



Appendix H – National assistance organisations

Introduction

H.1 The Australian Government provides industry assistance through a mix of agencies and departments. Those most closely associated with the manufacturing sector include the Department of Industry, Tourism and Resources (DITR); its agencies AusIndustry and Invest Australia; and the Department of Foreign Affairs and Trade's (DFAT) export agency, Austrade. The Australian Government also contributes jointly with the states and territories to a buyer-supplier facilitation network, the Industry Capability Network Limited (ICN). The responsibilities and functions of these agencies are discussed below.

AusIndustry

H.2 AusIndustry is the primary support agency of DITR. Its role is to administer DITR policy by delivering direct and indirect support to all sectors of industry. It oversees a raft of industry programmes (as outlined in Appendix D); the most significant to the manufacturing sector have been discussed throughout the report.

H.3 Non-financial assistance provided by AusIndustry is largely restricted to advice about funding programmes. Much of this guidance is provided via customer service managers located in 26 Australia-wide offices. The agency's website focuses on the mechanics of financial support programmes only, supplemented by a telephone hotline to support officers.

H.4 AusIndustry also delivers the national Australian Technology Showcase¹ (ATS) jointly with states and territories. The ATS facilitates networking, provides international promotion of Australian advanced technologies and innovations, and maintains a database of Australian innovators. It is a mechanism for providing innovation linkages and promoting Australian innovation.

H.5 The ATS appears to be poorly promoted. The committee learned of the Showcase from a witness appearing in a private capacity. DITR did not refer to the ATS in its evidence. Mr Tony Strasser thought the Showcase was a worthwhile initiative:

Things like Australian Technology Showcase are good because they put those manufacturers in front of others. When the international manufacturing community sees some of the capacity in Australia, they get quite interested, but they do not get in front of companies enough.²

Austrade

H.6 Austrade is the export market and international business focused agency of DFAT. It also provides advice on investment in other countries for trade purposes. The agency has 18 domestic offices and a presence in more than 140 overseas locations to help provide access to overseas markets and international business opportunities. It has the largest international trade office presence in China with 100 staff spread across 15 offices.

H.7 Austrade delivers one major grant programme—the Export Market Development Grants.

H.8 Austrade helps existing exporters and aims to foster a culture of export within domestically focused businesses. Whilst Austrade does not directly seek out potential exporters, it conducts regional fora and outreach programmes, often with grass roots manufacturing contact. The Austrade submission detailed its recent success in helping Australian industry globalise:

Preliminary results for the 2005–06 financial year indicate that Austrade assisted 5,132 clients in exporting activities, a 17.8 per cent increase compared to the 2004–05 level (4358). Of these clients,

1 Website viewed 12 May 2007, < <http://ats.business.gov.au/ATSCM/HomePage.aspx>>.

2 Mr T Strasser, *Transcript*, 29 August 2006, p. 41.

3266 (63.6 per cent) were established exporters and, significantly, 1866 (36.4 per cent) were new exporters.³

- H.9 Austrade and a range of local private and public sector organisations have formed 54 export assistance 'TradeStart' offices located in all Australian states and territories. TradeStart offices administer the New Exporter Development Programme (NEDP), which provides new, eligible exporters with free export market advice and on-site coaching over a twelve month period. An information portal, the 'Export Hub,' provides the internet face to both the TradeStart assistance and also export oriented AusIndustry programmes. Neither NEDP nor TradeStart featured in this inquiry's evidence.

Industry Capability Network Limited

- H.10 The Industry Capability Network (ICN) operates in Australia and New Zealand to assist businesses maximise opportunities that arise from purchasing requirements in the government and private sectors. The original focus was on import-replacing manufacturers but it is now moving towards major international projects and global supply chain opportunities. Although it is an independently managed organisation, the national office is funded by the Australian government (which provides the IT interface to all the regional offices), and the state and territory offices funded by their governments.

- H.11 To assist small to medium businesses with breaking into global supply chains or working on major overseas projects, the ICN has developed a nationwide database, called the Supplier Showcase, of industry *capabilities* (not *products*).⁴ Information is fed in directly from the regional ICN offices.⁵ The national ICN office outlined the process:

Where we come in is that we provide the industry capability system, the ICS, which is the IT for all of them [ICN branches] to operate. That is funded through our office [national office] and has listed on it about 36,000 Australian companies...⁶

- H.12 The database enables staff to identify and match capability with interested buyers who contact the ICN looking for a manufacturer's capability to produce a particular good. Registration of capability by a business is

3 Austrade, *Submission no. 18*, p. 3.

4 Austrade operates an *Australian Suppliers Directory* which promotes Australian goods and services on-line. A viewed, 16 May 2007, <<http://www.austrade.gov.au/ASD/default.aspx>>.

5 There are 24 offices located throughout Australia.

6 Mr D McLachlan, ICN, *Transcript*, 2 November 2006, p. 5.

voluntary and can be done on-line, however these résumés are not made public.

- H.13 While the ICN do not provide accreditation of manufacturers on their database, they do ensure that businesses have genuine and suitable capabilities.⁷
- H.14 An on-line register of major projects is also maintained and suppliers may register their interest in a particular project.⁸ The 'applicants' are vetted by the ICN for capability suitability for a major project. This may involve site visits, but the ICN is not involved in awarding contracts.
- H.15 Expert consultants may be funded to work with major project developers and act as intermediaries between project managers and capable suppliers under the Supplier Access to Major Projects (SAMP) scheme. The funding covers the transaction and time costs of researching the capability needs of projects and providing links to businesses that can meet these. SAMP Global extends the scheme to overseas major projects.
- H.16 The ICN works collaboratively with Austrade to connect Australian businesses with supply chain opportunities and international major projects.

Invest Australia

- H.17 Invest Australia is Australia's inward investment promotion agency, within the DITR portfolio. It was set up in 1997 as an initiative of the *Investing for Growth* statement, to amalgamate all of the federal government's then existing investment attraction functions.
- H.18 The agency provides support, information and advice to prospective foreign investors on Australian regulations and incentives, and may tailor packages to assist setting up a business in Australia. The agency employs investment specialists in 15 international locations.
- H.19 Australia may want to attract foreign direct investment for manufacturing for three broad reasons:
- Australians may not invest sufficiently in existing Australian manufacturing, either directly or indirectly;
 - foreign direct investment can create 'technology transfers'; and

7 Mr D McLachlan, ICN, *Transcript*, 2 November 2006, p. 10.

8 The on-line version is called the Project Gateway.

- when foreign companies enter the 'global supply chain' by establishing within Australia, their presence may provide a stronger link between Australian manufacturers and international supply chains.

H.20 Invest Australia, in evidence to the Committee's concurrent services inquiry, reported that it had attracted considerable FDI across all industry sectors:

In 2005-06 Invest Australia played a role in attracting or facilitating 94 projects which, if they all proceed, will be worth in excess of \$16 billion and create nearly 6,000 jobs.⁹

⁹ Mr B Jones, Invest Australia, *Transcript (Services)*, 1 December 2006, p. 36.