



## **AUSTRALIAN HIGH COMMISSION PRETORIA**

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**Address to Australia Africa Business Council Breakfast Meeting  
SHERATON HOTEL, PERTH, WESTERN AUSTRALIA  
Thursday 3 September 2009**

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**Remarks by Her Excellency Ms Ann Harrap  
Australian High Commissioner to South Africa, Botswana, Mozambique and  
Namibia; High Commissioner-Designate to Lesotho and Swaziland; and  
Ambassador-Designate to Angola**

Good morning and thanks to the AABC for giving me the opportunity to talk to you today. Given that Lenin is here with me, I can understand if the focus for the morning is on South Africa but given that I am not just the Australian High Commissioner to South Africa but to a number of other countries as well I think it would be appropriate for my opening remarks to have a broader focus.

As many of you probably know, Australia has 6 missions (Embassies or High Commissions) in sub-Saharan Africa - Pretoria, Harare, Port Louis, Nairobi, Abuja and Accra. So with over 50 countries on the continent, it means that we all have a number of accreditations. From Pretoria, I am accredited to South Africa but I am also High Commissioner to Botswana, Namibia, Swaziland, Lesotho, Mozambique and also now Ambassador-Designate to Angola.

With many of those countries our relationship has traditionally been based on strong people to people connections, shared membership of multilateral bodies like the Commonwealth, and development assistance. With some, our trading relationship is very small - with Lesotho for example it is only AUD200,000 per annum. But

increasingly Australian companies are leaving a substantial investment footprint in these countries - at last estimate there were over 300 Australian companies with over USD 20 billion worth of current investments in Africa and more projects in the pipeline. That's mostly in the oil and resources sector but we are also seeing flow on effects to other industries, like construction and services.

Given that sort of investment footprint, Australian business is obviously interested in political stability. And I can say quite confidently, that in my patch things look good. South Africa of course had a very successful and peaceful election earlier this year. There will also be elections in Mozambique, Botswana and Namibia later this year, and presidential elections are scheduled for Angola next year. In none of those countries are we expecting significant changes in government - either in personalities or policies. And that provides considerable certainty for those currently engaged in, or thinking about doing business with, southern Africa.

What will be interesting to watch, however, is how those countries address some of the serious skills challenges that all of them are facing. The human resource capacity constraints are very obvious in the public sector in southern Africa - in the departments that register your company, grant your mining licence or collect your tax. And it will be important for southern African countries to seriously address those constraints if they want to attract more foreign investment and business.

Donors, including Australia, are certainly trying to help where we can. You may be aware that in January this year, Stephen Smith, attended the African Union summit in Addis Ababa - the first Australian foreign minister ever to do so - and while there he announced that Australia would increase by 10-fold the number of scholarships it offers to African students - from 100 last year, to 1000 by 2012. And so as to effectively respond to the needs of African countries - those scholarships will be a combination of both longer term post-graduate scholarships as well as shorter term fellowships focusing specifically on natural resource management and infrastructure, with a view to harnessing the potential growth and development benefits of extractive industries revenue.

Critical skills shortages are also an issue in South Africa and do impact on the business environment. Delays in the issuing of work permits and new order mining licences can, in my view, be directly attributed to capacity constraints. Now before Lenin takes me to task - and says that part of the issue is the emigration of skills from South Africa to Australia - I just want to debunk the migration myth on the head. Yes, there are skilled South Africans moving to Australia (but not as many as some would have you believe) and replacing those skills quickly is a policy challenge for the SA government and also for Australia as we work through our development assistance program with SA - BUT - it's important to also look at the benefits for both countries that have derived from migration.

The Australia-SA trading relationship is worth over AUD4bn per year, with average growth of about 11% year on year over the past 5 years. There are now 12 direct flights per week between the two countries and more than 100,000 Australians visit South Africa a year, significantly contributing to the local economy. Over 29,000 tickets have been sold to Australians already for the WC2010. Now I don't have empirical evidence to prove the linkages, but to my mind it's logical that a good portion of the growth in the economic relationship between Australia and South Africa can be attributable to migration.

So what are the business opportunities in South Africa and what sort of business climate do we find there? In answering the second part of the question, we obviously also have to ask ourselves what sort of a job the government of President Zuma is doing. We're not long past the first 100 days of the Zuma presidency and I think the report card is reasonably good. At a time when South Africa is facing its most severe growth contraction for more than 24 years and is dealing with significant unemployment pressure, we are seeing a government holding its nerve and placing priority attention on areas designed to grow the economy and give confidence to the business community. Education, service delivery and crime - all areas of interest to business are being worked through - and the R787bn stimulus spending on infrastructure is having an impact.

Now that is not to say there are not challenges to doing business in southern Africa. There is still some uncertainty about how the various economic portfolios are going to inter-relate with one another (but the widely predicted 'lurch to the left' has not materialised); one could question the economic sense of a Cabinet that contains 34 ministers and 28 deputy ministers; and people are waiting with some anticipation to see who President Zuma appoints to replace the three retiring judges on the constitutional court later this year and the implications that will have for the role of the judiciary.

And you probably will have seen some of the strikes in recent months in South Africa, and the at times violent service delivery protests – and this has dented business confidence somewhat. It underlines the new administration's biggest challenge - be dealing with the ambitions of a large group of unskilled and unemployed youth who all voted for better service delivery and a better life – and who expect Zuma to deliver on that.

Another factor is the reality that South Africa is still undergoing its transformation process. Overcoming the legacy of apartheid has seen various empowerment programs for previously disadvantaged people – in South Africa this set of policies is known as Black Economic Empowerment. It is important for Australian business operating in southern Africa to be aware of the various policies in this area - I'll let High Commissioner Shope field questions on this.

But on the whole - I think the whole tone of this Presidency is positive, the renewed focus on reconciliation is extremely important in a South African context and there are real opportunities for Australian business to take advantage of - particularly in services, education, construction, and resources.

WC2010 obviously also provides a real window for Australia, particularly now that we've qualified for the tournament. Certainly the Australian government, through Business Club Australia, is looking to facilitate business networking opportunities

around the event, just as we have done during other major sporting events, such as the Beijing Olympics and the rugby world cup. South Africa has traditionally served as a 'springboard' for companies interested in Africa – there are numerous Australian companies with offices in South Africa, and the World Cup will provide an important opportunity for businesses to explore the southern African, and more broadly, the African market. Both Greg Hull, the trade commissioner, and myself are happy to talk to you more about what options for sponsorship and participation there might be for your business through the BCA at the time of the world cup.

I want to finish by saying that now is an excellent time to be doing business in southern Africa. You have an Australian government that is committed to growing the political relationships with African countries, providing more support to business and giving significantly more in development assistance to the continent to help meet the Millennium Development Goals. And in southern Africa, you have stable governments committed to providing the sort of investment climate that you are looking for - certainly my colleagues and I look forward to working with you to take advantage of that.

Thank you.