

# 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 21<sup>st</sup> 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.<sup>1</sup> 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.<sup>2</sup>

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.<sup>3</sup>

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.<sup>4</sup> 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'.<sup>5</sup>

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.<sup>6</sup> Carnegie Clean Energy drew particular attention to the potential for leveraging Australia's mining capability to include power and water solutions.<sup>7</sup>

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.<sup>8</sup>

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.<sup>9</sup>

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.<sup>10</sup>

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.<sup>11</sup>

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.<sup>12</sup>

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.<sup>13</sup>

### **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.<sup>14</sup> 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'.<sup>15</sup>

### ***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.<sup>16</sup>

4.14 High Commissioner Sohun added that it was signed by 44 countries.<sup>17</sup> 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...<sup>18</sup>

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.<sup>19</sup> 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.<sup>20</sup>

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.<sup>21</sup> 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.<sup>22</sup>

---

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'.<sup>23</sup>

***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.<sup>24</sup>

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.<sup>25</sup> 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.<sup>26</sup>

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.<sup>27</sup>

***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.<sup>28</sup>

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.<sup>29</sup>

#### *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...<sup>30</sup>

#### *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.<sup>31</sup>

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.<sup>32</sup>

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.<sup>33</sup>

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'.<sup>34</sup> 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.<sup>35</sup> 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.<sup>36</sup>

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.<sup>37</sup> 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.<sup>38</sup>

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'.<sup>39</sup>

#### *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.<sup>40</sup>

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.<sup>41</sup>

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.<sup>42</sup>

#### ***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.<sup>43</sup>

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'.<sup>44</sup> While Africa has not been a focus for AWP, it reported that it has responded when assistance has been sought from African countries.<sup>45</sup>

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.<sup>46</sup>

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

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.<sup>49</sup>

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.<sup>50</sup>

---

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.<sup>51</sup> 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.<sup>52</sup>

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.<sup>53</sup>

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

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'.<sup>55</sup> 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.<sup>56</sup>

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'.<sup>57</sup> 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'.<sup>58</sup>

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.<sup>59</sup>

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.<sup>60</sup>

4.50 However as noted in chapter 3, the Australian Business Chamber of Commerce (Southern Africa) (ABCSEA) 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.<sup>61</sup>

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.<sup>62</sup>

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.<sup>63</sup>

### **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.<sup>64</sup>

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.<sup>65</sup>

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.<sup>66</sup>

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.<sup>67</sup>

### ***Infrastructure***

4.57 Providing solutions to meet infrastructure and construction needs was seen as another key area of Australian expertise.<sup>68</sup> 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.<sup>69</sup>

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.<sup>70</sup>

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.<sup>71</sup>

---

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.<sup>72</sup>

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.<sup>73</sup>

4.64 ADU is hosted and funded by Paydirt Media. Mr Andrew Report, 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.<sup>74</sup>

---

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'.<sup>75</sup>

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.<sup>76</sup>

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.<sup>77</sup>

### ***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).<sup>78</sup>

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.<sup>79</sup>

### ***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'.<sup>80</sup>

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.<sup>81</sup>

---

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.