foreign companies and investors.¹⁹ The agreement has the potential to allow Australian companies with a presence in one African market broader access to new markets on the African continent without the burden of existing trade barriers such as tariffs.

Using existing markets and mechanisms

4.16 Until the free trade area comes into force, submitters noted a number of other markets and mechanisms Australian companies can take advantage of. Grame Barty and Associates suggested that if an Australian company could become established in one market, then migration to new markets within a region may be simpler and more cost effective. For example:

In the case of Africa this might even include marketing opportunities directly through Australian companies that have established offices or regional headquarters in the Gulf Coast Countries (GCC) such as UAE, Kuwait or Qatar. The air logistics and time zone issues from Dubai, Abu Dhabi or Doha are far simpler to manage [than] from Perth, Sydney or Melbourne. GCC sovereign wealth funds are interested in African investment opportunities – especially around food security. Therefore the concept of 'indirect' Australian access to African trade and investment opportunities via partnering arrangements with GC investors is a potentially important one.²⁰

4.17 Mauritius has positioned itself as a hub for the African region through its International Finance Centre and Special Economic Zones by providing a number of incentives and advantages to investors.²¹ The Government of the Republic of Mauritius emphasised that it is already a member of African regional trading blocs such as the South African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA) which provides duty free access to a market of around 500 million people. The committee was advised:

Australian companies can therefore establish in Mauritius and produce for exports to the regional markets, thereby benefiting from the duty and quota free access. The only requirement is for the Australian companies to meet the rules of origin requirements of SADC and COMESA.²²

18 Ms Gita Kamath, DFAT, *Committee Hansard*, 11 May 2018, p. 55.

19 Ms Kamath, *Committee Hansard*, 11 May 2018, p. 55.

20 Grame Barty and Associates, *Submission 3*, pp 4–5.

21 See also: Government of the Republic of Mauritius, *Submission 31*, Annex 6.

22 Government of the Republic of Mauritius, *Submission 31*, [p. 14]. See also: DFAT, *Submission 30*, p. 25.

4.18 Tunisia also notes it is an 'ideal hub that provides access to several major markets' and that it is the 'first southern Mediterranean country to have signed an Association and Free Trade Agreement with the EU'.²³

Building on existing opportunities and relationships in the mining sector

4.19 Evidence to the committee highlighted the positive contribution of the mining industry and that existing projects and relationships could be used to branch out to other industries.

Renewable energy

4.20 The committee heard evidence from Carnegie Clean Energy regarding the opportunity for the establishment of renewable energy systems alongside Australian mining projects in Africa. Dr Michael Ottaviano, Managing Director of Carnegie Clean Energy, told the committee that Australian microgrid technology is well suited to an African environment, and would allow communities in those regions to leapfrog fixed energy infrastructure in favour of scalable microgrid systems.²⁴

4.21 Additionally, systems of this kind would give Australian mining companies access to renewable and reliable energy, while opening up new markets for Australian renewables companies.²⁵ Dr Ottaviano also indicated that renewable energy infrastructure would provide jobs for communities beyond the life of the mines through job creation for the purpose of infrastructure maintenance.²⁶

4.22 The committee also heard from Windlab, a Canberra-based renewable energy company, which operates a number of wind farms in Africa. While Windlab does not currently cooperate with mining companies, Mr Rob Fisher, Chief Financial and Operating Officer, drew attention to the common challenges facing the extractives and renewables sectors.²⁷

Secure and sustainable supply chains

4.23 The committee heard from Business for Development, Base Resources, and Cotton On Group that the presence of Australian mining companies in Africa also provides a platform for job creation in other sectors. In the case of this group's Kwale Cotton Project, communities surrounding the Base mine were provided with the training and resources to begin farming cotton.

4.24 This cotton is then used in the production of Cotton On garments, contributing to a secure, sustainable, and transparent supply chain. Mr James Hubbard, General Manager Risk and Sustainability, Cotton On Group, described the impact this would have, and the potential for growth:

23 Embassy of the Republic of Tunisia, *Submission 34*, Attachment 1.

24 *Committee Hansard*, 2 May 2018, p. 18.

25 Dr Ottaviano, Carnegie Clean Energy, *Committee Hansard*, 2 May 2018, p. 15.

26 *Committee Hansard*, 2 May 2018, p. 18.

27 *Committee Hansard*, 11 May 2018, p. 4.

We believe in this region when it gets to...10,000 farmers that we would produce about 40,000 T-shirts. That means a bit more to our business than tonnes, which is less than our full quantity of T-shirts—I think it's only around 50 per cent of our T-shirts.²⁸

4.25 Business for Development also indicated that, due to an increased focus on supply chain accountability and transparency by consumers, there is potential for greater marketing of development programs, such as the Kwale project, to consumers:

We're working with Cotton On to consider how we're going to market this as a product. There aren't many companies that do what Cotton On are currently doing—going down to the bottom of the supply chain. So there is a great opportunity to differentiate themselves in the marketplace. Cotton On doesn't just work in Australia; they also have operations in South Africa and Asia. This is a point of difference, and they recognise that and we are looking to work with a marketing team on that.²⁹

Australian Centre for International Agricultural Research

4.26 The potential for the Australian Centre for International Agricultural Research (ACIAR) to work with mining companies was also highlighted:

We haven't done anything with Australian mining companies as yet, but I think there's potential down the track where those companies are looking to improve their relationship with local communities and local governments. Helping improve food security is a useful way of doing that, and those companies have considerable expertise. If we can link up Australian agricultural expertise with mining expertise, we've got a powerful combination...³⁰

Agribusiness

4.27 Africa is facing particular challenges in the areas of food security and water resources which are arising from climate change and population growth. With experience and skills in these areas, Australian companies are well positioned for Agribusiness opportunities such as that described below.

Food security

4.28 DFAT provided detail on food security challenges, noting that addressing this issue will provide opportunities for Australian companies:

Low productivity, poor access to capital, environmental pressures, land tenure issues, inefficient farm to market infrastructure, underdeveloped

28 *Committee Hansard*, 2 May 2018, p. 13.

29 Ms Meg Kauthen, Business for Development, *Committee Hansard*, 2 May 2018, p. 13.

30 Professor Andrew Campbell, CEO, ACIAR, *Committee Hansard*, 2 May 2018, p. 2.

markets and limited value adding activity are common challenges, and provide opportunities for Australian solutions on a commercial basis.³¹

4.29 DFAT suggested that, with food security emerging as a major challenge to many African countries as a result of rapid population growth and widespread urbanisation, Australia should look to export its high degree of expertise in facilitating agriculture in challenging environmental and climatic conditions.³²

4.30 ACIAR noted that Australia, as a country with similar ecosystems to many regions of the African continent, is well positioned to take advantage of its status as a leader and innovator within the field of agricultural research and technology.³³

4.31 The committee spoke with ACIAR whose mission is to 'achieve more productive, resilient and sustainable agriculture in developing countries through international agricultural research partnerships'.³⁴ Working through a partnership model with developing countries, ACIAR has been operating in Africa for more than 30 years with funding through the aid budget. However, ACIAR's work also provides commercial opportunities. ACIAR works in eastern and southern Africa and the work there makes up around 15 per cent of its research portfolio.³⁵ Professor Andrew Campbell, CEO, ACIAR explained the priorities of their current work in Africa:

...Australia and Africa share similar environmental constraints: a range of soil types but often not great soils—their soils are probably better than in Australia—and high levels of climatic variability. So our work is looking at areas like sustainable intensification and improving crop resilience, improving livestock production and value chains, a lot of work on irrigation and water management drawing on Australia's expertise in water management, improving the adoption of high-value and more nutritious crops and a significant effort on improving biosecurity, which of course has significant trade implications.³⁶

4.32 Professor Campbell explained that in Africa ACIAR also works with regional organisations as many of its projects work across a number of African countries.³⁷ ACIAR highlighted biosecurity threats such as plant pests and diseases which restrict production and trade between countries in Africa and with the rest of the world. As noted in chapter 3, to assist in this area ACIAR has developed the Australia-Africa Plant Biosecurity partnership established in 2014 which has:

31 *Submission 30*, p. 34. See also: Mervyn Piesse, Research Manager, Global Food and Water Crises Research Programme, Future Directions International, *The African Demographic Dividend: Can it be harnessed to avoid rising food security?*, 22 May 2018, p. 6.

32 *Submission 30*, p. 34.

33 *Submission 9*, p. 2.

34 ACIAR, *Submission 9*, p. 1.

35 *Committee Hansard*, 2 May 2018, p. 1.

36 *Committee Hansard*, 2 May 2018, p. 1.

37 *Committee Hansard*, 2 May 2018, p. 1.

...directly enhanced plant biosecurity capacity in Africa by sharing Australian expertise with African colleagues through a program of capacity building activities and knowledge exchange. Longer-term benefits to Australia's plant biosecurity and market access interests should also accrue due to improvements in pest management and certification processes for plant products, such as cut flowers, exported from Africa to Australia.³⁸

4.33 DFAT emphasised the opportunities for Australian companies in agricultural exports and selling agricultural services and technology, noting that that '[s]ome Australian agribusinesses, such as Costa Group, have also invested in production of agricultural products in Africa'.³⁹

Building partnerships in agribusiness

4.34 The submission from ACIAR identified a number of areas in which Australian businesses may be able to use their skills in a way that could prove beneficial to development outcomes while delivering profits to businesses and investors. These are: vaccine development; resilient farm systems; farmer-to-farmer partnerships; and agritech, such as water sensors.⁴⁰

4.35 ACIAR noted the potential for Australian agricultural expertise and Professor Campbell explained that their scientific partnerships in Africa have made it easier for Australian companies to develop their own partnerships. He provided the following example:

...there's a Queensland company working with us on seed supply in maize where they've benefited a lot from the genetics work we're doing in Africa to improve varieties for Queensland. But that's likely to lead to two-way trade.⁴¹

4.36 ACIAR submitted that Africa is a challenging environment for private investment, particularly in agriculture but that over time the policies and institutions are becoming more business-friendly. For example:

ACIAR projects cooperate with many local SMEs for seed supply, seedling nurseries and irrigation equipment. As one example, a company formed by central Queensland farmers to breed better food crop cultivars participated in a conference organised by the ACIAR maize and legume farming project in order to assess market opportunities for investing in the African crop breeding and seed sector.⁴²

Water resources

4.37 The Australian Water Partnership (AWP) acknowledged that:

38 ACIAR, *Submission 9*, pp. 1–2.

39 *Submission 30*, p. 34.

40 *Submission 9*, pp. 2–4.

41 *Committee Hansard*, 2 May 2018, p. 2.

42 ACIAR, *Submission 9*, p. 2.

Africa is a hotspot of the global water crisis. Drought and hunger are recurring events in Africa, destroying people's lives and undermining economic growth. Without improved water management, water scarcity will worsen, with global population growth, increased water usage and climate change compounding the issue.⁴³

4.38 AWP was established by the Australian Government in 2015 to 'enable easier access to Australian water experience and expertise in assisting countries in our region to improve their water resource management'.⁴⁴ While Africa has not been a focus for AWP, it reported that it has responded when assistance has been sought from African countries.⁴⁵

4.39 AWP highlighted that Australia has developed world-leading policy, regulation and technical tools and therefore:

...many African countries (including Kenya, Tanzania, Ethiopia, South Africa, Botswana, Senegal and Egypt) have expressed interest in accessing Australia's water management experience and expertise.⁴⁶

4.40 ACIAR noted that drawing on Australia's expertise they are also undertaking work on irrigation and water management.⁴⁷ DFAT reported that in countries such as Kenya and Morocco, Australian companies are active in agriculture and associated water management and related technologies.⁴⁸

4.41 AWP emphasised the opportunities for public sector and private companies to provide advice and technical assistance in the area of water management and explained:

Water in most countries is managed by government agencies or the public sector so there is strong interest in government to government links with Australia. However, while this is often the entry point, cooperation can also include the private sector. The WaterGuide dialogue in Senegal, as is also the case in Jordan, was led by a private company (Aither) but also included specialists from the Australian public sector.⁴⁹

4.42 Noting the importance of DFAT posts to establish contacts in-country and to facilitate the formation of relationships, AWP also emphasised that Austrade has a role in arranging for Australian companies to visit countries and establish links with potential partners.⁵⁰

43 *Submission 36*, p. 2. See also: World Vision Australia, *Submission 28*, p. 7.

44 AWP, *Submission 36*, p. 1.

45 AWP, *Submission 36*, p. 1. Current policy settings require AWP to prioritise the Indo-Pacific.

46 *Submission 36*, p. 2.

47 *Committee Hansard*, 2 May 2018, p. 1.

48 *Submission 30*, p. 55.

49 *Submission 36*, p. 2. The WaterGuide is an organising framework for improved water management and use in response to scarcity.

50 *Submission 36*, p. 4.

Education

4.43 Australia has emerged as a significant destination for African students undertaking higher education. In 2016, enrolments of students from the countries of Africa in Australian universities totalled 12,950.⁵¹ The top three markets for students are Kenya, Nigeria and Mauritius and there are opportunities for Australia to capture even more of the African market.⁵²

4.44 In his submission, Mr Chakaodza reported that:

In September 2015, during my tenure as Trade Commissioner, I led the first ever Australian Education Exhibition in West Africa. It was the first time the Australian Government held an organised education activity in the region. The highly successful education exhibition, held in both Ghana and Nigeria, resulted in some 5000 people walking through the doors to talk to the 17 Australian education institutions that participated in the exhibition. Such attendance was unprecedented. It is my contention that the sheer numbers attending the inaugural exhibition suggest a novelty factor around Australian study programs.⁵³

4.45 Mr Chakaodza suggested that Australian education institutions should continue to capitalise on this novelty factor and continue recruitment efforts in the region.⁵⁴

4.46 Dr David Mickler observed that the education sector is an area of 'great potential for Australia to play a leading role in capacity building and collaboration with Africa'.⁵⁵ Dr Mickler explained further:

The demographic boom, as we've heard previously, will mean that all of the world's population growth will essentially come from Africa in the rest of this century, and this will create enormous demands for education, training, employment and entrepreneurship. This is certainly the message that I hear when I travel in African countries, work with universities and talk to students. This is a space where I think the Australian education sector could play a very important role in collaborating with African universities to meet the education and training needs of the demographic boom.⁵⁶

4.47 However, Dr Mickler was concerned that Australia does not currently register 'very highly in the perceptions of African students about a world-class education destination'.⁵⁷ Dr Mickler explained that Australia has established strong linkages in

51 DFAT, *Submission 30*, p. 17.

52 DFAT, *Submission 30*, p. 17.

53 *Submission 14*, p. 1.

54 *Submission 14*, p. 1.

55 *Committee Hansard*, 2 May 2018, p. 36.

56 *Committee Hansard*, 2 May 2018, p. 36.

57 *Committee Hansard*, 2 May 2018, p. 39.

South Africa and increasingly in Kenya and Ghana, 'but there is very little with Francophone Africa and very little with North Africa'.⁵⁸

4.48 Dr Mickler advocated for a much more proactive approach:

Something that the Australian university sector and individual institutions need to do much better is to be out there in the African market. It is an enormous market, particularly in the English-speaking countries—Nigeria, for example, has 200 million people. There is a huge demand for English education, postgraduate education and research training. These are all things that Australian universities do very well, but I just don't think we're visible enough in that space yet.⁵⁹

4.49 DFAT identified that growth in Australia's education relationship with Africa is expected to be in the area of technical and vocational education and training (TVET), with Australia well positioned to export its vocational education framework to markets in Africa in need of these skills.⁶⁰

4.50 However as noted in chapter 3, the Australian Business Chamber of Commerce (Southern Africa) (ABCSA) reported that despite Australia promoting itself for education purposes, the time delay in issuing visas does not support potential students. It suggested improving the processing of visa applications to reduce time delays and uncertainty and to also enable better customer service platforms for applicants.⁶¹

4.51 DFAT also stated that Australian universities are capitalising on Australia's well-regarded tertiary education system through the establishment of campuses abroad:

The destination for students travelling to obtain an Australian education is also diversifying, with institutions such as Monash University (Victoria) and Curtin University (Western Australia) attracting students to their regional campuses in South Africa and the UAE respectively. There are also growing opportunities to deliver technical and vocational education and training especially in relation to mining and infrastructure.⁶²

4.52 Mr Tim Carstens, Managing Director of Base Resources, highlighted his interactions with the Kenyan National Industrial Training Authority as an example of educational co-operation:

We have quite a sophisticated industrial training model—sophisticated by African standards; it's not unusual by Australian standards. We had the Kenyan National Industrial Training Authority go on a worldwide tour for six weeks looking at industrial training models about two years ago. At the very end of that trip they came to pay us a visit, and they said at the end of

58 *Committee Hansard*, 2 May 2018, p. 39.

59 *Committee Hansard*, 2 May 2018, p. 39.

60 *Submission 30*, p. 33.

61 *Submission 15*, p. 1.

62 *Submission 30*, p. 17.

that three-day visit, 'We don't really understand why we bothered going on this six-week tour; we found the model that makes sense in an African context here,' because we'd contextualised it for Kenya. That has now been adopted as Kenya's model for industrial training. That's just one example. We're doing similar things in safety and various other areas.⁶³

Technology

4.53 Grame Barty and Associates noted trends in Africa that will provide the potential for long term competitive advantage. These include one of the world's top three mobile phone connected regional populations behind China and India:

The entire African population - regardless of location, nationality, tribe, age or gender - will shortly be able to access mobile and smart phone delivered services. This means that high volume, mass market, low cost cloud based universal new service delivery will be possible.⁶⁴

4.54 Tech startups are also on the rise:

As of June, there were 173 tech hubs and incubators in Africa, according to the World Bank. Venture capital funding in African tech startups increased by a factor of 10, from \$41 million in 2012 to \$414 million in 2014, and is expected to rise to more than \$600 million by 2018. The interesting global trend and opportunity for Australian innovation capability is to link our relevant innovation ecosystems sector by sector. Through this African developers would get access to Australian capital and skill and Australian innovators and capital would get access to a massive new market. This hasn't escaped the notice of major US technology players like Facebook.⁶⁵

4.55 The Export Council of Australia also identified technology in Africa as an emerging opportunity:

In 2013 the top three investment sectors were technology, media and telecoms (TMT), retail and consumer products, and financial services, accounting for over 50% of FDI that year. Mining and metal industries, by comparison, dropped out of the top 10 sectors. Africa is also increasingly tech savvy and poised to move straight into the digital age, embracing IoT and manufacturing 4.0, creating opportunities across the digital spectrum, from education to artificial intelligence, data and service provision.⁶⁶

4.56 In its submission, DFAT noted that 'technological change is creating an emerging digital economy in Africa and this is having an impact on a range of sectors:

Telecommunications network operators are now providing mobile money transfer applications for smartphones, eliminating the requirement for a bank account. Sub-Saharan Africa has some of the fastest uptake rates of digital financing in emerging markets, largely based on person-to-person

63 Mr Carstens, Base Resources, *Committee Hansard*, 2 May 2018, p. 7.

64 Grame Barty and Associates, *Submission 3*, p. 9.

65 Grame Barty and Associates, *Submission 3*, p. 9.

66 *Submission 24*, p. 4.

transactions but with more sophisticated applications starting to emerge around point-of-sale payments, international remittances, bank-to-bank transfers, mobile payroll and even microloans. Over the longer term, digital financing could enable further developments in e-commerce and on-demand services, as well as health service delivery and vocational training...Forecasts suggest that digital finance has the potential to add significantly to the GDP of countries like Nigeria and Ethiopia.⁶⁷

Infrastructure

4.57 Providing solutions to meet infrastructure and construction needs was seen as another key area of Australian expertise.⁶⁸ DFAT submitted:

Investment in infrastructure will contribute to the production and distribution of...untapped resources and in so doing could lead to increases in economic growth. In the coming decade, the twin forces of sustained population growth and rapid urbanisation could transform African economies, providing openings for international companies to build and power growing cities and provide the goods and services urban populations demand.⁶⁹

4.58 While noting that 'Australian companies do not have access to the financing terms offered by some countries, making winning construction contracts outright less likely', DFAT indicated:

...opportunities do exist in other aspects of the infrastructure life cycle, and there is scope for Australia to assist countries to improve public sector governance so that procurement and Public Private Partnerships become more accessible to Australian companies. The Global Infrastructure Hub, located in Sydney, has shown an interest in Africa as part of its mandate to grow private sector opportunities in infrastructure, and any activities encouraging better practice in infrastructure procurement should be encouraged.⁷⁰

4.59 DFAT also reported that a number of African countries have established development corridors 'to support economic integration and increase opportunities for trade and investment' and in relation to these:

Australian companies with experience in the resources, energy and transport sectors are well placed to provide advice, technology, goods and services to enable integrated "pit to port" capability covering heavy haul rail, intermodal logistics and port management systems.⁷¹

67 *Submission 30*, p. 25.

68 Export Council of Australia, *Submission 24*, p. 5; DFAT, *Submission 30*, p. 4.

69 *Submission 30*, p. 24.

70 *Submission 30*, pp. 35–36.

71 *Submission 30*, p. 36.

Promoting opportunities and awareness

4.60 The committee was told about a number of forums and events which showcase Australian capabilities and promote new commercial opportunities in the African market. Two large annual global expos focussed on mining are the Africa Down Under conference in Perth and Mining Indaba in Cape Town.

Africa Down Under Conference

4.61 The Africa Down Under Conference (ADU) is an annual event held in Perth to showcase Australia's interests in African mining and energy.

4.62 Now in its fifteenth year, the most recent conference was held in Perth in September 2017. Mr Matthew Neuhaus, Special Adviser, Middle East and Africa Division, DFAT, indicated that the conference has been successful thus far, and is anticipated to expand further:

...last week [May 2017] we had the meeting of the Advisory Group on Australia-Africa Relations here in Canberra. They had a meeting with the foreign minister. One of the key things on their agenda is the expansion of the Africa Down Under mining event in Perth in early September every year—it is a well-established event—into this broad Australia-Africa Week. Indeed, the idea of having a Women in Mining event is very much on the agenda, you will be pleased to know. There is already an existing and broader Women in Mining event which this year should be on Friday, 8 September, and we want to link up with that.⁷²

4.63 The Hon. Bill Johnston, MLA, described the conference as a 'key forum in strengthening ties between DMIRS [Government of Western Australia's Department of Mines, Industry Regulation and Safety] and African countries':

ADU is a mining forum that attracts ministers and senior government officials of African countries, industry executives, as well as investors. The focus of ADU on the mining sector is significant as it is one of the most significant aspects of the trade and investment relationship between Australia and Africa.⁷³

4.64 ADU is hosted and funded by Paydirt Media. Mr Andrew Repart, Executive Chairman Paydirt Media, explained the objectives of the conference to the committee:

One of the things that Africa Down Under tried to do was to demystify Africa as a destination and also to demonstrate to the mining companies that the guys from DFAT are there to help. That's been borne out many times over. Now very much part of the routine is if you've got a project in Ghana you get to know the head of mission in Ghana and you let them know what's going on.⁷⁴

72 *Estimates Hansard*, 31 May 2017, p. 119.

73 *Submission 5*, p. 2.

74 *Committee Hansard*, 2 May 2018, p. 33.

4.65 DFAT noted that alongside ADU, Australia-Africa week is a 'key platform to showcase and promote broader business, educational, academic and cultural links between Australia and Africa'.⁷⁵

4.66 The gradual expansion of events to encompass areas other than mining was noted by the ABCSA:

Australia-Africa week and Africa Down Under (ADU) were very worthwhile events – and are now being expanded to a broader range of sectors including education, universities, science and technology. South African companies should make better use of these opportunities.

It was mentioned that ADU is the highest quality Africa-focused mining event in the world and ABCSA members supported expansion to other related business sectors. Companies from outside the mining sector should look to participate, which would also assist to broaden the scope of ADU.⁷⁶

4.67 Dr Mickler highlighted the role that ADU has come to play in exploring aspects of the Australia-Africa relationship through cooperation with other groups, particularly academia and research:

The Africa Australia Research Forum has been set up primarily by Murdoch University here in Perth alongside the Africa Down Under mining conference. That's been going for, I think, six or seven years now, and the aim of that forum was to provide a research component to an industry conference. That's usually the day prior to the main conference starting, and the idea was to get academics, government and industry in the same room and talking about the issues related to the mining industry. It was a mining specific forum and continues as part of what's now the Australia-Africa week.⁷⁷

Mining Indaba

4.68 Australia also participates in the annual Mining Indaba, held in Cape Town each February. Australian participation occurs at both business and governmental levels, with a number of Australian extractive companies appearing at the most recent Indaba, alongside the Australian High Commissioner to South Africa, the Western Australia Minister for Mines and Petroleum, and representatives of Australian industry groups such as the Australian-Africa Minerals and Energy Group (AAMEG).⁷⁸

4.69 Austrade reported that:

Facilitating Australian engagement at Mining Indaba, the world's largest mining investment conference held annually in Cape Town in February, is Austrade's major promotional activity. The Australia Lounge – managed by

75 *Submission 30*, p. 5.

76 *Submission 15*, p. 4.

77 *Committee Hansard*, 2 May 2018, p. 37.

78 Investing in African Mining Indaba, *Agenda of the 2018 Mining Indaba*, <https://www.miningindaba.com/ehome/283869/agenda/> (accessed 22 May 2018)

Austrade – is the largest exhibition space at Mining Indaba. The Lounge showcases Australia's mining, equipment, technology and services (METS) sectors and complements our business development program. It also provides an opportunity for Australian companies to develop their in-market networks and contacts.

Twenty two Australian companies and six sponsors participated in Mining Indaba in 2018.⁷⁹

Other forums

4.70 In addition to the ADU conference and Mining Indaba, the committee was advised that the Western Australian government have an Africa Forum approximately every three or four months which provides an additional meeting point for business and government. Mr Repard also noted that they would attend meetings in Canberra with DFAT representatives four or five times a year 'just filling in the gaps and planning events and things'.⁸⁰

4.71 Austrade informed the committee that in collaboration with DFAT, through their office in Kenya, they supported a delegation to Ethiopia which covered mining, infrastructure and agribusiness. In addition they have completed a series of Gourmet Australia in Africa events around several African countries. Further, Mr Gregory Harvey, Manager South Asia, Middle East and Africa, Ministerial, Economic and International Engagement Branch, Austrade, stated:

Another innovative thing we've done recently was to bring African buyers up to Gulfood, which is a major food and agribusiness show. We find that in utilising those types of events-where, obviously, they can come and talk to some other countries and suppliers-that there's already a very good and well-established Australian participation, including our peak agribusiness bodies as well as our gourmet and labelled food product manufacturers.⁸¹

79 Answer to question on notice 4, 11 May 2018 (received 1 June 2018).

80 *Committee Hansard*, 2 May 2018, p. 35.

81 *Committee Hansard*, 11 May 2018, p. 54.

Chapter 5

The role of government in increasing trade and investment with Africa

5.1 This chapter highlights suggestions made regarding the role of government in identifying opportunities and assisting Australian companies to access existing and new markets. It also includes the areas of assisting companies in-country, raising awareness and Africa literacy.

Role of Government

5.2 Evidence to the inquiry recognised the role of government in increasing trade and investment with Africa. In its submission, the Department of Foreign Affairs and Trade (DFAT) explained the role of the Australian Government:

The Australian Government has a role to play in identifying and promoting business opportunities; improving market access and advocating for a predictable market-oriented operating environment. Existing economic diplomacy efforts, on and off-continent, are important in raising the profile of Australian companies in Africa. Diplomatic missions already do a great deal to identify and promote business opportunities in their respective countries, and to assist Australian businesses operating in Africa.¹

5.3 The Australian Water Partnership noted:

DFAT posts provide a most important role in establishing contacts in-country and in facilitating the formation of relationships between the relevant country authority/partner and the Australian partner/company.²

Australian government presence in Africa

5.4 As noted in chapter 3, DFAT advised that:

Australia currently has diplomatic missions in nine of the 54 countries of Africa and Austrade has offices in five countries. We also have honorary consuls in an additional 13 countries. Australia recently opened an Embassy in Rabat, Morocco (July 2017). This addition to our diplomatic footprint will enhance Australia's influence in Morocco, and more broadly throughout North Africa and Francophone Africa.³

5.5 Figure 5 illustrates the Australian Government presence in Africa.

1 *Submission 30*, p. 38.

2 *Submission 36*, p. 4.

3 DFAT, *Submission 30*, p. 4.

Figure 5: Australian Government presence in Africa

Source: DFAT, *Submission 30*, p. 5.

Value of Australian missions

5.6 The committee received evidence highlighting the value of Australian missions in Africa, with particular reference to the role mission staff play in facilitation, introductions and building relationships. Professor Andrew Campbell, Chief Executive Officer of the Australian Centre for International Agricultural Research (ACIAR), advised:

We work very closely with the missions, particularly in East Africa. We don't operate in the Middle East or North Africa anymore and we don't operate in West Africa, but in missions in Nairobi, in Zimbabwe and in Ethiopia in particular we work closely with the heads of mission. When I or senior staff are visiting projects, we will always do so through the missions. Our ACIAR East Africa office works out of the mission in Nairobi, and we often host particular events, receptions or whatever at the Australian mission wherever possible. We also try to make sure that our activities line up with the other DFAT funded work such as the Australia Awards programs which are run by those missions. So, yes, we certainly see the

Australian missions as being critical partners for our work in East Africa and we work through them as much as possible.⁴

5.7 Professor Campbell provided further detail on the logistical support provided:

Some of that [logistical support] is provided by our own staff that are permanently based in East Africa. When Australian researchers are participating in ACIAR projects, our regional office will assist them with visas, fares, accommodation, local transport and so on, but quite often we use the convening power of the heads of mission to help us to invite VIPs to meetings and to host those meetings at the embassy or the high commission. We usually start off with an introductory discussion to make sure that we're aware of any sensitivities and vice versa so that the various parts of the Australian government are working together as closely as possible.⁵

5.8 When asked whether ACIAR's role is more problematic in countries where Australia does not have a mission, Professor Campbell advised:

To a degree. However, because ACIAR has been operating in East Africa for more than 30 years, we do enjoy good standing with governments in that part of the world. Usually we would be drawing on close contact between the Australian scientists and their counterparts in those countries over many years. Yes, it's slightly more difficult to operate where we don't have an Australian mission, but we do that in a number of places around the world and we're used to doing it.⁶

5.9 Mr Tim Carstens, Managing Director, Base Resources, spoke about the assistance they received from the High Commission in Kenya:

At an establishment level, we've had a lot of support from the Department of Foreign Affairs and Trade through the Australian High Commission in Kenya, particularly in the early days, in 2010, when we were getting the project up and moving, right through to commissioning in 2014. They provided a high degree of support for us. We were able to get our issues on the agenda, through DFAT, in second channels. We've got our own very good contacts with the Kenyan government, and always have, but having that Australian government perspective, and basically making sure that the government of Kenya understood that the Australian government was watching, was extremely valuable. And just that support of having government standing behind you is significant.⁷

5.10 Mr Rob Fisher, Chief Financial and Operating Officer, Windlab, spoke about the support his company received:

We've dealt with the High Commission in South Africa. We've met Australian Austrade and embassy officials in Kenya, which I understand is

4 *Committee Hansard*, 2 May 2018, pp. 1–2.

5 *Committee Hansard*, 2 May 2018, p. 2.

6 *Committee Hansard*, 2 May 2018, p. 2.

7 *Committee Hansard*, 2 May 2018, p. 8.

where the East African mission is based. We've had good support, a particularly from Austrade in Kenya, in terms of getting to meet the right people in the Kenyan government. We now have a joint venture with one of the county governments in Kenya that has been well supported by Austrade and the staff in the country over there. Australia has a fairly limited presence, I think, in places like Tanzania and Mozambique. That's perhaps understandable. Kenya, I think, covers those areas. But we've been reasonably pleased with the assistance we've had out of Austrade and the embassies.⁸

5.11 Dr Nathan Steggel, Technical Director, Windlab, added that the missions have provided support for things like getting visas quickly for staff that need to come to Australia for business meetings.⁹ Mr Fisher emphasised that this is important to them because:

...we do something that's fairly unusual, we find people don't know how to do what we do. We need to bring our African staff over here to train them, and being able to get them in the country efficiently is certainly something that's important to us.¹⁰

5.12 Dr Nikola Pijovic submitted that governmental presence and support is necessary to foster private sector engagement and assist companies to access markets in Africa and explained:

Having personal Australian diplomatic representation and support is important as it can help open doors to companies and markets, highlight Australia's support for a given Australian company, and promote 'brand Australia'. Also, even a minimal level of diplomatic support helps those Australian companies build credibility with local interlocutors, but can also help them fight corruption and ensure contracts are honoured.¹¹

Increasing the number of Australian missions in Africa

5.13 The potential for additional Australian diplomatic posts in Africa was raised. There were varying perspectives on where the additional missions should be located. Paydirt Media supported additional posts, particularly in Francophone Africa.¹² Dr Pijovic recommended four new diplomatic posts, over the next 15 years, in Senegal, Cote D'Ivoire, Algeria, and Mozambique.¹³

5.14 Mr Andrew Repard, Executive Chairman, Paydirt Media observed that missions were 'underbudgeted' with respect to travelling:

8 Committee Hansard, 11 May 2018, p. 3.

9 Committee Hansard, 11 May 2018, p. 3.

10 Committee Hansard, 11 May 2018, p. 3.

11 Submission 8, p. 4.

12 Committee Hansard, 2 May 2018, p. 30.

13 Submission 8, p. 2.

There were examples of heads of mission, not in more recent times but in earlier times, where they simply didn't have the budget or the capacity to cover the ground. In some of the West African countries—particularly in Accra, where they represent, I think, over seven or eight different African countries—that makes it pretty hard to be seen that often. So easier access to airline tickets and travel allowances and legs on the ground—obviously one new embassy would make a huge difference in that part of the continent.¹⁴

5.15 The committee was interested in witnesses' views on whether there is a misalignment between where Australia's economic activity is occurring in Africa and where Australia's diplomatic efforts are focused. Paydirt Media observed:

I think it's fair to say that regions come and go and commodities come and go. For example, Angola is making all the signs of really opening up for business: a change of government, a change in attitude. It will be a very different place. One of those main priorities is to open it up for mining. It's a strong oil destination. But, if that happens, there's a huge potential for Australian companies. Currently I think there are only three companies operating in Angola. As majority rule applies at the moment, the government own a minimum of 51 per cent, but they've said as late as last week that they're going to change that around, and that will shift the need for Angola to be better represented or have stronger representation...

In the case of the DRC, the Congo, there was a lot of activity going back 10 or 15 years ago, and most of the consulate stuff was handled by the Canadians, because there was no ambassador anywhere near. I think the person who looked after DRC was based in Harari, with obviously considerable priorities to deal with them on a day-by-day basis in Harari.¹⁵

5.16 Mr Dominic Piper, Editor, Paydirt Media observed the challenges of deciding on the location of Australian embassies in Africa:

...I certainly do not think that there is a need for an Australia House in Nairobi, Accra, Ouagadougou and Abuja. Although Australian investment is quite substantial within the country, it's not like there are 20,000 Australians in Burkina Faso this month. It's not that a mission is going to have a regular occurrence of people coming in looking for advice on travel and visas and reporting stolen or lost passports. So I think that you're right that, if it's a more modest office that can ensure that there is a diplomatic presence in more locations, that can only benefit those Australian companies or enterprises that are active in different countries. We don't need the grandeur that we might need with more traditional trading partners or countries with diplomatic ties.¹⁶

14 *Committee Hansard*, 2 May 2018, p. 31.

15 Mr Repard, *Committee Hansard*, 2 May 2018, p. 32.

16 *Committee Hansard*, 2 May 2018, p. 33.

5.17 Noting the opening of a post in Morocco, DFAT officials provided evidence explaining that decisions to expand Australia's diplomatic footprint are 'really based on Australia's interest'.¹⁷

It would be difficult for me to say that there is a clear set of criteria that we tick through. But, as you're aware, we have recently opened another post in Africa, in Rabat, Morocco. These things come about because—though, obviously, factors change all the time—Australia sees a clear interest that warrants such a presence. In the case of Rabat, it was clear that Morocco, out of all the African countries, was much more advanced in terms of its economic development and growth, which meant that obviously it was going to increase opportunities for Australia as well, in terms of trade and investment. So there was a lot of sense in actually having a presence in Rabat which could work as a window to Europe as well as to Africa. There are also other security reasons as to why having a presence there is really important so that we can work closely with the African continent in ensuring that we keep Australians safe.¹⁸

5.18 However, DFAT explained that they are 'looking at new models of operation going into the future for our overseas network to enable us to expand our diplomatic footprint'.¹⁹ Ms Gita Kamath, Assistant Secretary, Africa Branch, DFAT, provided the following example of opening a pop-up post in Estonia to establish an Australian presence:

One example was this year the foreign minister announced the opening of a pop-up post in Tallinn in Estonia, which is an innovative model, where you have an accredited ambassador with a post open for two months of the year and a virtual presence after that. So there are lower administration costs and less need for physical infrastructure and you don't have a traditional chancery like, you mentioned, in Kenya. It's important to have the agreement of the host government; that is a critical factor. You allow the ambassador, outside of that period when the post is open, to visit from time to time as you would when you have an ambassador who has non-resident accreditation. Then all the back-office support function can be done outside by a regional hub. That is a good model into the future, where you are looking at more contemporary work practices. You are still able establish a robust Australian presence and you can respond.²⁰

Austrade

5.19 Paydirt Media suggested that Austrade take a larger role in Africa:

17 Ms HK Yu, First Assistant Secretary, Middle East and Africa Division, DFAT, *Committee Hansard*, 11 May 2018, p. 45.

18 Ms HK Yu, *Committee Hansard*, 11 May 2018, p. 45.

19 Ms Gita Kamath, Assistant Secretary, Africa Branch, DFAT, *Committee Hansard*, 11 May 2018, p. 46.

20 *Committee Hansard*, 11 May 2018, p. 46.

Austrade's strategy in Africa [should] be readdressed to better place Australian industry. Africa's booming; the population is booming; and Austrade really needs to be a bigger player across the continent.²¹

5.20 Ms Margaret Bowen, Assistant General Manager, Ministerial, Economic and International Engagement Branch, Australian Trade and Investment Commission (Austrade) provided evidence about Austrade's international presence:

From the point of view of Austrade, as with DFAT, we manage our offshore presence as our budget allows. We focus on markets where opportunities for commercial outcomes are highest. If we had more money, we could do more, but we operate within the budget envelope we're provided and make decisions to prioritise based on what the government tells us our priorities should be but also what companies convey to us our priorities should be in terms of sector and region.²²

5.21 Further to this, Ms Bowen provided an example of when a position/resources have been relocated to reflect changes on business opportunities:

We have recently established a business development manager in Morocco. We did that because our post in Libya closed due to the civil war there. That allowed us to assess our priorities and place a business development manager in Morocco. Morocco's a prospective market. It's close to Europe. It has a relatively upwardly mobile, affluent population. We made the decision that there were opportunities there that warranted the placement of a business development manager in Morocco.²³

5.22 Austrade indicated that it manages a range of missions and events to promote commercial ties with the countries of Africa which are designed around key commercial opportunities that Austrade has identified as matching Australian capabilities. Recent examples of business and education programs delivered or supported by Austrade include:

Joint West Africa mining mission with Austmine (Ghana – October [20]17)

Business mission to Ethiopia with the Ethiopian Government (Ethiopia – November 2017)

Seamless Financial Services and Fintech program (Kenya – September 2017)

Australian mining delegation to Mining Indaba (South Africa – February 2018)

Australia Mauritius Research and Innovation Forum (Mauritius – February 2018)

Australia Unlimited – Agribusiness, Food, and Mining showcase (Morocco – February 2018)

21 Mr Repard, *Committee Hansard*, 2 May 2018, p. 30.

22 *Committee Hansard*, 11 May 2018, p. 46.

23 *Committee Hansard*, 11 May 2018, p. 46.

West Africa Education Mission (Nigeria, Ghana – April 2018)

'Gourmet Australia in Africa' (Mauritius, South Africa, Kenya, Tanzania – April 2018)

Upcoming events include:

Australian Fintech mission (Kenya – September 2018)

Gourmet Australia in Africa (Kenya, Tanzania, Ethiopia – November 2018)

Australian mining delegation to Mining Indaba (South Africa – February 2019).²⁴

5.23 In May 2017, Mr Matthew Neuhaus advised that DFAT and Austrade are working on a commercial opportunities strategy which looks beyond the extractive industry:

We are working with Austrade and recently worked on a commercial opportunities strategy which we will unveil more publicly at Australia-Africa Week. That is looking beyond mining into broader commercial engagement, which is something that is a priority for us.²⁵

Ministerial visits

5.24 Paydirt Media advocated for greater ministerial presence in Africa, and this view was reiterated by a number of witnesses.²⁶ DFAT acknowledged:

There have been no ministerial-level business delegations to Africa in recent years, although former Minister for Trade, Mr Robb used a visit to Nairobi in December 2015 to engage Australian business leaders in Kenya. Similarly, Minister for Trade and Investment, Mr Ciobo launched the Australia-Morocco Business Council in Marrakesh in October 2017. A business delegation led by a Minister or Assistant Minister to priority countries and with participation from priority sectors, would boost the profile of Australian businesses, and would be well received in Africa. It would also help to promote greater private sector linkages across sectors. A good practice would be for a Minister or Assistant Minister to lead the Australian delegation to African Mining Indaba, the world's largest mining investment conference attended by African Ministers which is held in Cape Town in February each year. The Government is conscious that forward travel programs for Ministers are heavily committed and to the extent possible would look to continue to leverage off Ministerial travel to the region, for other international meetings, such as participation in IORA or WTO meetings as appropriate.²⁷

24 Austrade, answer to question on notice 4, 11 May 2018 (received 1 June 2018).

25 Acting First Assistant Secretary, Middle East and Africa Division, DFAT, *Budget Estimates Hansard*, 31 May 2017, p. 119.

26 Mr Repard, *Committee Hansard*, 2 May 2018, p. 30.

27 *Submission 30*, p. 38.

5.25 DFAT also advised that it supports the visits of African ministers and officials to Australia, for example:

...members of South Africa's Parliamentary Committee on Mineral Resources visited Western Australia during July-August 2017, and we are expecting a delegation from South Africa's health and mining sectors to visit Australia during October to study Australia's approach to mining-related health and compensation issues. DFAT also operates a Special Visits Program (SVP) funding the visit of nominated special visitors to Australia.²⁸

Parliamentary visits

5.26 Mr Neuhaus pointed out that the parliament can also assist in building relationships with African countries:

The parliament can make a big difference in building those relationships. In fact, the very fact you have an Australian senator of Kenyan origin now has sent a powerful signal. More importantly, I hosted several delegations to Zimbabwe, Zambia and so forth during my time there as ambassador—Senator Moore was on two of those, in fact—and I thought this made a really big difference. There had been a commitment early on to try and make these delegations annual. I know it's not quite always worked, but that could be very helpful.

It's also good that the parliament is now fully involved in the Commonwealth Parliamentary Association. I was speaking to the Speaker at the Mauritius National Day from the House of Representatives. He'd been to Seychelles and Mauritius recently. That had a big impact and made a difference. Increasing familiarity of parliamentarians and preparedness, both of ministers and non-ministers, to go on visits to Africa to build those personal relationships—and, indeed, parliamentarians from our state parliaments—makes a big difference to building up the relationship. I'd particularly like to thank Senator Reynolds for attending Indaba. That had a big impact at that time.²⁹

Advisory Group on Australia-Africa Relations

5.27 In September 2015 the Advisory Group on Australia-Africa Relations (AGAAR) was launched by the Minister for Foreign Affairs, the Hon. Julie Bishop MP, with the 'aim of providing the Commonwealth Government with advice on advancing and diversifying Australia's growing relationship with Africa'.³⁰

28 *Submission 30*, p. 38.

29 *Committee Hansard*, 11 May 2018, p. 51.

30 Advisory Group on Australia-Africa Relations, *A Strategy for Australia's Engagement with Africa*, December 2016, p. 1, <http://dfat.gov.au/about-us/publications/Documents/a-strategy-for-australias-engagement-with-africa.pdf> (accessed 24 May 2018).

5.28 AGAAR also released a strategy paper in December 2016 outlining a number of focus areas and recommendations for the development of Australia-Africa relations.³¹

5.29 Dr Casta Tungaraza, Chair, AGAAR, explained that although most of the recommendations from the strategy paper have not been implemented, AGAAR is 'discussing how those recommendations will be implemented, because they're really critical in enhancing these relations between Australia and Africa'.³²

5.30 Dr Tungaraza outlined AGAAR's achievements to date:

We have completed that [the strategy], and a major initiative of AGAAR that we were also looking at was the establishment of the Australia-Africa week to ensure that we do not only focus on mining but bring in other sectors. We have been able to attract infrastructure. We have been able to attract a women in leadership program—the Australia-Africa Women's Forum—which is one of the priorities for Africa and also a priority and interest for Australia. We are also now in the phase of implementing Australia-Africa trade and cultural export. We started at a very small scale for the past two years; however, now we are going to have major export during the Australia-Africa week on 31 August and 1 September with the support of the heads of missions in Africa. We've had a lot of discussion about that, and the focus will be agriculture, tourism and other areas that have not yet grown in our relationship with Africa. So I think that will be another major milestone and achievement for AGAAR.³³

5.31 DFAT advised the committee that a large number of AGAAR's recommendations have been either implemented or partially implemented:

[B]ecause a lot of them are part of our core business, whether it's increasing trade and investment, supporting Australia-Africa Week or deepening engagement on multilateral issues. Many of these recommendations align very squarely with the foreign policy white paper and so guide our engagement with Africa as it is. So I think the answer is, in large part, yes. Of the recommendations that haven't been implemented, some would require additional funding.³⁴

5.32 Some witnesses, including His Excellency Mr Isaiya Kabira, High Commissioner of Kenya, suggested that the role of AGAAR could be expanded into a more public-facing role, working directly to strengthen the Australia-Africa relationship:

I know of organisations like AGAAR. We want to thank the Australian government for establishing the Advisory Group on Australia-Africa

31 Advisory Group on Australia-Africa Relations, *A Strategy for Australia's Engagement with Africa*, December 2016, <http://dfat.gov.au/about-us/publications/Documents/a-strategy-for-australias-engagement-with-africa.pdf> (accessed 24 May 2018).

32 *Committee Hansard*, 2 May 2018, p. 38.

33 *Committee Hansard*, 2 May 2018, p. 38.

34 Ms Kamath, *Committee Hansard*, 11 May 2018, p. 52.

Relations. They need to be more empowered, because right now they are still trying to build capacity to try and see how best they can build these relations. But if they're just going to be a boardroom talk-shop then they're not taking this relationship between Africa and Australia to a very high level. You could use institutions like AGAAR to try and create this communication....³⁵

5.33 Ms HK Yu of DFAT acknowledged that, while the function of AGAAR is primarily advisory, the group is open to suggestions for new ways in which it can fulfil this role:

I'd be very interested to hear if the diplomatic corps here had any particular suggestions, because we are very open to ensuring that AGAAR members receive those suggestions. DFAT provides assistance to AGAAR, but, unlike other councils of a similar nature, it does not provide grants. Perhaps that is where they were getting it. This is really an advisory body that's been set up to provide advice on a whole suite of issues that the government may have to deal with, but also for members to use their own networks—personal and professional—to further strengthen Australia-Africa ties. We are starting to see some good results out of that. So it's hard, I think, to just see what AGAAR by itself is producing in terms of what it may be communicating on the website. I think it's important we look at the whole suite of work and different streams of initiatives and projects that members themselves are progressing through this interaction.³⁶

Sectoral assistance

5.34 Windlab made the following suggestions of how the Australian Government can assist in the area of renewable energy:

Engagement with prospective countries' governments to ensure alignment with development of projects best practices;

Hosting of study groups to investigate how the Australian market has been able to build a complete renewable energy industry;

Assisting foreign governments in understanding incentives with regards to renewable energy and how foreign governments can attract large foreign investment through the renewable energy;

Assisting foreign governments in understanding the impact that renewable energy can have on their electricity grids;

Ensuring best practice with regards to community engagement and ensuring that the surrounding areas to any renewable energy project are able to benefit from renewable energy.³⁷

35 *Committee Hansard*, 11 May 2018, p. 25.

36 Ms HK Yu, DFAT, *Committee Hansard*, 11 May 2018, p. 48.

37 *Submission 7*, p. 3.

Travel advice

5.35 DFAT, through their Smartraveller scheme, maintains up-to-date travel advisories on foreign countries. These advisories reflect a range of factors that contribute to the safety and security landscape in those countries.³⁸ Witnesses told the committee that they rely on DFAT travel advice when making decisions around commercial activities but as discussed in chapter 3, will also look at the advice of other governments and some seek their own advice.³⁹

5.36 The committee spoke to heads of mission representing 16 African countries, who expressed concern that they are not consulted in the preparation or revision of travel advisories for their countries. Some heads of mission felt that these advisories did not accurately reflect their countries' safety and security situation and may have a detrimental effect on the trade relationship between Australia and Africa, particularly in the tourism sector.⁴⁰

5.37 DFAT responded that advice is updated as required and:

I think this is a common issue that quite a lot of countries around the world would raise with Australia. Obviously the country heads of mission have a great incentive to ensure that their country is portrayed as extremely safe for travel. But our approach to determining the travel advice is consistent across the whole, and it is actually done with great input from the posts, from on the ground, to assess, at the end of the day, safety of Australians on the ground.⁴¹

5.38 Mr Neuhaus added:

...we do actually also cross-reference with like-minded countries, like the US, the UK and Canada. And, while there may be some differences, generally we're all in the same ballpark. Over the last three years, when I've been heading up the Africa branch and then the division, we've had constant communication with ambassadors around these issues, and we have changed advisories as things have become more secure. Tunisia was one such example. Kenya itself is another example, because there were a lot of terrorist incidents some years ago, and there are fewer incidents now. Every so often there can be incidents, and we have to take a cautious approach because it's Australian lives that are potentially at stake...⁴²

Increasing Africa literacy

5.39 Dr David Mickler argued there is a need for greater Africa literacy:

I think there is a real lack of knowledge on both sides of each other, and this is a hindrance to deepening engagement right across the board,

38 *Committee Hansard*, 11 May 2018, p. 50.

39 See for example Dr Steggel and Mr Fisher, *Committee Hansard* 11 May 2018, p. 4.

40 *Committee Hansard*, 11 May 2018, p. 20.

41 Ms HK Yu, *Committee Hansard*, 11 May 2018, p. 50.

42 Mr Neuhaus, DFAT, *Committee Hansard*, 11 May 2018, p. 51.

including in trade and investment...In my view, this should involve building an Africa-literacy program in this country, similar to what has been undertaken with Asia over the last 30 years and which we've seen the fruits of today. This would include everything from education programs to student exchanges to promoting cultural events, high-level delegations and so on, to build a level of knowledge and awareness, at least on the Australian side of the African continent. This is really the starting point, I think, for all of the other types of relations to follow.⁴³

5.40 Submissions also suggested that the Australian Government has a role to educate Australian businesses about opportunities that may be available in the countries of Africa. Mr Gordon Chakaodza advised the committee he had observed that the Australian business community 'did not always fully understand the opportunities that were available in Africa'.⁴⁴ Mr Chakaodza suggested 'there is room for the Australian Government to facilitate the education process here in Australia', including workshops in states and territories about the opportunities and risks of operating in Africa.⁴⁵

5.41 The 2011 inquiry undertaken by the Joint Committee included a recommendation that a Centre for African Studies be established and funded by the then Department of Education, Employment and Workplace Relations. The recommendation specified that the Department 'provide sufficient funding so that the Centre can undertake research, education and training functions'.⁴⁶

5.42 The government response noted:

DEEWR is unable to fund the establishment of a Centre of Africa Studies at this time. Mechanisms and priorities for supporting increased educational engagement with Africa and with other regions and countries will be considered in the development of the five year national strategy to support the sustainability and quality of the international education sector.⁴⁷

5.43 The establishment of an Africa research centre was again raised in the committee's current inquiry. Dr Mickler explained his vision for such a research centre:

This kind of centre could be a repository or one-stop shop for doing the research, obtaining the data and providing the data to a range of different stakeholders across government, industry and community who would like to build on that. I would see it as having a research role. It would spur projects of mutual research interest across the continent. That could be right

43 *Committee Hansard*, 2 May 2018, p. 36.

44 *Submission 14*, p. 2.

45 *Submission 14*, p. 2.

46 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Inquiry into Australia's relationship with the countries of Africa*, 2011, Recommendation 10, p. xxxiv.

47 Government response to the Report of the Joint Standing Committee on Foreign Affairs, Defence and Trade on the *Inquiry into Australia's relationship with the Countries of Africa*, p. 7.

across the mining, agriculture, development, public health and governance areas. The funding would then include providing money for collaborative research projects that are jointly developed and jointly executed and then presented publicly, but it would also have an education and training capacity. It would provide university courses that focus on Africa. We offer a couple of those at my university currently, and seeing Australian students having the opportunity to study Africa as a focus has been really interesting. They come from a very low base and at the end of the course are very interested in and excited about the continent, and I see this as a really important role that could be expanded, but there is also a training role. It could be research training. It could be training in vocational areas. It could be a whole range of short-course training both for Australian companies and governments about to work in Africa or for African governments seeking to draw upon Australian expertise.⁴⁸

5.44 Dr Mickler explained that in the absence of a larger research centre with a broad focus, other forums have emerged to facilitate Australia's relationship with Africa including:

- the Australia-Africa Universities Network—university membership based network with approximately 10 Australian and 10 African university members. The network meets twice a year (once in Africa and once in Australia) and provides a small grant each year 'to develop collaborative research projects'; and
- the Africa Australia Research Forum, set up primarily by Murdoch University alongside the ADU conference. This forum was established to provide a research component to the conference and provides an opportunity for academics, industry and government to discuss issues ahead of the ADU conference.⁴⁹

5.45 Dr Mickler advised that while these forums are important, they are operating 'in lieu of having something more institutionalised' and they have 'reached the limits of what can be achieved as network based collaborations and are obviously running on very small budgets'.⁵⁰

5.46 Support for such a centre was reiterated by Professor Helen Ware, who stated that:

As an academic, my support for Recommendation 10 to establish a Centre for African Studies (CAS) may well appear self-interested, but such a Centre could be of significant assistance in promoting Australian understanding of Africa, strengthening trade and investment relationships and assisting small to medium companies understand the African context.⁵¹

48 *Committee Hansard*, 2 May 2018, p. 37.

49 *Committee Hansard*, 2 May 2018, p. 37.

50 *Committee Hansard*, 2 May 2018, pp. 37–38.

51 *Submission 12*, p. 1.

5.47 Dr Kathryn Sturman from the Sustainable Minerals Institute at the University of Queensland also supported a multi-disciplinary Centre for African Studies.⁵²

5.48 Dr David Lucas, Academic Visitor, School of Demography, ANU also called for a centre for African studies noting that 'Australia has a substantial body of expertise but this is fragmented and uncoordinated'.⁵³ He emphasised that even without a centre there is still a need to improve dissemination of information for business and researchers and suggested an alternative could be a virtual centre.⁵⁴

Australia awards

5.49 Australia Awards Scholarships 'can play a constructive role in helping to build public sector and regulatory capacity in countries and sectors of commercial relevance to Australia, such as mining governance'.⁵⁵ More detail is included in chapter 6.

52 *Submission 33*, p. 4.

53 *Submission 17*, [p. 2].

54 *Submission 17*, [pp. 2–3].

55 DFAT, *Submission 30*, p. 6.

Chapter 6

Aid and achieving the sustainable development goals

Introduction

6.1 This chapter will examine Australia's aid funding to Africa, including an overview of Australian aid to Africa, Australia's 'aid for trade' policy, the work of the Australian Centre for International Agricultural Research (ACIAR), the Australia Awards program, and the potential for partnerships, particularly in the areas of mining and renewable energy technology. The chapter will also discuss the role of Australian trade and investment in helping to achieve the United Nations Sustainable Development Goals in Africa.

Aid overview

6.2 Historically, Australia has been party to a number of multilateral agreements that have informed our approach to aid funding in Africa. Agreements such as the 2005 Paris Declaration, and subsequent Accra Agenda in 2008, saw Australia undertake to co-ordinate its aid funding with other donor countries to increase the effectiveness of our contributions.¹

6.3 Australian aid contributions to African countries are currently concentrated in Sub-Saharan Africa, and total \$121.1 million for budget year 2018–19.²

6.4 On 29 May 2017, the Minister for Foreign Affairs, the Hon Julie Bishop MP announced that the government would provide an additional \$19.3 million to provide emergency food, healthcare, water and sanitation to people in South Sudan, Ethiopia, Nigeria and Kenya.³

6.5 The Minister indicated that the additional funding would bring the government's contribution towards the international response to conflict, drought and famine in Africa to \$68 million since July 2016. This additional funding:

...supplements Australia's regular funding to United Nations Central Emergency Response Fund and humanitarian organisations to respond to humanitarian crises globally, including in Africa.⁴

Amount of aid

6.6 World Vision Australia pointed out that the Australian Government has 'reduced its ODA [official development assistance] to the countries of Africa and the

1 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's Relationship with the Countries of Africa*, June 2011, pp. 41–42.

2 Department of Foreign Affairs and Trade, *Australian Aid Budget Summary 2018-19*, May 2018, pp. 70–75.

3 'Humanitarian assistance to Africa', *Media release*, 29 May 2017.

4 'Humanitarian assistance to Africa', *Media release*, 29 May 2017.

Middle East over the last five years as it refocuses aid on the Asia Pacific region and reduced the overall aid budget'.⁵ It highlighted that:

This decline in Australia's ODA [Official Development Assistance] to African countries may be problematic for Australian trade in the region as there is an emerging correlation between aid and trade.⁶

6.7 It also suggested that:

...if Australia intends to grow its trade and investment with the countries of Africa, then it should increase its foreign aid to the region. Instead of withdrawing from Africa, Australia should instead work with the emerging economies of Africa to assist their development and help integrate them into Australian and international markets.⁷

Aid for Trade

6.8 World Vision Australia noted that the World Trade Organization defines aid for trade as:

...helping developing countries, in particular least developed, to build the trade capacity and infrastructure they need to benefit from trade opening.

Aid for trade was borne out of the recognition that although international trade is an essential driver for economic growth and therefore poverty reduction, developing countries often lack the capacity to realise these benefits of trade.

Aid for trade now represents approximately 30 per cent of global ODA flows each year.⁸

6.9 Currently, Australian aid to Africa is largely structured around a policy of aid for trade. The Department of Foreign Affairs and Trade (DFAT) describes this as follows:

Through aid for trade, Australia assists African and other developing countries to integrate into the global trading system by creating a business-enabling environment for all players.

African countries should continue to be included in aid for trade engagement, particularly where there is opportunity to improve the regulatory environment and enhance trade facilitation across the continent.⁹

6.10 A number of submissions to the inquiry expressed their support for the current policy of aid for trade, noting that access to global markets for the purpose of trade

5 *Submission 28*, p. 6.

6 *Submission 28*, p. 7.

7 *Submission 28*, p. 7.

8 *Submission 28*, p. 3.

9 *Submission 30*, p. 40.

can be an effective method of achieving development outcomes.¹⁰ In its submission, the Export Council of Australia highlighted the benefits of this policy:

Aid for trade investments in support of policy and regulatory reform in developing countries can help close the gap in rules, administration and standards between developing countries and developed countries. In doing so, it encourages trade and investment across borders. Aid for trade provides the necessary hand-up for entrepreneurs and new businesses in developing countries to grow and create new jobs. Their success provides opportunities for Australian firms to form partnerships with them, including through the provision of support services and a link in global value chains.

Aid for trade can also be a useful tool in encouraging developing country partners to continue their engagement in multilateral forums, undertake reforms for economic growth and advocate the benefits of trade. Aid for trade investments could provide reformist governments in developing countries with clear evidence of the positive impacts of trade-related reforms and capacity building, especially if those investments are targeted at relevant groups, such as small businesses and women.¹¹

Focus of aid

6.11 The Export Council noted, however, that Australia has focussed the majority of its aid for trade in the Asia-Pacific region. It suggested that aid for trade needs to expand beyond Asia Pacific to 'include more strategic economic initiatives in Africa that can facilitate trade and investment'.¹² It continued:

Australia's development assistance through aid for trade needs to be better incorporated strategically in the pursuit of Australia's foreign and trade agendas. Assistance to developing countries to enable them to trade can have a positive impact on the poor, and their prosperity can benefit Australia in terms of improved security and trade relationship.¹³

6.12 World Vision Australia was also of the view that the regional allocation of aid for trade expenditure is in need of review to ensure that it is targeted towards countries with the greatest need:

Africa, despite arguably having the greatest need for trade capacity building, received the least funding. According to Global Finance Magazine, all ten of the poorest countries in the world are located in Africa, as measured by their gross domestic product and purchasing power parity per capita. World Vision Australia therefore recommends that the Australian Government review its regional allocation of aid for trade funding to ensure expenditure is targeted towards countries with the greatest need, while also keeping in mind the huge potential of future trade with Africa. Australia should not divert aid for trade funding from other

10 For example, see World Vision Australia, *Submission 28*.

11 *Submission 24*, p. 7.

12 *Submission 24*, p. 7.

13 *Submission 24*, p. 7.

regions of the world, but rather increase net aid for trade funding to Africa and, in doing so, increase the proportion of the aid for trade budget allocated to Africa.¹⁴

6.13 With expenditure distributed across three broad topic categories: trade policy and regulations; economic infrastructure; and building productive capacity, World Vision Australia noted:

In recent years, Australia's aid for trade expenditure has been weighted more heavily towards economic infrastructure. According to the Performance of Australian Aid 2015 report, Australia spent 61 per cent of aid for trade funding on infrastructure, 30 per cent on productive capacity building and 7 per cent on macro trade policy and regulations over the reporting period. Prior to 2013, Australia spent 50-60 per cent of aid for trade on productive capacity building.¹⁵

6.14 World Vision Australia suggested that 50–60 per cent of aid for trade funding should be allocated to productive capacity building to 'improve the capacity of African countries and peoples, especially small-holder farmers, producers and micro-entrepreneurs, to engage in local, national and international trade'.¹⁶

6.15 World Vision Australia stressed:

While the importance of providing economic infrastructure has been established, it is more effective when coupled with increases in labour force and supply-side capacity...Australia's aid for trade portfolio could be strengthened by increasing investment in the productivity and supply-side capacity of micro enterprises, SGBs, [Small and Growing Businesses] smallholder farmers and producers – particularly women and those operating in the informal sector. These interventions should be integrated as part of Australia's broader trade facilitation and reform efforts.¹⁷

6.16 Noting that investment by Australian companies operating in Africa exceeds aid funding, ActionAid was of the view that:

...further trade and investment in Africa should be matched with an investment of aid geared towards civil society strengthening. This is critical to not only protecting Australia's business interests but also ensuring that trade and investment relationships contribute to poverty reduction over the longer term.¹⁸

6.17 Acknowledging that Australia cannot match Chinese aid for example on a quantum basis, Mr Fessehaie Abraham noted that Australia should focus on areas of particular strength when allocating aid funding:

14 *Submission 28*, pp. 3–4.

15 *Submission 28*, p. 4.

16 *Submission 28*, p. 1.

17 *Submission 28*, p. 13.

18 *Submission 16*, p. 1.

Obviously Australia can't match the billions that the Chinese or any other big governments are going to do. I think the main thing is psychological, that wanting to do things. At the strategic level, if Australia decides it wants to fully engage with Africa economically then obviously things will follow. There could be some technical cooperation to facilitate economic development. There may well be some things similar to Aid for Trade or there could be a huge drive for capacity building and for governance. It's one thing for Africa to develop, but I think the other side is for that development to be used for the betterment of the people, to have the right governance and to have the right skills. I think the opportunities are quite huge in agriculture. The untilled land in Africa is huge. Certainly the government could create some incentives for some Australian companies to move to Africa. It's all about backing Australian companies or even trying to interest them. If there is a will, I'm sure there would be 100 ways that Australia can support. The current ODA allocation is very small. Clearly, if the government is going to move, that amount has to increase, not just for humanitarian but mainly for the economic empowerment of Africa.¹⁹

Australian Centre for International Agricultural Research

6.18 As noted in chapters 3 and 4, the Australian Centre for International Agricultural Research (ACIAR) is an Australian Government statutory authority within the Foreign Affairs portfolio. ACIAR specialises in leveraging Australian agricultural research to assist developing countries.²⁰

6.19 ACIAR operates in 11 African countries, primarily in eastern and southern Africa, and is funded from the Australian aid budget.²¹ ACIAR 'invests 15 percent of its annual administered appropriation of about \$96.8 million to projects in 11 countries in eastern and southern Africa'.²²

6.20 ACIAR states that, due to climatic and environmental similarities between certain regions of Australia and Sub-Saharan Africa, their development approach is to leverage Australian agricultural expertise in these challenging conditions:

On opposite sides of the Indian Ocean, the agricultural environments of Africa and Australia have much in common — the wet tropics of Rwanda with northern Queensland, the semi-arid tropics of eastern Africa with central Queensland, and the arid rangelands of Ethiopia and southern Africa with the Northern Territory. Accordingly, Australian agricultural science has expertise that is directly relevant in the African context and for more than three decades ACIAR projects have used this expertise in its research for development to deliver sustainable development outcomes in eastern and southern Africa. Although ACIAR does not work exclusively with Australian companies, ACIAR plays a role in taking Australian expertise and technological innovations to developing countries through their

19 *Committee Hansard*, 11 May 2018, p. 9.

20 ACIAR, *Submission 9*, p. 1.

21 Professor Andrew Campbell, ACIAR, *Committee Hansard*, 2 May 2018, p. 1.

22 ACIAR, *Submission 9*, p. 1.

application in ACIAR projects throughout eastern and southern Africa with great success.²³

6.21 ACIAR's involvement in Africa has resulted in improvements to supply chains through initiatives such as the Australia-Africa Plant Biosecurity Partnership (AAPBP). This partnership has not only improved food security in Africa, a major barrier to development, but improved market access for farmers in 10 countries in eastern and southern Africa:

To assist with overcoming these barriers and impediments to trade and food security, ACIAR developed the Australia–Africa Plant Biosecurity Partnership (AAPBP). Established in 2014, the first phase of the AAPBP was a three-year \$1.7 million investment. Harnessing Australia's world-class biosecurity expertise and led by the Plant Biosecurity Cooperative Research Centre, the AAPBP has directly enhanced plant biosecurity capacity in Africa by sharing Australian expertise with African colleagues through a program of capacity building activities and knowledge exchange. Longer-term benefits to Australia's plant biosecurity and market access interests should also accrue due to improvements in pest management and certification processes for plant products, such as cut flowers, exported from Africa to Australia.²⁴

6.22 ACIAR has also exported a number of other Australian innovations to African countries, including vaccines, resilient farming models, and agricultural equipment well-suited to African conditions.²⁵

6.23 Additionally, ACIAR fund their own scholarship program, providing support to partner country scientists and economists working on ACIAR projects. The John Allwright Fellowship and the John Dillon Fellowship allow recipients from partner countries to obtain postgraduate qualifications at Australian universities, or to participate in career development activities in Australia, respectively.²⁶

6.24 Professor Andrew Campbell, Chief Executive Officer, ACIAR, outlined the benefits of these fellowships to the committee:

There are many Australian awards recipients of Australian scholarships across Africa. Our ACIAR-funded John Allwright Fellowship and John Dillon Fellowship also have African participants. That's a very good long-term investment for Australia in building future leadership across the region. I think we could do a better job than we are now. We're trying to improve on staying in touch with those people after they go back, through an alumni program, so that we have a lifelong relationship with those people rather than just while they're receiving their scholarships.²⁷

23 *Submission 9*, p. 2.

24 ACIAR, *Submission 9*, pp. 1–2.

25 ACIAR, *Submission 9*, pp. 2–3.

26 ACIAR, *Capacity Building*, <http://aciarc.gov.au/page/jobs-and-awards> (accessed 12 June 2018).

27 *Committee Hansard*, 2 May 2018, p. 3.

Australia Awards Scholarships in Africa

6.25 The Australia Awards Scholarships provide funding to foreign students seeking to undertake short course and Masters-level study in Australia. These awards form an important part of Australia's bilateral relationship with many African countries, particularly in Sub-Saharan Africa.²⁸ DFAT provided the following information on the benefits of the Australia Awards program:

Australia's flagship aid investment to Africa is a substantial but targeted Australia Awards Scholarship program. Australia Awards bring many benefits for Australia and recipients' home countries including investment, job creation and wealth generation. Through Australia Awards, we contribute to African leadership and human capacity development in the areas of extractives, agricultural and public policy, where Australia has extensive experience and expertise. By contributing to African leadership and skills development in these fields, Australia Awards are also supporting Australia's national interest in the security, stability and prosperity of Sub-Saharan Africa. Australia Awards have been offered in Africa since the 1960s. Australia will fund up to 500 short and long term awards for African students in 2018.²⁹

6.26 The annual value of the Australia Awards—Africa program is \$31.9 million,³⁰ funded through Australia's aid budget.³¹ DFAT estimated that there are currently approximately 6000 alumni of the Australia Awards Program in Africa,³² and identified this group as an important mechanism in the development of strong people-to-people links between Australia and Africa.³³

6.27 Ms HK Yu, First Assistant Secretary of the Middle East and Africa Division at DFAT stated:

I think the Australia Awards are one of the most effective ways to build relationships with countries. Often, we find students through the Australia Awards going back to their country and taking on significant roles of decision-making and influence. Those relationships have actually really assisted in advancing Australia's interest in so many ways. So while we may not have a great deal that we are really allocating to Africa, with what

28 DFAT, *Submission 30*, p. 8. See also: Ms HK Yu, DFAT, *Committee Hansard*, 11 May 2018, pp. 53–54.

29 DFAT, *Development Assistance in Sub-Saharan Africa: Australia Awards in Sub-Saharan Africa*, <http://dfat.gov.au/geo/africa-middle-east/development-assistance-in-sub-saharan-africa/Pages/australia-awards-sub-saharan-africa.aspx> (accessed 12 June 2018).

30 Ms Gita Kamath, DFAT, *Committee Hansard*, 11 May 2018, p. 53.

31 DFAT, *Aid - Investment Priorities: Education and Health*, <http://dfat.gov.au/aid/topics/investment-priorities/education-health/Pages/education-and-health.aspx> (accessed 7 June 2018).

32 DFAT, *Submission 30*, p. 8.

33 Ms HK Yu, *Committee Hansard*, 11 May 2018, pp. 53–54.

we do have we believe that the Australia Awards program has actually served Australia very well.³⁴

6.28 Mr Andrew Dinning, a Director of the Australia-Africa Minerals and Energy Group (AAMEG), suggested that the program should be more strongly linked to capacity building in funding recipients' home countries:

I think anything that builds capacity there is good, but you need to look at what [scholarship recipients] go back to. If someone has a scholarship and then uses that to spring into Europe or Canada or wherever to work offshore, we haven't achieved anything...When we talk about capacity building, it's about people having those business skills and that business understanding, and it's about those people getting into the decision-making processes within the government. A lot of countries already have the processes there that you need; it's just that they're applied inconsistently or ignored.

So I think the education program is great, but there needs to be some hook to tie them to going home and doing something useful rather than using it as a springboard into either a high-paying job with an NGO or an offshore job. It should be about building capacity and it should be quite targeted, in my mind.³⁵

6.29 In order to strengthen connections with alumni of the Australia Awards program, DFAT have stated that they work with a number of alumni networks across Africa in order to deliver further training opportunities to former Australia Awards recipients:

The Australia Awards Alumni Ambassador initiative taps into the enormous potential of alumni by forming a cadre of volunteer champions across the continent committed to promoting and representing the Australia Awards program in Africa and further raising the profile of Australia in Africa. There are currently 24 alumni associations across Africa. We offered nine training opportunities to support 98 alumni in 2017, eight of which took place in Africa.³⁶

Partnerships

6.30 As mentioned briefly in chapter 4, witnesses also drew attention to the potential for partnerships between government and business for the delivery of development projects in Africa, particularly in sectors of Australian expertise. Witnesses that advocated for this aid partnership model drew attention to the mutual benefit for communities in developing areas, and the financial benefit for Australian companies who would receive support in accessing new markets.³⁷

34 *Committee Hansard*, 11 May 2018, pp. 53–54.

35 *Committee Hansard*, 2 May 2018, p. 27.

36 DFAT, Development Assistance in Sub-Saharan Africa: Australia Awards in Sub-Saharan Africa, <http://dfat.gov.au/geo/africa-middle-east/development-assistance-in-sub-saharan-africa/Pages/australia-awards-sub-saharan-africa.aspx> (accessed 12 June 2018).

37 Dr Michael Ottaviano, Carnegie Clean Energy, *Committee Hansard*, 2 May 2018, p. 15.

6.31 Mr Edwin Adjei, High Commissioner of the Republic of Ghana was supportive of this model:

Earlier on, the issue was raised of what else can be done in strengthening how companies operate. At the moment, we are looking at an Africa beyond aid. In Ghana, for example, we have embarked on a program called Ghana Beyond Aid. Africa is not only looking for aid; we are looking for strengthened partnerships in areas where we have a competitive advantage, where we can benefit from ideas from Australian companies that operate in Africa and where they can also benefit from what Africa is doing. We have highlighted in what we are presenting that African countries are aware of the need to improve the business environment in their various countries, and they are doing quite a lot in that regard. That should be an encouragement for Australian companies to be able to take that bold step and enter into Africa. There are so many other sectors that are open for investment. We are talking of infrastructure development, iron and steel industry, garments and textiles, pharmaceuticals, the petrochemical industry and so on. All these are open.³⁸

Mining

6.32 Noting the importance of African countries benefiting from their natural resource endowments,³⁹ as described in chapter 4, mining companies are also contributing to improving outcomes for communities. The partnership between Business for Development, Base Resources and the Cotton On Group in the form of the Kwale cotton project is one example providing numerous benefits. Ms Meg Kauthen, of Business for Development, described the model as follows:

We follow a model which very much is not a handout but a hand up, giving them the training and capacity to understand the agricultural inputs that are required with a view that they look after the program independently themselves. We also established what is called a long-term inclusive commercial enterprise, whereby the farmers have established a business which is an inclusive agribusiness. There is a CEO and there are members of that business. Each farmer that belongs to the program is a shareholder.

It's like a co-op—essentially, it's like a co-op. So as the program grows so does the cooperative grow. Initially, we started with a hundred farmers and got their confidence. They don't designate the whole farm to the commercial cash crop; it's only a portion of that because they have food security issues. Then, over time, we've grown to 3,000 farmers. Because of the confidence in the program and the confidence in the government, hopefully, that is going to grow to 10,000 farmers by 2020. That is how we have grown slowly and built the confidence in the community that this is a program for them and owned by them, as opposed to a handout mentality.⁴⁰

38 *Committee Hansard*, 11 May 2018, p. 26.

39 Oxfam, *Submission 35*, p. 7.

40 *Committee Hansard*, 2 May 2018, p. 10.

Renewable energy technology

6.33 The potential to partner the mining industry with renewable energy was pointed out to the committee. The committee heard from a number of witnesses who described limited access to power in many regions of Africa, and the unreliability of supply in areas that are connected to an energy grid. Rolling blackouts and brownouts were described as being common in many areas.

6.34 Mr Rob Fisher, Chief Financial and Operating Officer, Windlab, characterised the energy landscape in Africa as follows:

The reason we as an Australian company are in Africa is that there is a fundamental shortage of electricity. The continent is largely unelectrified, although admittedly that is not uniform: South Africa has high rates of electrification, albeit with ageing infrastructure and rolling blackouts and brownouts. A country like Tanzania might have rural electrification of less than one per cent.⁴¹

6.35 Mr Fisher also stated that improved energy connectivity, and particularly renewable energy, could play a role in economic development across Africa:

Electrification is an opportunity to assist African economic development. It is our view, and that of many industry experts, that the cheapest way to electrify Africa is with renewable energy. There is now strong evidence that wind in particular, and solar to a lesser extent, are the cheapest forms of new generation available today.⁴²

6.36 In his evidence to the committee, Dr Michael Ottaviano, Managing Director of Carnegie Clean Energy, stated that microgrid technology may be a means to provide electrification to regions of Africa that are currently off-grid. He also indicated that Australian companies are well positioned to deliver this infrastructure, particularly through co-operation with mining companies:

The opportunity here that we would see in an African context would be to leverage our world-leading mining capability that we export to Africa...bundling that capability up with a power and potentially water solution capability. They're going in, effectively, almost packaged into country, and the benefits there are then multiple. One is that we're exporting not just mining capability but a more sustainably based mining capability powered by renewable energy microgrids, and, obviously, bringing infrastructure into these developing countries in Africa.⁴³

6.37 Dr Ottaviano also suggested that the development of renewable energy infrastructure in African countries may constitute an effective use of Australian aid and development funding, delivering benefits to communities in those areas and to Australia businesses:

41 *Committee Hansard*, 11 May 2018, p. 1.

42 *Committee Hansard*, 11 May 2018, p. 1.

43 *Committee Hansard*, 2 May 2018, p. 15.

...when we look at the way that we distribute aid and development funding, if we were using that to actually have the benefit of developing local industry at the same time and developing an export market around specific capabilities, power systems being one, then we would capture a much broader range of benefits. We certainly see, when we're out in the field talking to other developing nations, that other governments do that very well.⁴⁴

6.38 Mr Rajiv Babooram, Economic Counsellor of the Mauritius High Commission, gave an African perspective on the role that Australia could play in this sector:

...in new sectors such as renewable energy and more towards sustainable development goals in the sectors related to innovation and technology, Australia enjoys a very good reputation, and I think that, in Africa today, this is what the demand is for these new sectors.⁴⁵

Sustainable development goals

6.39 In September 2015, the United Nations endorsed the non-binding 2030 Agenda for Sustainable Development (the 2030 Agenda). The 2030 Agenda is made up of 17 Sustainable Development Goals (SDGs) with 169 targets and applies to all countries at all stages of development, including Australia. They lay out a path to end extreme poverty, fight inequality and injustice, and protect the planet, and provide a framework for global and local sustainable development efforts.⁴⁶

6.40 The goals will determine the future direction of development work over the next 15 years. The 2030 Agenda is domestic and international. DFAT noted:

Achieving the Sustainable Development Goals will require moving from billions of dollars in Official Development Assistance (ODA) to trillions of dollars in investment of all kinds. The Addis Ababa Action Agenda recognises this large financing gap and looks beyond aid to domestic resources, trade and private sector to finance the Goals. The Addis Agenda also recognises that meeting the "billions" to "trillions" financing gap will require broader coalitions that bring together these resources – coalitions in which aid can play an important catalytic role.⁴⁷

44 *Committee Hansard*, 2 May 2018, p. 15.

45 *Committee Hansard*, 11 May 2018, p. 16.

46 The SDGs are: no poverty; zero hunger; good health and wellbeing; quality education; gender equality; clean water and sanitation; affordable and clean energy; decent work and economic growth; industry, innovation and infrastructure; reduced inequalities; sustainable cities and communities; responsible consumption and production; climate action; life below water; life on land; peace, justice and strong institutions; and partnerships for the goals.

47 See <http://dfat.gov.au/aid/topics/development-issues/2030-agenda/Pages/financing-the-sustainable-development-goals.aspx> (accessed 13 June 2018).

The importance of partnerships

6.41 The August 2015 Ministerial Statement on engaging the private sector in aid and development 'sets out the government's commitment to enhance collaboration with the private sector to address development challenges and identified the private sector as an essential partner to achieving sustainable development outcomes in our region'.⁴⁸

6.42 The United Nations Global Compact 'is the world's largest corporate sustainability initiative, encouraging businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation'.⁴⁹ In Australia, the business-led Global Compact Network Australia (GCNA) brings together signatories to the UN Global Compact in Australia.⁵⁰ Since 2015 DFAT has a partnered with GCNA to enhance the ability to engage with businesses whose interests align with advancing the SDGs. Businesses can use the GCNA Australian Hub for Business as a resource to engage with and contribute to the SDGs.⁵¹

6.43 DFAT spoke about the importance of financing the SDGs:

With the sustainable development goals the reality is without private sector finance—and that is why we talked about the sustainable development goals as agenda 2030—the development for finance outcome in Addis Ababa in 2015 was about the financing of the sustainable development goals. Now, financing of the sustainable development goals is trillions of dollars each year to achieve what we want to achieve by 2030. Our current official development assistance is about \$135 billion. It is well short of what we need so this is a real focus across the development sector and donors across that.⁵²

6.44 Launched in November 2015, Australia's Business Partnerships Platform (BPP) brings together DFAT and private sector funding to advance Australia's development objectives and the social impact of business. DFAT explained:

The BPP enables business and their partners (including not for profits, NGOs, and academia) to apply for co-funding of initiatives through funding rounds, that will create new business opportunities whilst also directly addressing specific aid objectives of the Australian Government.⁵³

6.45 In its first two rounds, the BPP attracted many applications from business. One of the nine successful partnerships was between Base Titanium, Cotton On Group

48 See <http://dfat.gov.au/news/news/Pages/engaging-the-private-sector-in-aid-and-development.aspx> (accessed 13 June 2018).

49 World Vision Australia, *Submission 28*, p. 16.

50 World Vision Australia, *Submission 28*, p. 16.

51 <http://dfat.gov.au/aid/topics/development-issues/2030-agenda/Pages/engaging-business.aspx> (accessed 19 June 2018).

52 Mr Ewen McDonald, Deputy Secretary, DFAT, *Budget Estimates Hansard*, 31 May 2017, p. 121.

53 *Submission 30*, p. 42.

and Business for Development⁵⁴ which is highlighted in this and other chapters. Base Resources, Business for Development, and Cotton On Group spoke to the committee about their experience in applying for a grant through DFAT's Business BPP to deliver their Kwale Cotton Project in Kenya.⁵⁵

6.46 Mr Robin Budden, mining engineer and member of AAMEG indicated that outside Australia, many mining industry players are embracing the SDGs, as are the CEOs of Australia's leading companies.⁵⁶ On 7 September 2016, at the inaugural Australian SDG summit,⁵⁷ more than 30 business leaders publicly signed a statement supporting the UN SDGs agreeing that business has a critical contribution to make towards achievement of the SDGs:

The SDGs provide points of focus around which we can innovate and collaborate in the search for solutions to critical global and local sustainability challenges, while at the same time positioning competitively for the future.⁵⁸

6.47 This was reiterated by Mr Fisher, of Windlab, who expressed a belief that Australian businesses working in the renewable energy sector are well positioned to help achieve sustainable development goals in Africa:

Electrifying Africa will contribute significantly to the Sustainable Development Goals. Turning the lights on fundamentally changes the lives of people who don't have power, and being able to keep the lights on, as more generation is added, makes a real difference to the people in the countries we're operating in. That said, we're still a commercial operation: we think we can make money and bring it back to Australia, while also helping to achieve the Sustainable Development Goals.⁵⁹

Sustainable development and the extractives sector

6.48 Owing to our well-developed domestic mining sector, Australia has established an extensive regulatory framework for the extractives industries. Australia is considered a global leader in resource governance and has partnered with African governments and civil society organisations in capacity-building efforts, and to support technical assistance programs in Africa.⁶⁰

54 *Submission 30*, p. 42.

55 Ms Meg Kauthen, Business for Development, *Committee Hansard*, 2 May 2018, p. 11.

56 *Submission 1*, p. 2.

57 Convened by the Australian Council for International Development, Australian Council of Social Service, Global Compact Network Australia and Sustainable Development Solutions Network Australia/Pacific.

58 See <https://probonoaustralia.com.au/news/2016/09/australian-ceos-sign-statement-support-un-sustainable-development-goals/> (accessed 3 October 2017).

59 Mr Rob Fisher, Windlab Ltd, *Committee Hansard*, 11 May 2018, p. 1.

60 AAMEG, *Submission 4*, p. 9.

6.49 The adaptation of Australian policy and regulation for an African context, and adoption of these settings by African countries hosting Australian mining companies, would encourage a more certain operating environment these companies, while delivering greater benefit to communities.⁶¹

6.50 The committee also heard evidence that recommended using Australia's mining presence in Africa as a platform for providing services to a local community that can be maintained beyond the life of the mining project.⁶² These services, including healthcare, energy, transportation infrastructure, and clean water and sanitation, are key for the operation of extractives projects and also align with a number of SDGs.⁶³ Benefits of co-operation between the extractives industry and other sectors are also covered in chapter 4 of this report.

6.51 Building on this, in order to capture best practice, in consultation with the mining sector, the Department of Industry, Innovation and Science has produced the *Leading Practice Sustainable Development Program for the Mining Industry*. This document provides a guide to extractive industry best-practice for sustainable development across the lifecycle of a mining project. While the program focuses primarily on environmental sustainability, aspects of social sustainability such as gender inclusion, community engagement, consultation with indigenous communities, and socio-economic development of areas near mine sites are also examined to a limited degree.⁶⁴

Assistance to improve the regulatory environment

6.52 With particular reference to the mining industry, the committee heard evidence about initiatives seeking to strengthen the regulatory environment in Africa.

6.53 DFAT advised that, through the Australian development cooperation program, 'Australia is supporting improved extractives governance internationally, including in Africa'.⁶⁵

6.54 The Government of Western Australia's Department of Mines, Industry Regulation and Safety (DMIRS) has successfully shared expertise through capacity building activities:

DMIRS has successfully leveraged its status as a leading regulator of resources safety, health and environmental management; manager of equitable and secure titles and royalty systems; and provider of world-class geoscience information, by sharing its expertise through capacity-building

61 Hon. Bill Johnston MLA, *Submission 5*, p. 1.

62 Dr Ottaviano, Carnegie Clean Energy, *Committee Hansard*, 2 May 2018, p. 15.

63 United Nations Development Programme, *Sustainable Development Goals*, <http://www.undp.org/content/undp/en/home/sustainable-development-goals.html> (accessed 12 June 2018).

64 Department of Industry, Innovation and Science, *Leading Practice Sustainable Development Program for the Mining Industry*, June 2011, pp. 33–46.

65 *Submission 30*, p. 39.

activities for African countries. Western Australia's approach to resources sector development and regulation may be a model for countries in Africa.⁶⁶

6.55 DMIRS has also co-operated with the Common Market for Eastern and Southern Africa (COMESA) and relevant Australian missions to deliver a series of policy and capacity-building workshops in a number of African countries.⁶⁷

6.56 The workshops have focused primarily on capacity-building in the legislative, policy, and administrative frameworks for the extractives and petroleum sectors, providing mutual benefit to both Australia companies operating in African markets, and the governments hosting them.⁶⁸

6.57 AAMEG has also been engaged with government efforts to promote broader based sustainable development in Africa:

Areas of aid focus in Africa including mining skills development and mining governance are areas in which Australia has expertise to share and where both African Governments and business see opportunities for economic growth and development.⁶⁹

66 Hon. Bill Johnston MLA, *Submission 5*, p. 1.

67 These workshops took place in three rounds: Ethiopia and Kenya in February 2016; Ethiopia, Kenya, Nigeria, Zambia, and Zimbabwe in November 2016; and Ethiopia, Kenya, Uganda, and Zanzibar in June 2017.

68 Hon. Bill Johnston MLA, *Submission 5*, pp. 2–3.

69 AAMEG, *Submission 4*, p. 10.

Chapter 7

Conclusions and recommendations

Introduction

7.1 While the terms of reference for this inquiry cover Africa in its totality, at the outset, the committee wishes to recognise the key point that Africa is a continent and not a country. Its countries have a great deal of diversity in geography, history, culture, economic capacity and markets.

7.2 The African continent is in the midst of significant economic, technological and population growth and this inquiry has provided the opportunity to revisit current settings to ensure that Australia is in the best possible position to take advantage of these changes for trade and investment and contribute skills to facilitate this development.

7.3 While noting the already well-developed relationships in the mining industry, demographic, economic and technological changes will provide other opportunities for expansion of the relationship with Africa.

7.4 Australia is well-positioned to use its expertise in a range of sectors to contribute to development outcomes in many African countries. Our knowledge and skills in area such as agriculture, the mining sector, education, and technology are highly regarded, and this knowledge will be in high demand in a growing and developing Africa.

7.5 The committee notes that overall it will be important for the Australian Government to ensure Australian businesses have broad access to African markets, and that a strong mutual understanding of the importance of the Australia-Africa relationship is cultivated on both sides.

Business and trade

Emerging free trade area

7.6 The emerging African Continental Free Trade Area would establish one of the largest free trade areas in the world and provide opportunities for foreign companies and investors. The committee was pleased to hear that DFAT is actively monitoring these developments. Although it may take some time to come into effect the committee is of the view that Australia should actively position itself to take advantage of it. Preliminary steps should be taken to ensure that Australian companies operating in, or seeking to enter, African markets are kept informed of the benefits that this agreement will provide in terms of ease of business and enhanced market access.

Recommendation 1

7.7 The committee recommends that the Australian Government continue to actively monitor the emerging Continental Free Trade Area with a view to best position Australia to take advantage of it when it comes into force and ensure

that businesses and the public are kept informed of the benefits of this agreement.

7.8 In the meantime the committee notes a number of existing markets and mechanisms Australian companies can take advantage of such as established offices in nearby Gulf Cooperation Council which simplify logistics and time zone issues. Also a number of African countries including Mauritius and Tunisia are actively positioning themselves as hubs for the African region providing access to markets and incentives to engage.

7.9 Aside from providing commercial opportunities, projects can often support multiple objectives including meeting sustainable development goals. The committee is particularly attracted to the idea of packaging mining work and infrastructure with renewable energy and agriculture/water management skills to assist communities in an inclusive way to leave employment opportunities well beyond the life of the mines.

7.10 The committee was particularly impressed with the cooperative work already underway by Business for Development, Base Resources and Cotton On Group where communities surrounding the Base mine were provided with the training and resources to begin farming cotton. Not only does this assist the farmers with employment opportunities but it provides a secure, sustainable and transparent supply chain which is being sought by Australian customers.

Expanding opportunities

7.11 Australian companies are well established in the mining industry in Africa and it is a significant market for Australian mining, equipment, technology and services (METS). Mining and METS providers will continue to be a dominant Australian sector investing in Africa, with Australia enjoying a good reputation for technical expertise and mining governance.

7.12 A number of drivers such as shifting demographics, technological innovation, the growth of new trade routes and increasing urbanisation present other opportunities for Australian businesses.

7.13 Along with increasing political and economic stability, these demographic and social changes have been termed the 'rise of Africa' or 'Africa rising'. As put by the Export Council of Australia 'if Australian businesses don't get a foot in the door, someone else will'.¹

7.14 The committee heard about current and future commercial opportunities in areas such as education, agriculture, renewable energy, infrastructure and technology. Australia is well placed with skills, resources and expertise to capitalise on these and other business opportunities.

7.15 The committee heard evidence from a number of witnesses who indicated that Australian companies with expertise across a range of sectors would be well positioned to export their knowledge and capabilities to African countries.

1 Export Council of Australia, *Submission 24*, p. 3.

7.16 The committee recognises that many of these commercial opportunities also encompass improving development outcomes and contributing towards achieving the sustainable development goals which is discussed further below.

Promotion

7.17 The committee notes that promotion of current and emerging commercial opportunities is critical. Government should continue to support engagement with major forums and events in Africa and Australia that showcase Australian capabilities and promote new commercial opportunities in the African market. The committee is pleased to hear that DFAT and Austrade are supporting companies beyond the mining industry to foster private sector engagement and assist companies in accessing existing and new markets in Africa.

Recommendation 2

7.18 The committee recommends that Austrade actively monitor and promote non-extractive trade and investment opportunities in Africa to Australian businesses.

7.19 The committee supports the Africa Down Under (ADU) conference and was pleased to hear that it is being expanded to include a broader range of sectors, including education, universities, science and technology. To further this integration the committee also supports the coordination with Australia-Africa Week. Greater participation of the private sector from other related business sectors in Australia-Africa Week and ADU and other relevant conferences should be encouraged.

Recommendation 3

7.20 The committee recommends that the Department of Foreign Affairs and Trade work with organisers of major promotional events and conferences, such as Australia-Africa Week, to facilitate greater participation of the private sector from industries other than mining.

Role of government

Diplomatic engagement

7.21 The committee notes that Australia currently has diplomatic missions in nine African countries, and maintains Austrade offices in five countries. Australia also has honorary consuls in a further 13 African countries.²

7.22 The committee was pleased to hear of the positive reports from companies of assistance from DFAT and Austrade staff in Africa to establish relationships in country and assist with projects. While the committee heard enthusiasm for a greater diplomatic footprint it notes that establishing a permanent mission overseas is resource intensive. The committee notes the 2011 recommendation by the Joint Standing Committee on Foreign Affairs, Defence and Trade to review diplomatic representation in Africa with a view to opening an additional post in Francophone

2 DFAT, *Submission 30*, p. 4.

Africa. The committee notes the government's acceptance of the recommendation and the opening of the Australian Embassy in Rabat, Morocco in June 2017.

7.23 The committee was interested to hear that DFAT is exploring new models of operation to enable them to expand their diplomatic footprint such as pop up posts trialled in Tallinn, Estonia. This offers a more flexible, lower-cost alternative to a traditional chancery while still delivering key diplomatic services. The committee is of the view that Africa would lend itself well to such an approach which would assist Australian companies to take advantage of new commercial opportunities, contribute to Australia being on the front foot with the emerging Continental Free Trade Area and also facilitate greater engagement of African people and businesses with Australia. It is the view of the committee that consideration should be given to expand the pop up post trialled in Estonia to locations in Africa. Building on that initiative, the committee recognises there is benefit in the investigation of other innovative models.

Recommendation 4

7.24 The committee recommends that the Department of Foreign Affairs and Trade review Australia's diplomatic representation in Africa with a view to applying new methods of operation.

7.25 The committee heard that the location of missions is decided by consideration of a range of factors including connectivity, and rates of Australian tourism to that area. The committee suggests that greater consideration could be given to Austrade market data in order to establish future African missions in areas of high, or potentially high, commercial activity.

Ministerial and parliamentary visits

7.26 The committee notes the value of ministerial representation to send a strong message of commitment to further developing and strengthening Australia's trade and investment with Africa, as well as facilitating the development of new relationships. While acknowledging the demands on ministers' time, opportunities to travel to the countries of Africa, particularly trade delegations, should be further explored in order to increase the number of Australian ministerial visits undertaken each year. The numbers of parliamentary visits could also be increased. Reciprocally, Australia should encourage African ministerial and parliamentary visits to Australia.

Recommendation 5

7.27 The committee recommends that the Australian Government explore opportunities to increase the number of Australian ministerial and parliamentary visits to Africa.

Expanding the role of AGAAR

7.28 The Advisory Group on Australia-Africa Relations (AGAAR), since its establishment in 2015, has provided advice to the Minister for Foreign Affairs regarding the Australia-Africa relationship.

7.29 The committee welcomes the establishment of AGAAR and the release of a strategy paper in 2016. However, there is no response to the recommendations

contained in the strategy paper on the website. AAGAR and DFAT were separately asked about how many of the recommendations have been agreed and progressed, however, the exact status of the recommendations was unclear.

7.30 The committee agrees with the suggestions that AGAAR, in order to make best use of the extensive knowledge and experience of its members, could take on a greater outward facing role in order to strengthen the relationship with Africa. The committee notes in the strategy paper that AGAAR is open to revisiting its role 'once it moves more fully into its work'.³ The committee does not wish to be prescriptive in how this occurs, acknowledging that the AGAAR member themselves would be best placed to review and determine its future direction.

Recommendation 6

7.31 The committee recommends that, in relation to the Advisory Group on Australia-Africa Relations (AGAAR):

- **the Department of Foreign Affairs and Trade and AGAAR, engaging in appropriate consultation with stakeholders, review AGAAR's role with a view to build on its advisory responsibilities to include a more outward facing function to strengthen the Australia-Africa relationship;**
- **detail about the work and achievements of AGAAR be included on the AGAAR website; and**
- **the Department of Foreign Affairs and Trade include a response to the recommendations contained in the AGAAR strategy paper on its website.**

Barriers to trade and investment

7.32 The committee heard evidence that Australia's trade and investment relationship with Africa is currently constrained by a variety of barriers ranging from sovereign risk and uncertain regulatory frameworks to security and conflict.

7.33 The committee acknowledges that these barriers are not equal across the continent, with some African countries, and even regions of countries, posing greater challenges than others.

7.34 Witnesses drew the committee's attention to the poorly regulated environment in some African countries, and the committee noted the efforts of the Australian Government, Western Australian Government and private sector organisations in exporting Australia's robust regulatory frameworks, particularly in the extractives sector, to assist in strengthening African governance in these areas.

Recommendation 7

7.35 The committee recommends that the Australian Government give further consideration to supporting initiatives that strengthen the regulatory and governance landscape in Africa.

3 AGAAR Strategy Paper, December 2016, p. 11.

Visas

7.36 The committee heard of difficulty for some African travellers in obtaining a business or student visa for Australia. The committee was advised that business travellers are required to apply annually for a visa and that a multi-year visa, as is currently available in other countries, would be advantageous. Lengthy waiting times faced by African travellers in receiving visas were highlighted as well as difficulty in contacting visa processing authorities for progress updates.

Recommendation 8

7.37 The committee recommends that the Australian Government review its visa assessment process for African travellers with a view to minimising processing times, increasing transparency and to ensure there are no unintended barriers.

Security advice

7.38 The committee notes evidence provided by submitters which highlights many businesses operating in remote regions of the African continent have people on the ground and access to information which may provide DFAT greater visibility and specificity of the security landscape where Australian companies operate.

7.39 Given many of the Australian companies which operate throughout Africa have a footprint in nations such as Canada, the United States and the United Kingdom, the committee believes more specific and tailored advice should be developed in partnership with our allies who also have an interest in the region.

Recommendation 9

7.40 The committee recommends the Department of Foreign Affairs and Trade review their Smartraveller advice platform with a view to providing more tailored and specific advice to Australian businesses operating on the African continent.

Data collection

7.41 Data collection around Australian mining activity in Africa was raised as an issue. The committee notes the value of accurate data to guide government policy decisions as well as plan investment and activities and contribute to well informed discussion.

Recommendation 10

7.42 The committee recommends that the Australian Government consult stakeholders such as the Australia-Africa Minerals and Energy Group on ways to improve data collection regarding Australian mining activity in Africa.

Africa literacy

7.43 Through submissions to the inquiry and evidence provided by witnesses, the committee's attention has been drawn to a perceived gap in 'Africa literacy' in Australia. A lack of understanding or awareness of Africa and its many cultures, business environments and economic landscapes could restrict Australia's trade and investment relationship with Africa.

7.44 While a number of networks and research groups focusing on Africa-related issues currently exist in Australian tertiary institutions, the committee feels that the work of these groups could be more effective with better coordination in a dedicated Centre for African Studies.

7.45 The committee notes the recommendation by the Joint Committee to establish a Centre for African Studies which was not taken up by the government at that time. The committee is of the view that, from the evidence received, this is now wider than just an educational focus. Such a centre or a similar grouping could assist with better coordination of information on Africa, education and raising awareness as well as research.

7.46 Aside from its research function, this centre may also form a focal point for broader social engagement with Africa, including engagement with Australia's African diaspora community.

7.47 Such a centre may also provide a forum for the dissemination of current information on Africa to the Australian community, possibly in collaboration with African missions in Australia.

7.48 Better access to information will benefit all stakeholders and therefore the committee does not see this as an issue just for the Australian Government or to be funded solely by the Australian Government. However, it does see a coordination role for the Australian Government. The committee is attracted to the idea of the centre but understands that, in a resource constrained environment, there may be other ways to achieve what is needed. The committee notes the suggestion that such a centre could be virtual.

Recommendation 11

7.49 The committee recommends that the Australian Government, in consultation with a range of stakeholders, explore options for improving Africa literacy, awareness, engagement, access to information and research.

Aid and the Sustainable Development Goals

7.50 The committee notes that Australia has provided aid assistance to countries in Africa through various channels, and this assistance forms an important facet of Australia's engagement with many African countries.

7.51 The committee also notes that aid needs to be examined in light of the differences between African countries. While some countries need assistance with improving food security and the management of water resources, others are looking for cooperative partnerships to drive commercial opportunities as well as increase productive capacity.

7.52 While acknowledging there is a level of concern over the amount of aid, the committee believes it is important to also acknowledge that Australia cannot compete with aid donors such as China on a quantum basis. The committee agrees that our engagement needs to be in areas where we can leverage unique Australian capabilities. As an example of this the committee supports the work of the Australian Centre for International Agricultural Research, funded through the aid budget, which

utilises our skills in agricultural research to assist developing countries to build capacity. The committee was impressed to hear about the range of skills and projects underway in Africa resulting in benefits there and benefits for Australians.

7.53 Given the value achieved through the work of ACIAR, the committee is of the view that, while acknowledging budgetary constraints, consideration should be given to increasing ACIAR's funding to enable it to build on its work with a range of international institutions and pan-African associations, national agricultural research institutes and non-government organisations.

Recommendation 12

7.54 The committee recommends that the Australian Government consider increasing Australian Centre for International Agricultural Research's funding in order to increase research, project and partnership activity in Africa.

Partnerships

7.55 The committee also supports partnerships between the government and the private sector. Witnesses drew the committee's attention to programs such as DFAT's Business Partnerships Platform (BPP). The committee believes that partnerships of this kind provide great benefit to both businesses and communities.

7.56 The committee notes that DFAT has recently finalised its call for funding applications through the BPP India Window. This funding round targeted projects in the agribusiness, energy and resources (including water), and health sectors.⁴

7.57 The committee believes that a region-specific funding round for African development projects with similar terms of reference would provide important development benefits for African communities, while assisting Australian businesses working in relevant sectors to access new markets.

Recommendation 13

7.58 The committee recommends that the Australian Government consider an Africa round for Business Partnerships Platform funding for African development projects delivered through public-private partnerships.

7.59 The committee acknowledges that access to energy is a major barrier to achieving development outcomes in Africa, particularly in terms of meeting the Sustainable Development Goals. The committee heard that Australian businesses are well positioned to export extensive expertise in renewable energy and microgrid systems that are ideally suited to the energy needs of African regions. This would help to achieve development outcomes in Africa while opening up access to new markets for Australian businesses.

4 DFAT, *Business Partnerships Platform – BP India Window now closed*, <http://dfat.gov.au/aid/who-we-work-with/private-sector-partnerships/bpp/Pages/business-partnerships-platform-india-window.aspx> (accessed 14 June 2018).

Contribution of the mining sector

7.60 Evidence to the committee also highlighted the potential for partnerships across industries, for example, mining industries partnering with renewable energy and others such as water management to deliver employment and other outcomes beyond the life of the mine for the communities in which they are located.

7.61 The committee believes Australian companies operating across the African continent provide a range of assistance and services to the local communities in which they operate. In some cases, companies may build infrastructure to sustain their operations which may be utilised following the cessation of that company's activities in the region. For example, a mining operation may generate excess power or water which could be used to the benefit of the local community, or that infrastructure could be utilised beyond the commercial life of the mine where practical.

7.62 The committee believes the availability and access of this information will prove useful to both DFAT and the NGO sector in evaluating the potential for assistance in particular regions. This information, when used in conjunction with knowledge transfer in sectors such as agriculture, has the potential to make a contribution to the achievement of Sustainable Development Goals in local communities.

Recommendation 14

7.63 The committee recommends the Department of Foreign Affairs and Trade undertake a review of Australian mining and Mining, Equipment, Technology and Services (METS) companies operating on the African continent which undertake engagement and provide services or assistance to the communities in which they operate.

7.64 The committee notes the Leading Practice Sustainable Development Program for the Mining Industry on the Department of Industry, Innovation and Science's website. Given the importance of, and potential for, the mining industry to contribute to sustainable development it is important that information such as this be regularly reviewed to keep it up to date to include developments such as the UN Sustainable Development Goals.

Recommendation 15

7.65 The committee recommends that the Department of Industry, Innovation and Science review its Leading Practice Sustainable Development Program for the Mining Industry to ensure it is up-to-date and incorporates information on the UN Sustainable Development Goals.

7.66 The committee acknowledges the work undertaken by the WA Government in sharing its resources sector development expertise through capacity building activities for African countries.

7.67 The committee is currently undertaking an inquiry into the Sustainable Development Goals which will provide the opportunity to explore the Sustainable Development Goals in more detail.

Australia awards

7.68 Through its Australia Awards program, the Australian Government provides scholarships for African students to pursue postgraduate and short course education in Australia. The committee understands that strong people-to-people connections are crucial to further progress Australia's trade and investment relationship with the countries of Africa, and that Australia Awards alumni are an important element in building these connections. There are currently in the order of 6000 Australia Awards alumni across Africa.

7.69 As part of its Global Alumni Engagement Strategy 2016-2020, the Australian Government maintains an alumni portal, Australia Global Alumni, which allows those who have studied in Australia to register with DFAT. They are then notified of events and opportunities to remain engaged with Australia and fellow Australia alumni.⁵

7.70 However, at time of reporting, no upcoming events organised through this platform are taking place in an African country, and no Alumni Ambassadors listed on the DFAT website are from Africa.⁶

Recommendation 16

7.71 The committee recommends that the Australian Government seek to increase the visibility of the Australia Global Alumni program among African alumni in order to formalise alumni networks.

Recommendation 17

7.72 The committee recommends that the Australian Government review its list of Australia Global Alumni ambassadors with a view to including an Ambassador from Africa.

Senator Alex Gallacher

Chair

5 Australia Global Alumni, <https://globalalumni.gov.au/home.aspx> (accessed 24 May 2018)

6 DFAT, Alumni ambassadors, <http://dfat.gov.au/people-to-people/global-alumni/Pages/alumni-ambassadors.aspx> (accessed 24 May 2018)

Appendix 1

Submissions

- 1 Mr Robin Budden
- 2 ConceroTel Pty Ltd
- 3 Grame Barty and Associates
- 4 Australia-Africa Minerals and Energy Group (AAMEG)
- 5 Hon Bill Johnston MLA Minister for Mines and Petroleum; Commerce and Industrial Relations; Electoral Affairs; Asian Engagement
- 6 Base Resources Limited
- 7 Windlab Limited
- 8 Dr Nikola Pijovic
- 9 Australian Centre for International Agricultural Research
- 10 RESULTS International (Australia)
- 11 Business for Development
- 12 Prof Helen Ware
- 13 Dr David Mickler
- 14 Mr Gordon Chakaodza
- 15 Australian Business Chamber of Commerce (Southern Africa)
- 16 ActionAid Australia
- 17 Dr David Lucas
- 18 Ms Margaret O'Callaghan
- 19 Dr Edson Ziso
- 20 Mr Jonathon Davidson
- 21 Trade Law Centre (tralac)

- 22 Paydirt Media
- 23 Woodside Energy Ltd
- 24 Export Council of Australia
- 25 Dr Anthony Bergin and Ms Sofia Patel, ASPI
- 26 Lucapa Diamond Company
- 27 Confidential
- 28 World Vision
- 29 Confidential
- 30 Department of Foreign Affairs and Trade
- 31 Government of the Republic of Mauritius
- 31.1 Supplementary to submission 31
- 32 Mr Fessehaie Abraham
- 32.1 Supplementary to submission 32
- 33 Dr Kathryn Sturman
- 34 Embassy of the Republic of Tunisia
- 35 Oxfam Australia
- 36 The Australian Water Partnership
- 37 Heads of Mission of the Africa Group
- 38 Embassy of the Kingdom of Morocco

Appendix 2

Tabled documents, Additional information and Answers to questions on notice

Tabled Documents

- 1 Opening statement by Dean of the African Group Heads of Mission H.E. Mr Nabil Lakhal, tabled at Canberra hearing, 11 May 2018.

Additional information

- 1 Opening statement by Ms Meg Kauthen, Agriculture Innovator & Sustainability Designer, Business for Development, Perth hearing, 2 May 2018.

Answers to questions on notice

- 1 World Vision Australia, Answer to question taken on notice from 11 May 2018 Canberra hearing, received 31 May 2018.
- 2 DFAT and Austrade, Answers to questions taken on notice at 11 May 2018 Canberra hearing, received 1 June 2018.
- 3 Mauritius High Commission, Answers to question taken on notice at 11 May 2018 Canberra hearing, received 5 June 2018.

Appendix 3

Public hearings and witnesses

2 May 2018 Perth Western Australia

Australian Centre for International Agricultural Research

Professor Andrew Campbell, Chief Executive Officer

Base Resources Limited

Mr Tim Carstens, Managing Director

Business for Development

Ms Meg Kauthen, Sustainability Designer

Cotton On Group

Mr James Hubbard, General Manager Risk and Sustainability

Carnegie Clean Energy

Mr Michael Ottaviano, Managing Director

Australia-Africa Minerals and Energy Group (AAMEG)

Mr William Witham, Chief Executive Officer

Mr Peter (Pietro) De Leo, Director, AAMEG and Managing Director, Lycopodium

Sarama Resources

Mr Andrew Dinning, Director, AAMEG President and Chief Executive Officer, Sarama Resources

Paydirt Media

Mr Bill Repard, Executive Chairman

Mr Dominic Piper, Editor

Dr David Mickler, Private capacity

Dr Casta Tungaraza, Chair, Advisory Group on Australia-Africa relations (AGAAR)

11 May 2018 Canberra, Australian Capital Territory

Windlab Limited

Mr Rob Fisher, Chief Financial and Operating Officer

Dr Nathan Steggel, Technical Director and Co-founder

Former Ambassador of Eritrea to Australia, Mr Fessehaie Abraham

Government of the Republic of Mauritius

Her Excellency Ms Christelle Sohun, High Commissioner, Republic of Mauritius

Mr Mayen Payendee, First Secretary, Mauritius High Commission

Mr Rajiv Babooram, Economic Counsellor, Mauritius High Commission

Heads of Missions - Africa Group

His Excellency Mr Nabil Lakhal, Ambassador Extraordinary and Plenipotentiary of Tunisia and Dean of the Africa Group

Ms Soraya Bouabdallah, Chargé d'Affaires a.i. of Algeria

His Excellency Mr Lapologang Lekoa, High Commissioner for Botswana

Her Excellency Mrs Jeanne Gue, Ambassador Extraordinary and Plenipotentiary of Côte d'Ivoire

His Excellency Mr Mohamed Khairat, Ambassador Extraordinary and Plenipotentiary of Egypt

His Excellency Mr Edwin Nii Adjei, High Commissioner for Ghana

His Excellency Mr Isaiya Kabira, High Commissioner for Kenya

Her Excellency Ms Christelle Sohun, High Commissioner for Mauritius

His Excellency Mr Karim Medrek, Ambassador Extraordinary and Plenipotentiary of Morocco

His Excellency Mr Bello Hussein, High Commissioner for Nigeria

Her Excellency Ms Beryl Sisulu, High Commissioner for South Africa

Her Excellency Dr Joyce Kikafunda, High Commissioner for Uganda

His Excellency Mr Frank Bwalya, High Commissioner for Zambia

His Excellency Mr George Vengesa, Ambassador Extraordinary and Plenipotentiary of Zimbabwe

Mr Ahmed Bayoume, Ambassador Deputy, Embassy of Sudan

Mr Jemal Beker Abdula, Minister Counsellor, Embassy of Ethiopia

World Vision Australia

Mr Mark Harwood, Manager, Social Entrepreneurship and Economic Development Unit

Mr Dane Moores, Senior Economic Development Policy Advisor

Woodside Energy Ltd

Ms Jane Baird, Vice President Exploration Africa and Atlantic Margins

Mr Craig Goulder, Vice President Global Exploration

Department of Foreign Affairs and Trade

Ms Gita Kamath, Assistant Secretary, Africa Branch

Mr Matthew Neuhaus, Special Adviser, Middle East and Africa Division

Ms HK Yu, First Assistant Secretary, Middle East and Africa Division

Australian Trade and Investment Commission (Austrade)

Ms Margaret Bowen, Assistant General Manager, Ministerial, Economic, and
International Engagement Branch

Mr Gregory Harvey, Manager – South Asia, Middle East, and Africa, Ministerial,
Economic, and International Engagement Branch.