



## **Supplementary Submission**

### **Enterprising Australia – planning, preparing and profiting from trade and investment**

Austrade welcomes the opportunity to provide a supplementary submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade on Enterprising Australia – planning, preparing and profiting from trade and investment.

Specifically this paper provides more detailed information on the following areas:

1. Austrade's strategy to ensure that it harnesses trends in e-business for the benefit of Australian business.
2. Austrade's strategy for targeting emerging industries and ICT and linking exporters into the global network.
3. The Austrade global network, how it underpins Austrade's work and information on the allocation of resources.
4. Austrade's performance measurement, how this links to individual performance agreements.
5. Trends in exporting (value, sector and volume).

#### **1. Austrade's strategy to ensure that it harnesses trends in e-business for the benefit of Australian business**

The Internet is the fastest growing technology in world history and it is envisaged that within the next five years the value of global Internet business will equal the size of the Australian economy.

An information age is emerging which includes dramatic increases in the quantity of information available; changing business models, including on-line markets and marketing over the Internet; and an increase in niche micro companies, both as exporters and service providers. Australian exporters are affected by these trends, as are all Australian businesses, facing competition from goods and services being sold into Australia by companies based in other countries. Austrade needs to react quickly to the changes taking place in international trade to ensure all Australian companies (not just current exporters) are positioned to maintain and increase Australia's living standards.

Austrade is implementing a major project (E-business Information Age) to ensure that recent shifts in e-business are integrated into our business for the benefit of all our clients. Austrade is:

- redesigning Austrade's web site to:
  - provide more value-added export services, and
  - become a highly international channel into Austrade for clients and customers
- ensuring Austrade staff can advise on e-business by:
  - linking the web site to established e-markets,
  - developing content for online markets through a strategic alliance with the Nordic Trade Council,
  - training staff to understand e-business principles, allowing them to better advise clients on e-business strategies, and
  - appointing an Internet Adviser to provide staff and clients with e-business knowledge.
- building an intellectual capital role by:
  - building a virtual 'Austrade Institute' to bring together human and knowledge capital to enhance staff development, and
  - establishing Austrade, alumni , academic and business networks to share knowledge.

This supplements a major corporate strategy focusing on people.

- Improving the quality of Austrade's advice to clients through improved processes for:
  - understanding clients' needs,
  - market selection,
  - market entry, and
  - alliances and partnerships.

This supplements an important corporate strategy focused on improving service.

Supporting these changes in Austrade's role are a network of Regional Information Managers (RIM) and Information Officers (at posts) to:

- implement the Information Age strategy at a regional level;
- improve knowledge management processes and promote a knowledge sharing culture, and
- drive regional skills in e-business, including use of Internet, advising on e-business and using corporate systems.

## **2. Austrade's strategy for targeting emerging industries and ICT and linking exporters into the global network.**

Austrade has a global ICT team with experts in key locations around the world to feed information back to Australian companies about opportunities and to assist companies enter overseas markets. This team facilitates strategies to increase the awareness of Australian companies of the opportunities available overseas and to demonstrate Australian capability in the sector. For example, strategies for the US and Europe ICT markets are linked so that we are able to identify clients with potential in either market and migrate them from one region to the other, expanding their potential for success.

Austrade works closely with all levels of the Australian ICT industry including industry associations to help target their specific client bases and assist them to establish an overseas presence. There are many initiatives in place such as the Silicon Valley Competition that targets Australian companies with new and innovative ideas and enables the 10 best companies to undertake a visit program to Silicon Valley each year.

This year, Austrade is starting a newsletter, that will be distributed to every overseas post, with information from Austrade, Federal and State Government ICT Departments, industry associations and allies.

Austrade works with DCITA, NOIE and various state govt Departments on ICT initiatives, ensuring that we increase Australian exposure wherever possible. Austrade is also joint sponsor of the WCIT 2002 (World Congress on IT) in Adelaide, along with DCITA, NOIE and Invest Australia.

## **3. The global network and how it underpins Austrade's work.**

Austrade's global network is a key asset in achieving our primary outcome, to service Australia exporters effectively. Our clients value Austrade's extensive experience in world markets. They appreciate that our advice and presence in the local markets will reduce their risk when they are moving into or expanding their international presence.

Clients expect that in the services we provide, we will be extremely responsive to their requests, provide our professional wisdom and experience in the service we supply and be at all times professional. They expect fairness and transparency in our charging system and value for money in what we supply. They value our ability, as a representative of the Australian government, to open doors.

Austrade's offices in Australia are the first point of contact for exporters and potential exporters, and also provide financial support through Export Finance Assistance Programs. Last year, we increased our coverage of regional and rural Australia through the expansion of the TradeStart program, establishing 20 offices in partnership with State Government providers. This has proven to be a successful outreach in fulfilling

Government's requirement, as specified in Outcome 1, to raise the awareness of exporting.

Management undertake reviews of the budgets which guide the work to be performed to ensure that all regions have the appropriate level of funding and assess movement of resources or additional funding that would materially affect the level of activity. At June 2000, Austrade had 992 operative staff, of which 500 were overseas. In the current budget environment, no additional funds are expected and consequently the effective use of current resources is critical to Austrade's continuing ability to achieve the Outcomes that the Government has set us.

Austrade's Industry Specialty Group work with Australia's firms to pursue large and complex trade and investment opportunities overseas and co-ordinate Austrade's work with key industry allies. The specialists cover a range of industries including agribusiness, services, infrastructure, multi-lateral procurement, marine, defence, automotive railways, mining equipment and services, information and communication technology and education.

The need to develop more integrated supply chains across industries is recognised by Austrade and other government allies. Austrade assists exporters to link with global supply chain networks and operate in the global market. For example, Austrade recently collaborated with AFFA in bringing a senior food industry marketing expert from the United Kingdom to Australia in an effort to promote the opportunities and challenges surrounding global food chains. Producers, exporters and others across the supply chain in the fragmented Australian horticultural sector were encouraged to work together in order to approach the European market using more sophisticated and robust supply chains.

Another example is the work Austrade is doing to help Australian companies access the Asian supply chains of major international engineering infrastructure companies located in Singapore. Austrade is also working with State Governments, ISONET and the National Infrastructure and Engineering Forum to develop a coordinated approach to helping Australian companies access global/regional supply chains of international infrastructure developers and EPCM contractors.

Austrade is also trialling the "virtual office" in North East Asia, decreasing dependence on expensive property commitments. We will also use flexible, small "Outrigger" offices to expand our reach into new, promising markets.

Tables provided in Appendix 1 give an indication of the allocation of resources across the divisions and regions in which Austrade operates and against the specific outcomes to which Austrade is committed to achieve.

#### **4. Austrade's performance measurement**

Austrade has a well defined Business Planning process with service improvement initiatives at the corporate, regional and unit levels (Appendix 2). The Corporate Plan, set on a 3 year rolling basis, provides overall strategic direction for Austrade whilst the Operational Plan is set annually and provides for specific outcomes and objectives at a corporate and regional summary level. Business Plans are developed by each unit / post within Austrade on an annual basis to set out the specific goals, objectives and strategies for that area. Individual Performance Agreements are then established with each employee based on the Business Plan. Specific reporting requirements at each level of the plan are in place according to specific management requirements to ensure that the Austrade's corporate goals are met.

Austrade has a comprehensive series of Output Measures and six of these are described as Key Performance Indicators (KPIs). Client Satisfaction is the most heavily weighted of the six KPIs and individual Performance Agreements include achieving Client Focus as a mandatory Key Result Area. The new Client Service Performance Levels system focuses the staff on not only Client Satisfaction but the service standards which will drive service excellence - the Client Service Charter.

In 1995 Austrade introduced a standard approach to client needs with the Client Service Policy. In 1998 the organisation introduced the Client Service Charter which was based on focus groups and quantitative research. Austrade's objective when formulating the Service Charter, was to produce a charter that would:

- ◆ further enhance its client focus,
- ◆ promote Austrade's client accountability, and
- ◆ incorporate service standards which are meaningful to our clients.

Austrade's objectives in incorporating the Service Charter standards in the annual client survey were to:

- ◆ obtain meaningful client feedback about how the various Austrade work units have performed against the standards for basic service standards and for our tailored services,
- ◆ identify standards that are key drivers of client satisfaction, and
- ◆ use the client feedback to develop tailored service improvement strategies for each of Austrade's work units.

Demonstration of the effect of these initiatives was the award of the Silver award for the development of the Client Service Charter in the *Commonwealth Service Charter - Awards for Excellence* in 1999 and in 2000 Austrade won the Gold Award in the category of "Demonstrated excellence in integrating service charters into core delivery outcomes and organisational culture."

Austrade's goal is to be recognised as a provider of excellent client service and has set a target to achieve 85%+ positive client satisfaction and to eliminate the negatives. The strategy focuses on training, leadership development, client feedback and complaints

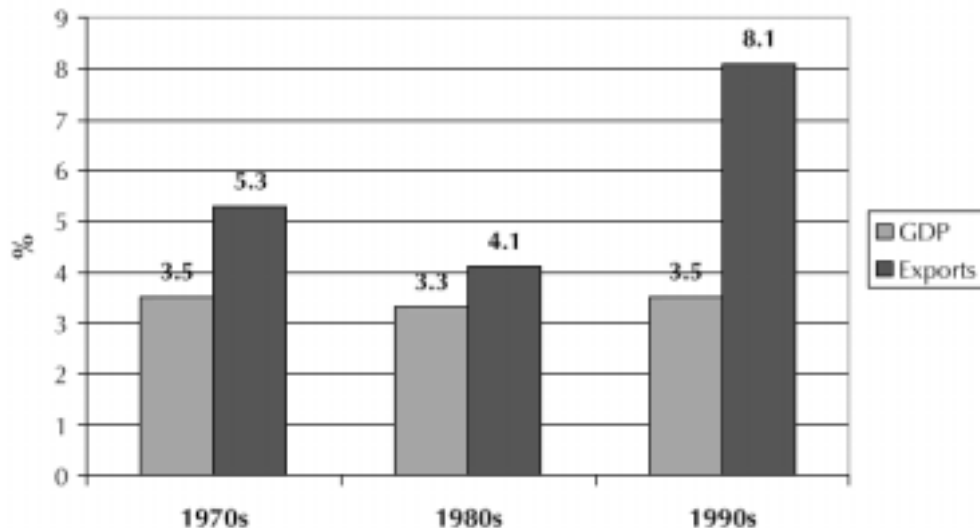
management as well as encompassing an integrated communications plan to drive the development of a service oriented organisational culture.

Our success is measured through the annual Client Service Improvement Study which assesses client satisfaction and the achievement of service standards. The annual Client Service Improvement Study (CSIS) measures client satisfaction at an organisational, regional and unit level, but also provides feedback about how the units have performed against the service standards with actionable information for business improvement. Results are workshopped by the units, with areas identified for improvement and included in the plans at the unit level. Progress is reported to the Executive on a monthly basis.

## **5. Trends in exporting**

Export patterns have changed in recent decades and grew much faster in the 1990s than in the two previous decades. The average annual growth rate of real exports of goods and services was 8.1% in the 1990s compared to 4.1% in the 1980s and 5.3% in the 1970s. By contrast, on an annual average basis, real GDP grew by 3.5% 1990s, 3.3% in the 1980s and 3.5% in the 1970s.

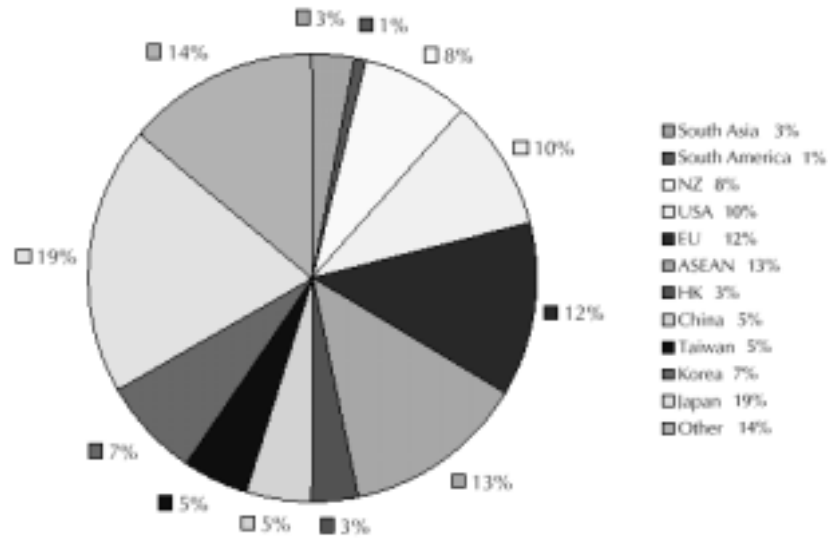
Chart 1 Growth Rates in Exports and GDP  
Average annual rates in constant dollars  
(Source: RBA)



There is much more geographic diversity in our export base, which is an illustration of Australia's improved economic performance. The Asian financial crisis of 1997-99 illustrated the importance trade diversion in helping Australia withstand the 'external' shock to our export income. Exporters were remarkably adaptable in their strategic response to the Asian financial crisis (see Harcourt, 1999a 'Two Years On: Australian Exporters and the Asian Crisis' Austrade, Sydney).

**Chart 2: Australian merchandise exports by destination: 1999**

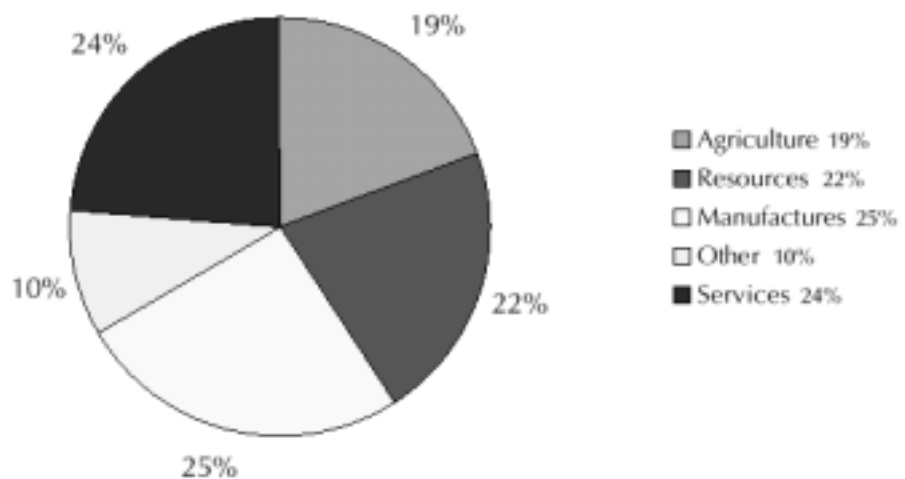
(Source: DFAT, ABS)



Australia has also diversified its export base in terms of industry sector. Whilst we traditionally ‘rode on the sheep’s back’ with the dominance of primary products (both agricultural and mining) this was later followed by manufacturing and more recently by services. In the new millennium it is expected that knowledge-intensive exports (such as in biotechnology, software and re-engineered services) will become more important (ASN & DISR (2000)).

**Chart 3: Australia’s exports by sector: 1999**

(Source: DFAT, ABS)





**APPENDIX 1**

**TOTAL FINANCIAL AND HUMAN RESOURCES  
APPLIED TO OUTCOMES**

Outcome	1999-2000 Actual		2000-2001 Revised Budget		2001-2002		2002-2003		2003-2004	
	Person Years	Budget \$m	Person Years	Budget \$m	Person Years	Budget \$m	Person Years	Budget \$m	Person Years	Budget \$m
Public understanding of Australia's trade and investment direction, Government export programs and promotion of Australia's image internationally.	60	11.270	62	11.502	79	13.321	79	10.918	79	11.008
Contribution to Australia's export trade performance by facilitating and encouraging trade and investment between Australia and foreign countries.	829	155.298	842	179.356	822	169.785	822	169.540	822	170.932
Australians informed about, and provided access to consular, passport and immigration services in specific locations overseas.	45	8.435	75	9.233	53	8.615	53	8.755	53	8.827
Contribution to Australia's export trade performance by providing financial and other assistance to eligible Australian organisations through export market development schemes.	58	142.447	71	151.468	68	151.286	68	150.000	68	150.000
<b>TOTAL</b>	<b>992</b>	<b>317.450</b>	<b>1050</b>	<b>351.559</b>	<b>1022</b>	<b>343.007</b>	<b>1022</b>	<b>339.213</b>	<b>1022</b>	<b>340.767</b>

- The "2000-2001 Revised Budget" Column is inclusive of the 2000-2001 Additional Estimates.

**COMPARISON OF FINANCIAL (ACCRUED) AND HUMAN RESOURCES  
APPLIED TO REGIONS/DIVISIONS**

Region/Division	1999-2000 Actual		2000-2001 Revised Budget		2001-2002		2002-2003		2003-2004	
	Person Years	Budget \$m	Person Years	Budget \$m	Person Years	Budget \$m	Person Years	Budget \$m	Person Years	Budget \$m
North East Asia	184	35.623	200	43.847	192	43.099	192	42.388	192	42.692
South East Asia	102	12.601	112	14.471	113	14.616	113	14.162	113	14.264
Americas	108	21.276	102	25.400	99	25.203	99	24.865	99	25.043
Europe	95	19.257	98	25.026	101	24.900	101	24.512	101	24.416
Middle East/ Indian Ocean	94	13.939	112	16.154	97	15.707	97	15.347	97	15.458
South Pacific	32	4.001	35	4.769	34	4.624	34	4.471	34	4.503
Australian Operations	164	23.896	165	27.780	164	24.182	164	23.537	164	23.880
Corporate and Government	134	40.254	136	36.766	135	35.910	135	36.404	135	36.932
Export Finance Assistance Program	58	142.447	71	151.468	66	151.286	66	150.000	66	150.000
Executive and Strategic Development	21	4.156	19	5.878	21	3.480	21	3.527	21	3.579
<b>TOTAL</b>	<b>992</b>	<b>317.450</b>	<b>1050</b>	<b>351.559</b>	<b>1022</b>	<b>343.007</b>	<b>1022</b>	<b>339.213</b>	<b>1022</b>	<b>340.767</b>

- The "2000-2001 Revised Budget" Column is inclusive of the 2000-2001 Additional Estimates.

## APPENDIX 2

