



Australian Government
Austrade
Australian Public Service Commission



ORGANISATIONAL CAPABILITY ASSESSMENT POSITIONING AUSTRADE FOR THE FUTURE

6 OCTOBER 2017



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LETTER OF TRANSMISSION

Dr Stephanie Fahey
Chief Executive Officer
Austrade

Ms Stephanie Foster PSM
Deputy APS Commissioner
Australian Public Service Commission

6 October 2017

Dear Dr Fahey and Ms Foster

It is our pleasure to present to you our report about the Austrade Capability and Future Focus Assessment.

Austrade continues to make a significant contribution towards Australia's international economic activity. We would like to congratulate staff both past and present for their efforts and success.

However, like all organisations, Austrade faces challenges in determining how it will continue to work, to meet the needs of the future.

The needs of Australian exporters and foreign investors into Australia are changing, and Austrade also faces challenges in its own business model.

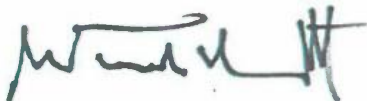
Positive change is needed for Austrade to capitalise on opportunities. This report includes high level recommendations which we believe if implemented, will substantially assist the organisation into the future.

Like many agencies, we note Austrade faces significant resource constraints in the current environment. Under a remit of assessing organisational capability, we did not investigate resourcing in detail, but we encourage Austrade to undertake work to reallocate resources to invest in areas required to build capabilities of the future.

We wish you and your colleagues every success in this task.

We would like to thank Austrade staff, clients and other stakeholders who helped us in developing our findings. We would also like to thank the members of the Assessment Team from Austrade and the Australian Public Service Commission who worked with us to deliver this report – Patrick Kearins, Ana Nishnianidze, Diane Tsuji and Anne Baz.

Yours sincerely,



The Hon. Warwick Smith AM LLB



Andrew Metcalfe AO
Federal Government Lead Partner
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1. EXECUTIVE SUMMARY

Austrade has enthusiastic, talented and resourceful staff who work with passion to achieve positive outcomes for Australian exporters, foreign investors, international educators and the Australian tourism industry. They should be congratulated on their commitment, professionalism and energy.

Austrade's strength also lies in the unique and valuable networks it has developed, the information and insights it holds, and its ability to convert these into export and investment opportunities for Australian business.

No organisation can stand still. The challenge facing Austrade is to determine how it can continue to deliver in the face of significant, fast-paced and ongoing change in both the global economy and in service delivery platforms. Austrade should consider the capability it requires to continue to offer its unique value proposition.

Consumer needs are rapidly changing with technology creating higher expectations of accountability, interconnectivity, responsiveness, and effective service delivery. Today, consumers are empowered, informed, have more choice and better access to information. Putting clients at the centre of what Austrade does is critical to ensuring it can pivot and change with time, create mutual value and remain relevant.

In an increasingly complex world and resource-constrained operating environment, it is important to recognise where the organisation can add the greatest value and achieve the greatest impact.

This will necessarily involve gathering and analysing intelligence to identify emerging trends and inform a new integrated, forward-looking strategy. The strategy will assist in prioritising resources and effort to achieve identified and measurable outcomes over time.

Data has a role beyond priority setting for the organisation. Market intelligence is core business for Austrade. Harnessing data more effectively and treating it as a strategic asset creates huge potential for Austrade to build scalable, cost-effective platforms which are information and insight rich, but require less effort by Austrade staff in the longer term. Enhancing and integrating data assets, and making them accessible to business and to government, will enable a cost effective universal service offering, and establish Austrade as an authoritative information source with the credibility to influence government and offer even greater value to delivery partners.

The Assessment commends Austrade's strong record of delivering high quality services, and this was reinforced throughout our consultations. There follows an opportunity to develop a service delivery model offering more tailored, targeted assistance in support of strategic priorities and client needs. This may present the option to monetise some (or all) of Austrade's services to help sustain business in a constrained fiscal environment, where this is in line with the longer term strategy.

Business productivity is dependent on the organisation's ability to adapt technology, ecosystems and networks to facilitate both individual and organisational reinvention and agility.

Partnering with others in the public and private sectors can expand Austrade's reach, leveraging information, activities and effort. Working to offer clients a single entry point to access government services, or leading a united brand for Australian business to the international economic community may further promote Austrade's business agenda.

Businesses, tourism operators, investors and the education sector would benefit from strengthened advocacy within government. Austrade is uniquely placed to understand clients' commercial interests and reflect this in policy development, advocating change if required. A more dedicated role in informing commercial policy debates will help Austrade reinforce its authoritative position as a window into business for Government.

Austrade's operating model and structure will need to support delivery of strategic objectives and be able to respond to changes in the external environment, to create an agile, fast moving organisation, relevant into the future. Decisions must have a strategic focus and be supported by evidence, including on performance. Resource allocation must reflect strategic priorities and be flexible to enable change. Data is an asset that will require appropriate investment over time.

People are Austrade's most significant asset, and most significant area of expenditure, accounting for 66 per cent of Austrade's operating budget. They must be led and managed effectively, and given the right opportunities to develop and maximise their talent and contribution to the business. Property is another significant outlay which must be cost effective. Locations must deliver value.

Budget allocation, including for people, needs to reflect organisational priorities and the changing operating environment. Budget predictions indicate that current expenditure levels are not sustainable within anticipated funding. Austrade must find a way to redirect effort and achieve efficiencies while investing in future capability.

An analysis of Austrade's capital requirements over the longer term (10 years) indicates annual capital funding of \$17.3 million is required to maintain existing functionality, against an annual capital budget allocation of \$14.1 million. This does not include an estimate to replace the existing EMDG system.

Presently budget allocations do not, at face value, align with delivery requirements. For example, in 2016-17, onshore operations had a budget of some \$100 million; 500 full time equivalent employees; and discretionary costs of \$25 million. In contrast, total offshore operations had a budget of some \$94 million; 550 full time equivalent employees; and discretionary costs of \$11 million. While local factors may account for some differences in discretionary costs, this is an area that needs closer examination and review.

A change in focus for Austrade will need to be supported by Executive leadership strongly committed to longer term strategic objectives. This includes working as a team to build organisational capability, drive change, and bring the organisation on this journey. Executive must embrace a culture of working openly and collaboratively with other organisations to deliver the best outcomes for Australian prosperity.

2. RECOMMENDATIONS FOR CAPABILITY DEVELOPMENT

Looking forward, and in the context of broader external factors, Austrade's challenge is to cement its unique role and contribution across trade, investment, international education and tourism, while ensuring it stays agile and responsive to the changing needs of government, clients and stakeholders.

To remain relevant Austrade needs to adapt to and leverage opportunities presented by global megatrends impacting the international business environment. Examining and refining Austrade's strategy and operating model has the potential to reinvigorate its work, shape activities and guide stronger outcomes for the future.

This Assessment has been conducted with a view to confirm Austrade's role and contribution into the future and test whether the right capability exists to support Austrade in its forward journey. Key considerations are whether strategy, operating model, processes, systems and the collective expertise of Austrade's people are positioned to deliver on its future purpose.

The following recommendations identify capabilities required to enable Austrade to capitalise on opportunities and embrace new ways of thinking. They will help to position Austrade for success in the global marketplace of the future. Consideration and implementation of some of these recommendations will necessarily involve consultation with Minister(s) as appropriate.

1. Strategy and measures of success

- 1.1. In addition to formal corporate and compliance reporting obligations, including under the *Australian Trade and Investment Commission Act* (the Austrade Act) and the *Public Governance, Performance and Accountability Act* (the PGPA Act), Austrade should develop an integrated agency-level strategy to set clear direction and priorities, and to drive organisational growth and performance. The strategy will inform decision making, resource allocation, and needs to be regularly reviewed so it remains relevant in a changing external environment.

The strategy should:

- a. be based on analysis of current and emerging macro and microeconomic trends, the changing global, operating and political landscape, and other factors
 - b. guide a client-centric delivery approach
 - c. direct services to Australian business and foreign investors to maximise economic impact
 - d. apply over a five-year period and be reviewed annually, based on market data, ongoing identification of emerging trends, and in response to changing client needs
 - e. focus and prioritise operations to:
 - i. maximise future Australian economic prosperity
 - ii. achieve increased client reach and a sharpened service offering through implementation of an efficient and flexible differentiated service delivery model
 - iii. enable a consistent and effective approach to identifying, developing and delivering services that can be monetised
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- iv. support the continued and expanded collection, use and analysis of data and information to:
 - deliver authoritative insights
 - better inform Australian businesses and potential foreign investors, and
 - provide an evidence base for additional government funding.
 - v. enable a stronger focus on policy input and use of international market insights to develop international economic policy, including informing government decision making
 - vi. take on a leadership role across Australian, state and territory governments to develop collaborative partnerships and drive a coordinated approach to 'Brand Australia'.
- f. inform planning and prioritisation, including workforce planning, budget allocation, and the ICT and digital strategies
 - g. identify future budget shortfalls giving consideration to important future initiatives, the economic and political context, government priorities and core business
 - h. include clear performance measures which are regularly reviewed and adjusted.
- 1.2. Austrade should enhance the current organisational Performance Management and Reporting framework to develop a strengthened approach and revised set of measures for internal decision making. The framework should underpin the organisational strategy, guide and inform future activities, and define meaningful metrics to assess group, post and team performance. Success should be measured against ambitious and specific indicators which:
- a. are tracked and compared over time
 - b. measure Austrade's performance against outcomes and impacts
 - c. measure success of activities by linking outputs to outcome levels
 - d. track the achievement of strategic priorities and progress towards outcomes, including delivering on outputs identified in Budget papers
 - e. measure uptake and impact of all Austrade services, including investment outcomes
 - f. measure the level of Austrade's positive contribution to policy development
 - g. are supported by accurate, comprehensive and comparable data.

2. Digital and data strategy

- 2.1 Austrade should revisit its Digital and ICT Strategy in light of the development of a forward looking, integrated, agency-wide strategy. The Digital and ICT Strategy should emphasise the need to grow and transform the business to continue to be relevant, agile, and fit for purpose into the future. The Strategy should be set over a five-year horizon, revised annually, and be formally endorsed by Austrade's Executive Group.
- 2.2 Austrade should position itself as an authoritative source of market insights which are actively sought and referred to by clients, government agencies, peak bodies, industry associations, and others. This will require Austrade to:
- a. treat its data as a strategic asset and acknowledge the inherent value it adds to the organisation. In line with this, Austrade should:
 - i. develop a distinct Data Strategy, aligned to the Digital and ICT Strategy and the overarching agency strategy
 - ii. ensure appropriate risk controls are in place for the management, maintenance, and sharing of data. Special consideration should be given to any legal restrictions on data sharing
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- iii. develop whole of life costs to build, maintain, integrate and grow data stores. This should also include the costs of applications to support data analytics
 - iv. invest in enhanced analytics platforms/applications, with some focus given to applications which can analyse social media content at scale.
- b. actively market its data, information, and insights. This will include:
- i. using interactive online platforms to share, interrogate and manipulate data to meet user needs
 - ii. making market insights readily accessible through articles, potentially as part of a subscription service
 - iii. ensuring insights are shared through a variety of mediums, including conversations internally and with clients, articles, and increased use of social media to promote and share market insights.
- c. actively seek means to fund these important initiatives, be it through internal savings derived by re-prioritising costs and global network optimisation; cost sharing by entering into partnerships; or seeking new funding through New Policy Proposals.
- 2.3 Austrade should systematically capture information and insights to facilitate enterprise level data analytics creating additional value for clients and retaining valuable corporate knowledge.
- 2.4 Austrade should continue to build collaborative partnerships with private and public sector entities to enhance Austrade's data analytics capabilities, build and share data stores; and deliver accessible, scalable platforms for service delivery.
- 2.5 Austrade should strengthen the business units' ownership of ICT systems. This will include ensuring all ICT projects and existing major platforms have a Senior Responsible Officer (SRO) from a relevant business area with delegated responsibility to make decisions on system development, updates, and enhancements.
- a. For existing systems, the SRO will be responsible for data integrity, governance, and overall use. They will work collaboratively with Austrade's ICT area to ensure future enhancements to existing systems meet business needs.
 - b. For new systems and projects, the SRO will work collaboratively with Austrade's ICT area to articulate the business requirements, design considerations, costs and benefits, and make decisions on system development as required.

3. Organisational structure

- 3.1 Austrade should reshape its organisational structure to enable the delivery of the key priorities and recommendations identified in this Assessment. This structure should promote operational agility and improved integration both across, and between, onshore and offshore operations. The structure must enable stronger focus on client engagement, client-centric delivery, sector capabilities, digital transformation and strategy, government partnerships, and policy input.

The revised structure should include:

- a. Three groups working collaboratively and reporting to the CEO. The groups should be structured so there is a:
 - i. Client Service Operations Group led by a Deputy CEO (SES Band 3), consisting of onshore Sectoral Lead Teams, State Operations and Offshore Regional Teams:
 - The onshore teams will be led by the General Manager Sector Capability and managed by senior Industry/Sector specialists responsible for identifying high growth opportunities and the international positioning of Australia's capabilities.
 - The offshore regional teams will be segmented by North Asia, China, South Asia, ASEAN, Middle East and Africa (MEA), Europe, and the Americas; and will be led by offshore General Managers, to enable a coordinated approach, more efficient operations and improved engagement across regions, onshore and offshore.

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- The offshore teams will be supported by the onshore Service Delivery Lead and coordination unit.
 - Virtual teams will be established across onshore and offshore operations in response to opportunities and priorities, and to manage key accounts and different client groups.
- ii. Client Engagement and Information Initiatives led by the Chief Client Officer (SES Band 2). The group will be responsible for:
- client engagement, including information sharing with clients, client identification, advice, and education for clients
 - development of a differentiated service delivery model, including development of services catalogues and charging mechanisms
 - adoption of technology to streamline service delivery and drive digitisation and automation
 - delivery of first tier services, including delivery of EMDG and tourism programs
 - packaging and dissemination of insights, promotion, media, and Brand Australia
 - promotion of FTAs and delivery of business missions
 - delivery of consolidated and modernised marketing, branding, public relations, and media functions.
- iii. Business, Partnerships and Support Group led by a Deputy CEO (SES Band 3) and consisting of a:
- Strategy and Business Transformation Division with a sharper focus on strategy development and planning; use of information as a strategic asset, including research, micro-economics, data and analytics; digital transformation (including mapping capabilities to strategic priorities and embedding digital into business operations); business redesign and change management; internal communications and speech writing; strategic resource allocation and management (people and money)
 - Government Partnerships Division to strengthen Austrade's capability to manage government relationships with a focus on building partnerships across government; work across Austrade to drive policy input and actively engaging on international trade and foreign policy issues; enabling a more coordinated approach to ministerial, portfolio, parliamentary engagement and service delivery
 - Corporate Operations Division responsible for: financial management, including the audit and risk function, with the Audit and Risk Committee reporting to the CEO; human resource operations; information technology support and operations; domestic and international security program, coordination and management of property and facilities; legal support.
- b. The integration of onshore trade, investment, international education and tourism functions into industry/sectoral lead teams to enable sector focused, client-centric service delivery.
- c. A strengthened approach and increased capability to deliver strategy, planning, research and analytics, human resource and financial management, and influence in driving policy outcomes.
- d. Expand the role of the Chief Economist Unit beyond macroeconomics to analysis of microeconomic trends, social drivers, and the changing geo-political landscape. This input should underpin any agency-wide strategy and planning activities.
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- e. Greater integration and leveraging across Austrade of Tourism Division capability to strengthen policy influence, government relationships, partnerships and data analytics functions.
 - f. Matrix and virtual teams working across groups, divisions, onshore and offshore to enable collaborative and efficient operations.
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4. Network optimisation

- 4.1 Austrade should regularly review the allocation of resources (budget and people) in response to strategic priorities and investment in future capability requirements. This will include:
 - a. A review of current operating practices and resource allocation to identify efficiencies and opportunities to invest in areas required to build capabilities of the future.
 - b. Providing for the impact of digitisation and automation, changes to services and priorities, and resource requirements now and into the future.
 - c. Refinement of the model and resourcing requirements for corporate and administrative function delivery across the global network to ensure effective and efficient operations.
 - d. Review of the application of work level standards both onshore and offshore to ensure consistent contribution at level, appropriate allocation of responsibilities, accountabilities and decision making.

- 4.2 Austrade should conduct an "overseas footprint review" assessing how resources can be directed to achieve the best outcomes for government and the Australian economy. The review should be conducted in consultation with the Department of Foreign Affairs and Trade (DFAT), Department of Education and Training (DET), and other relevant stakeholders. This review should inform a business case to the Minister on network optimisation.

With consideration given to future size and impact of opportunities, the review should include:

- a. the benefits and costs associated with running each post
- b. point of presence requirements, and whether services can be adequately delivered from another location or locations
- c. the volume and complexity of trade and investment activities delivered
- d. the impact of global trends and client feedback
- e. input from key government stakeholders.

5. Governance

- 5.1 Austrade's governance mechanisms should be strengthened to more directly support agency-wide objectives and strategic decision making. This will require:
 - a. alignment of the agency strategy to planning, budgeting, reporting, accountability and risk management practices
 - b. governance committee charters to be reviewed and committees to be in place with a longer term, strategic focus for client engagement, budgeting and capital investment, people, digital, and ICT
 - c. and where required other governance arrangements put in place to support a longer term strategic focus
 - d. governance committees to be empowered to make recommendations in line with agency strategy, and have a role in assisting the Executive Group in relation to agency-wide matters
 - e. more effective use of data to improve reporting and inform strategic decision making
 - f. improved capability in strategic planning and budgeting
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- g. empowering managers to manage their budgets and resources effectively, and
 - h. corporate policies, including for records management, to be in place with clear lines of accountability and the strong support of senior leadership.
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6. Service delivery

6.1 Austrade should develop a service delivery framework which is responsive to change, capable of continually delivering outcomes for clients with maximum impact, and aligned with the agency's strategic priorities. Success should be measured using appropriate data and analytics as evidence against agency objectives and specific performance targets.

The service delivery framework should:

- a. be aligned to the agency-wide strategy, and Austrade's role
- b. be assessed for success regularly, on the basis of data and other evidence
- c. offer the flexibility to respond to changes in performance and in the external operating environment, including changes in government priorities
- d. offer differentiated services to clients with different needs, based on an assessment of the most effective use of Austrade resources. This includes:
 - i. greater automation of eligibility assessments and access to basic advice and information for new and potential clients
 - ii. a technology-enabled universal service platform delivered through Austrade's website providing self-help information on sectors and markets to new, existing and potential clients
 - iii. automation of service delivery elements where face to face engagement is not required
 - iv. a clear process for identifying clients who will benefit from subscription or specialised/tailored services, including export and investment capability development, targeted opportunities, leveraging global value chains, and consortia building.
- e. include a clearly outlined, user friendly and accessible service catalogue designed to inform clients about Austrade's available service offering.

6.2 Austrade should conduct a robust and evidence-based analysis of charged services to:

- a. determine if existing fee for service arrangements are in line with strategic objectives
- b. ensure the consistent application of charged services across markets
- c. consider factors including location, client type, and service type
- d. identify other services or products with potential to strengthen Austrade's position as an authoritative source of insights and cross-border services, and consider whether these services could be monetised
- e. ensure all current and identified future services or products are charged in line with the Australian Government Charging Framework.

6.3 Austrade should continue to build its investment capability and take a proactive leadership role in promoting a unified approach to investment attraction and facilitation in Australia.

6.4 Austrade should conduct a systematic and evidence-based analysis of its existing delivery mechanisms to better understand performance against agency objectives, and identify potential areas for improvement. Analysis should consider:

- a. ongoing understanding of client needs
 - b. Austrade's operating model, structure and footprint
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- c. specific programs such as TradeStart, Landing Pads, the EMDG Scheme, and tourism programs. These are widely supported by clients, however each would benefit from an analysis of effectiveness and lessons learned
 - d. events and business missions which are resource intensive. An analysis of effectiveness and opportunity cost will inform future decisions.
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7. Partnerships

- 7.1 Austrade should further develop its relationships with federal government agencies, state and territory governments, peak bodies and others. Sharing and leveraging information and resources, and collaborating on initiatives will reduce duplication, rationalise resource use and maximise outcomes for clients. In particular:
 - a. Austrade should work with the Department of Innovation, Industry and Science (DIIS) to provide integrated assistance for Australian businesses as they pursue a growth strategy in both the domestic and international markets. As first steps, Austrade should approach DIIS to jointly explore the:
 - i. establishment of a web-based, initial service offering that provides joined-up information for Australian businesses, focusing on information for businesses looking to grow
 - ii. creation of a small pilot program, where members of Austrade and AusIndustry work as a team to deliver services. The pilot could, for example, concentrate on one high-growth industry sector. The program should be governed by a high level cross-agency steering committee.
 - b. Austrade should continue to work with DET with a view to creating greater clarity for the international education sector, investors and potential students, reducing duplication and leveraging information and activities.
 - c. Austrade should work with relevant Australian, state and territory government agencies to, wherever possible, offer a single service entry point for accessing government services related to exports and investment.
 - 7.2 Austrade should actively explore the opportunities and benefits of engaging in broader partnerships and potential outsourcing of some business activities to deliver the best and most cost-effective outcomes consistent with its agency strategy. This should be on the basis of a cost benefit analysis, including the opportunity cost to Austrade of conducting these activities.
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8. Workforce management

- 8.1 Austrade should adopt operating models and practices which enable it to allocate and deploy resources in an agile and timely manner in response to changing priorities, including:
 - a. moving away from traditional models to a more flexible workforce, greater sharing of resources and expertise, and opening up talent pipelines to temporary employees, freelancers and gig workers to supplement specific skill gaps and provide timely access to resources and expertise
 - b. reviewing and addressing barriers to full workforce utilisation, including internal policies and practices, time required to fill jobs, local labour laws, security clearance requirements, and visa limitations. This will enable Austrade to better harness its full internal capability and enhance productivity, employee engagement and business delivery
 - c. tapping into the full suite of Austrade's recruitment tools, including the use of social media, to access various external talent pools
 - d. developing an Austrade employee value proposition and adopting a better marketing approach to recruitment and proactive sourcing methods to attract talent
 - e. reviewing the management of posting cycles and length of overseas appointments, including appointing roles on a non-ongoing basis and increasing posting periods for up to five years
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- f. developing an approach for sourcing new talent through entry level programs, including internships, engagement and partnerships with universities, and reviewing the current Trade Commissioner Development Program (TCDP)
 - g. enhancing on-boarding, security vetting and induction processes through automation and simplification, including leveraging DFAT where the security clearance requirements are imposed at post.
- 8.2 Austrade should develop and implement a comprehensive workforce analytics framework and associated reporting to provide agency and business unit reports, including an online analytics dashboard to inform resourcing decisions. Implementation of the framework must include:
- a. monitoring and analysis of workforce data to identify workforce related opportunities and issues which could impact the delivery of business outcomes and outputs
 - b. alignment of workforce metrics with desired business outcomes
 - c. the use of analytics to inform and support development of workforce plans, strategies and initiatives required to deliver business outcomes
 - d. regular engagement with business to discuss reporting and assess the potential impact of workforce opportunities and risks to business delivery
 - e. easy access to dashboards and regular reporting for management.
- 8.3 Austrade should implement an integrated and systematic approach to workforce planning with a focus on:
- a. identifying and aligning workforce strategies to ensure there is sufficient and sustainable capability and capacity to deliver organisational objectives
 - b. facilitating adoption of new business models and new technology to increase the productivity of Austrade's workforce
 - c. managing and organising Austrade's workforce to anticipate and respond to changes in government priorities and broader economic agenda
 - d. identifying an appropriate skills mix and workforce composition
 - e. identifying, monitoring and managing workforce risk.
- 8.4 Austrade should refine its approach to talent and career management to retain high calibre people, and provide opportunities for growth and development. Activities must include:
- a. developing and implementing a robust and consistent approach for talent management and succession planning
 - b. implementing a career partnerships approach with flexible and open career pathways offering enriching assignments, projects and experiences rather than static career progression. Opportunities should be identified to increase access to Short Term Overseas Assignments (STOAs) and implementation of similar programs
 - c. marketing internal opportunities to employees and motivating them to accept lateral moves
 - d. encouraging and enabling managers to share talent
 - e. accessing existing and implementing new secondment and talent swap programs with other government and industry organisations
 - f. expanding and better operationalising myProfile to get the true value out of this valuable initiative.
- 8.5 Austrade should review its performance management practices to implement a comprehensive and well executed people performance management framework. The framework should:
- a. be designed to measure progress towards the achievement of the agency's business objectives while incorporating elements such as regular one-to-one discussions, setting of clear and measurable expectations and effective management of underperformance
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- b. enable quality conversations, foster respectful and collegiate workplace behaviours, and support effective underperformance management
 - c. drive increased management accountability
 - d. be underpinned by an effective mobile enabled platform to record feedback, track progress, and facilitate engagement in the process.
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9. People capability

- 9.1 Austrade should develop a People Capability Strategy building on Austrade staff's deep knowledge, commitment, and extensive experience to:
- a. consider current and future capability requirements and how these may change over time, including changes resulting from increased digitisation and automation
 - b. set out how Austrade will maintain and access necessary people capability over time, including opportunities for upskilling and reskilling, as well as external capability pools
 - c. drive increased focus across areas such as digital literacy, data analytics, commercial and business nous, client service, collaboration, innovation and entrepreneurial skills
 - d. drive increased focus on building leadership and management capability to manage a diverse and agile workforce, drive innovation and manage change, and communicate and lead across generations, countries and cultures.
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3. ABOUT THE ORGANISATIONAL CAPABILITY ASSESSMENT

The Australian Trade and Investment Commission (Austrade) is a Statutory Agency whose functions are to contribute to Australia's economic prosperity by helping Australian businesses, education institutions, tourism operators, government and citizens as they:

- develop international markets and promote international education
- win productive foreign direct investment
- strengthen Australia's tourism industry
- seek consular and passport services.

Austrade operates in an environment increasingly impacted by rapid geopolitical and technological change. Over the next five years, this environment will create new challenges and opportunities for Australian businesses and foreign entities looking to invest in Australia.

On 23 March 2017, Austrade CEO, Dr Stephanie Fahey, announced Austrade would undertake three benchmarking exercises with the purpose of building on its strengths, encouraging creativity, and positioning it for the future.

The Organisational Capability Assessment sought an independent view of organisational strengths as well as areas for development taking into consideration Austrade's future operating environment. It was performed leveraging the elements of the APSC Capability Model used in 25 Capability Reviews across other Australian Government agencies and the New Zealand public sector Performance Improvement Framework.

The Assessment was conducted over a three month period by the independent Assessment Team led by the Hon Warwick Smith AM LLB and Andrew Metcalfe AO, involving Patrick Kearins and Ana Nishnianidze from Austrade, as well as representatives from the APSC, Diane Tsuji and Anne Baz. The Assessment was conducted in line with the following Terms of Reference:

- A broad environmental scan of Austrade's operating environment, examining current and future trends.
- Examining stakeholder expectations in light of the current and future trends.
- With a focus on operating successfully in a future context, evaluating Austrade's organisational capability, and delivery of core business and government priorities.
- Evaluating whether Austrade's current strategies create a strong platform for the agency to meet its objectives and support government priorities into the future.
- Recommending actions where there are barriers to achieving our strategies.
- Evaluating Austrade's ability to meet future objectives and challenges, including how the agency's processes, practices, systems and people support the achievement of desired outcomes.

The Assessment included consultation and focus groups with a range of stakeholders including clients, Australian, state and territory government agencies, the Minister for Trade and Investment, and Austrade staff and management.

This report has been specifically developed to highlight areas of focus and opportunities for improvement for Austrade in the context of its future operating environment.

4. FIVE-YEAR EXCELLENCE HORIZON

4.1. Environment

Austrade has a unique position in the Australian economic ecosystem. Over time it has developed extensive trusted networks and authoritative insights which enable it to fulfil its legislative remit and provide a commercial lens for broader economic policy. It operates in international markets under the 'badge of government' and has the opportunity to promote Australian business to the world.

Austrade continues to contribute to Australia's economic prosperity by facilitating trade, promoting education, supporting foreign investment into Australia, and developing and influencing tourism-related policy. However, it faces challenges from a changing external environment and evolution in the nature of business.

Global context

Global megatrends are shaping all facets of the global community.

People must now do more with less. Organisations, governments, and the community are rapidly trying to find new ways to maximise the world's finite resources through science, technology, business processes, government policy, and culture. The world's population continues to increase, with an estimated 8 billion people by 2025, bringing with it increased energy demand particularly from renewable sources and global food demand and supply challenges.

The exponential growth in technology is shaping the way industries operate and the products and services they deliver. Shifts include greater reliance on digital services, automation, and the rise of knowledge driven economies. The convergence of nano, bio, information and cognitive sciences are generating new and unforeseen products and services. Technological advancements have the potential to fundamentally change industries or render them obsolete.

With rapid scientific and technological advancements, innovation will be key to driving future productivity growth. This is relevant for both established and developing companies and industries.

There is a shift in the geopolitical climate towards nationalism. Given examples such as 'Brexit', the withdrawal of the United States from the Trans Pacific Partnership, and increase in non-tariff barriers, there are now new challenges to trade and investment flows.

Global economic powers are realigning, with emerging economies transitioning from centres of labour and production to consumption-oriented economies. Trade and investment flows increasingly reflect the shift in these countries from production centres to exporters of capital, talent and innovation.

The emergence of the Asia Pacific as the driving force of global consumption will see 2.7 billion middle class consumers located across the region within the ten years. Associated urbanisation of this population will continue to put pressure on urban infrastructure and cause shifts in how water and food are produced and secured. Industry across the region will also change, seeing shifts in manufacturing patterns, convergence of industries, and growth in both services and professional services sector. The number of students and professionals from the region seeking internationally recognised qualifications and training will continue to grow, delivered in their home country or abroad.

Being part of the Asia Pacific is an advantage for Australia, and for Australian firms. However, for Australian firms to be competitive it is important they improve their speed to market and their understanding of how to engage in markets within, as well as across, the region.

At the same time the continuing importance of markets further afield needs to be balanced. There is increasing demand from service-led businesses, start-ups and other exporters to have greater presence in developed markets. North America and Europe are home to many of the world's leading businesses. They are often the decision makers in Global Value Chains, and are important partners and investors for Australian. Similarly the Middle East, Africa and South America present opportunities for Australia and for Australian firms to engage and grow.

Maximising the economic benefit from agreements enabling increased trade and investment flows, and easier movement of people between nations requires effort. Raising awareness of Australian businesses to the benefit from these agreements needs to be matched with similar awareness at the firm level in international markets. Australian and international businesses need a connecting function to ensure businesses benefit from agreements. As new agreements come into force, new or enhanced opportunities in additional markets will need similar attention.

Business context

As industries converge and technological advances disrupt the status quo, new opportunities across sectors, products and services are born every day. Capitalising on these opportunities and embracing new ways of thinking will position Australia for success in the future global marketplace.

Enabled by advances in transport infrastructure and the exponential improvement in bandwidth and internet services, companies can more easily engage in cross-border transactions than at any other point in history. Shorter lead times to market enabled through technology and improved interconnectedness is allowing businesses to truly be 'born global'.

Businesses are now better able to compartmentalise, package and monetise their manufacturing or product processes as charged services. By making a service from their existing processes, businesses can effectively export services without needing to physically move resources to that market.

The combined effect of both of these impacts is seen in the growth in the contribution of services to world trade, currently at a high of 22 per cent. It is also changing the marketability of Australia's firms. This presents an opportunity for Australian business to expand into markets where there is sectoral alignment or a consumer driver. Conversely it also presents a challenge to Australian business, as the environment in which many operate is more open and competitive than ever before.

The need to remain competitive is clear to Australian business. Timelines for business are generally more compressed today, and pressure for fast action across the business development cycle will continue. Access to timely information, and considered, data-informed opportunities, is important for business to make decisions.

Large businesses continue to contribute the vast majority of Australia's international income for both goods and services. However the overall number of small and medium sized businesses engaged in international trade is increasing. A business' capability to engage in a foreign market, often predicated by its size, affects what it will value most from Austrade.

4.2. Performance challenge

Austrade fulfils an important role as the Australian Government agency working with Australian businesses to connect them to international opportunities. The ability to work at the sectoral and individual business level in Australia, and with clients around the world, strengthens the commercial lens Austrade can bring to all levels of Australian governments.

Austrade is a strong performing agency, it has demonstrated an ability to adapt to changing government priorities and global trends. Austrade conducted its last major organisational review in 2011, and since then much has changed politically, economically and technologically.

In the view of this Assessment the main challenges Austrade faces are grouped into five themes of this report:

1. Strategy and role
2. Service delivery
3. Governance, corporate enablers and budgeting
4. Operating model, structure and people
5. Business intelligence – data, information and insights.

The environment in which Austrade operates is changing. Being able to adapt and remain relevant in the face of global trends, new opportunities and changing needs of clients, while continuing to deliver value to a broader Australian business community, will require the agency to evolve and to make choices in how it best delivers services and growth to Australia's economic prosperity.

The Portfolio Budget Statements (PBS) and Corporate Plan reflect the government outcomes Austrade must achieve and how to achieve them. The development and implementation of an integrated agency strategy would help to clarify Austrade's role in developing industry capability and promoting Australian business overseas, and provide a stronger focus for staff and managers. An agency-wide strategy needs to enable Austrade to make strategic decisions about longer term resource allocation and capability, while being sensitive to changes in the operating environment.

Austrade's global footprint is expansive, consuming a large proportion of Austrade's resources. Services are delivered through multiple channels including posts, Landing Pads, TradeStart offices, business weeks, and trade delegations. The organisation's remit is broad, delivering on trade, investment, international education and tourism functions.

The domestic and global economic environment is changing, and technology and service led exports are becoming more important than ever before. Given the pace and degree of change and complexity, Austrade has a challenge to adapt its service delivery framework to provide relevant services which maximise value to users and are cost effective.

In a resource constrained environment, the location and allocation of resources needs to be optimised to maximise efficiencies and return on investment. The allocation of resources needs to be informed by strategy, allowing Austrade to make the most of current and future opportunities.

As a general principle, there are opportunities to better leverage technology and data to free up Austrade resources and focus on greater value added services.

Austrade cannot deliver on its broad remit alone. Its ability to deliver will rely on developing strong partnerships with other government agencies, including states and territories, and other stakeholders.

Adopting operating models and practices which enable Austrade to allocate and deploy resources in an agile manner in response to changing priorities will enable Austrade to capitalise on opportunities and challenges as they present.

Austrade's structure should facilitate strong client focus, and enable efficient and effective operations. Redesigning its structure would enable Austrade to create better alignment across functions, remove duplication and achieve a coordinated and integrated operations.

Austrade's ICT systems are currently at risk, with insufficient capital funding available now and across the forward estimates for system maintenance, support and replacement. This will impact Austrade's ongoing operations and requires urgent attention. With a lack of funding to support current ICT capability, there is no room in the current paradigm for Austrade to make ICT investments to support its future.

The market intelligence and insights of Austrade should be considered its crown jewels. It is a key asset which enables the business to successfully make connections, identify opportunities, and deliver activities in markets. Austrade's collective intelligence and insights must be treated as strategic assets supported by forward planning, adequate funding, decision frameworks, risk assessments, and strategy.

4.3. What will success look like?

In 2022, Austrade is a centralised networking hub for all entities involved in international trade and investment whether it be business to business, business to government, or government to government.

Australian economic growth is boosted through Austrade's strong contribution to the development and administration of policies on cross-border trade and investment matters, including the key industries of tourism and international education.

Austrade is digital by default and has a universal service offering which has broadened its client reach. Their highly skilled staff are focused on delivering tailored and strategic services in response to varied client needs. Austrade is a sought after authority on commercial, export and investment matters.

Austrade is enabled by a strong business intelligence capability. Using business intelligence Austrade is at the forefront of change. They use this intelligence to provide thought leadership and relevant information to business and government.

Strong partnerships are in place with Australian Government, state and territories, and private sector organisations to provide a seamless client experience leveraging the partnership's comparative strengths.

Austrade is delivering these benefits to Australia through a focused, forward looking strategy, based on ongoing and predictive analysis of emerging market trends.

Austrade's success is underpinned by an operating model that readily identifies and responds to changes in business and international markets, mobilising people and resources to quickly adapt and continue to deliver services with maximum impact. Resource allocation will be flexible, but also strategic so delivery is sustainable in the longer term. To facilitate continuous improvement Austrade regularly measures its success and identifies ways to improve.

5. KEY THEMES

5.1. Strategy and role

Strategic planning

The PBS and Austrade's Corporate Plan set the strategic direction for the work of Austrade. The PBS is designed to provide information, explanation and justification to Parliament as to the agency's purpose, outcomes, and proposed allocation of resources. The Austrade Corporate Plan builds on the PBS to articulate and set out the outcomes Austrade is looking to achieve and the means by which it intends to do that.

Within Austrade, the areas of international education and of tourism each work to whole-of-government, national strategies developed in consultation with industry. Direction in the trade area is articulated through six global trade themes. Five priority areas provide focus to attracting foreign direct investment into Australia.

Austrade's *Australian International Education 2025* provides an implementation roadmap to complement the Government's *National Strategy for International Education 2025*. The Austrade roadmap identifies ideas to influence new activities in the sector over a ten year period. These include competing at scale, using the power of technology, sharpening market focus and attracting global capital. It provides a framework for future decision making and risk taking by governments and businesses.

Tourism 2020 is a whole-of-government and industry long-term strategy to build the resilience and competitiveness of Australia's tourism industry and grow its economic contribution. Strategic focus areas include growing demand from Asia; encouraging investment and implementing a regulatory reform agenda; ensuring the transport environment supports growth; and increasing the supply of labour and skills. It is a detailed plan to achieve specific outcomes.

The Government has established five *priority areas for foreign direct investment*. These are major infrastructure; tourism infrastructure; food and agribusiness; resources and energy; and advanced manufacturing services and technologies.

Austrade's trade focus is outlined in its six *Global Trade Themes*. These are International Health; Services; Food and Agribusiness; Infrastructure; Advanced Manufacturing; and Resources and Energy.

Across Austrade, divisions and groups have mature planning processes in place. Austrade divisions each use their extensive networks and knowledge base to understand the global environment and develop key themes and initiatives. These are translated by divisions into objectives and activities at the operational level.

Plans are developed in consultation across the organisation, including onshore and offshore. However, they are mostly implemented by each area independently. They can represent different ways of viewing core business and engaging with clients, resulting in different measures to track and report on success. Plans tend to be developed annually and tactical in nature, responding to current circumstances rather than building to support delivery in future years.

Staff confirm, while many are aware of their business priorities, these have been disseminated at a division or group level, where they ultimately translate to activities rather than strategic decision making, with no overall alignment to organisational goals. There is also inconsistency in how key performance indicators are expressed and how performance is measured.

While Corporate Services, ICT and HR strategies exist, there does not currently exist an integrated, agency-wide strategy to effectively guide and prioritise operations and outcomes.

Austrade's strategic direction was last formally reviewed in its 2011 report 'Maximising Our Value'. It no longer captures all of Austrade's core business functions, government priorities, or the current and future global business context. Developing an up to date, integrated, agency-wide, forward looking strategy will help provide clear direction for the agency and underpin agency-wide decision making, resource allocation and budgeting. This is distinct from the strategic direction statement contained in the annual PBS and the service delivery approach outlined in the Corporate Plan. The strategy would enable agency goal setting and support planning for service delivery into the future, considering emerging trends and a rapidly changing external environment.

Austrade is undertaking work to develop an agency-wide strategy, following a Strategy Workshop on 22 August 2017 with senior staff.

Implications

In a digitally enhanced, and increasingly transparent world, consumers are empowered with more choice and more access to information. Putting clients at the centre of an organisation's strategy is critical to ensuring it can adapt and change in response to rapidly changing client needs.

Without an integrated, forward looking strategy, Austrade lacks focus at an organisational level to guide key decision making. Critically, this impacts its ability to strategically manage resources, including people, and allocate budget to support delivery into the future.

The allocation of resources tends to be dominated by the demands of business as usual and an emphasis on supporting clients wherever possible, not necessarily with reference to a strategic context.

Business plans implemented independently by each division without an underlying organisational strategy re-enforce a siloed approach to business and lost opportunities to share information, expertise, and resources. Organisational performance and individual performance lack consistent measures of success.

Enabling strategies are developed without an underlying, cohesive strategy. They can have difficulty getting traction or commitment across the agency.

The absence of an overarching strategy is also impacting service delivery. While the nature of business and the external environment is changing rapidly, Austrade is struggling to determine which businesses it should assist, what type of assistance it should provide and how this can be delivered most effectively. Austrade risks missing opportunities critical to Australia's economic prosperity.

Separate approaches by business areas to determine priorities can lead to a lack of cohesion in dealing with clients, sectors and other Government agencies. This has a negative impact on client services and the organisation's capacity to influence Government.

An integrated, forward looking strategy

A forward looking (five year) integrated agency-wide strategy will strengthen Austrade's ability as an organisation to deliver into the future.

Austrade will benefit from going back to basics to re-examine its fundamental purpose. In this context, Austrade can consider what outcomes it requires to fulfil its legislative remit and meet Government and community expectations. The organisation can determine what underlying strategy will underpin decision making across the organisation, to deliver the most value over time and for its clients.

Adopting a client-centric approach to its strategy will enable Austrade to pivot and change with time, while creating mutual value and remaining relevant.

The strategy must be informed by an evidence-based assessment of emerging trends and likely changes to the external operating environment. Shifts in global trade patterns, developments in industry, changing ways individual firms do business together, and the fast pace of change in technology must factor into any plan to deliver effectively into the longer term.

Identifying strategic priorities will lead to a more deliberate approach in the way Austrade makes investment decisions. These will be guided by an underlying vision of how Austrade can best allocate resources and manage people capability in the longer term, to continue to most effectively contribute to Australia's economic prosperity.

A more integrated approach will see all parts of the organisation facing the same future challenges with the same intent. This will see greater sharing of information, expertise and resources. A more unified organisation can present more cohesive services to clients and more holistic advice to business and Government.

A clearly articulated and well communicated strategy will provide staff with direct line of sight to what the organisation is looking to achieve. It will underpin more consistent performance measures, from individual performance plans through to organisational performance reports, so all effort is directed towards the same goals for maximum impact.

An effective strategy must also reflect the realities of the operating environment, including limits to available funding and the fast pace of change. It will be flexible enough so that resources can be allocated in response to changes in, for example, international markets, client expectations, technology and government priorities. It should be systematically reassessed against market data.

The strategy should support a service delivery model flexible enough to allow Austrade to use different approaches to service delivery, from heavy involvement to 'light touch'. It could be determined by, for example, return on investment, the needs of the business, circumstances of the market and/or the possibility of leveraging other assistance.

An integrated strategy can also underpin enabling strategies, including an agency-wide workforce plan.

A clear role

The focus provided by the strategy will help to clarify Austrade's role more broadly, in terms of delivering services, influencing government, and working alongside other Australian organisations promote Australia internationally.

Delivering for clients

Austrade has a role to facilitate, encourage and support Australian exporters and foreign investors to achieve the greatest positive impact for Australia's economic prosperity.

Determining a cohesive strategy for Austrade will necessarily involve decisions about where it should focus its client activity, to deliver the best outcomes for the Australian economy. There are different views on how this could be achieved. For example, one view is maximum value could be achieved by developing industry capability, another approach could be to prioritise assistance for business and industries at the beginning of their export potential. This may include a role in building Australian businesses international capability, or facilitating industry consortia. A third view is to focus assistance on industries and firms projected to deliver the greatest results in absolute monetary terms.

The strategic focus and role should be identified on the basis of evidence and an in depth understanding of Austrade's core business.

Influencing policy

Austrade clearly has commercial and international information and insights which would contribute to broader international economic policy debate. Austrade's knowledge base can be used to inform and improve policy outcomes to support Australian business.

An example of Austrade's capacity to influence policy to reflect the needs of its business clients is in relation to the Government's decision to abolish the Temporary Work (Skilled) visa (subclass 457 visa). In response to widespread industry and investor concerns, Austrade was able to leverage its industry contacts at post and in Australia to provide real life examples demonstrating the implications of the changes. As a consequence, an updated skilled occupation list came into effect, reducing the impact on firms investing in Australia and using employees from their foreign parent company.

Working with other government agencies, Austrade is responsible for informing and driving tourism policy in relation to market access, and growing international visitor numbers and industry capacity.

However, Austrade's influence within government is currently ad hoc and at least in part depends on personal relationships at a senior level with other departments and agencies. There is some perception within the organisation that Austrade is not front of mind when agencies are seeking input, and requests for comment are often last minute.

Austrade's contribution to the development of Government policy to promote Australian prosperity is based on the organisation's ability to collect, analyse and share information about opportunities in the international economy. Austrade must be in a position to effectively present the best data sets possible and use this as an evidence base to argue in support of policies aligned with the organisation's purpose and strategic objectives. Data can also be used to inform discussion of broader Government policy objectives in relation to Australian international economic activity.

Along with a credible contribution based on evidence, influence requires solid cross-agency relationships, in order to get a seat at the table and be heard. Relationships are particularly important where Austrade's activities or interests intersect with DFAT, DIIS, DET and other Government departments. Currently Austrade's capacity to engage with critical partners is scattered throughout different areas of the organisation, limiting ability to provide a co-ordinated, agency-wide presence in cross-agency discussions.

There may be an opportunity to work with other Australian Government agencies to better inform the Government's cross agency, strategic approach to trade.

Managing and promoting Austrade's influence and relationships in government is an essential capability requiring further investment.

Improved capability in working across government can also lead to a better position for Austrade in relation to additional funding bids and New Policy Proposals.

Leveraging partnerships

There are a number of organisations working to promote Australian economic interests overseas, including state and territory governments, other Australian Government agencies and private firms.

Coordination across government, especially portfolio partners, is critical to comprehensively deliver on the Australian Government's international agenda. Austrade works well with portfolio partners DFAT, the Export Finance and Insurance Corporation (Efic) and Tourism Australia. This characterised by regular engagement and collaboration between portfolio partner leadership teams. The Secretary of DFAT and the CEO of Austrade are also both members of the Efic Board.

Where interests and activities intersect, there can be a lack of clarity around Austrade's role. This can be confusing and inefficient for clients, with multiple and disconnected entry points to access information and assistance. Multiple service providers can also lead to duplication of expenditure, especially when meeting the high fixed costs of an international presence. There is a lack of clarity around Austrade's role to promote a more powerful Australian brand.

Notably, Australia's trade and investment competitors, such as the United Kingdom and New Zealand, provide central information points and a united national front to market.

One example of intersection in relation to Austrade's role is in the area of international education. Austrade has two Trade Commissioners whose primary role is to coordinate services in international education for both education institutions and potential students. More generally, all Trade Commissioners have a role in international education. DET has approximately ten Education Councillors, who operate offshore to offer services business to business and government to government (not students).

While the high level relationship between DET and Austrade is reported by both to be positive and effective, there is potential to improve operations at ground level, to make service offerings clearer, reduce duplication, and better leverage information and activities.

Austrade's relationship with the states and territories varies dependent on the resourcing and operating model of the states and territories, government priorities (Australia, state and territory), and the personalities of individuals.

Austrade works with state and territory governments in fulfilling trade, investment, education and tourism functions. This creates alignment and collaboration at senior levels, enabled through forums such as the Senior Officers Trade and Investment Group (SOTIG), the Australian Standing Committee on Tourism (ASCOT). It also enables tactical level collaboration to deliver trade, investment and education services to firms.

The working arrangements between Austrade and their state and territory counterparts is well established and generally positive. The model of engagement can vary, dependant on the state or territory's structure for projecting internationally, and the level of resourcing applied to the model. A cooperative approach, underpinned by connected and collaborative working arrangements is critical to businesses achieving success. The success of Australian businesses internationally is a common purpose across all jurisdictions.

Improved clarity and understanding of Austrade's role in the international trade ecosystem will minimise misunderstandings about who is best placed to provide services to a client. Importantly, it will allow Austrade to make an informed assessment of where it can best focus resources to achieve the greatest impact against its strategic objectives and purpose.

Developing and maintaining collaborative relationships with other organisations from both the public and private sectors, will enable Austrade to implement new and innovative initiatives and better leverage resources, activities and information.

There is an opportunity for Austrade to actively pursue a role in the development of a more seamless entry point for potential exporters and investors and to coordinate and promote a powerful and cohesive Australian marketing brand.

Supporting business to grow

Austrade assists businesses at the point at which they are ready to explore export opportunities. AusIndustry has a role to assist businesses grow domestically. This can be a barrier to business accessing government assistance in an integrated way.

In the first instance, the Australian economy may benefit from the sharing of data and business intelligence between these two agencies, to assist Australian business to grow irrespective of where growth occurs. There may be additional benefits to Austrade and AusIndustry strengthening collaboration to provide coordinated access to government assistance.

Austrade not only helps grow businesses by identifying and connecting opportunities, but also through marketing success stories (of business and Austrade). To better champion businesses, Austrade should celebrate business success stories, publishing achievements through public and social media,

websites and other available forums. This could deliver additional benefits by raising awareness of Austrade's services and opportunities to promote 'Brand Australia'.

Using information

Austrade plays a role within government to advance international trade, education, investment and tourism interests through provision of information, advice and services. Gathering, analysing and sharing data is an integral part of Austrade's core business.

A forward looking strategy should support the continued development of data sets, improved analysis and better access to information in relation to Australian international commercial activity, to:

- better inform Australian businesses and potential foreign investors;
- guide the Austrade strategy, through the ongoing identification of emerging trends
- support other agencies looking to promote Australian business
- provide an evidence base in development of international economic policy.

The collection and analysis of organisational metrics should also be improved to measure performance, inform planning (including workforce planning) and budget allocations, and to provide evidence to support requests for additional government funding.

The Chief Economist has an important role to play in providing a narrative and greater understanding of economic and social drivers impacting on Austrade's and its clients' business. Currently the Chief Economist role focuses largely on macroeconomics and has helped the agency understand its global operating environment. This Assessment sees an opportunity to expand this role into microeconomics to develop a more complete economic perspective into the strategy and planning processes.

Austrade's capability in relation to data more generally is discussed further in section 5.5.

5.2. Service delivery

Current service delivery approach

Much of Austrade's current service delivery model was set as part of 'Maximising Our Value'. This work outlined an operating model for the agency, with a focus on addressing market failure, targeting market ready organisations, an open and contemporary approach to sharing Austrade's information and insights, and a commitment to strengthening organisational capability.

Some themes identified in this Assessment are similar to the 'Maximising Our Value' review such as sharing insights and building organisational capability, however some of the principles established in 2011 are no longer fit for purpose to effectively position Austrade into the future.

One such principle, which has frustrated both internal and external parties at times, relates to the way in which Austrade currently addresses market failure.

Market failure is not a static principle. Traditionally Austrade focused on countries where barriers to market were primarily related to language and complex cross-border regulations. There are now new barriers Austrade must consider. Time to market is critical, and Australian businesses must scale as fast, or faster than, their international counterparts to be globally competitive. Barriers are also emerging with growing political nationalism which can be observed even in established markets, such as the USA. Austrade must adapt to these new market failures to service the needs of clients and other stakeholders, particularly for service-led firms in more established markets.

A government priority for Austrade is to drive service-led export growth, capitalising on growth in technology, services within a sector, professional services, education and tourism. With this growth comes increased demand in markets such as Europe and North America. Barriers into these markets tends to be low, and when coupled with the market failure principle led to Austrade prioritising an investment attraction focus in these markets. There is a perception the lack of broader trade services being offered in developed markets has affected Austrade's ability to drive service-led growth.

Another principle which has created some limitations is a focus on export ready businesses. Austrade's international readiness definition was released in 2012 with more traditional, tangible product based exporters in mind. This definition has not adapted to the growing importance of service industries, with service-led businesses capable to export from inception.

Recently, as part of the National Innovation and Science Agenda (NISA), Austrade established a service for start-ups and spin-outs in Landing Pads. This service is designed to enable businesses to establish and grow, as well as helping them to export and internationalise. The delivery of innovative programs such as Landing Pads supports the case for change to Austrade's current service delivery model.

Spectrum of services

Austrade provides a wide range of services, structured in a variety of ways. Services are primarily delivered with a focus on function, or 'pillar'. Services delivered depend on geographical region, with 14 international posts also offering consular services on behalf of DFAT.¹

Services can be delivered onshore and offshore, through delivery mechanisms including Austrade offices, TradeStart offices, or international Landing Pads. General trade services are provided for free, or services can be tailored and charged on a Fee for Service basis.

Education providers and government entities can subscribe to a Market Information Package (MIP) which provides articles and delivers market insights. For a fee, users can access an expanded range

¹ These offices are: Auckland, Dubai, Frankfurt, Fukuoka, Houston, Milan, Osaka, Prague, San Francisco, Sao Paulo, Sapporo, Toronto, Vancouver, and Vladivostok.

of articles and datasets with dashboard reporting through MIP Orbis. The international education function promotes Australian education services at the institutional level and to prospective students.

Austrade also administers the Export Market Development Grant (EMDG) Scheme, which has been in operation for over 40 years.

Austrade provides services to assist the attraction and promotion of foreign investment. To strengthen economic growth, the Australian Government, and states and territories agreed the prioritisation of five sectors for attracting foreign investment into Australia, being: major infrastructure; tourism infrastructure; food and agribusiness; resources and energy; and advanced manufacturing services and technologies. Austrade's services link foreign investors and Australian businesses through the provision of advice on:

- locations, partners, and sectors
- market intelligence and insights from international and Australian network
- the Australian business and regulatory environment
- Australian government programs and approval processes.

Feedback through consultation indicated investment services could be better linked into the other functional pillars within Austrade. For example, and notwithstanding existing operational linkages, a closer alignment or blending of the Trade and Investment Divisions which service each of the priority areas. An evolving business context means businesses may no longer be as easily characterised as clients. In a contemporary context they may in fact be all of the above.

Austrade clients recognise the value Austrade provides when delivering these services. There was feedback to the Assessment however, reporting confusion as to what services exist, who can access them, in which regions they are available, what level of support can be accessed, and if it incurs a cost.

All services are delivered to support government priorities or Austrade's core business as defined under the Austrade Act. In the view of this Assessment, services are generally delivered to a high standard. An updated, integrated, forward looking strategy will sharpen Austrade's service delivery.

The following sections provide an overview of the range of services delivered by Austrade. The current service delivery framework is depicted in Figure 1 (page 33).

Service delivery

Austrade generally delivers trade services on a 'one on one' basis, connecting individual Australian and international businesses. The agency also uses other service delivery methods, including the pursuit of large scale opportunities, leveraging global value chains, and bringing a sector focus and like industry players together in consortia activities, including for trade missions.

Austrade's clients have expressed some confusion about which Austrade services incur a charge. However, Austrade's Service Improvement Survey indicates the quality of services delivered are high, which was supported by the experiences of external parties consulted during this Assessment.

Client feedback indicates Austrade does not always have a profound understanding of their specific industry and their individual business needs. Clients also indicated, there can be patchy follow up by Austrade following service delivery. While there is deep commercial experience in the organisation, this feedback suggests Austrade could do more to manage relationships with business, and build greater specialised expertise of both firms and industries.

Ability to deliver services to business at times needs to be balanced with other non-client focused activities required of Austrade, such as coordinating ministerial visits, delivering events, and consular responsibilities where applicable.

Austrade seeks to attract foreign direct investment (FDI) into Australia by working with potential investors across five national investment priority areas. Austrade and states and territories work to achieve a nationally coordinated approach to investment promotion, attraction and facilitation through protocols agreed at the National Investment Advisory Board (NIAB).

In 2015, Austrade appointed five Senior Investment Specialists (SISs) with commercial experience to strengthen Austrade's investment capability, facilitate the attraction of FDI into Australia, and ensure projects receive appropriate support across government. States and territories highlighted an improvement in Austrade's investment capability following the appointment of the SISs, and there are opportunities to strengthen capability in this space further. This can be achieved by enhancing and consistently monitoring performance measures, and proactively identifying and connecting investment opportunities with potential investors.

The Northern Australia national priority is a positive example of an area where Austrade has worked successfully across government to identify and leverage opportunities. Austrade could take a leadership role in similar initiatives, providing expertise and coordination to deliver positive economic outcomes for Australia.

Events – Business weeks, business missions, and trade delegations

Austrade runs a range of events to promote Australian business and facilitate connections in market. Since February 2014, Austrade has facilitated 35 ministerial-led missions involving more than 3,300 delegates. Those missions have ranged in size from small industry-specific missions to the Australia Week events in China (April 2014 and April 2016), India (January 2015 and August 2017), Indonesia (November 2015 and February 2017) and the United States (February 2016).

Trade delegations are Austrade organised trips to specific markets to explore targeted business opportunities. When these are organised by Austrade for Australian businesses, there is generally a participation cost. When Austrade delivers the Australian Business Weeks or business missions led by Australian Government Ministers, there is generally no participation cost charged.

The 2016 Australia Business Week in China was highlighted by clients as a particularly impressive event. Clients praised the event's scale and organisation, and all agreed it had a positive impact on their engagement with China. However other clients viewed business missions differently, seeing them as too general for their specific business needs.

Smaller delegations, specifically tailored for participating clients and matched to the international businesses attending, were viewed as considerably more valuable.

Business missions are resource intensive for Austrade, in terms of the effort required both onshore and offshore, and the benefits from these events can be difficult to measure in the short term. Considered targeting of such activities can deliver valuable opportunities for Australian businesses to engage with international markets. However, the diversion of resources to deliver Australian Business Week and ministerial-led missions must be acknowledged as it necessitates a redirection from the delivery of other Austrade services.

Landing Pads

As part of the National Innovation and Science Agenda, Austrade was provided \$11.2 million in funding over four years to establish five Landing Pads. They are located in the innovation hot spots of San Francisco, Tel Aviv, Shanghai, Berlin, and Singapore. Landing Pads provide market-ready start-ups with 90 days of residency in a co-working space.

The Landing Pad program is still new, having commenced in 2016, and early feedback on the program is encouraging. One user cited the program as invaluable, allowing them to work alongside more experienced entrepreneurs and network with specialists who would otherwise be inaccessible. The success of the Landing Pad program is supported by early metrics, with 40 start-ups going through the program in the first year and all have had, or are expecting to have, commercial outcomes.

Feedback suggests a key success factor of the Landing Pad program is the location of the Landing Pad itself, supported by a Landing Pad coordinator to facilitate networking and opportunities to learn. With the focus on start-ups being relatively new to the agency, Austrade will need to further develop, or partner with others, to obtain the capability to support and potentially grow this function into the future.

TradeStart

TradeStart delivers Austrade trade and education services jointly through industry associations, chambers of commerce, and state and territory partners. There are 28 TradeStart offices, concentrated in regional Australia.

Partners are selected through a tender process conducted every four years. To extend and complement Austrade services, TradeStart partners deliver assistance to current and potential exporters through local advisers who help businesses navigate overseas markets, and provide direct access to Austrade's overseas network.

TradeStart partners view the model positively, with one citing it as a "shining light" in trade service delivery. TradeStart has been effective in building partnerships with peak industry bodies, chambers of commerce, and state and territory governments. It has also been effective in assisting regional businesses to internationalise. Feedback from TradeStart partners suggest applying the model to metropolitan areas would assist more businesses to internationalise.

Export Market Development Grant scheme

The EMDG scheme is the Australian Government's principal financial assistance program for aspiring and developing exporters. The EMDG scheme provides incentives to small and medium Australian enterprises for the development of export markets through reimbursement of up to 50 per cent of expenses incurred on eligible export promotion over \$15,000 and up to \$300,000.

The EMDG scheme was viewed as helpful by consulted clients, and surveys administered by the program report 93 per cent of participants rated the scheme positively. Part of the scheme's appeal is its broad eligibility, the fact all recipients have demonstrated a real commitment to international business growth by investing in marketing and promotional activity, and the ability to seek reimbursement on up to eight different non-consecutive occasions. This means the scheme does not pick winners, and exporters can select the years they seek reimbursement depending on need. Need can often be outside the influence of an exporter, who may be impacted by currency fluctuations, extreme weather events, or other external influences.

In 2015-16 a total of 3,059 grants, worth \$131.4 million, were paid to EMDG recipients. In 2016-17 the number of EMDG applications increased by 6.6 per cent to 3,539. Almost 65 per cent of grants go to businesses in the services sector, and nearly 15 per cent to businesses in rural and regional Australia.

There is also a strong correlation between EMDG recipients and OECD definitions of high growth firms, for instance, of those EMDG recipients who remain in the scheme for three years:

- 44.9 per cent increased their employee numbers by at least 72.8 per cent (20 per cent growth compounded over 3 years)
- 51.7 per cent increased their turnover by at least 72.8 per cent (20 per cent growth compounded over 3 years)

Due to the popularity and benefit of the scheme, it is increasingly oversubscribed. Over the past three financial years the scheme was able to reimburse 64.50 (2015-16), 72.66 (2014-15), and 65.28 (2013-14) cents in the dollar to recipients for eligible expenses under the scheme above an initial payment ceiling. Last financial year, 2016-17, the ceiling was \$40 000.

As required by section 106A of the EMDG Act, the scheme must be periodically and independently reviewed, with the next review date to be no later than 31 December 2021. The most recent review

conducted by Mr Michael Lee and tabled in Parliament in August 2015, included findings from a KPMG impact study which estimated each EMDG dollar generates economic benefit of \$7.03 when industry spill overs and productivity gains are taken into account.

With the scheme extensively reviewed, this Assessment supports the findings of previous reviews which found the scheme to be well administered and provide measurable benefits to exporters.

This Assessment understands the EMDG scheme is part of broader Government considerations on streamlining grants administration. This report does not seek to influence this process as it is currently in train, but does note the scheme is not a grant. This is best described in ANAO's 2015 performance audit:

"The EMDG scheme is not a grant program for the purposes of the Commonwealth Grant Guidelines, and consequently does not encompass the competitive, merit-based selection process of more traditional grant programs. Rather, the EMDG scheme is a benefit or an entitlement established by legislation, that assesses an applicant's eligibility against the Export Market Development Grants Act 1997 (EMDG Act). The scheme does, however, use the term 'grant' to describe the payments made to eligible applicants."

With the EMDG scheme enacted through legislation and subject to frequent review, it is a mature mechanism providing measurable benefit to exporters and the economy. EMDG will continue to play an important role in any future service delivery model, but consideration could be given to leveraging this capability further.

Tourism programs

Austrade provides three programs to support the tourism sector.

The Approved Destination Status (ADS) scheme allows Chinese tourists to travel to Australia in guided groups. Austrade manages the ADS scheme in conjunction with the Department of Immigration and Border Protection (DIBP) and Tourism Australia. Austrade's main functions under the scheme are:

- approving Inbound Tour Operators (ITOs) and tour guides to join the ADS scheme
- ensuring ITOs and tour guides comply with the ADS Code of Business Standards and Ethics
- working with DIBP and other government agencies to address issues related to the ADS scheme such as tourism quality and the supply of Chinese speaking tour guides
- managing the ADS Advisory Panel which provides an interface between the Australian Government and the tourism industry on ADS matters
- maintaining the Australia-China tourism relationship through an annual China Tourism Dialogue where senior Australian and Chinese government officials meet to discuss a range of topics including the ADS scheme, visas, marketing and research.

The Tourism Demand Driver Infrastructure (TDDI) program provides funding to state and territory governments to support Tourism 2020 strategic targets. The program provides \$43.1 million over four years to state and territory governments, and was endorsed by tourism ministers on 11 July 2014.

The Tourism Major Project Facilitation (TMPF) service provides significant tourism projects with a central contact person to guide them through both Australian and state and territory government approval processes to minimise delays.

Under the TMPF service, significant tourism projects are granted a case manager to:

- identify the range of Australian Government approvals required
- facilitate introductions and meetings with Australian Government approving agencies
- provide support and expertise on government programs and processes

- assist investors to access relevant Australian Government support programs
- help broker solutions to problems that arise during the course of obtaining approvals.

Footprint

Austrade's maintains 84 points of presence overseas, 10 offices in Australia, 28 TradeStart locations, and five Landing Pads in global innovation hubs.² Overseas posts, in terms of number of offices as well as staff within these offices, are concentrated across Asia. The number of offices and staff are more thinly spread in the Americas and Europe.

Out of the 84 points of international presence:

- 31 sites have two or less people
- 14 sites provide consular services on behalf of DFAT
- larger markets with multiple Austrade offices (particularly China and India) often have a number of offices within close proximity.

This footprint delivers knowledge and allows the building of localised relationships with potential clients. Local knowledge and relationships enable the development of the authoritative commercial insights Austrade delivers to Australian business and to government.

To quickly respond to changes in the global economy, Austrade would benefit from having flexibility in how it allocates resources. Consideration to global trends and opportunities, and the feedback from Austrade's clients, can inform the locations from which Austrade can best deliver its services to business. Similarly, differentiated delivery models could be explored and tested in some locations, harnessing technology to extend reach in markets.

Charged services

Austrade delivers two types of trade services to Australian business. A free general service is provided to export ready firms which includes market advice to support a company's decision on internationalisation. A tailored service is available at a cost of A\$275 per hour, for which the agency delivers an agreed output. Austrade maintains a service handbook which outlines the types of services staff can deliver to Australian business. Tailored services are delivered by Austrade's offshore staff, and may be delivered for an individual or a group of markets.

Austrade also has two service offerings particular to the education and training sector: the MIP and its data offering, MIP Orbis. The MIP has an evidence based pricing structure, using cost tiers based on the user type and their capacity to pay.

Most clients consulted, largely were comfortable with being charged for tailored services. Some comparisons were made, however, to state and territory governments, and other Australian Government agencies, such as DET, who do not charge.

A user pays model can be an effective way to ensure businesses are committed to the process and outcomes. The buy in confirms the intent of the business, and similarly generates greater value on the services received.

Some clients referred to differences in how tailored services are developed, and thereby costed, across different Austrade posts. Similarly there was reference to variability in the product delivered back to the client. These factors contributed to reported inconsistency of the client experiences with Austrade.

The Assessment supports a charging model for services in line with the Australian Government Charging Framework. It is necessary to sustain Austrade's operations and signifies co-commitment

² Includes Zurich, Switzerland, which was unstaffed at the time of writing this report.

from the client. The current fee structure for tailored services does not appear priced for competitive neutrality in market, or assessments on willingness to pay.

Information and technology

Providing information is a core function for Austrade. This includes information about the international business landscape to Australian businesses, and about the Australian economy and Australia's sectoral and business strengths to international businesses. To achieve this, Austrade must prioritise the collection, analysis and presentation of information and sharing of authoritative insights.

Data analytics is also essential to enable Austrade to identify emerging trends and make adjustments to its service delivery model.

Austrade maintains a number of systems which collect valuable market data. There is an opportunity for these to be better integrated and made accessible across the agency. With a strong focus on relationships across the agency, data is not recognised as a critical asset, and the opportunity to improve data sets and their use is not given enough priority.

Austrade's market information, insights and relationships are a core strength. Effective use of data and digitisation will support the agency in aligning efforts of staff to unique value adding activities.

It is evident technology is leveraged in parts of Austrade's service delivery platform. For instance, MIP Orbis' online dashboard and data offering allow education providers and government agencies to see important metrics at a glance, as well as filter and drill into customised datasets. This is being expanded to help deliver on the AIE2025 strategy, including through development of automated information to identify where education providers could best compete for international students.

There are upwards of 43,000 exporters in Australia who are potential users of Austrade's services. In 2016-17, Austrade provided services to 5,060 of these businesses. To provide accessible, value-adding services to current and potential clients, there is an opportunity for Austrade to better utilise technology. Platforms which scale, facilitate self-help, and make use of the agency's tremendous insights will be critical in future service delivery.

Business intelligence and use of technology is discussed in greater detail in section 5.5.

Partners and competitors

There are a variety of organisations, both domestic and international, providing services intersecting with Austrade's broad functional remit. These can include local councils, state and territory governments, other Australian Government agencies, chambers of commerce, business forums, peak industry bodies, consulting firms, and other private sector entities.

Austrade actively partners with other entities on a variety of matters. For example, partnering with the education sector to co-design metrics for MIP Orbis dashboard reports, state and territory governments co-locating with Austrade posts, or working with the aviation industry to increase capacity aligned with the Tourism 2020 strategy.

Government is championing a number of initiatives to streamline trade services to the public. For example DIBP are leading:

- a Single Window portal designed to provide a standardised interface with Customs and other related government agencies to reduce the regulatory burden of engaging in cross-border trade
- the Australian Trusted Trader program, a trade facilitation initiative that recognises businesses with a secure supply chain and compliant trade practices, rewarding accredited businesses with a range of trade facilitation benefits.

Government undertakes large scale procurement activities, particularly in the areas of defence, resources and energy, and infrastructure. Using its networks Austrade has the ability to assist

Australian businesses connect into Global Value Chains (GVCs) created on the back of these procurement activities. Austrade are working with the Department of Defence's on future submarines program, and similar support could be extended to other government agencies in the future.

Businesses evolve throughout their journey to export. DIIS, or more specifically AusIndustry, play a lead role in growing business capability, particularly in a domestic setting. They are responsible for the whole of government 'business.gov.au' brand, designed to provide a centralised hub of information for Australian businesses to plan, start, and grow.

DIIS is also responsible for Industry Growth Centres, an industry-led approach for driving innovation, productivity and competitiveness by focusing on areas of competitive strength and strategic priority.

It is clear there are mutual benefits for both Austrade and DIIS to work together to enhance their service offering and to facilitate a seamless user experience. This should be a focus for a future service delivery model, and is particularly relevant with service-led businesses increasingly 'born global'.

Austrade's future service delivery model must include strong partnerships to deliver on government priorities, core business, and enhanced services to business. This Assessment encourages Austrade to actively explore partnerships to assist in service delivery. This includes other government agencies, but also could include non-government organisations specialising in event management, data analytics and research, or consulting.

Modernising Austrade's service delivery approach

There are opportunities for Austrade to modernise its current service delivery framework, to bring together functions and partner to deliver a more seamless service offering to business. Austrade needs to ensure it makes the most of its competitive advantages, including its market insights and 'badge of government'.

The building blocks for a potential future service delivery framework reflecting the recommendations in this report is depicted in Figure 2 (page 34). This diagram focuses on client services and does not include Austrade's role in policy input. The future service delivery framework will be dependent on the formation of the future strategy and operating model.

Elements of this framework are also described below.

Focus

Austrade has a strong track record of service delivery. The stage is now set for Austrade to sharpen its focus and enhance its service delivery framework to deliver a more seamless service offering that use the agency's capability across all of its functions.

Austrade's service delivery model has had difficulty adapting and strategically repositioning to respond to domestic and international business demand and emerging global economic trends. In part, this can be attributed to some of the principles and the implementation of the 2011 reforms.

Rather than the principle based approach set in the 2011 'Maximising our Value' review, the service delivery model must support an overall agency strategy. Decisions about the type of services offered, and how they are delivered to and for Australian businesses, must be able to respond to a changing global environment.

Data and technology

Service delivery must be as efficient as possible. There needs to be greater emphasis on data analytics to identify opportunities, improve the service offering and measure success, and better use of technology to maximise client reach.

To create the greatest value and largest impact with finite resources Austrade must rely more heavily on technology. There is significant opportunity in using technology to create a universal service offering through a scalable platform that allows businesses to self-help and extract value from Austrade.

Structure

To make the most of Austrade's resources and capability and enable seamless service delivery, Austrade must bridge the gaps between currently distinct pillars of trade, investment, international education and tourism. The distinction between these categories is increasingly irrelevant, and Austrade must focus efforts on structuring services to meet the needs of the business, and less on the functional distinction of the service.

Delivery

All of the services delivered by Austrade respond to government priorities or delivery of its core business. They are delivered primarily through Austrade's domestic and international network, but also through mechanisms such as Landing Pads, TradeStart, and EMDG.

With the setting of a forward looking agency-wide strategy, all services and delivery mechanisms should be assessed for alignment with organisational objectives.

Austrade needs to ensure it clearly articulates the services it provides, to whom and in which regions they are provided, and to what standard. The current service delivery approach must be re-evaluated against contemporary requirements, be founded in data and evidence, be collaborative with business, government and other stakeholders, and make the best use of technology to ensure staff are focused on services that value add. Service offerings could include:

- the provision of a universal service offering that leverages technology allowing businesses to self-help
- the provision of sector specific information in the MIP style, possibly monetised
- building consortia around opportunities by sector and by market
- a differentiated service delivery model, allowing for a 'light touch', self-help option through to personalised assistance for targeted businesses with high growth potential.

Partnering

The functions of trade, investment, international education and tourism cannot be delivered by Austrade alone.

There are a number of organisations working to assist Australian business overseas, however Austrade is differentiated by holding the 'badge of government'. This important differentiator enables stronger trusted relationships, especially where the assurance government representation brings is required. Clients indicated some of their business contracts could not have been secured without Austrade's representation.

As a government organisation, Austrade is not driven by profit motives. Businesses can have confidence in Austrade's genuine intent to help them grow; similarly private sector organisations providing similar services are less likely to view Austrade as a threat and see benefits in partnering with government. In relation to some services, recognition should be given to the depth of private sector expertise and Austrade should connect business with these services as appropriate.

The intersection of initiatives led by other Australian Government agencies with Austrade's service offering, demonstrate there is work to be done in presenting a seamless experience for business. This presents opportunities for strengthened partnerships, with Austrade key to bringing the voice of exporters to the discussion. With AusIndustry being custodians of the business.gov.au portal, greater partnering with AusIndustry in particular has the potential to improve the experience.

Figure 1 – Austrade’s service delivery framework - current state

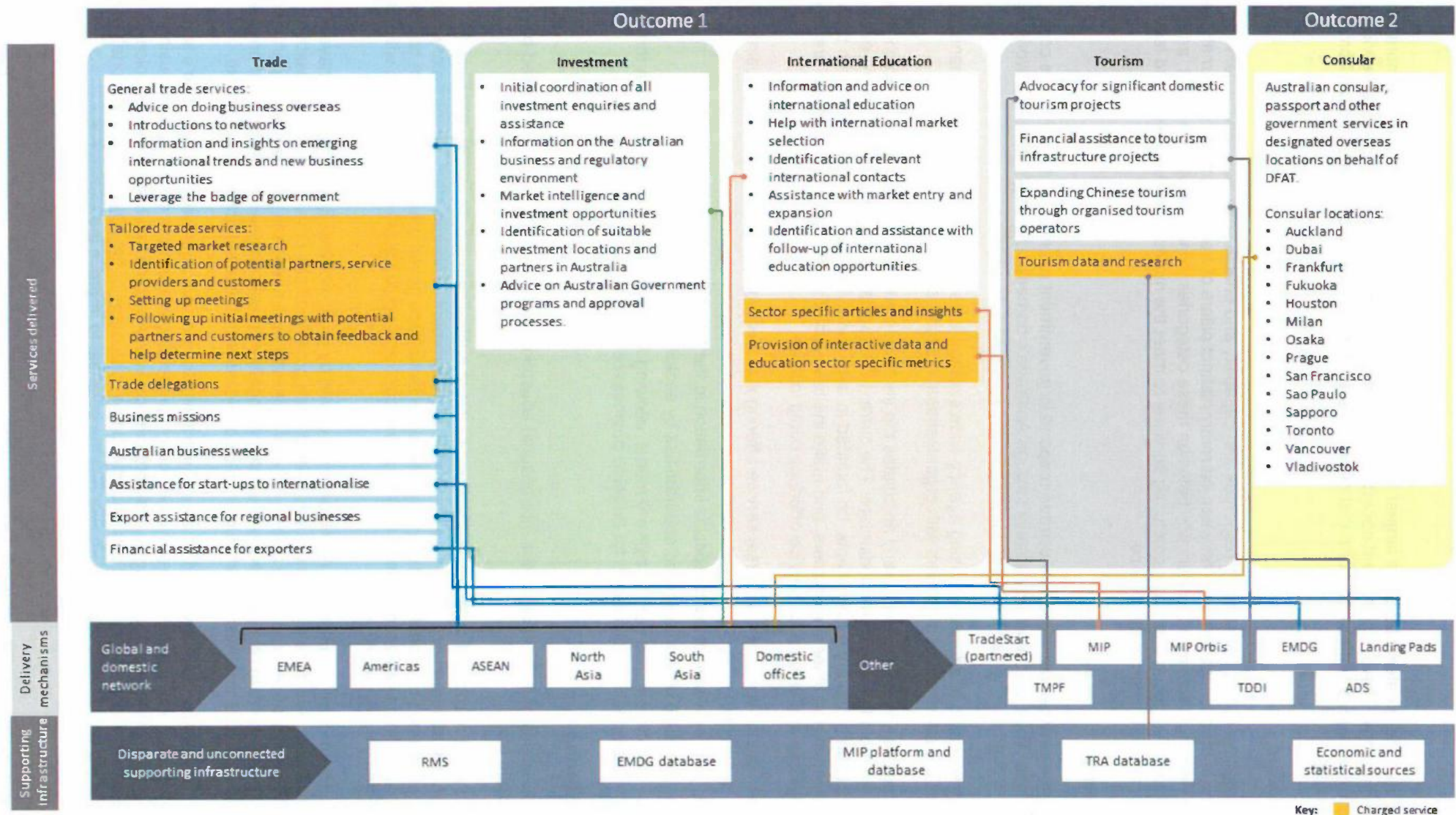
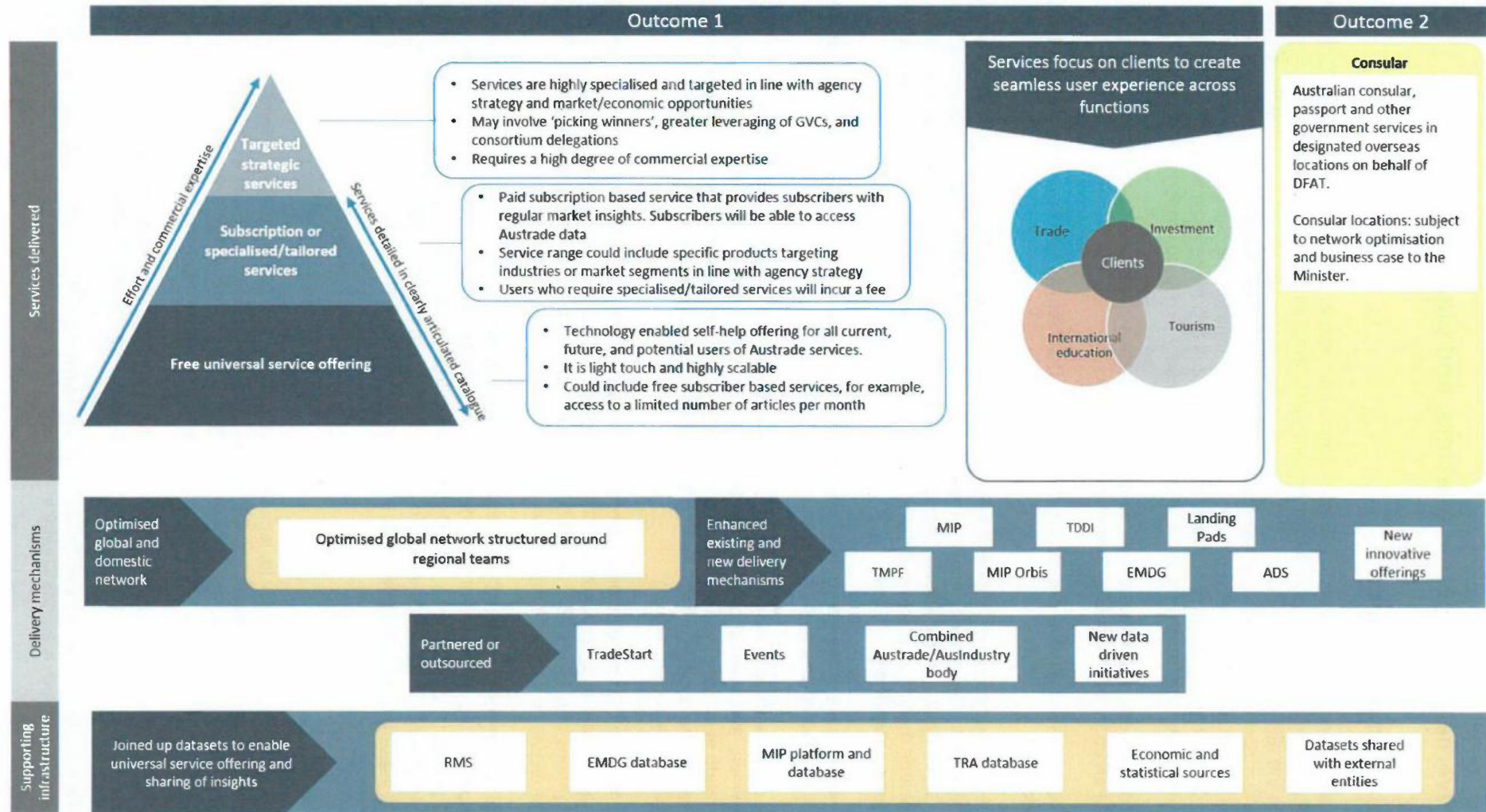


Figure 2 - Austrade service delivery framework – building blocks for a potential future state



5.3. Governance, corporate enablers, and budgeting

Governance arrangements

Austrade has a clear and well-articulated governance framework, and the Audit and Risk Committee confirm statutory reporting and governance requirements are well met. The framework includes reference to the relevant legislation and the roles and responsibilities for the CEO and the Executive. There are clear operating charters for the Audit and Risk Committee and Ethics Committee. Three sub-committees also operate: the Workplace Relations Committee; the Security Advisory Group; and the Capital Committee. All committees provide their minutes and make recommendations to the Executive Group. It is understood that the Business Advisory Group no longer exists.

Delegated powers and authorities are listed in a comprehensive delegations schedule. Austrade also has in place an up to date Risk Management Framework.

While the governance framework is robust, it is somewhat unclear where decisions are made at an agency-wide level.

The Executive Group meets on a weekly basis to make key decisions. Most decisions are made at the Executive level, with Governance Committees making recommendations. Papers provided to the Executive Group have a mixed focus. Agenda items are generally informative and tactical, rather than targeted towards making strategic decisions. Financial reports are received monthly. There are no regular reports on workforce issues.

There is a view papers presented to the Executive have not always been sufficiently circulated to all the relevant or affected areas, for fact checking or input.

Staff report some ambiguity about how decisions are made, and by whom. In particular, staff are unclear on where and when decisions are made in relation to budgeting and workforce planning. Decisions made at senior levels do not always appear to be communicated well. Staff suggest in recent times they have been unsure as to membership of the Executive and the roles and responsibilities they hold.

Consistent feedback to consultations undertaken by the Assessment feedback is there is general frustration at the operating level with the time it takes for decisions to be made, particularly onshore. While delegations may be set at an appropriate level, lack of clarity around where accountability lies, the need for extensive internal consultation and process issues cause extensive delays.

The Capital Committee has recently expanded its decision making horizon from one to five years to facilitate more strategic investment decisions. Recommendations from the Capital Committee are made on a project by project basis. The Capital Committee is, however, hampered by the lack of an agency-wide strategy to guide the allocation of funds. They are further restricted by capital funding which limits the organisation's capacity to meet current needs or allow planning for critical longer term transformation.

Reporting

Austrade excels at reporting under its legislative obligations. In a recent review of selected agencies on performance reporting conducted by the ANAO, the Assessment understands Austrade was considered to be exemplar among its peers. The PBS, Annual Report and Corporate Plan all work together to report key KPIs and how well Austrade has delivered against its outcomes.

While external reporting is mature and done to a very high standard, there are opportunities to expand and strengthen internal reporting to facilitate strategic and operational decisions.

Performance reporting varies across divisions. While business plans at the division and group level are well developed, there is inconsistency in how key performance indicators are expressed and how

success is measured. Performance reports are not generally used as accountability measures or to inform strategic business decisions.

The availability of data to inform reporting is inconsistent and different data sets are not well integrated. For example, an assessment of performance at post could use RMS data on service requests/services delivered. However, RMS data is not entered consistently across the organisation. In addition, the number of interactions with trade clients may not necessarily indicate success against Austrade's longer term strategic objectives. A decision on the basis of RMS data would be made on incomplete information. However, there is little other performance data to supplement it.

Corporate policies and guidance are not comprehensive. For example, formal induction processes focus on compliance and broad information about Austrade's business, but not on the use of corporate systems or processes. For policies currently in place, staff suggest a lack of guidance and inconsistency in their implementation.

Record keeping practices are inconsistent. Access to information is limited by systems and work practices, negatively impacting service delivery and efficiency in the workplace. Client information is not uniformly dealt with in the client Relationship Management System (RMS), insights and other information are not generally systematised, and the HUB, Austrade's SharePoint intranet and records management system, is used inconsistently.

Budgeting

Budgets across the agency are set at the same level every year, adjusted for efficiency dividends and budget measures. Budget allocations, including for people, are not changed to reflect organisational priorities or the changing costs of conducting business.

Budget predictions indicate current expenditure levels are not sustainable within anticipated funding. Taking into account:

- election commitment funding to 2019-20
- the transfer of three consular posts to DFAT and one post closure from 2017-18
- an additional efficiency dividend and contribution to DFAT portfolio savings to 2019-20.

The net cumulative deficit for the Austrade budget by 2019-20 is \$2.7 million. Austrade must find a way to redirect effort and achieve efficiencies.

In addition, an analysis of Austrade's capital requirements over the longer term (10 years) indicates that to maintain existing functionality, annual capital funding of \$17.3 million is required, against an annual capital budget allocation of \$14.1 million. An estimate to replace the ageing EMDG system is not included.

Existing budget allocations within Austrade do not, at face value, align with delivery. For example, in 2016-17, onshore operations have a budget of some \$100 million; 500 full time equivalent employees; and discretionary costs of \$25 million. In contrast, total offshore operations have a budget of some \$94 million; 550 full time equivalent employees; and discretionary costs of \$11 million. While local factors may account for some of the differences in discretionary costs, this is an area that needs closer examination and review.

While formal delegations for expenditure appear to be set at reasonable levels, feedback to the Assessment indicates budget management practices are holding delegations at a level prohibiting managers from effectively managing their budgets.

Implications

While there is alignment between Austrade's enabling legislation, government outcomes and Austrade's stated purpose, in the absence of an agency-wide strategy, it is unclear how Austrade

makes decisions in relation to strategic resource allocation or how organisational performance is evaluated.

Governance committees, managers and staff lack the context in which to make longer term, strategic decisions, including in relation to capital and people capability. Instead, resources are allocated on the basis of 'business as usual' or current operating needs, with limited planning for longer term investment or in response to changes in agency priorities or the external environment.

Performance and resource management reporting and data exist across different systems and functional areas. These are not integrated and treated as strategic assets to inform decisions on where to allocate limited resources. There is no ready, single source of evidence which can be used to assess where initiatives, activities and people are delivering successfully against the strategy.

Data on emerging trends and analysis of where Austrade could achieve greater returns is not used effectively. Internal metrics are also not presented in a manner supporting decision making on capability or investment gaps.

The lack of strategically aligned budget planning, supported by extensive reporting and accountability measures, is making it increasingly difficult for Austrade to manage limited financial resources in the following ways:

- The absence of organisational priorities is hampering Austrade's ability to allocate funds to most effectively deliver agency objectives. Resources are allocated based on what was done in the past, with no reference to where the organisation can add greatest value in the present or in the future. Austrade risks funding activities which do not result in the best outcomes, at the expense of activities with a better return for the Australian economy.
- Lack of clarity and a common set of goals can lead to duplication, inefficiencies and the inability to move resources where they can be used most effectively.
- Lack of strategic focus can prevent optimisation of business processes resulting in inefficiencies in the operating model more broadly.
- The capacity to access any new or additional government funding is dependent upon sound evidence and a compelling case. The absence of strategic focus and an efficient operating environment could reduce the impact of any such request.

Internal policies are a critical part of organisational capability in providing underlying support for business delivery. Where staff, records or other business enablers are not managed in line with strategic agency objectives, delivery is compromised. For example, clients can be better served when records are managed effectively and information is available agency-wide to facilitate the best outcomes.

5.4. Operating model, structure, and people

Austrade's operating model and structure were established as an outcome of the last Austrade review, 'Maximising Our Value'. In the last few years adjustments have been made to streamline and enhance the delivery of trade, marketing and communication and international education functions. Changes have also been made to the Senior Trade Commissioner (STC) reporting lines and General Manager roles for international markets. These changes were implemented in response to specific operating requirements rather than as a result of a systematic transformation.

Austrade operates in an environment characterised by significant and rapid change. There have been fundamental shifts in the global economy since the 2011 Reform. The digital, economic, demographic, and social landscape is evolving. At the same time, business expectations, needs, and demands are increasing faster than ever before.

Austrade faces the challenge of having to service both traditional and new economies, and respond to shifting priorities and opportunities. It also needs to continue collaborating and engaging across government to inform policy and government decision making. This creates the potential for significant

impact on the operating model, structure, resource allocation, footprint, key roles and capability requirements now and into the future.

Digital transformation presents opportunities for automation and efficiencies resulting in non-routine cognitive and non-routine manual work continuing to grow, and routine manual and routine cognitive work continuing to decline.

In a time of disruption, organisations such as Austrade need to rewrite how they organise, recruit, develop, manage and engage its workforce.

Operating model

The operating environment is driving the need for a highly skilled and diverse workforce is able to adapt and respond to changing priorities and operating requirements. The global competition for talent also means organisations need to ensure their people have the tools and motivation to perform, while investing in talent and developing leaders of tomorrow.

Austrade's current resource allocation and management practices reflect with a more traditional work environment. These practices are no longer fit for purpose. They do not provide for sufficient agility and can encourage inefficient work practices, leading to additional staff pressures.

Austrade's productivity is becoming increasingly dependent on its ability to adapt to technology, ecosystems and networks, rather than recasting the way it works. Technology is not only critical for productivity, but will also facilitate individual and organisational reinvention.

Processes are needed to more effectively support a flexible workforce across onshore, offshore and functional pillars, facilitating a more integrated approach to business operating practices.

Austrade is currently adopting more flexible project management methodologies and collaborative work practices, and there are examples of Austrade teams rallying together to support activities or opportunities which cut across the business. However, this is not consistent or systematised across the agency. There are more opportunities for agile teams, collaboration and sharing of expertise, for example through the increased use of matrix structures and virtual teams.

Austrade's workforce is diverse, highly skilled and experienced with a broad range of knowledge and expertise spread throughout the agency. Staff and managers report there are more opportunities for Austrade to deploy resources and tap into the skills and capabilities of staff across its global network.

Existing processes, such as those for on-boarding, security vetting and security clearances are leading to delays in filling positions. Streamlining of these processes is currently underway.

Workforce planning

As discussed previously in relation to governance and budgeting, Austrade's current resource allocation is not aligned to changing organisational priorities. There is also no overarching strategic, forward-looking workforce plan or established practices to anticipate future resourcing needs, opportunities and risks, or organise and manage the Austrade workforce.

Workforce data and analytics are not consistently used to consider current workforce activity and trends, and to assess their possible implications for organisational capability and capacity. Workforce analytics and reporting are not readily or regularly available. Ad hoc reporting is produced for Austrade's Executive Group on request or when opportunity for resourcing discussions are identified.

Austrade's Human Resources (HR) team is currently working in partnership with Finance and Information Technology Services (ITS) teams to further develop workforce analytics and reporting capability. This includes implementing an agency workforce analytics framework, agency and business unit snapshot reporting and an online analytics dashboard. This will enable HR to provide business area managers with meaningful and relevant data to inform their decision making and implement effective workforce management practices.

Introducing more effective workforce planning practices, supported by good data analytics and reporting, will enable Austrade to effectively manage its resources and make informed strategic decisions. It will enable management and Executive to capitalise on workforce opportunities and be resilient to operational and environmental changes, including ensuring there is sufficient and sustainable capability and capacity to deliver organisational objectives into the future.

Sourcing and recruitment

Austrade predominantly recruits to identified roles on an ongoing basis. It is not common practice to fill roles on a non-ongoing basis or through targeted sourcing.

There are opportunities for a more proactive approach to recruitment by anticipating future needs and allowing positions to be more readily filled from a single recruitment process, for example through conducting bulk recruitment rounds, establishing merit lists, or simply tapping into existing capability across the agency.

The current approach to sourcing and recruitment is contributing to long lead times to fill vacant positions. The analysis of trends and feedback suggests vacancy rates and 'time to fill' are higher than expected compared with other public and private sector organisations. There would be benefit in Austrade tracking these measures, to monitor performance.

A greater degree of efficiency and flexibility is required in policies and processes to enable resources to be accessed and deployed more quickly. This includes the ability to supplement specific skills gaps in a timely manner with casual employees.

Austrade's sourcing and recruitment environment has the added complexity of overseas appointments of Australian based (A-based) staff. A-based roles offshore are critical roles responsible for development of market strategies and the achievement of trade, investment, international education and tourism outcomes, as well as the day-to-day management of operations at post. Well managed recruitment and appointment to these roles is imperative to ensure effective operations and the future success of Austrade.

Currently, there is no coordinated approach to posting cycles. A number of staff and management expressed frustration with the process. There is an opportunity to provide greater clarity for staff and management, improve handover processes, reduce delays and provide less disruption to client services. More can be done to allow for timely, agile and flexible resource allocation and movement, and to take into account long-term priorities, opportunities and talent pathways.

Austrade has reported challenges in attracting high quality talent to fill some of its critical roles. APSJobs and LinkedIn are used as primary sources for accessing the market to source talent. The full functionality of *LinkedIn Recruiter* can be further explored to enable Austrade to tap into various talent pools, engage and identify potential candidates, send out targeted information and customise Austrade LinkedIn landing pages.

Austrade's ability to attract and develop talent is also impacted by the lack of a clearly articulated employee value proposition, talent development and entry level programs. The current Trade Commissioner Development Program (TCDP) has a very limited focus and narrow pool of talent sourcing, targeting only staff at the APL3 (APS Executive Level 1). Implementing other programs such as internships, talent swaps and partnerships with universities would enable Austrade to access wide-ranging talent pools and build the required capability into the future.

People

Talent and career management

There is a strong correlation between access to career and talent development and staff engagement. A stronger focus on talent, career and succession planning will improve Austrade's capacity to build people capability, and better retain talent, skills and knowledge.

A People Strategy would provide greater focus on robust career development, talent management and succession planning practices. While some talent discussions have taken place in the past, career and capability development opportunities have not been thoroughly considered. Staff have noted a lack of career opportunities, talent management, and transparency in these practices. This has also been a consistent theme in Austrade's APS Employee Census results over the past few years.

While career workshops have been delivered in the past across global network, these were focused on individuals taking responsibility for their own career development. There is no systematic approach for enabling staff to identify career aspirations and agree a plan with their manager to support their career development goals.

Short Term Overseas Assignment (STOAs) between Australian and global networks is Austrade's main formal career development program. They provide an opportunity for Australian employees to go overseas on a temporary basis to backfill roles, as well as for Overseas Engaged Employees (OEEs) to come to Australia to work on a project. Assignments are subject to operational, visa and security clearance requirements and therefore access can be limited.

Traditional career paths defined by stable, vertical advancement are becoming increasingly limited due to low turnover and organisational delayering. Lateral career moves are becoming more prevalent, but culturally there is still resistance to embracing these and they are considered to be less satisfying to employees.

Partnering and working with employees to think more holistically about growth and identifying opportunities to build new skills can enable Austrade to open up broader career pathways for staff. It will also ensure employees grow their careers in a way that aligns with organisational capability needs.

Feedback suggests employees' abilities to achieve career goals at Austrade is further impacted by a lack of visibility of opportunities across the agency. Feedback has also indicated that managers often will not release their best employees to move to other roles in the organisation.

More focus on career partnerships will create reciprocal value by enabling transparency into experiences and internal opportunities which build necessary skills, and improve talent sharing.

In October 2016 Austrade launched myProfile, an initiative that capturing up-to-date information about employee knowledge, experience, skills, qualifications, language, and other formal development, as well as career aspirations. It provides HR, Executive and managers with a searchable database of Austrade people capability to support deployment decisions, and talent, career and capability development. The take up of myProfile is currently 38 per cent.

Feedback from staff and evidence of internal labour movement and people capability development continue to suggest opportunities for on the job development, coaching and mentoring, secondments and temporary placements are not being sufficiently leveraged and consistently delivered across Austrade.

People capability development

While analysis shows Austrade has a highly skilled and diverse workforce, feedback from clients indicates Austrade's commercial expertise is not as pronounced as it once used to be. A better balance between commercial nous, industry expertise, trade facilitation and investment expertise is required. The right balance of generalist and specialist skills is critical to enable Austrade to respond to changing priorities and client needs.

Given the unique nature and broad scope of Austrade's role, discussed in sections 5.1 and 5.2, Austrade needs to continue to develop and grow entrepreneurial skills, as well as the ability to engage, build relationships and influence government. In addition, the changing nature of work, digitisation, and global shifts in access to information are resulting in changes to people capability

requirements, particularly an increased need for data analytics, critical thinking, communication and collaboration skills.

Operating in a time of disruption and unprecedented change, leadership and management capability must be focused to manage a diverse and agile workforce. They must communicate effectively, drive change, and embrace a culture of working openly and collaboratively.

Austrade has managers with strong technical skills who are capable of delivering the required operational outcomes. To build the capabilities of teams and efficiently utilise resources, stronger focus is required on management and leadership capability to facilitate effective people management practices, such as performance management, talent development, coaching and mentoring.

In addition, the findings of this report highlight that Austrade's capability across the delivery of human resource and financial management, influencing and driving policy outcomes, strategic and corporate planning functions can be strengthened.

Staff feel they have limited access to learning and development to do their job well. There seems to be limited availability of commercial and technical capability development programs and strategies, such as trade craft, knowledge of industries and sectors.

There is no Austrade capability development strategy focused on key priority capability themes and developed in consultation with business areas.

The myProfile database provides a view of the supply side of workforce capability, however further work is required to analyse and develop capability demand strategies under our workforce planning framework.

Performance management

Austrade performance management has a strong focus on following and completing the process. Staff feedback suggests the quality of performance conversations is inconsistent, and a number of staff have questioned their value. Expectations and goals are not always clearly articulated, and there is not always a clear line of sight between an individual's or team's work, and the delivery of strategic organisational objectives.

Feedback also suggests staff would like to receive more regular feedback, including more consistent recognition of their contribution, as well as approach to reward and recognition.

There is no clear process and guidance for managing poor performance, including identifying poor performance, helping managers conduct performance discussions, identifying possible solutions and maintaining consistent and accurate documentation.

A refresh of the Austrade performance management framework is currently being considered.

Structure

Austrade's current structure was developed in the context of a different global economic environment and is not designed to enable Austrade to respond to a rapidly changing operating environment. The structure should facilitate a stronger client focus to deliver better value services and outcomes for the Australian economy.

Investment, international education and tourism functions have not been fully integrated since becoming part of Austrade following machinery of government changes. Austrade comes across as an organisation of silos sometimes resulting fragmented service delivery and lack of collaboration.

Better integration across functions will deliver efficiencies and enable a sharper industry and sectoral focus. This will also result in a more coordinated, streamlined and consistent service delivery to clients, while eliminating unnecessary duplication and fragmented delivery of information. This will also assist in providing a seamless service to clients as detailed in section 5.2.

In the current structure there is some duplication of effort and pockets of similar activities or functions performed in different parts of the agency. This sometimes results in incomplete delivery through not identifying Austrade's complete service offering and failing to bring together the relevant expertise. Stronger focus and delivery is required and can be achieved through integration of functions currently performed across multiple parts of the agency.

Austrade's role in providing tourism-related research and analysis is well regarded by industry bodies, government and research bodies such as universities. Tourism Division plays a role in influencing domestic policy to grow domestic and international tourism. This translates to real benefits for the Austrade operating model in the capability the tourism function brings, particularly in relation to policy influence, government relationships, partnerships and data analytics. This Assessment has identified these as areas that need to be strengthened in Austrade.

With a greater sectoral focus there are also opportunities for Austrade to expand the role of industry specialists to provide guidance, support and mentoring across the business.

In addition, better alignment and integration of priorities and delivery across and between onshore and offshore, is required to achieve sharper, more consistent and enhanced service delivery and outcomes for clients, and the Australian economy.

Over the years Austrade has implemented various models to deliver offshore services, including an overseas regional model. A regional model can present a number of benefits such as a more coordinated approach to the agency-wide strategy, prioritisation and delivery of services across markets and broader network, as well as improved engagement and collaboration across offshore and onshore operations. Issues identified when a similar model was last implemented, such as siloed operations between regions or unproductive competition, can be managed through the implementation of effective planning and governance arrangements.

Resource allocation

Similar to structure, there are opportunities to review the rationale for distribution of resources across Austrade's network. Leveraging data and information to guide resource allocation, aligned with priorities, will enable more efficient and effective operations going forward. Taking a balanced approach to resourcing levels across functions will enable Austrade to maximise output and return on investment.

The number and ratio of administrative support staff is varied and in some parts more heavily weighted than others. A broad range of corporate and administrative support is required across onshore and offshore operations. These functions are crucial to supporting and enabling operations, however, the model and approach for the delivery of these services needs to be considered in the future context and to enable efficiencies.

The Austrade workforce classification profile is more heavily weighted towards APS EL1 – 2 equivalents onshore and offshore. Similarly there is a relatively large proportion of SES officers, 7 per cent. Even though in many instances the nature and complexity of work performed by Austrade staff requires a certain degree of technical expertise, judgement and decision making, Austrade's classification profile appears high and some roles may be over-classified.

Austrade current average span of control for an SES level officer is 3.2 direct reports and for an Austrade EL2 equivalent is 1.7 direct reports. The APS Framework for Optimal Management Structure recommended span of control for specialist agencies is three to seven direct reports

5.5. Business intelligence – data, information, and insights

Business and market insights

One of Austrade's key strengths is its authoritative insights into international markets and Australia's international capability at the sector and firm level. Market insights are of critical importance to Austrade's service delivery, informing internal strategy and operations, and economic policy deliberations.

Market insights are treated in a variety of ways, sometimes captured in systems, communicated through articles, or published on social media. They can also be shared using digital channels, such as MIP Orbis, which allows users to interact with data as they undertake their own analysis. Market insights can also be anecdotal, with Austrade staff providing a unique and informed perspective which could be gained from desktop research alone. Regardless of the medium, it is important this information is captured for enterprise level business intelligence.

Systematic capture and distribution of insights will strengthen Austrade's ability to use this information at an enterprise level and retain valuable knowledge. It will also enable Austrade to further explore opportunities to use data analytics and create additional value for clients

Austrade's unique market insights can be used for a variety of purposes, including to inform agency-wide strategy, network optimisation, and people capability. They could also be used to bring the voice of business to policy discussions, and at a micro level allow trade advisers the confidence to know exactly what other conversations an organisation may have previously had with Austrade.

Information and analysis of global trends and the external economic environment can be used to inform strategic decision making. For instance, a stronger engagement between the Chief Economist and governance committees as they examine strategic prioritisation and resource allocation would be beneficial.

Being able to share insights is in part reliant on developing written content, be it in systems, articles, or briefings. Feedback indicates Austrade is not consistent in its ability to achieve this. Austrade will need to bolster its capability to produce publishable insights, and balance the creation of written content against other services.

Increasing the use of data and business intelligence

There is a clear and pressing need for Austrade to improve its use of data and business intelligence capability. There are examples in the business where increased use of data intelligence is already being explored.

For instance, Austrade's Information Technology and Services (ITS) recently worked with Data61 to develop a proof of concept (PoC) self-service business tool to enable users to explore international trade flows. The PoC merged data from a variety of sources, and with further investment could be a useful tool for users to better understand opportunities from recently negotiated FTAs.

Another example includes a technology enabled self-help PoC developed by ITS and the Investment Division to support agri-business investment. This PoC demonstrates the potential for business intelligence to help investors identify opportunities in Australia. The PoC draws upon a range of data sources, notably United Nations Comtrade combined with World Bank, International Monetary Fund, Australian Bureau of Statistics and Australian Bureau of Agricultural and Resource Economics and Sciences.

The ITS area more broadly would benefit from a stronger link to enabling Austrade's agency-wide strategy, appropriate prioritisation and funding, and business sponsorship.

Partnering to create deeper data stores

Austrade actively partners with other entities to build and enhance its data offering.

The international education function uses data from DET, DIBP, and publicly available statistical and economic data to inform its MIP Orbis service offering. As part of AIE2025 the international education function also plans to continue expanding its MIP service offering to customised datasets specifically for states and territories, and build a matrix to inform education providers where they could best compete.

Tourism Research Australia (TRA) has partnered with CSIRO's Data61 to create interactive online land tenure mapping of Northern Australia to guide investor decisions. TRA also compiles information from the Australian Bureau of Statistics, DIBP, and the Department of Infrastructure and Regional Development into its significant data stores.

These are positive initiatives by Austrade. The Assessment strongly encourages identification and establishment of similar partnerships to utilise and leverage data.

Digital and data strategies

The ICT Strategy is developed by the ITS area and refreshed annually. At the time of writing this report, the Digital and ICT Strategic Plan for 2017-18 to 2020-21 had been drafted but not endorsed. The strategy identifies digital themes, ICT objectives, capability, and delivery timeframes for ICT and digital initiatives. It is apparent a significant amount of effort has gone towards development of this strategy, however, to some extent it is hindered by a lack of overarching strategic direction, governance mechanisms to prioritise projects, and insufficient funding.

Technology trends are having a considerable impact on the way people consume information. Social media through WeChat, Facebook, LinkedIn, Twitter, Instagram, and other forums are becoming primary sources of information for many people. Austrade's technology platforms, data analytics capability, and the ability to both receive information and outwardly promote on media platforms needs to be strongly embedded, to ensure Austrade can disseminate the information and insights to business in the manner they wish to receive them.

Austrade's data stores, information and market insights are vitally important to the agency delivering against its mandate. The organisation needs to treat collective intelligence as an asset, enabled through forward planning, appropriate funding, decision frameworks, risk assessments, and linked to an agency-wide strategy.

Limited funding to maintain, grow and transform ICT

There are a range of projects identified to implement the Digital and ICT Strategic Plan. These projects have been submitted to the Capital Committee and are categorised into 'Run', 'Grow', and 'Transform' projects. 'Run' projects are deemed essential for the ongoing operations of current ICT systems and capabilities and focus on asset replacement, support and maintenance. 'Grow' projects enhance Austrade's ICT capabilities. 'Transform' projects support material enhancement and changes.

'Run' projects are estimated at \$5.4 million in 2017-18, against a capital funding envelope of \$3.4 million. This shortfall continues across the forward estimates. While options are being explored to reduce these costs, there remains insufficient funding to support other initiatives proposed by the ITS area to grow and transform the business. These proposed initiatives include data intelligence, online services, an agility fund, and cloud technology. For grow and transform initiatives identified by ITS, it is estimated an additional \$3-5 million per year is required.

Business systems and data stores

Austrade collects significant amounts of data. Examples of this include: the Tourism division's 120,000 surveys and 40,000 face to face surveys of tourists at airports annually; historical information

about all EMDG recipients; the firm level information collected in RMS; and data collected from multiple agencies to populate MIP Orbis.

There are a number business critical systems used by Austrade. These include, but are not limited to:

- RMS
- EMDG database
- TRA databases
- The HUB

A data audit conducted by ITS in 2017 estimated upwards of 50 separate data sources used across the tourism, education, investment and trade functions. The most telling part of this audit however, was not the number of data sources, but how limited the linkages are between the sources.

Disparately housed and unlinked data creates the potential for duplicated effort, lack of awareness and usage of available information. The inability to use all of this data creates missed opportunities for Austrade to have a more profound understanding of, and relationships with clients.

Additional data stores exist supporting finance, HR, and performance reporting. These also are not well integrated, with reporting on these functions often manually consolidated.

The data audit found the quality of Austrade's data sets were impeded by:

1. Differing processes on updating records
2. Limited data linkages both between records and data sets
3. Duplicate records
4. Records are out of date
5. Mixed capture of product and industry classifications
6. No data or system owner.

The organisation feels this pressure most strongly in relation to RMS.

RMS

RMS is the internal alias given to a product known in the market as Microsoft Dynamics. This product has inbuilt reporting and is the main system in which all client and other stakeholder information is stored. It has evolved over time to cater for a variety of needs, and in the last 12 to 18 months a link was created between the EMDG database and RMS to report whether an organisation has also been an EMDG recipient.

Criticisms of this system were frequently raised during internal consultation. Issues included data being out of date (estimated to be only 75 per cent accurate³), a lack of guidelines on use to ensure data integrity, and difficulty using the system.

Austrade would benefit in stronger business sponsorship to ensure systems are fit for purpose, and processes and practices for system use are appropriately managed. Strong business sponsorship would likely ensure RMS, a business critical application, remains usable against its purpose over time.

What needs to happen now

Austrade's ICT is of a relatively high standard and supports the organisation's global operations well at below benchmark costs.

Austrade's ICT systems however are currently at risk, with insufficient capital funding available now and across the forward estimates for system maintenance, support and replacement. This presents a real risk to Austrade's ongoing operations and needs attention. With a lack of funding to support

³ ITS estimate following 2017 review of all key datasets.

current ICT capability, there is no room in the current paradigm for Austrade to make ICT investments to support its future capability.

Future ICT investment is impacted by lack of an agency-wide strategy. In the absence of an agency-wide strategy to guide capital decisions, ICT has developed a strategy and planned activities based on informed assumptions about future requirements. In the view of this Assessment, the ICT projects identified to help Austrade grow and transform, being around data intelligence, online services, agility funds, and cloud technology, are important to support Austrade's capability to deliver services into the future. Austrade must set the organisational strategy first, to allow the ICT function to develop initiatives clearly aligned with the organisation's future focus.

The market intelligence and insights of Austrade are its crown jewels. It is a key asset that enables the business to successfully make connections, to identify opportunities, and develop a focus in and across markets. Austrade's collective intelligence and insights must be treated as a strategic asset, supported by forward planning, adequate funding, decision frameworks, risk assessments, and strategy.

Treating information as an asset will involve Austrade developing a full understanding of data stores. This will enable Austrade to use data better to inform policy deliberations, government, internal metrics and performance reporting; provide improved insights to clients; analyse emerging trends; and inform strategy.

To better capture the organisation's collective intelligence, and to identify and develop future initiatives, ICT needs to develop greater partnership within the business. Key existing corporate systems collecting data about clients should have a defined business sponsor who can assure the current and future quality of key corporate systems. This practice should be adopted for all future ICT initiatives.

