



Australian Government

Australian Government response to the
Senate Foreign Affairs, Defence and Trade References
Committee report:

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

FEBRUARY 2019

Introduction

The Australian Government thanks the Senate Foreign Affairs, Defence and Trade References Committee for its report inquiring into Australia's trade and investment relationships with the countries of Africa.

The countries of Africa are already important trading partners for Australia. Australia's two-way goods and services trade with the continent was worth \$9.7 billion in 2017. Two-way investment is also significant particularly with South Africa with two-way Foreign Direct Investment (FDI) valued at \$6.1 billion in 2017. This is greater than Australia's two-way FDI with South Korea, Thailand and Vietnam. These commercial relationships directly benefit the Australian economy and people.

Australian investment in African countries is thriving, noticeably in the resources sector. However, opportunities exist to deepen and broaden economic links to the benefit of Australians and the business community. The committee's report provides useful suggestions for advancing this goal.

Central to the recommendations is the importance of ensuring the Australian Government and business community are able to build strong relationships with countries of Africa, noting the diverse geographic, cultural, linguistic and economic nature of the continent. These partnerships will position Australia to take advantage of commercial opportunities arising from the significant economic, technological and demographic changes occurring across the African continent. This work squarely aligns with the Australian Government's commitment to securing Australian prosperity by pursuing an agenda for opportunity, as set out in the 2017 Foreign Policy White Paper.

The Australian Government supports the majority of the recommendations of the committee's report.

RECOMMENDATION 1

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.

RESPONSE TO RECOMMENDATION 1

The Australian Government supports the recommendation.

The Australian Government is alert to the potential of the Continental Free Trade Area to improve the ease of doing business for Australian companies operating in Africa by achieving enhanced economic integration.

For this reason, the Government is keen to support the African Union (AU) to achieve a high quality agreement. The Department of Foreign Affairs and Trade (the department) is currently working with the AU to find ways to build the capacity of negotiators ahead of the next stage of negotiations. The department has also encouraged AU officials to apply for the Trade Policy and Negotiations short course available under the Australia Awards Africa program.

At the time of the Government response, seven countries have ratified the agreement and the Continental Free Trade Area will come into force when 22 countries have ratified.

The department will continue to actively monitor the progress of the Continental Free Trade Area and will ensure that Australian businesses and the public are kept informed of opportunities that arise through the department's economic and public diplomacy outreach.

RECOMMENDATION 2

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

RESPONSE TO RECOMMENDATION 2

The Australian Government supports the recommendation.

Austrade, with support from Australian Embassies and High Commissions in Africa, is taking steps to promote opportunities in non-extractive industries, including education, food and agribusiness. In addition, Austrade has been developing new strategies to identify and leverage emerging opportunities in technology and services, particularly fintech and digital finance. There are also opportunities in areas such as e-commerce, rail infrastructure and services, and renewable energy.

Some examples of this work includes:

- Joint West Africa mining mission with Austmine (Ghana, October 2017)
- Business mission to Ethiopia with the Ethiopian Government (Ethiopia, November 2017)

- Seamless Financial Services and Fintech program, to coincide with Seamless East Africa Congress (Kenya, September 2017)
- Australian mining delegation to Mining Indaba (South Africa, February 2018 and to be held in South Africa, February 2019)
- Australia Mauritius Research and Innovation Forum (Mauritius, February 2018)
- Australia Unlimited – Agribusiness, Food, and Mining showcase (Morocco, February 2018)
- West Africa Education Mission (Nigeria, Ghana, April 2018)
- 'Gourmet Australia in Africa' (Mauritius, South Africa, Kenya, Tanzania, April 2018)
- Australian Fintech mission (Kenya, September 2018)
- Gulfood (West and East Africa, February 2018)
- MENA Connections, North Africa focus (Melbourne, October 2018)

RECOMMENDATION 3

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.

RESPONSE TO RECOMMENDATION 3

The Australian Government supports the recommendation.

The department is already playing a leadership role in organising and promoting greater participation of all sectors in Australia Africa Week (AAW).

AAW is an initiative of the Advisory Group on Australia-Africa Relations (AGAAR). This year's AAW (held in Perth from 27 August to 1 September) featured four events organised by AGAAR members: the Australia Africa Universities Forum, the Women in Leadership Forum on Economic Empowerment Through Trade and Investment, the Africa Down Under Mining Conference, and the Africa Trade and Cultural Expo.

The department hosted a networking event for young professionals from outside the mining sector, where attendees from diverse African cultural backgrounds joined Australian and African Heads of Missions, Australia Awardees and AGAAR members, for a vibrant exchange of views on how to advance Australia-Africa business and people-to-people links.

The department sees major promotional events such as AAW as opportunities to support the diversification of Australia's economic interests in Africa.

Through engagement with event organisers and the business community, the department has supported expanded industry participation in AAW since its inception, in particular in the education, infrastructure, technology and oil and gas sectors.

The department will continue to look for opportunities to support participation by a diverse range of private sector interests in AAW and other similar events.

RECOMMENDATION 4

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.

RESPONSE TO RECOMMENDATION 4

The Australian Government supports the recommendation.

The department will continue to develop and trial new models of operation to support effective international engagement aligned to the objectives of the Foreign Policy White Paper.

RECOMMENDATION 5

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

RESPONSE TO RECOMMENDATION 5

The Australian Government notes the recommendation and continues to engage African countries as part of its international agenda.

In November 2018, Assistant Minister for International Development and the Pacific, Senator the Hon Anne Ruston, attended the Indian Ocean Rim Association Council of Ministers' Meeting in Durban South Africa. Whilst in South Africa, Senator Ruston undertook a bilateral program in Pretoria and Johannesburg, which included an Australian business roundtable.

The department recognises the value that ministerial and parliamentary engagement brings for bilateral relationships. The department will continue to consider opportunities for ministerial and parliamentary visits to and from Africa that support the Government's priorities.

RECOMMENDATION 6

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.

RESPONSE TO RECOMMENDATION 6

The Australian Government supports the recommendation.

The department recognises that AGAAR can play an important role in raising awareness of African countries amongst the Australian community, including the diversity of their geography, culture and economy. It can also support the strengthening of relations between the Australian Government, African countries and diaspora communities.

The department will work with AGAAR to find opportunities to strengthen its public engagement. The department will include detail about the work and achievements of AGAAR on the AGAAR website. A response to the recommendations included in the AGAAR strategy paper will be placed on the department's website.

RECOMMENDATION 7

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

RESPONSE TO RECOMMENDATION 7

The Australian Government supports in principle the recommendation.

The department is aware that uncertain regulatory frameworks are conducive to poor governance, impede development outcomes and constrain Australia's trade and investment relationships.

Economic diplomacy is core business for Australian missions in Africa. This includes regular advocacy on the importance of open and transparent business environments in order to achieve stable and growing economies.

Modest development cooperation programs, including Australia Awards scholarships and the Australian Volunteers Program, as well as aid for trade initiatives, also have a role to play in helping to build and strengthen regulatory and governance capacity in Africa.

The department will continue to look for opportunities to further this work in support of strengthening the regulatory and governance landscape in Africa bearing in mind resource constraints.

RECOMMENDATION 8

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.

RESPONSE TO RECOMMENDATION 8

The Australian Government notes the recommendation.

The Department of Home Affairs has a significant visa processing network to service African clients in the Africa region. This includes major visa processing operations in Pretoria (South Africa), Nairobi (Kenya), and Cairo (Egypt), as well as a network of Service Delivery Partners (SDPs) at 14 locations across the African continent.

In 2017-18, the grant rate for African nationals applying for a subclass 600 Visitor visa was around 80%. Processing times for African applicants who applied for a subclass 600 Visitor visa under the Business Stream indicate that 75% of applications were finalised within 25 days. Current visa policy supports the issuance of subclass 600 Visitor Business Stream visas with 2-3 year validity to low risk clients.

In 2017-18, the grant rate for African nationals applying for a subclass 500 Student visa was around 75%. Processing times for African nationals applying for this visa subclass indicate that 75% of applications were finalised within 75 days.

While processing times for African applicants for these visa subclasses are slightly higher than global processing times, this can be attributed to complexities involved with the African caseload, including additional time often required for health, character, and integrity checks (noting there is a high fraud rate in aspects of the caseload).

The Department of Home Affairs is currently taking steps to transform Australia's visa system to make it easier to understand, easier to navigate, and better aligned with Australia's long-term economic and social priorities. This includes:

- simplifying and streamlining the visa system so that it is easier for clients to use; and
- engaging with the market to explore new technologies to build a visa processing platform that will better manage risk, increase efficiency in processing, and improve the visa applicant experience.

These reforms will enhance the ability of African nationals to access Australia's visa system, provide increased transparency in the visa assessment process, and further reduce processing timeframes.

RECOMMENDATION 9

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.

RESPONSE TO RECOMMENDATION 9

The Australian Government notes the recommendation.

The department Smartraveller service provides general advice to Australians travelling, living or working overseas. Smartraveller is intended to assist Australians to make informed decisions and take responsibility for their health, safety and security overseas. It does this by highlighting the risks Australians might face and providing advice to avoid, minimise or cope with difficulties overseas.

Smartraveller has country-specific advisories for 176 countries, including the majority of African countries and all of those where there are significant numbers of Australians.

Smartraveller does not provide tailored or specific advice to companies or individuals. The department's network of posts in Africa and Austrade's office in South Africa are best placed to provide advice to Australian businesses operating in Africa.

In 2017, the Australian High Commission in Accra established a digital communications network, the Australian Mining Network (AMN), to facilitate the timely exchange of open source security related information between members. AMN members include Australians and individuals working for Australian mining companies in the extractives industries in West Africa, as well as Australian Government officials and those from the private security industry. Membership has grown to over 140 individuals from approximately 50 companies operating in Nigeria, Ghana, Burkina Faso, Cote d'Ivoire, Mali, Guinea, Liberia, Sierra Leone and Senegal.

The High Commission in Accra makes it clear to all members that the AMN does not replace the official Australian Government travel advice, but rather is a timely way for security information to be shared quickly across a wide area and from many different on-the-ground sources. It is also made clear that the department cannot be held responsible for the accuracy or otherwise, of the information shared on the AMN. Feedback about the AMN from Australian mining companies operating in West Africa and AMN members has been very positive.

RECOMMENDATION 10

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.

RESPONSE TO RECOMMENDATION 10

The Australian Government supports in principle the recommendation.

The Australian Government recognises the importance of reliable and timely trade, investment and other economic data for evidence-based decision making.

Australia's diplomatic missions in Africa conduct business outreach functions, which assist each Australian mission to produce annual economic diplomacy strategies for their countries of accreditation.

The ABS has recently published data on inwards foreign investment.

The department will continue regularly liaison with the Australia-African Minerals and Energy Group (AAMEG) on a range of issues.

RECOMMENDATION 11

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.

RESPONSE TO RECOMMENDATION 11

The Australian Government supports in principle the recommendation.

The department will continue to look for opportunities for collaborative public diplomacy engagement with stakeholders such as the Advisory Group on Australia-Africa Relations (AGAAR), chambers of commerce, Australia's African diaspora communities, and education and research institutions.

The department will continue to support Australia Africa Week (AAW) as a platform for bringing together a wide range of trade, education and cultural events to raise awareness about Africa. The department will also continue to support AGAAR, along with the Council for Australia-Arab Relations (CAAR), which covers several north African countries as part of its mandate, in support of stronger Australia-Africa ties.

The Australian Government expects that the establishment of the Africa Research and Engagement Centre (AfREC) at the University of Western Australia in July 2018 will make a significant contribution to Africa literacy, building on the collaborative work of the Australia-Africa Universities Network.

RECOMMENDATION 12

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

RESPONSE TO RECOMMENDATION 12

The Australian Government notes the recommendation.

The Australian Centre for International Agricultural Research will continue to pursue research partnerships and projects that align with the strategic objectives of the Australian Government.

RECOMMENDATION 13

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.

RESPONSE TO RECOMMENDATION 13

The Australian Government supports the recommendation.

The department will consider an Africa round for Business Partnerships Platform (BPP) funding for African development projects under its new Private Sector Engagement modality.

The BPP is a global program attracting partnerships where the strongest shared value outcomes can be achieved. The BPP is a competitive process and applicants must demonstrate clear potential to achieve shared value outcomes. Three BPP rounds have been open to date, with Round one delivering the first African partnership in Kwale, Kenya (Cotton On Group, Business for Development, Base Titanium and the department are partners). All three BPP rounds have been open to businesses in Africa.

BPP Round Three was opened on 25 June with applications closing on 10 August 2018. In Round Three, the BPP has a more focused range of countries and sectors to ensure targeted partnerships match the department's development priorities. Six African countries were identified as offering potential for BPP: Kenya, Tanzania, Uganda, South Africa, Mozambique and Ethiopia. Sectors for partnership in Africa include agriculture, water, fisheries, education, health, information and communications technology, financial inclusion, tourism, resources and clean energy.

The future shape of the BPP is currently being considered, including the potential for region-specific rounds. The department recently piloted an India specific round to test the potential of using the BPP in targeted regions or country rounds.

RECOMMENDATION 14

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.

RESPONSE TO RECOMMENDATION 14

The Australian Government notes the recommendation.

The Australian Government recognises the importance of promoting activities undertaken by Australian METS companies that benefit local communities and better communicating the benefits of foreign investment to the public.

The Australian Government, through its diplomatic network, has broad awareness of the METS companies currently operating on the African continent and encourages these companies to employ ethical business practice principles. The department will continue to engage with mining companies, both in Africa and within Australia, to improve its understanding of their work and their services to the communities in which they operate.

The department will also instruct its posts throughout Africa to report on case studies of effective corporate social responsibility activities and models employed by Australian METS companies.

RECOMMENDATION 15

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.

RESPONSE TO RECOMMENDATION 15

The Australian Government notes the recommendation.

The Leading Practice Sustainable Development Program (LPSDP) for the Mining Industry promoted sustainable development and industry self-regulation through the proactive adoption of leading practice principles.

The Program was launched in 2006, with the handbooks reviewed and updated in 2016. The recent review marked the conclusion of the program, with the Australian Government having met its objectives. Funding for the Program and the associated review was provided by the department under its aid for trade initiative.

The handbooks are available for public download on the Department of Industry, Innovation and Science website. The handbooks developed under the LPDSP are consistent with the UN Sustainable Development Goals and their objectives.

RECOMMENDATION 16

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.

RESPONSE TO RECOMMENDATION 16

The Australian Government supports this recommendation.

Alumni engagement for the Australia Awards Africa includes a comprehensive suite of activities across the Award cycle. In line with the Australian Global Alumni Engagement Strategy, the program promotes alumni and their achievements in Africa and Australia by showcasing their talents, expertise and successes.

Alumni engagement in Africa includes support for the establishment and operation of 22 country-specific alumni associations across Africa. The Australia Awards Africa also supports a network of 15 Alumni Ambassadors across Africa who will continue to raise the visibility of the Global Alumni Program.

RECOMMENDATION 17

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

RESPONSE TO RECOMMENDATION 17

The Australian Government notes the recommendation.

At present, the department does not plan to expand the Global Alumni Ambassador program to Africa. However, as noted in the response to Recommendation 16, Australia Awards Africa supports a network of 15 Alumni Ambassadors across Africa. Each Australian mission also has the discretion to establish a local Alumni Ambassador program if they see value in doing so.