



Australian Government

Australian Trade and Investment Commission

CORPORATE PLAN

**AUSTRALIAN TRADE AND
INVESTMENT COMMISSION**

2017–18

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Statement of preparation

I, Stephanie Fahey, as the Chief Executive Officer, and the accountable authority of the Australian Trade and Investment Commission, present the 2017–18 Austrade corporate plan, which covers the four reporting periods from 2017–18 to 2020–21, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and Part 7 of the *Australian Trade and Investment Commission Act 1985*.



Stephanie Fahey
Chief Executive Officer

CEO's message



The core mission of the Australian Trade and Investment Commission—Austrade—is helping to secure Australia's economic prosperity through our work as the Australian Government's international trade, education and investment promotion

agency, and through working to strengthen Australia's tourism sector, one of Australia's major services exports.

I am delighted to have joined an organisation that is recognised for its expertise, flexibility and capacity to respond positively to change. Austrade is in a unique position to help businesses secure trade and investment outcomes, reflecting our status as a government organisation, the commercial acumen of our people, our market knowledge and insight, and extensive connections in overseas markets. We help clients overcome barriers of language, culture, business practice, and regulation, reducing the time, cost and risk of doing business overseas. These qualities and skills lie at the heart of the value Austrade provides to businesses, institutions and the Australian Government.

Austrade operates within a legislative framework, with broad responsibilities and accountabilities to the Government and the Australian people. However, in an evolving and increasingly competitive global environment, we need to regularly re-test our purpose, role and contribution so we remain relevant and continue to provide value.

The challenging global economic environment is putting pressure on our clients, customers, investors and stakeholders, forcing us to re-examine how we deliver our services, including whether we are taking full advantage of new technologies. Over the four-year life of this plan, we will look for opportunities to intensify our use of big data and data analytics to improve delivery of services to clients and to expand our reach and deepen our impact.

To be more efficient, we will strengthen cooperation with other branches of the Australian Government, our counterparts in the states and territories, and with our stakeholders and partners in industry. We will continually examine where we deploy resources so we can take the fullest advantage of opportunities to collaborate, co-design and work in partnership.

We acknowledge Austrade's activities expose it to risk, in part through a commercial operating environment that is constantly evolving, but also through operating in diverse locations around the world. The ability to recognise and manage risk in a positive way is an important component of our organisational capability, helping us embrace innovative approaches in a meaningful

way. We will continue to ensure sound risk management and positive engagement with risk is embedded in our business practices.

I am running three initiatives over the first half of this financial year under the umbrella of 'Positioning for our Future'. Those activities will ensure Austrade is able to fully capitalise on the opportunities our changing environment presents over the next five years. Through them, we will sharpen Austrade's strategic direction and shape our activities to ensure we continue to deliver value for Australia.

The first initiative is an Organisational Capability Assessment to assess the capabilities Austrade will need over the next five years. The assessment will focus on Austrade's strengths and development areas in the context of Austrade's future operating environment. It will consider how Austrade aligns processes, systems and the expertise of its people to deliver its objectives. In this way, it will complement Austrade's purpose by looking at where we as an organisation want to be, and what we need to do to get there. We will run the assessment over the coming months in partnership with the Australian Public Service Commission (APSC) and senior external assessors.

Parallel to the Organisational Capability Assessment, Austrade will also run an Ideas Challenge. This will provide a mechanism to capture ideas from all levels across the organisation to help us creatively leverage the opportunities presented by global trends and to embed innovation as part of business-as-usual practices.

Austrade also tracks and assesses employee engagement through the annual APS employee census and now through the newly introduced biannual Pulse Survey, the third initiative of 'Positioning for our Future'. The Pulse Survey is designed to monitor staff engagement, including our change agenda.

Austrade has a large agenda over the next four years. I am focused on increasing collaboration with partners—with the states and territories, industry, and across the Australian Government—to minimise duplication, and maximise our joint efforts. I also want to ensure Austrade takes full advantage of the rich information at its disposal so that it can create and deliver services that are valued and unique. Finally, I expect that the initiatives that form 'Positioning for our Future' will result in an Austrade that is stronger, more efficient, and ready to face the future.

A handwritten signature in black ink that reads "Stephanie Fahey". The signature is fluid and cursive.

Stephanie Fahey
Chief Executive Officer

Purpose

The purpose of the Australian Trade and Investment Commission—Austrade—is to contribute to Australia's economic prosperity by helping Australian businesses, education institutions, tourism operators, and governments to:

- › develop international markets
- › win productive foreign direct investment
- › promote international education, and
- › strengthen Australia's tourism industry.

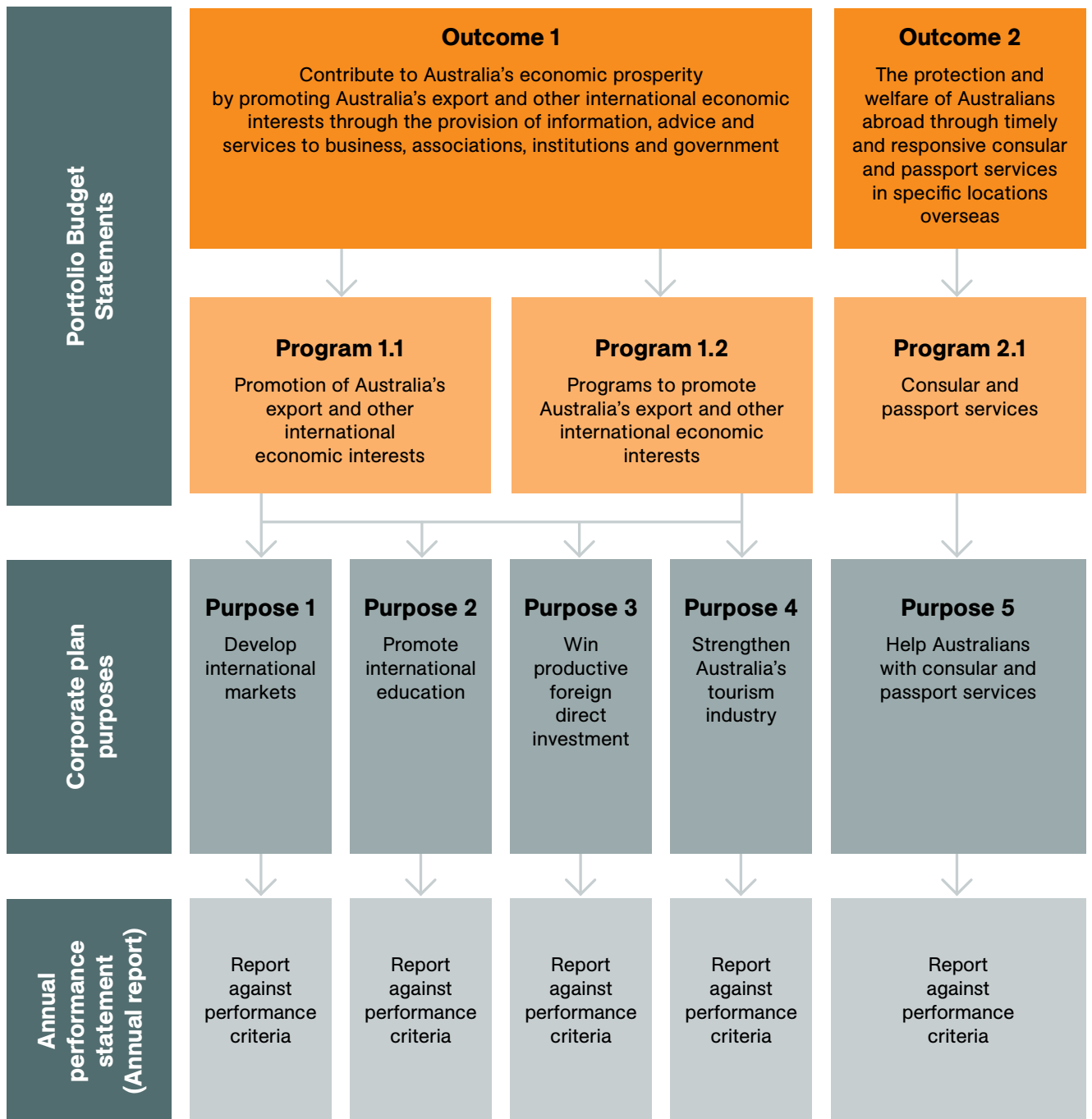
Austrade also helps Australian citizens by providing consular and passport services in designated overseas locations.

Austrade advances Australia's international trade, education, investment, and tourism interests by providing information, advice and services. We aim to create value for businesses and institutions in a way that represents a good investment for the taxpayer and meets or exceeds all appropriate standards of ethical behaviour.

Figure 1: Summary of Austrade’s purposes and activities

Role	To contribute to Australia’s economic prosperity by helping Australian businesses, education institutions, tourism operators, and governments				
Purposes	Develop international markets	Promote international education	Win productive foreign direct investment	Strengthen Australia’s tourism industry	Help Australian citizens by providing consular and passport services
Activities	<p>Help Australian companies to grow their business in international markets by</p> <ul style="list-style-type: none"> › making meaningful connections for exporters to potential customers through an extensive global network of contacts › promoting Australian export capabilities to those potential customers › leveraging the badge of government offshore › generating market information and insight › providing quality advice and services › administering the Export Market Development Grants scheme and the TradeStart network 	<p>Promote the Australian education and training sector in international markets</p>	<p>Provide coordinated government assistance to promote, attract and facilitate productive foreign direct investment into Australia</p>	<p>Provide advice to the Australian Government on tourism-related policy development and implement programs to strengthen the tourism sector</p>	<p>Deliver Australian consular, passport and other government services in designated overseas locations</p>
	<p>Provide advice to the Australian Government on its trade, tourism, international education and training, and investment policy agendas</p>				
	<p>Through the Brand Australia program, promote awareness of contemporary Australian skills and capability to enrich Australia’s global reputation</p>				
Enabling activities	Corporate services				

Figure 2: Relationship between Austrade's Portfolio Budget Statements, its corporate plan and annual performance statement



Operating environment

Economic outlook

Global backdrop

The near-term international economic environment facing Austrade is one characterised by a high level of political and policy uncertainty, but also by generally improving economic conditions. The big political surprises of 2016—the UK’s vote for Brexit and the US presidential election outcome—both triggered a sharp increase in measures of policy uncertainty that have yet to be fully unwound. Indeed, according to one popular measure, the current level of economic policy uncertainty remains exceptionally high relative to the kind of levels experienced over the past two decades. At the same time, geopolitical risk, in particular on the Korean peninsula but also in the East and South China Sea, has also increased. In the near-term, this kind of risk seems to have had limited implications for economic flows, although it has already had some influence on the margin, for example, as a contributory factor to Japanese investment’s ‘China plus one’ strategy. But it also represents a significant tail risk to the overall environment.

Despite all the recent political noise, however, the short-term economic outlook is actually quite positive. According to the latest International Monetary Fund (IMF) forecasts, for example, world GDP growth is now expected to pick up from 3.1 per cent in 2016 to 3.5 per cent in 2017 and 3.6 per cent in 2018.¹ This growth forecast sees activity strengthening across a range of major developed markets, including the United States (despite a disappointingly weak first quarter), the European Union and Japan. In the case of emerging markets, although the IMF thinks that the Chinese economy is undergoing a structural slowdown, it also thinks that the near-term outlook has been boosted by several supportive policy measures from Beijing, while several other key emerging markets are expected to see growth improve this year. So while policy uncertainty continues to represent an important downside risk to this forecast, in the meantime, a synchronised upturn has improved the near-term outlook for the world economy.

¹ GDP growth measured on a purchasing power parity basis. On a market exchange rate (US dollar) basis, growth is expected to rise from 2.4 per cent to 2.9 per cent to 3 per cent. IMF *World Economic Outlook: Gaining Momentum*, April 2017.

International trade and foreign direct investment

This stronger outlook for global growth has also produced an improved outlook for international trade. Last year, volumes of world trade in goods and services grew by just 2.2 per cent in what was the weakest outcome since the global financial crisis. By the second half of 2016, however, more encouraging signs of trade growth had emerged, with the recovery continuing into the first half of 2017. Partly as a result, the IMF now expects world trade volumes to grow at close to four per cent in 2017 and 2018.

Turning from trade to foreign direct investment (FDI), the latest estimates from the United Nations Conference on Trade and Development (UNCTAD) for global FDI flows in 2016 show that total flows dropped by two per cent last year, falling from US\$1.77 trillion in 2015 to US\$1.75 trillion in 2016. The overall outcome combined a decline in flows into emerging economies with a rise in FDI into developed economies, taking the latter’s share in global flows up to 59 per cent.² That soft performance in total FDI is in line with the 2016 outcomes for world GDP and trade growth, which as noted above were also quite weak. Once again, however, the official view is that flows will recover this year on the back of stronger forecast global growth and healthier world trade, with 2017 FDI projected to increase by about five per cent in value terms to reach close to US\$1.8 trillion. This forecast is also subject to the same set of downside challenges: geopolitical risk and policy uncertainty.

Looking further ahead, the outlook for international trade and investment flows reflects a familiar mix of challenges and opportunities. On the ‘challenging’ side of the ledger is what looks to be a less accommodating international political environment for trade policy (as indicated by the decision of President Trump to pull the United States out of the Trans-Pacific Partnership, for example, and his recent pledge to ‘renegotiate’ the North American Free Trade Agreement), along with some evidence of rising protectionist pressures more generally that have been showing up in the form of a trend rise in the prevalence of non-tariff barriers to trade.

Related, the expansion of global value chains (GVCs), previously a major driver of global trade growth, has shown signs of stalling in recent years, and many commentators see the current political environment as hostile to businesses continuing to pursue this model. The outlook for GVCs is

² UNCTAD, *World Investment Report June 2017*, available online at <http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=1782>, June 2017.

also being influenced by technological change that may be reducing the relative importance of international labour cost arbitrage, and by structural changes in the Chinese economy. All that said, however, in absolute terms GVC trade continues to be an extremely important feature of the world economy.

More optimistically, the decline in trade costs triggered by technological innovation continues to lower the barriers to access international markets for small and medium-sized enterprises (SMEs) in particular, and at the same time innovation has also helped encourage the growing importance of cross-border trade in services and data. Both trends should support trade growth in the medium-term, although the latter raises some important measurement issues around the ability of our current trade statistics to accurately capture new modes of international exchange.

Another important stimulus to both trade and investment flows is the continued rapid expansion of a new global middle class, a rise in global prosperity that represents an important ongoing opportunity for new market growth. One recent estimate suggests that the absolute number of the global middle class grew by more than one billion people between 2009 and 2015.³

Australian exports and inward FDI

Against this somewhat mixed global backdrop, Australia saw the total value of trade in goods and services remain almost flat in 2016, with a total of A\$672.7 billion, which was up by less than one per cent on the 2015 outcome.⁴ That overall result reflected growth in exports of goods and services of 4.6 per cent, with export values rising from A\$315.7 billion in 2015 to A\$330.3 billion last year. At the same time, there was a 2.9 per cent decline in the value of imports.

Total export growth was boosted by a recovery in commodity prices in the second half of 2016, with exports of iron ore (up more than nine per cent in 2016), coal (up more than 14 per cent) and gold (up 30 per cent) all growing strongly. Australian exports of liquefied natural gas are also on the rise as new capacity comes on stream, with export values rising by nearly nine per cent last year. The services sector, especially the visitor economy segment, was another strong performer in 2016, with the value of services exports also up by more than nine per cent. The value of education-related travel services was up almost 18 per cent over the year, while personal travel services (excluding education) climbed

by almost 14 per cent. Exports of telecommunications, computer and information services also posted healthy growth in excess of nine per cent in 2016, although the value of exports of professional services fell by almost six per cent.

The overall value of manufacturing exports fell by 1.5 per cent last year, and export of processed and unprocessed food also both saw declines in dollar terms (down by 3.7 per cent and 9.3 per cent respectively).

By market, China continued to be the most important destination for Australian exports in 2016, accounting for 28 per cent of total exports, and seeing an increase in export values of nearly nine per cent. Other key markets to see large export growth included India (up more than nine per cent in value terms), Hong Kong (up nearly 11 per cent) and Taiwan (up almost 18 per cent). Exports to the UK surged by more than 71 per cent, driven by a massive increase in the value of gold exports.

Japan and the United States which continued to be our second and third largest export markets, respectively, both saw declines in the value of exports received, with exports to Japan down by almost nine per cent in 2016 and exports to the United States dropping by 6.5 per cent.

Australia's inward FDI performance in 2016 was particularly strong, with net inflows relative to 2015 up A\$38.9 billion to A\$64.8 billion. Last year's result was the highest dollar value of inflows this century and drove the stock of inward FDI up to A\$796 billion. This performance was also enough to return Australia to the list of top 10 host economies for FDI inflows worldwide.

In terms of the outstanding stock of inward FDI, the top three sources continue to be the United States (A\$195 billion or 24.5 per cent of the total), Japan (A\$91 billion or 11.4 per cent) and the UK (\$68 billion or 8.5 per cent). Regional investors are also significant players, with China (5.3 per cent) and Singapore (3.9 per cent) both ranked in the top 10. By sector, mining and quarrying continues to dominate with a stock value of A\$310.6 billion in 2016, or 39 per cent of the total.

At the same time, however, the 2016 figures also show a continued growth in the importance of service sectors, such as wealth management, healthcare, education, tourism and professional services. Australia's stock of FDI in service sectors remained at around one third of Australia's stock of FDI as at year end 2016.

³ Kharas, H, 2017. *The unprecedented expansion of the global middle class*. Global economy and development working paper, Brookings Institution.

⁴ Department of Foreign Affairs and Trade, *Australia's trade in goods and services*, available online at <http://dfat.gov.au/about-us/publications/trade-investment/australias-trade-in-goods-and-services/Pages/australias-trade-in-goods-and-services-2016.aspx>, April 2017.

Australia's internationally active businesses

International trade is a significant contributor to the Australian economy. As of the March 2017 quarter, trade in goods and services was equivalent to almost 43 per cent of nominal GDP, while the ratio of exports of goods and services to GDP stood at more than 22 per cent.⁵ Over the year to March, Australian exports of goods and services grew by more than five per cent in volume terms, and contributed 1.1 percentage points to overall annual real GDP growth of 1.7 per cent.⁶

According to the Australian Bureau of Statistics (ABS), there were 53,350 exporters in Australia in 2015–16. This total included 51,292 exporters of goods and 3,148 exporters of services.⁷ The 2015–16 figures showed a jump of 2,454 in the number of exporters, following an increase of 3,840 in 2014–15. The past three years mark a significant break with previous experience: for the seven years between 2006–07 and 2012–13, the overall exporter count was relatively stable (although this disguised quite a lot of churn at the smaller end of the exporter size distribution), but in recent years Australia has seen a significant increase in total exporter numbers. More disappointingly, 2015–16 did see a drop in the number of exporters of services (down 136), although the ABS's survey-based methodology for services means that we can't place too much weight on this data point. Moreover, this small contraction was more than offset by strong growth in the number of goods exporters (up 2,611).

Exporters can broadly be classified into three groups:

- ▶ Large (or 'mega') exporters—which generate individual export revenues of A\$50 million or more, and account for most of Australia's export value. The composition of exporters within this group is relatively stable with modest numbers of entries and exits from year-to-year. In 2015–16, this group comprised just 426 goods exporters which together accounted for 86 per cent of the value of all goods exports that year. Similarly, there were only 113 exporters of services in this category, accounting for roughly 73 per cent of the total value of service exports for which the ABS provided data on exporter numbers.

- ▶ Small to medium exporters (or SMEx)—which generate individual export revenues between A\$250,000 and A\$50 million. This group comprised 10,400 goods exporters in 2015–16. As with large exporters, the composition of this group is relatively stable across each year, although there is more churn than in the mega-exporter category. The SMEx category accounted for about 13 per cent of goods export value in 2015–16.⁸
- ▶ Micro-exporters—which generate individual export revenues of less than A\$250,000 and account for the majority of Australian exporters. Despite their weight of numbers, micro-exporters account for a very low share of total exports by value, and membership of this group exhibits a large amount of churn. In 2015–16, for example, this category accounted for almost 79 per cent of goods exporters (or more than 40,000 individual businesses) but generated only one per cent of goods exports by value. For services in the same year, the combined SMEx and micro-exporters category accounted for more than 96 per cent of exporter numbers and about 27 per cent of export value.

Austrade's network

Austrade's overseas network is concentrated in those markets where its services will have the greatest impact.

For trade promotion, the focus is on growth and emerging markets, including East Asian markets, which have high commercial potential but where it is more difficult for companies acting alone to access commercial opportunities. In those markets, there can be language, commercial and cultural barriers, while regulatory frameworks and business processes can be less transparent than in Australia. Austrade can help overcome those barriers and can use its badge of government—a valuable asset in many of those markets—to help open doors and secure commercial outcomes. In established markets, such as North America and Europe, Austrade relies more heavily on partners, referrals and online services to support Australian businesses in their trade development activities.

5 Australian Bureau of Statistics, *Balance of Payments and International Investment Position, Australia December 2016*, cat. no. 5302.0, 6 June 2017.

6 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product December Quarter 2016*, cat. no. 5206.0, 7 June 2017.

7 Australian Bureau of Statistics, *Characteristics of Australian Exporters, 2015-16*, cat. no. 5368.0.55.006, 28 June 2017. The ABS cautions that its total figure is a 'careful estimate' as there is no accurate methodology to calculate the overlap between goods and services exporters. In addition, the count of exporters of services only provides a breakdown by size and number for services exporters accounting for about 38 per cent of service exports by value and excludes from the count exporters of a large range of service exports including consumption by tourists and students in Australia.

8 The published ABS data do not provide a breakdown of exporters of services with less than A\$1 million of revenue, so the SMEx and micro-exporter categories have to be combined.

In 2017, Austrade will have a new point of presence in Rabat to help Australian businesses access commercial opportunities in Morocco and the Maghreb. It will also open in Surabaya, Indonesia's second city.

Within Australia, Austrade has offices in every capital city, as well as in Newcastle and Wollongong. The TradeStart network, delivered in partnership with state, territory and local governments, industry associations and chambers of commerce, extends Austrade's reach around Australia. TradeStart offers exporters the combined resources of Austrade and partner organisations, providing local assistance and a direct link to Austrade's services and overseas network.

Austrade's investment promotion and attraction activities will continue to be concentrated in North America, Western Europe and Japan, along with the high-growth and emerging markets of China, India, ASEAN, Korea and the Middle East.

At 30 June 2017, Austrade's network comprised 121 physical locations, including 10 offices in major Australian centres, which are complemented by 28 TradeStart offices. Overseas, it operates 83 points of presence overseas in 49 different markets, 15 of which also provide consular services. In addition to these locations, Austrade has also established Landing Pads in San Francisco, Tel Aviv, Shanghai, Berlin and Singapore, which are in separate locations to Austrade.

Figure 3: Austrade's Australian network at 30 June 2017



Figure 4: Austrade's global network at 30 June 2017

121

locations worldwide



10 locations in Australia

28 TradeStart locations

- Austrade presence overseas
- Austrade presence overseas where the agency also provides consular services
- Austrade Landing Pad
- Austrade office in Australia

Note: TradeStart locations are detailed in Appendix A.

83 locations overseas

15 providing consular services



Strategic partnerships and collaboration

Austrade has a number of formal, strategic partnerships and works collaboratively with other agencies and organisations.

Austrade strategically engages with industry associations and chambers of commerce and industry, particularly those which operate in sectors where Australia has a comparative advantage. It works with business chambers and councils such as the Export Council of Australia, the Australia China Business Council, the European Australian Business Council, and the Asia Society. Among the industry associations that Austrade works with are Wine Australia, Dairy Australia, Meat & Livestock Australia, and Austmine. This approach helps increase Austrade's reach into the business community and leverages external resources, knowledge and skills.

Austrade maintains close and productive working relationships with agencies within the Foreign Affairs and Trade portfolio such as Tourism Australia and the Export Finance and Insurance Corporation, coordinating international engagement and agency activity to support broad portfolio outcomes. Austrade and the Department of Foreign Affairs and Trade (DFAT) continue to improve the coordination of their complementary activities, both on and offshore. The Department of Industry, Innovation and Science and Austrade also enjoy close cooperation.

Austrade maintains close working relationships with a number of other Australian Government departments, including the Department of the Prime Minister and Cabinet, the Treasury, the Department of Education and Training, the Department of Immigration and Border Protection, the Department of Agriculture and Water Resources, and the Department of Infrastructure and Regional Development.

Over the next four years, Austrade will intensify its cooperation with state and territory governments. In particular, this will involve greater coordination in business planning. All parties have limited resources, and by working intelligently together, we can avoid duplication and achieve more. This approach will be communicated to our partners, and we will reinforce our internal capabilities in co-design techniques through training. Overseas, all Austrade posts will be required to work collaboratively with the states and territories.

Austrade also engages with state and territory agencies through the following:

- › The Senior Officials' Trade and Investment Group (SOTIG) is co-chaired by Austrade and DFAT. The group implements decisions from the Trade and Investment Ministers' meetings and helps improve coordination between the Australian Government and state and territory governments on trade and investment. SOTIG also provides strategic direction to the operationally-focused National Trade Working Group and the National Investment Advisory Board.
- › The Australian Standing Committee on Tourism (ASCOT) is chaired by Austrade and develops and coordinates tourism policies, providing advice and making recommendations to tourism ministers. ASCOT has responsibility for implementing the National Long-Term Tourism Strategy and updating the Tourism 2020 strategy.
- › The International Education Forum is chaired by Austrade and comprises state and territory agencies responsible for promoting international education and training, increasing alignment and cooperation in the strategies and market activities of different jurisdictions.

Operating structure

Austrade's operations are divided into three groups, whose heads report to the CEO. The structure of these groups is provided below.

In addition to the groups outlined below, the Head of the Executive Branch and the Chief Economist also report to the CEO. From 5 June 2017, the Chief Information Officer also reports to the CEO, as does the General Manager of CEO Initiatives, responsible for projects under the umbrella of 'Positioning for our Future'. These arrangements reflect the importance the CEO places on Austrade's digital transformation and on the 'Positioning for our Future' work more generally. They will remain in place while that work is going on.

International Operations Group

This group comprises:

- › Austrade's **international network**, the primary channel for Austrade's international activities and work programs, with 83 locations overseas in 49 markets managed through two divisions and one branch (see pages 11–13):
 - **Trade Division** provides strategic and operational support to the international network to achieve objectives across international business and market development, and manages relationships with government and non-government partners and stakeholders. It also manages the Landing Pads program.
 - **Marketing, Communications and Free Trade Agreement Program Division** supports Austrade's objectives through marketing activities; management of the nation brand, Brand Australia; administration of Austrade's websites, business communications, internal communications, market research and major events; and encourages Australian exporters to use the recently signed North Asia Free Trade Agreements (FTAs).
 - **International Issues Branch** coordinates international trade and business missions led by Government ministers and the Prime Minister, as well as engagement with portfolio and other Australian Government agencies on international business and foreign policy issues.

Tourism, Investment, Education, and Programs Group

This group comprises:

- › **Tourism Division** implements the Government's tourism policy, Tourism 2020, and works on tourism policy, projects, programs and research to strengthen Australia's tourism industry and grow Australia's tourism market share.
- › **Investment Division** leads the development and implementation of strategies to support the Government's foreign investment attraction priorities, working in partnership with the states and territories. It provides strategic and operational support to the international network's investment activities and work programs.
- › **International Education, Government and Programs Division** leads the development and implementation of international education and training strategy and priorities, including implementation of the Australian International

Education 2025 long-term market development roadmap. It provides strategic and operational support to the international network's activities and work programs on education and training. It coordinates Austrade's relationship with the Minister for Trade, Tourism and Investment, the Assistant Minister for Trade, Tourism and Investment, their offices, other ministerial offices, and the Parliament. The Division also administers the Export Market Development Grants, the Australian Government's financial assistance program for aspiring and current exporters.

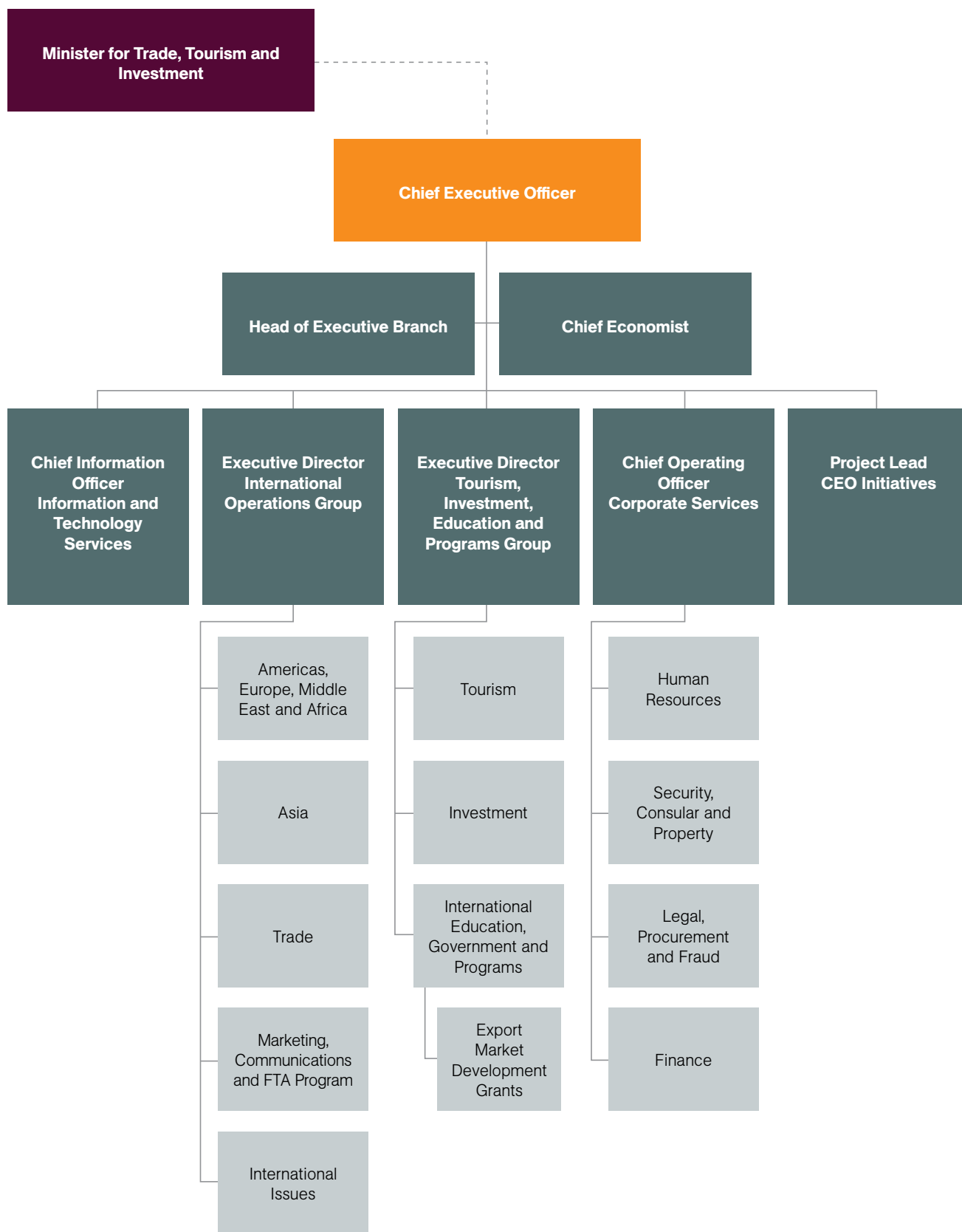
Corporate Services Group

This group comprises:

- › **Human resources** works with Austrade's business areas to develop and implement workforce planning and capability development strategies and ensure that Austrade has appropriate global workplace and employment arrangements in place to meet the agency's priorities.
- › **Security, Consular and Property** has responsibility for managing and coordinating security, property, business continuity and insurance functions and supporting Austrade's consular network.
- › **Legal, Procurement and Fraud** has responsibility for providing Austrade's global network with in-house legal support and advice, including the management of freedom of information requests and external legal services. It also manages procurement processes, contracting and fraud functions.
- › **Finance Division** has responsibility for Austrade's financial operations by managing its finances, budgetary and finance information technology functions, together with the facilities and office management functions in Canberra, Melbourne and Sydney.

Ordinarily, the Corporate Services Group includes Information and Technology Services, which has responsibility for the planning, development, maintenance and management of Austrade's corporate information and communications systems. However, given the significance of digital transformation to the 'Positioning for our Future' agenda, this area currently reports through the Chief Information Officer to the CEO.

Figure 5: Austrade's organisational structure at 30 June 2017



Performance planning

Austrade's performance planning underpins its strategy and operating environment. It ensures Austrade provides maximum value to the taxpayer, as well as to Australian businesses and institutions, while working to the highest ethical standards. Austrade's planning process draws on a number of sources: the Portfolio Budget Statements, the *Australian Trade and Investment Commission Act 1985* and the *Public Governance Performance and Accountability Act 2013*. Austrade has five areas of strategic focus (its purposes), enabling it to fulfil its role of contributing to Australia's economic prosperity over the four-year life of this plan by helping Australian businesses, education institutions, tourism operators, governments and citizens.

Purpose 1: Develop international markets

Rationale

The lack of access to relevant information about international markets and economic changes can make it difficult for Australian businesses to identify emerging commercial opportunities, limiting their ability to enter those markets. Drawing on Austrade's deep commercial knowledge, its international network, and relationships and ties to international customers and decision-makers within markets, Austrade identifies valuable international business opportunities, customers and connections for Australian businesses. Austrade provides practical advice and services to help Australian businesses to take advantage of those opportunities. It also uses its global perspective and commercial acumen to inform policy advice and economic insight provided to Government.

Strategic focus

Austrade provides advice and services to all eligible Australian businesses. However, its focus will remain on those companies which are export-ready and, with Austrade's assistance, can make the greatest contribution to Australia's economic prosperity through their export activities. This means that while there are over 53,000 Australian businesses and institutions active in international markets, Austrade's support is mostly directed at around 10,000 small to medium-sized exporters (SMEs) that typically sell to multiple markets, and which represent approximately 13 per cent of Australia's exports (see page 10). Those businesses have a high degree

of experience and commitment to export development, but face challenges maintaining and expanding market share and developing new markets. However, the development of cross-border e-commerce opportunities provides smaller companies an opportunity to export, often for the first time.

In response to the impact of the fourth industrial revolution—digital disruption of the world economy, and to meet the evolving needs of firms that are 'born global'—Austrade is enhancing its service offering for Australian startups, scale-ups and innovative SMEs. Through the Landing Pads program, 'Linking Innovation Ecosystems' route to market, Industry 4.0 capability mapping and cross sectoral services export strategy, Austrade is able to provide information on international opportunities and introductions related to product and service development, research and development, commercialisation, productive capital investment, global partnerships and accessing global technology platforms. Austrade's cross-border e-commerce strategy also assists smaller companies to export, often for the first time.

Austrade focuses its resources on sectors where Australia has a comparative advantage and where Austrade can add value in helping businesses to gain access to those opportunities. This includes when:

- › there is significant demand influenced by global trends
- › there are economic, political, or regional triggers which create new market opportunities, such as the rise of multinational corporation global value chains
- › Australian businesses have a comparative advantage as well as the capability, capacity and willingness to compete globally
- › international success can be sustained
- › Austrade, as a government agency, has a role to play.

Based on these principles, the sectors of particular focus for Austrade include:

- › Resources and energy—assisting Australian SMEs to gain access to multinational corporation value chains especially in Mining Equipment Technology and Services, oil and gas, and renewables.
- › Food and agribusiness—focused on premium food and beverage and food security.
- › International health—focused on intelligent health solutions and senior health and living.

- › Advanced manufacturing—focused on assisting Australian SMEs to access multinational corporation value chains especially in the aerospace, marine and automotive sectors.
- › Infrastructure—focused on urban sustainable development and transport solutions.
- › Services and technology—focused on financial services (including fintech), cyber security and the fourth industrial revolution—the digital revolution.
- › Take the lead role in coordinating ministerial-led overseas business missions, including Australia Week events.
- › Administer Brand Australia to increase Australia’s ability to attract productive FDI and to increase trade. A stronger national brand makes it easier for Australia and Australian companies to attract international customers, investors, students and visitors.
- › Free Trade Agreement (FTA) outreach programs, delivered in partnership with the Department of Foreign Affairs and Trade, to develop greater understanding of the new opportunities for Australian businesses that arise from recently negotiated FTAs, and how they can be used.

Major operational activities

- › Assist Australian businesses to gain access to in-market, high-value opportunities by identifying and establishing contact with regulatory authorities, potential partners, service providers and customers, along with providing global value chain and e-commerce access advice and programs, and linking into innovation ecosystems. Austrade also provides relevant and commercially useful information and market-related services and advice. This includes tailored services advising individual exporters on the most promising markets for their business, identifying potential customers and providing market research.
- › Administer the Export Market Development Grants scheme, a key government financial assistance program for aspiring and current exporters.
- › Assess applications for tax exemption under section 23AF of the *Income Tax Assessment Act 1936*. This frees Australians working outside Australia for at least three months from paying Australian income tax, and can enhance the competitiveness of international tender bids by Australian organisations.

Table 1: Key performance measures for the development of international markets

Category	Measures	Method of assessment	Reporting period
Australian businesses	Proportion of Australian businesses which have engaged with Austrade, and say Austrade made a positive contribution to their international business activities.	Survey	Annually
Australian businesses	Proportion of Australian businesses which have engaged with Austrade, and say they achieved some form of commercial outcome as a result of working with Austrade.	Survey	Annually
FTA seminar attendees	Proportion of FTA seminar and roadshow attendees reporting an increased understanding of how to use and benefit from FTAs.	Survey	Annually
EMDG recipients	Proportion of EMDG recipients reporting that the receipt of a grant encouraged them to increase their export promotion activities	Survey	Annually

Purpose 2: Promote international education

Rationale

International education is one of Australia's largest exports, valued at A\$22 billion in 2016. Growing global population and wealth are driving demand for services, including education, with projections there will be in excess of one billion learners in 2025⁹. At the same time, the nature of demand and supply of education is changing—economic transformation is demanding rapidly acquired skills for immediate deployment in the workforce, technology is enabling delivery through a variety of platforms, and new competitors are increasingly active. To ensure Australia is best positioned to capitalise on opportunities and continues to be a leader in international education, a major priority for Austrade will be the implementation of Australian International Education 2025 (AIE2025), the 10-year market development roadmap for the education and training sector.

Strategic focus

Austrade:

- › promotes Australia's education and training sector, working to support the Government's long-term vision for international education as a major contributor to Australia's economic prosperity, social advancement and international standing. Specifically, Austrade promotes Australia as an international education destination and a provider of high-quality education and training services, helping to grow demand for Australian education and training, and contributing to the long-term development of a sustainable international education sector.
- › directly supports the sector to recognise and capitalise on significant global opportunities, prioritising its assistance to areas and clients that are innovative and seeking to respond to new and emerging demand.

This work is particularly timely. While Australia's onshore delivery of international education is the strongest it has ever been, current competitive strengths will not automatically translate into the realisation of future opportunities. International education is hotly contested globally, and existing and new competitors are equally focused on increasing their share of the international education market.

Activating AIE2025 will maximise the sector's contribution to Australia's economy, society and international standing by seeking both to grow the number of international students in Australia and, increasingly, to reach many millions more in their home markets with Australian-developed education, training and skills courses.

Major operational activities

- › Work with the international education sector and the Council for International Education to implement the game-changing activities under the AIE2025 roadmap. Together with the sector, Austrade will establish mechanisms for assessing the impact and evaluating the effectiveness of initiatives.
- › Assist Australian businesses and institutions to gain access to in-market, high-value opportunities through identifying and establishing contact with potential partners, service providers and customers. Austrade will also provide relevant and commercially useful information and market-related services and advice, including through the Market Information Package. This includes advising exporters on the most promising markets for their business, and tailored services such as market research.
- › Manage digital channel engagement, including the Study in Australia website and Facebook page, promoting the benefits of Australian education and training to potential international students and other influencers.

Table 2: Key performance measures for the promotion of international education

Category	Measures	Method of assessment	Reporting period
Australian education institutions	Proportion of Australian education institutions which have engaged with Austrade, and say Austrade made a positive contribution to their international business activities.	Survey	Annually
Australian education institutions	Proportion of Australian education institutions which have engaged with Austrade, and say they achieved some form of commercial outcome as a result of working with Austrade.	Survey	Annually

⁹ Deloitte Access Economics, *Growth and Opportunities in Australian International Education*, December 2015.

Purpose 3: Win productive foreign direct investment

Rationale

Australia—with its relatively small population, open economy and thin capital markets—has always relied on foreign direct investment (FDI), and that remains the case today. Attracting new investment is critical to developing new projects and infrastructure, and helping Australian businesses to grow and create more jobs. Within a highly competitive international market, Austrade, as Australia's national trade and investment promotion agency, plays a significant role in promoting Australia to potential investors as a destination for FDI, facilitating potential investments, and working with existing investors to provide aftercare services and encourage reinvestment.

Strategic focus

Austrade works with other Australian Government agencies and state and territory governments to deliver a coordinated, national approach to promoting, attracting and facilitating investment. Through this approach, Austrade works to attract potential investors within the five priority areas jointly agreed by Australian and state and territory governments:

- › advanced manufacturing, services and technology
- › agribusiness and food
- › major infrastructure
- › resources and energy
- › tourism infrastructure.

While Austrade's focus is on the five national priority areas, other investment opportunities are pursued on a case-by-case basis. Austrade is focused on the promotion, attraction and facilitation of productive FDI that supports job creation and retention, economic growth, innovation, and development of new industries; encourages competition; drives exports; and supports the integration of Australian companies into global value chains.

In general, Austrade's investment activities do not support real estate investments, acquisitions, or sales offices unless such investments demonstrate clear connection to commercial activity or future growth and development. Austrade does not provide support for hostile takeovers.

Austrade's proactive investment promotion and attraction activities continue to be concentrated in those markets representing the largest source of FDI: North America, Western Europe (including the UK), Japan and greater China (including Hong Kong), as well as emerging markets, including India, ASEAN countries, Gulf Cooperation Council countries and Korea.

Austrade helps potential investors to navigate the investment environment in Australia, providing support and guidance in investors' home markets, and in their own language. Austrade understands the challenges of investing. It provides investors with the information required to make good investment decisions, and its coordinated approach with states and territories saves investors time and money.

Major operational activities

- › In alignment with the five priority areas, Austrade proactively targets potential investors, promotes Australia's economic credentials, explains the market and regulatory environment, highlights specific investment opportunities, and works with potential investors to develop business plans and facilitate their investment in Australia.
- › Austrade's Senior Investment Specialists in Australia work with Austrade's onshore investment teams, and with states and territories, to identify specific investment opportunities in Australia, facilitate investment projects, and provide aftercare and reinvestment support.
- › Austrade is a nominating entity for the Significant Investor Visa program, complementing state and territory government roles as nominators. Austrade is also the sole nominating entity for the Premium Investor Visa program. All nominations are provided to the Department of Immigration and Border Protection for assessment. Austrade has policy responsibility for ongoing assessment of the complying investment framework design to ensure the program achieves its objectives over time, and will lead a review of some aspects of the design in the second half of 2017.
- › High-value global value chain related investment promotion continues to be a focus, with Austrade targeting a small number of significant multinationals, particularly from North America, Western Europe, UK, Japan and Singapore.
- › Austrade continues to undertake a number of activities to support the development of northern Australia, including the operation of a grants program to commercialise Australian research in new therapeutics and diagnostics in tropical medicine, providing business-friendly information on different land titles across northern Australia, and running the second Northern Australian Investment Forum in 2017.

- › Austrade continues to support Australia’s innovation ecosystem through promoting Australia’s research and innovation capabilities to foreign investors and facilitating collaboration between foreign businesses and the Australian research sector. It will continue to attract innovative firms to support the development or transfer of new technology, skills and knowledge and will facilitate investment in early stage commercialisation.
- › Austrade also continues to help inform government policy development through the provision of industry insights and identification of impediments to FDI, as well as undertaking research and advocacy to highlight the importance and benefits of foreign investment to Australia.

Table 3: Key performance measures for the attraction of foreign direct investment to Australia

Shared investment measures			
<i>Austrade works with other Australian Government agencies and state and territory governments to deliver a coordinated national approach to promoting, attracting and facilitating investment and as such, shares a common set of key performance indicators.</i>			
Category	Measures	Method of assessment	Reporting period
Foreign investments	The number and value of investment outcomes facilitated, measured in terms of investment value, jobs created/retained and anticipated annual exports.	Investor notification	Annually
Austrade-specific measures			
<i>Noting that investments can have gestation times that span multiple years, from the initial investor contact to actual investment commitment, results will not be fully realised in the short-term. Therefore, in accordance with the protocols developed with the states and territories, Austrade is responsible for proactively promoting Australia as an attractive investment destination, which is measured by:</i>			
Engagements	Number of significant engagements with agreed investor targets (onshore and offshore) including reinvestment and aftercare	Internal assessment	Annually
Potential foreign investors	The number of priority milestones, information, project and visitation requests, and stakeholder introductions generated from potential investors.	Internal assessment	Annually

Purpose 4: Strengthen Australia's tourism industry

Rationale

The tourism industry is a significant driver of Australia's economic prosperity. In 2015–16, it contributed \$52.9 billion to Australia's GDP. It directly employs more than 580,000 people and accounts for more than 11 per cent of Australia's total export earnings, making it Australia's largest service export industry.¹⁰ However, the Australian tourism industry is diverse in nature and is characterised by the prevalence of small and medium-sized enterprises. The industry is facing a challenging environment and competitive pressures and is vulnerable to factors beyond its direct influence.

Austrade supports and strengthens the tourism sector through implementing the national tourism strategy, *Tourism 2020*, and by ensuring tourism interests are taken into account in government policy development and implementation, including in visa reform, aviation capacity, labour and skills, infrastructure development, and regulatory issues.

Strategic focus

Austrade supports the tourism sector by providing economic research, analysis and forecasting that underpin tourism policy development and help improve the performance of the tourism industry.

Tourism 2020 is the national, long-term strategy to improve the productive capacity of the industry. The goal of *Tourism 2020* is to double overnight visitor expenditure to between A\$115 billion and A\$140 billion by 2020. Austrade works with state and territory governments and industry stakeholders to implement the key actions in the strategy.

Governments and industry have agreed on key reform areas included in the *Tourism 2020 Implementation Plan (2015–2020)*:

- › increase cross portfolio collaboration within all levels of Australian government to plan and drive reform of the visitor economy

- › improve visa arrangements to encourage more people to visit Australia, improve visitor experiences and the competitiveness of Australia
- › improve aviation capacity and customer experience to improve access and flexibility to meet demand in the tourism transport environment
- › develop a more productive labour system to better service the visitor economy
- › integrate national and state tourism plans into regional development and local government planning to generate effective infrastructure to service regional communities, provide services to the visitor economy and encourage private investment in tourism infrastructure
- › improve the efficiency and effectiveness of tourism marketing to drive demand for travel to and within Australia, and grow visitation through improved conversion (that is, from a general interest to visiting).

Major operational activities

- › Work cooperatively on tourism policy matters of mutual interest with state and territory governments and industry through the Tourism Ministers' Meeting and the Australian Standing Committee on Tourism.
- › Progress the agreed *Tourism 2020* priorities and six key reform areas under the *Tourism 2020 Implementation Plan (2015–2020)*.
- › Through *Tourism Research Australia*, deliver a range of statistics, research and analysis to support investment decisions, policy development and marketing for the Australian tourism industry.
- › Manage and distribute funding for tourism programs which Austrade administers in accordance with agreed principles and guidelines.

Table 4: Key performance measures for strengthening Australia's tourism industry

Category	Measures	Method of assessment	Reporting period
Tourism 2020 objectives	Double overnight visitor expenditure to between \$115 billion and \$140 billion by 2020.	Tourism Research Australia surveys data	Progress tracked quarterly
Tourism 2020 Implementation Plan	Priorities and outputs outlined in the <i>Tourism 2020 Implementation Plan (2015–2020)</i> , progressed in accordance with agreed timeframes.	Status report	Annually

¹⁰ Tourism Research Australia, *Tourism Satellite Account, Summary of Key Results 2015–16*, available online at https://www.tra.gov.au/ArticleDocuments/185/Tourism_Satellite_Account_2015-16.pdf.aspx?Embed=Y, April 2017.

Purpose 5: Help Australians with consular and passport services

Rationale

Austrade provides consular services in designated locations where the Department of Foreign Affairs and Trade (DFAT) does not have a presence.

Strategic focus

Assist Australians travelling and working overseas through the delivery of effective consular services, and efficient passport services.

Major operational activities

- › Comprehensive, responsive, and high-quality consular services are delivered to Australian travellers and citizens living overseas, including notarial services and assistance with welfare issues, whereabouts enquiries, arrest or detention matters, deaths and medical emergencies.

- › High-quality passport services are provided to Australians, including processing new passport applications, registering lost or stolen passports, issuing emergency passports, and detecting passport fraud.
- › Consular contingency planning is reviewed and updated annually, and effective contingency planning for major events or high-risk scenarios is undertaken through regular reviews of procedures and available resources, staff training and coordination with other government agencies and foreign governments.

Table 5: Key performance measures for the delivery of consular and passport services

Category	Measures	Method of assessment	Reporting period
Consular and passport services	Timely and effective delivery of consular and passport services to Australians overseas	DFAT passports and notarial database	Annually

Capability

Forward planning and management of Austrade's resources and capability underpin the achievement of Austrade's objectives over the four-year life of this plan. To ensure Austrade meets current and future financial, organisational and workforce needs, Austrade has developed workforce planning, capital investment and information communication technology strategies.

The shared and common services program, being led by the Department of Finance, will consolidate shared and common services across government to provide efficiencies and cost savings. Austrade has elected to be a receiver of shared services (a customer), given it has neither the capacity nor appetite to be a shared services provider. It has indicated a medium term implementation timeframe (three to five years) because its global business operations add complexity to both transition and planning.

Austrade has nominated three viable providers. However, with differentiated services offerings a full due diligence exercise will be necessary to allow Austrade to ascertain which services should be sourced from which provider. Cost alone cannot be a determinant. Austrade established a shared services steering group in October 2015 to oversee its shared services activities, due diligence and decisions. Austrade expects to embark on detailed provider due diligence during the first year of this plan.

Austrade will undergo the Organisational Capability Assessment in the first part of 2017–18 which will assess Austrade's ability to take full advantage of future opportunities. The Organisational Capability Assessment will focus on our strengths and on development areas in the context of Austrade's future operating environment. The assessment will consider how Austrade aligns processes, systems and the expertise of its people to deliver its objectives. In this way, it will complement our purpose by looking at where we are as an organisation, where we want to be and what (if anything) we need to do to get there.

The assessment will be completed over coming months in partnership with the Australian Public Service Commission and senior external assessors.

Parallel to the Organisational Capability Assessment, Austrade will also establish an Ideas Challenge. This will provide a mechanism to capture ideas from across the organisation to help us creatively leverage the opportunities presented by global trends and to embed innovation as part of business-as-usual practices.

Austrade also tracks and assesses employee engagement and taps into the ideas and perspectives of our workforce through the annual APS employee census and the newly introduced biannual Pulse Survey.

Human resources

Austrade's human resources strategy establishes workforce strategies and programs to respond to the organisation's future directions and challenges. The strategy focuses on the following themes:

- › Workforce and resourcing—ensuring Austrade has a properly skilled workforce and organisation structures that reflect and respond to shifting business priorities.
- › Workplace and environment—providing a safe, healthy and flexible workplace supporting high performance and engagement globally.
- › Capability and performance—bringing the best out in Austrade's people, drawing on their ideas and growing their skills and capabilities.

The strategy also ensures compliance with relevant workplace and employment legislative, regulatory and public sector governance requirements, and monitors the effectiveness of key human resources initiatives and processes.

At an operational level, Austrade's executive and managers are accountable for the effectiveness of workforce decisions in their business areas. Given Austrade's responsibilities and objectives, Austrade places particular emphasis on attracting high-quality, talented people, particularly from the corporate sector, to work with the agency. This depth of commercial experience sets Austrade apart from other public-sector bodies.

Austrade actively manages its workforce to meet its objectives and ensure effective and responsible resource management practices. Austrade's performance management framework aligns individual objectives with Austrade's strategic objectives. Individual staff performance agreements are made on an annual basis, covering the period from 1 July to 30 June each year. These agreements are consistent with the market and business plans of the unit in which the individual staff member works which, in turn, are consistent with the performance management framework.

Managers and staff meet regularly to review progress and discuss development requirements. At year-end, performance is formally assessed and excellent or improved performance is recognised. Where poor performance is identified, performance plans are developed to improve performance to required standards. Austrade's performance management processes encourage personal development and build organisational and individual capability. Workplace behaviour must be consistent with the Australian Public Service Values and Employment Principles.

Human resources works with business areas to ensure organisation structures and workforce composition align with strategic directions. This enables the agency to better support and position Australian exporters and organisations in foreign markets and to identify and attract foreign direct investment into Australia.

Austrade's capability development initiatives support development of the core skills and business knowledge required to deliver Austrade's strategic priorities, including by developing skills to:

- › build and share market and economic intelligence
- › modernise service offerings and business practices
- › develop leadership and management skills
- › identify and nurture the next generation of talent
- › engage constructively and sensibly with risk.

As part of the ongoing implementation of the human resources strategy, the global human resources team will:

- › further develop the agency's workforce analytics capability and capacity to make better resource deployment decisions and improve talent identification and development
- › attract and retain employees using compensation packages which emphasise benefits, workplace flexibility and opportunities, as well as salary
- › review transition points and career pathways for Austrade's globally mobile workforce.

Information and communications technology

Austrade relies heavily on knowledge and information systems to help it advance Australia's trade, investment, international education, and tourism interests. With a global 24-hour business, it is critical that all information assets are available and accessible, any time, from any location, through a channel of choice.

Austrade's Information and Communications Technology (ICT) strategic plan is a four-year plan, updated annually, which outlines the overarching approach to management of Austrade's ICT resources to meet the future needs of the agency. The plan has six key principles:

- › Austrade information is accessible and available to stakeholders
- › Austrade has a definitive source of external engagement information
- › capture and use of Austrade information to improve effectiveness, provide insight and guide decisions
- › flexible ways to communicate and collaborate
- › improved IT service delivery over the network
- › improved management of information security and compliance activities.

Austrade takes advantage of cloud computing and hosting arrangements where applicable. Austrade's data centres are run in government-approved, externally-managed offsite facilities, using an internal cloud approach. The Austrade IT environment is 100 per cent virtual, and ICT workloads are not tied directly to the hardware resources and infrastructure they run on. This provides greater efficiency and flexibility, along with better use of resources.

Austrade has adopted a new cloud service policy consistent with the Australian Government's cloud computing policy, which requires all initiatives to be reviewed for cloud compatibility where it can demonstrate value for money and adequate security.

Austrade has been working to enhance the agency's digital experience and build capability to provide value from its core information assets. Austrade's data intelligence initiatives build on existing capability to broaden the reach and accessibility of data intelligence for both Austrade and our clients.

Another key component of the ICT strategy is to support Austrade's highly mobile workforce which requires out-of-office, mobile access, as well as to provide contemporary IT solutions for the changing way staff work. There is a continued focus on enhancing mobile and digital communications, and the delivery of visualisation services to provide convenient and flexible access to information for both staff and external stakeholders.

Austrade has adapted its strategy and service delivery model to meet a constantly evolving digital landscape and to meet whole-of-government requirements from the Digital Transformation Office's Digital Services Standard. Austrade has adopted a bi-modal delivery model, blending the stability of proven governance standards and management processes with the agility of a user-centred approach.

Security

Austrade operates in 49 overseas markets, managing a total of 83 locations in a wide variety of operating environments, where it is responsible for ensuring the safety of staff and security of information. The increased global threat level means that maintaining security for our people, our premises and our information is an essential part of our ability to do business. To sustain this capability, Austrade will continue to enhance its security management framework, including the provision of training and security awareness across all levels of the organisation.

Risk oversight and management

During 2016–17, Austrade developed a revised and more nuanced risk appetite statement, taking into account the benefits of engaging with risk. The statement defines Austrade's attitude to risk, and is used as a tool to assist in decision-making once risk assessments have been completed. The ability to recognise and manage risk in a positive way in order to take advantage of innovative opportunities is an important component of Austrade's organisational capability. The risk appetite statement forms part of Austrade's overall Risk Management Framework and is considered together with organisational objectives, risk policies and the risk matrix.

Over the four-year life of this plan, Austrade will continue to regularly identify, assess and manage the risks associated with achieving its organisational objectives. With operations that span the globe, and engagement with a range of commercial organisations both on and offshore, Austrade faces unique challenges. This is particularly the case in some of the overseas markets in which Austrade operates where standards of transparency, governance, security, and health and safety differ from those in Australia, and where bribery and corruption may be prevalent. An effective system of risk management is critical to effectively managing those challenges. Austrade staff are encouraged to understand the risks they are managing and to actively engage in managing them effectively, without becoming risk-averse.

The main features of Austrade's internal control framework are:

- › policies and procedures which support compliance with legislative and administrative requirements, including through the Chief Executive Instructions
- › a management environment which is supported by an effective delegations schedule and a culture of ethical conduct, driven from top management
- › an internal audit program which aligns with the Agency Risk Management Plan
- › leadership by Austrade's Executive Group in ensuring an effective risk management framework, which includes:
 - an Audit and Risk Committee and an Ethics Committee which provide advice to the CEO
 - a Workplace Relations Committee, Security Advisory Group and Capital Committee which report more generally to Austrade's Executive Group
- › education and awareness raising with staff of their obligations through a compulsory annual governance refresher training module

- › awareness raising amongst staff and outreach program to Australian business on the risk of corruption and bribery in low governance international markets.

As required by section 16 of the PGPA Act 2013 and the Commonwealth Risk Management Policy, Austrade will continue to manage its exposure to risk, and mitigate adverse consequences through the implementation of risk management principles and practices, as outlined in the Chief Executive Instruction on risk management, Austrade's risk management policy and procedures, and the corporate governance framework. This includes preparing an annual Agency Risk Management Plan which identifies key strategic and operational risks with the potential to affect Austrade's ability to achieve its objectives and priorities, and establishes how these risks will be mitigated and managed. Austrade's senior executives play an important role in identifying risks, developing mitigation strategies and actions, and reporting progress on implementing those strategies to the Audit and Risk Committee and Executive Group on a quarterly basis.

Austrade's Audit and Risk Committee provides independent assurance and advice to the CEO on Austrade's financial and performance reporting responsibilities, risk oversight and management, and its system of internal control. The Committee also reviews the proposed internal audit coverage, ensuring it takes into account Austrade's key risks, before endorsing it for approval by the CEO.

Austrade's Legal, Procurement and Fraud team helps manage legal and commercial risks within Austrade through its legal advisory services and its management of Austrade's obligations under the Commonwealth Procurement Rules and fraud mitigation policies. The team has precedents and business systems in place to help it provide legal advice to the rest of the organisation and help ensure new functions which Austrade takes on are implemented successfully. The team will continue to refine its methods of advising and training staff, particularly in relation to procurement processes and contracting more generally, as well as raising awareness of fraud risk. The legal unit is also engaged in raising awareness amongst staff and Australian business, via its outreach program, of the risks of bribery and corruption in some markets.

Resources

Capital investment

Austrade's four-year capital investment plan supports Austrade's strategic objectives and operational requirements. It identifies and prioritises investments across a range of asset classes, including IT hardware and software, property, corporate websites and online support for entities which interact with the agency. Investment decisions are based on consideration of strategic and operational priorities, investment risk, and benefits associated with the investment.

Whilst the capital investment plan covers a four-year period, it is reviewed and updated on a six-monthly basis.

Key investments for 2017–18 include:

- › projects to continue to provide more of Austrade's services online
- › enhancing network security architecture and malware protection
- › modernising shared drives.

Operating budget

Austrade is working on a strategy to meet budgetary constraints without diminishing the services provided to Australian businesses and institutions. This strategy will include improving administrative processes in areas such as delegations, travel, and procurement.

Table 6: Austrade's resources 2017–18 to 2020–21

	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000
Departmental operating budget from Government	193,869	193,325	190,966	190,090
Department budget from other sources ¹¹	27,400	27,400	27,400	27,400
Total department operating budget	221,269	220,725	218,366	217,490
Total capital budget from Government ¹²	15,176	15,443	14,601	14,700
Total departmental resources	236,445	236,168	232,967	232,190
Export Market Development Grants budget	137,900	137,900	137,900	137,900
Other administered programs budget	3,118	2,787	500	–
Total administered budget	141,018	140,687	138,400	137,900
Employees (average staffing)	1,033	Not available	Not available	Not available

¹¹ Includes sales of goods and services revenue and other sources of non-taxation revenue.

¹² Includes Bill 2 equity injections of \$1.1 million in 2017–18, \$1.401 million in 2018–19, \$0.5 million in 2019–20 and \$0.5 million in 2020–21.

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