

Chapter 7

Conclusions and recommendations

Introduction

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

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

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

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

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

Business and trade

Emerging free trade area

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

Recommendation 1

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

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

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

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

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

Expanding opportunities

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

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

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

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

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

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

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

Promotion

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

Recommendation 2

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

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

Recommendation 3

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

Role of government

Diplomatic engagement

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

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

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

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

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

Recommendation 4

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

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

Ministerial and parliamentary visits

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

Recommendation 5

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

Expanding the role of AGAAR

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

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

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

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

Recommendation 6

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

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

Barriers to trade and investment

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

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

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

Recommendation 7

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

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

Visas

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

Recommendation 8

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

Security advice

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

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

Recommendation 9

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

Data collection

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

Recommendation 10

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

Africa literacy

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

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

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

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

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

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

Recommendation 11

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

Aid and the Sustainable Development Goals

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

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

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

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

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

Recommendation 12

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

Partnerships

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

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

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

Recommendation 13

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

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

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

Contribution of the mining sector

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

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

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

Recommendation 14

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

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

Recommendation 15

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

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

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

Australia awards

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

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

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

Recommendation 16

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

Recommendation 17

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

Senator Alex Gallacher

Chair

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

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