



Submission No 20

Inquiry into Australia's Overseas Representation

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Review of Australia's Overseas Representation - Submission by AAMIG

Introduction

AAMIG – the Australia African Mining Industry Group - represents Australian mining and mining services companies active in Africa. AAMIG is committed to the establishment of a partnership with government, NGOs and the educational sector which builds capability and credibility for the Australian mining industry active in Africa, and ensures that host countries are supported in their regional development initiatives. AAMIG also intends that its work will enhance the capacity of the Australian Government to leverage on the Australian mining industries substantial presence in Africa, given its own more modest representation.

Issues

There have been various recent studies eg the Lowy Report, pointing to a significant lack of resources limiting the effectiveness of Australia's overseas diplomatic representation.

AAMIG will want to focus its comments on the situation in Africa.

Australia's interests in Africa are wide ranging – political, strategic (including counter terrorism and law enforcement), and commercial the latter most particularly because of the high level of engagement by the Australian minerals sector in Africa.

On a continent of 54 countries Australia has eight resident diplomatic missions in Africa with additional non-resident accreditations from Paris, Lisbon and Madrid. This submission focuses on the resident missions, since European based accreditation can do little on the ground to advance Australian interests – including supporting the work of the Australian mining and mining services companies active in Africa.

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Apart from DFAT which staffs all African missions, DIAC, Austrade and AusAID maintain much more limited representation across Africa. Australia's African posts are mostly small - while the Australian High Commission in South Africa is a medium size post housing the bulk of government's representation in Africa from DIAC, AusAID and Austrade. All missions must contend with a significant number of non-resident accreditations.

The two core resource issues which limit the effectiveness of Australian diplomatic representation in Africa are:

- Firstly the large number of non-resident accreditations which must be serviced by Heads of Mission and their staff;
- Secondly, to need for DFAT staff to often cover DIAC, AusAID and Austrade functions because of the much more limited representation by those organizations.

And this situation remains today, notwithstanding the modest increase in DFAT staff and some improvement in staff deployed by attached agencies, since 2008.

A Concrete Example

A concrete example of the work of an Australian post in Africa might help illustrate the basic points. The Australian High Commission in Nigeria has its resident accreditation in a country of 150 million people. The High Commissioner has six other countries of non-resident accreditation. There are no attached A based staff in Abuja so the post must also support AusAID, Austrade and DIAC programs. All of this work must be achieved with four A based officers (including the Head of Mission) plus limited LES Staff.

By comparison Canada has twelve staff in Nigeria, deployed in Abuja and Lagos. The Canadian High Commission has no countries of non-resident accreditation. In pure arithmetic terms this means that Canada thinks its relations with Nigeria are eighteen times more important than Australia does. ie Canada has three times more A based staff in Nigeria and Australia has six other countries of non-resident accreditation (Canada has none).

Canada is a country about a third larger than Australia in population and economic terms but it has a foreign service almost twice the size of Australia's -- and Canada has more of its diplomatic staff overseas. Australia sees itself as a country of comparable importance to Canada in foreign policy terms – yet Australian diplomatic resources lag well behind.

The Mining Story

Australian economic interests in Africa are very substantial particularly in the mining sector. At least 230 Australian companies are active in the resources sector in Africa. Between them they are pursuing 650 individual projects in forty two countries. The total investment is at least 24 billion dollars with many more billions in the pipeline. Australian engagement with Africa in the mining sector continues to grow strongly.

Part of the reason for this growth is because Africa is where the natural resources are: 30 percent of the global mining resources are in Africa (while only five percent of global exploration expenditure takes place there). Given the importance of mining in the Australian economy it is hardly surprising that Australian miners are very active throughout Africa.

Australia's overseas representation in Africa already works tirelessly to support the work of the Australian mining sector there. Six Heads of Mission attended the African Down Under (Mining) Conference in Perth in August 2011, when fourteen African mining and commerce ministers were present.

But the number of Australian diplomatic missions in Africa, their size, and the number of non resident accreditations, means that they must make near impossible choices in terms of priorities – particularly when you consider that the Australian mining sector is active in forty-two countries.

Many companies have been aided by the very good work of Australian HOMs in Africa, by Austrade, and increasingly by AusAID. But the relatively few Australian officials on the ground has to mean that significant Australian interests in many countries of non-resident accreditation can only receive relatively modest attention or attention at the expense of other significant priorities. Major

Australian mining engagement in countries of non-resident accreditation include Guinea, the Democratic Republic of Congo, the Republic of Congo, Burkina Faso, Niger and Cameroon.

Recommendations

While recognizing that there could only likely be a modest increase in Australian diplomatic representation in Africa, AAMIG nonetheless makes the following recommendations:

(a) Australia establish a full diplomatic (Embassy) presence in Francophone Africa, recognizing the significant Australian economic interests in that region particularly in mining development. At present Australian interests in Francophone Africa are covered by the Australian High Commissions in Accra and Abuja and the Australian Embassy in Paris.

The Embassy in Paris cannot offer significant support on the ground – visits are infrequent and the Post’s engagement with Africa has been a secondary priority. The Australian posts in Accra and Abuja provide active and at times intensive support to the Australian mining sector but together those two posts (each with four DFAT staff) have fourteen countries of non-resident accreditation between them. They are therefore forced to choose between an impossible range of competing priorities.

(b) Australia also needs to significantly strengthen its Austrade presence in Africa – the gap between Australian engagement in Latin America and Africa is glaring - with four Austrade A based filled posts in Latin America (Chile, Brazil, Peru and Mexico) as against only one in sub Saharan Africa (South Africa). Perhaps even more glaringly anomalous Austrade has a Mining Specialist Trade Commissioner in Latin America (in Peru) but none in Africa – despite the fact that there are more than 230 ASX mining companies working in Africa as against about 70 in Latin America.

The recent review of Austrade and the refocusing of effort into emerging markets should result in some increase in Austrade resources in Africa.

(c) In recent years the Department of Foreign Affairs and Trade has increased the number of Honorary Consul appointments as a means of seeking to mitigate the under representation of Australian diplomatic resources in many corners of the world. Honorary Consuls have a limited role and are not a substitute for full diplomatic representation, nonetheless they can offer certain support services including in the commercial context. AAMIG believes that additional Honorary Consular appointments would be a useful step in helping to “fly the Australian flag” in more African countries.

Conclusion

In making the recommendations we have AAMIG wishes to acknowledge the very great contribution made by Australian officials working in Africa or on Africa issues. But AAMIG believes that many of them carry an impossible load and that the extent of Australian interests in Africa warrants the deployment of additional diplomatic resources on the continent.