



Submission No 55

Review of Australia's Relationship with the Countries of Africa

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Submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade

Australia's Relations with Africa: Australia Africa Business Council –
the Victorian Chapter's perspective.

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Monday, April 19, 2010

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Dr John Carter
Inquiry Secretary
Joint Standing Committee on
Foreign Affairs, Defence and Trade
Parliament House
Canberra ACT 2600

Dear Dr Carter

Re: Inquiry into Australia's relationship with the countries of Africa

The Australia Africa Business Council (Victorian Chapter) is delighted that they have been included in the Public Hearing Program on May 6th, 2010 in Melbourne.

Further to the AABC exhibits that have already been forwarded to you, please find our formal submission for your consideration.

The AABC (Vic) is heartened by the growing interest in the countries of Africa across many of the key government, non-government and industry sectors.

We would be pleased to provide further information.

Yours sincerely

Di Fleming

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President

Terms of Reference

The mission of the AABC (Vic) is to build and promote business development and bilateral trade between Australia and African countries via government agencies, business and industry.

Terms of reference being addressed are as follows:

Term of Reference	Performance Measures
• bilateral relations at the parliamentary and government levels	• Activities involving DFAT, African Commissioners in ACT and Vic • Missions to Africa countries to meet with Heads of government departments • Diplomatic Roundtables
• economic issues, including trade and investment	• Trade Desk activities • Inward and Outward Trade Mission Program through state, private and industry funding • Business and Investment seminars, roundtables and conferences.
• cultural, scientific and educational relations and exchanges	• Integration of cultural activities in business seminars and Mission Itineraries • School and university visits and building of global projects for bilateral buy-in
• development assistance co-operation and capacity building	• Development of Innovation based programs during AABC (Vic) missions to Africa e.g. Botswana September 2010 • Completed joint programs with Fred Hollows Foundation and the Burnett Institute • Seminar on Cardno Emerging Markets in Africa
• defence cooperation, regional security and strategic issues	• Not at this stage.
• migration and human rights issues	• Research and Publication of Millennium Learners in December 2010 through the Centre for Strategic Education (Melbourne) reflecting on impact and capability building through Millennium Goals. • Proposed university Alumni program-tracking the influence of African alumni in Australia. • Streamlined VISA processes for academics and business people travelling to Australia.

Background

The Australia Africa Business Council Victorian Chapter “AABC (Vic)” is a chapter of the Australia Africa Business Council, incorporated under the Associations Incorporation Act 1984 New South Wales. The AABC (Vic) inc. became thus on the 5th October 1992.

The national body of the AABC was originally established as the Australia Southern Africa Business Council and in 2006, it expanded its activities to encompass the entire continent of Africa. Currently, the AABC has active chapters in Victoria, New South Wales, Queensland, Western Australia and the ACT.

While the Australia Africa Business Council is a loose confederation of state and territory chapters each chapter is unique as it is influenced by and committed to its economic agendas and impact on respective gross state product (GSP) and gross domestic product (GDP).

From its inception, the AABC and its respective chapters was a voluntary association of business people promoting multilateral trade and investment links between Australia and Africa.

The AABC (Vic)

In 2010, the AABC (Vic) has expanded its commitment of promotion of trade to include a more expansive and dynamic service delivery to:

- Build bilateral relationships
- Increase understanding through comprehensive research of respective economies
- Understand and adjust activities according to national political contexts
- Appreciate and develop programs via the unique national cultural imperatives of each nation
- Develop multilateral trade and investment links between Australia and Africa
- Promote multilateral trade and investment links between Australia and Africa.

Current Context

Over the last twelve months, the AABC (Vic) has responded to and run in parallel with the importance of Australia’s “re-engagement with Africa” particularly through bilateral relations at both government and industry association levels, knowledge of individual economies, their associated practices, and education across all levels and systems.

In the past Africa has not been on Australia’s economic radar; however, the Australian government has already demonstrated its changing attitude and focus on the economic opportunities within Africa, with a gradual shift from aid to trade. The shifting interest in Africa is evidenced through this Joint Standing Committee for Foreign Affairs, Defence and Trade and its Inquiry into Australia’s relationship and engagement with Africa; diplomatic and federal government representations in both South Africa and Botswana; and most

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recently in a speech by Australian Minister for Trade.

Minister Crean commented that the Howard Government ignored the continent of Africa with almost a billion people, for more than a decade while the Rudd Labour Government is making engagement with Africa a priority. This engagement is in part being articulated through Australian mining companies, having already signalled investment in excess of \$20 billion for projects in more than 35 African nations. While Australia is increasing its targeted development assistance to Africa with \$163 million in 2010 - an increase of 40% from the previous year – the new engagement is based on capacity building in Africa.

While the overwhelming perception of Africa for the broad public has been a continent of poverty, aid dependency, political corruption and a lack of social cohesion, that perception is changing. While it is important to acknowledge these factors, they obscure the reality of rapid development, a strong middle class, the significance of Black Economic Empowerment (BEE) and restored balance of power and authority, with a sophisticated financial, business and social society. The AABC (Vic) through its current programs is working to demystify the processes in “Doing Business with Africa” and to help change the old perceptions into economic opportunities.

Opportunity

As parts of Africa enjoy evolving social, political and economic landscapes, the opportunities in emerging markets that these present are diverse and are complimentary to Victoria’s economic capability. By recognizing the potential in Africa, as has been with India and China, the reciprocal benefits will be realized over time. Australian businesses are already benefitting from South Africa’s post 1994 economic revival through the export of nearly \$2 billion.

The core business of the AABC Vic is currently delivered through voluntary professional support by the committee and consultant support via specific project funding e.g. DIIRD Trade Mission and Research Project.

The AABC Vic works in collaboration with a range of stakeholders including:

- Department of Foreign Affairs and Trade (Vic)
- Department of Innovation, Industry and regional development (Vic)
- African High Commissions and consulates and diplomatic corps operating in Australia
- Business Export and Trade Investment departments across a number of African countries e.g. Botswana Export Development Investment Authority; South African Department of Trade and Investment; Mpumalanga Export Growth Agency, Trade and Investment Limpopo.
- Victorian Employers Chamber of Commerce and Industry
- Victorian Department of Primary Industries
- AusIndustry (Vic)

Over time, the AABC (Vic) is proposed to become a dynamic trade brokerage that will enhance the AABC (Vic) delivery capabilities, streamline stakeholder engagement and

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improve its commercial viability to provide a nexus between African and Australian business investment.

Current Programs

The following programs are delivered through the professional efforts of a small voluntary team. These programs include:

1. Business Seminars
 - A. Development and delivery of 6 business investment seminars annually that reflect key target bilateral markets e.g. agribusiness, education, manufacturing, tourism, mining, ICT and energy.
2. Trade Desk Activities
 - A. Build a trade service that is both inbound and outbound.
3. Trade Missions
 - A. Build trade programs with DFAT, DIIRD and Austrade that will attract Australian investment in Africa
4. Professional Services
 - A. Draw upon the professional expertise of the Committee, its members to build new business in Africa e.g. education, procurement, designs added processes, energy and CDM capability, green technologies and innovation.
5. Network/Brokerage
 - A. Design programs that will attract like-minded and diverse business expertise to promote innovative outcomes through new collaborative partnerships.
6. Knowledge Management
 - A. Build an interactive and well connected website to key stakeholders including industry bodies, commission, government departments
 - B. Create e-newsletter, wiggio.com and e-desk that includes:
 - i. Statistics, latest news, advance notification, investment stories, emerging markets, trade missions.
 - C. Circulate information through stakeholder communication networks

The major obstacle to expanding delivery of critical services that are fundamental to the design, development and implementation of multinational trade is the lack of viable income streams including Federal government funding.

While the AABC Vic was founded on a voluntary basis, today the shift from the voluntary into a paid professional workforce is key in developing the AABC (Vic) into a viable commercial entity.

The AABC (Vic) Business Plan is premised on an evolution of a voluntary organisation into a commercially viable trade desk with a funding bridge over three – five years to:

- A. Develop the AABC (Vic) reputation as a reputable trade desk operation.
- B. Build a dynamic Australia/Africa Database

- C. Broker stakeholder partnership and increase government funding
- D. Provide an engaging program that generates sponsorship and builds stakeholder engagement
- E. Develop investment forums that will lead to increased export and impact on GDP
- F. Increase individual and corporate membership
- G. Deliver Inbound and Outbound facilitation of African business
- H. Create African in Australian Universities Alumni – profiles and case studies and engagement.
- I. Cross-town facilitation for African business (including migrant communities).
- J. Link to African governments and Canberra, Vic Honorary Consulates, African Capital cities

Recommendations

In summary, the AABC (Vic) recommends the following actions by the Australian Government to:

1. Endorse the accelerated development of an Australia/Africa Trade Desk as a platform and vehicle for the development of multi-lateral trade
2. Seek funding from the Australian Government for the establishment and development of the AABC (Vic) Trade Desk, located in Victoria with a commitment to service all states and territories.
3. Seek financial assistance for the establishment of a permanent AABC (Vic) office, which serviced by three paid members of staff.