

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 Lakhali, 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.

