



Australian Government

Australian Trade and Investment Commission

# CORPORATE PLAN

**AUSTRALIAN TRADE AND  
INVESTMENT COMMISSION**

**2018–19**

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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 2018-19 Austrade Corporate Plan, which covers the four reporting periods from 2018-19 to 2021-22, 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*.

A handwritten signature in black ink that reads "Stephanie Fahey". The signature is written in a cursive, flowing style.

**Stephanie Fahey**

Chief Executive Officer

# CEO's message



Austrade's mission is to grow Australia's economic prosperity through our work as the Australian Government's international trade promotion and investment attraction agency.

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 and ways of working.

To respond to those challenges, I commissioned an Organisational Capability Assessment for Austrade in 2017–18. We have acted on the Assessment's findings by producing a revised strategy, and a Transformation Plan (with 14 components) to implement it.

Critical to our strategy and our Plan is putting our clients at the centre of everything we do.

Accordingly, a focus for us is reviewing and refreshing the services we provide. A number of major client-related projects are underway. These include reviewing our existing client offering, creating journey maps that capture our clients' experiences, and identifying what we already do well. Initial results from this work will flow in 2018–19, and will form the cornerstone of the next phase: the design and implementation of new services, based on the understanding developed in the first phase. Finally, we will develop a proactive approach to identifying our clients – and to providing them with the support that they truly need to be more successful.

As a service organisation, our people are the key driver of our outcomes. We will invest in our staff both in Australia and overseas, as well as bringing new capabilities into Austrade to deliver these new value-added services. We will review our workforce and capability strategies to ensure staff remain skilled and engaged, and we will report on this to hold us to account.

These changes will inevitably affect how we work. Agile and digital ways of working are already being implemented across the organisation, which will pay dividends in how quickly and how well new projects are rolled out to respond to clients' needs. We have already introduced regional and sectoral matrix management that is a better fit for Austrade's global operations, and will introduce new governance structures to support the matrix.

Metrics that help us drive better business performance are an essential part of our transformation. Work has already started on developing the tools and infrastructure that will sit behind a

revamped KPI and measurement framework. Over the life of this plan, we will be introducing, testing and refining new measures to give us, the government, the Parliament and the public a better picture of our business and our impact.

We will develop and strengthen collaborative relationships across federal, state and territory governments and industry to support the execution and advancement of Austrade's strategy. For example, Austrade will play a key role in the Defence Export Strategy. We will work closely with the newly-established Australian Defence Export Office to maximise the opportunities for Australian companies generated by the government's Defence Industry Policy.

Economic prosperity is underpinned by successful companies. With an eye to the future, we support not only those companies that are currently exporting, but also those on their way to exporting. We recognise the importance of a diversified Australian economy, and an important building block for this is a vibrant ecosystem of innovative businesses. An increasing focus for Austrade, including through our Landing Pads, is helping to scale-up companies in fast-growing sectors such as FinTech, AgTech and MedTech. The innovation ecosystem is also supported by the presence of leading companies, including those from other countries. That's why we also focus on investment attraction, including in research and development, where those businesses will assist the Australian economy to diversify.

By the end of the four-year life of this plan, my objective is for Austrade to be the central resource for all trade and investment matters across both the government and private sectors. Our clients and partners will have well-founded confidence in Austrade's expertise in commercial, export and investment matters. And Austrade will be digital first, with a universal service offering and broad client reach.

I recognise that these intentions cannot be realised without staff that are both skilled and engaged. Austrade is already an organisation that is recognised for its expertise, flexibility and capacity to respond positively to change, and we will reinforce that. We have already implemented a successful mechanism – the Ideas Challenge – to capture ideas from all levels across the organisation, which we will repeat. The wealth of innovative ideas generated by our staff will help us make use of the opportunities presented by global trends, and embed innovation as part of our way of doing business.

I am ambitious for Austrade and I have complete confidence in its ability to meet these challenges. I look forward the next four years of contributing to the growth of Australia's economic prosperity by helping our clients achieve great things.

A handwritten signature in black ink that reads "Stephanie Fahey". The signature is written in a cursive, flowing style.

**Dr Stephanie Fahey**  
Chief Executive Officer

# Purpose

## **To deliver quality trade and investment services to businesses to grow Australia's prosperity.**

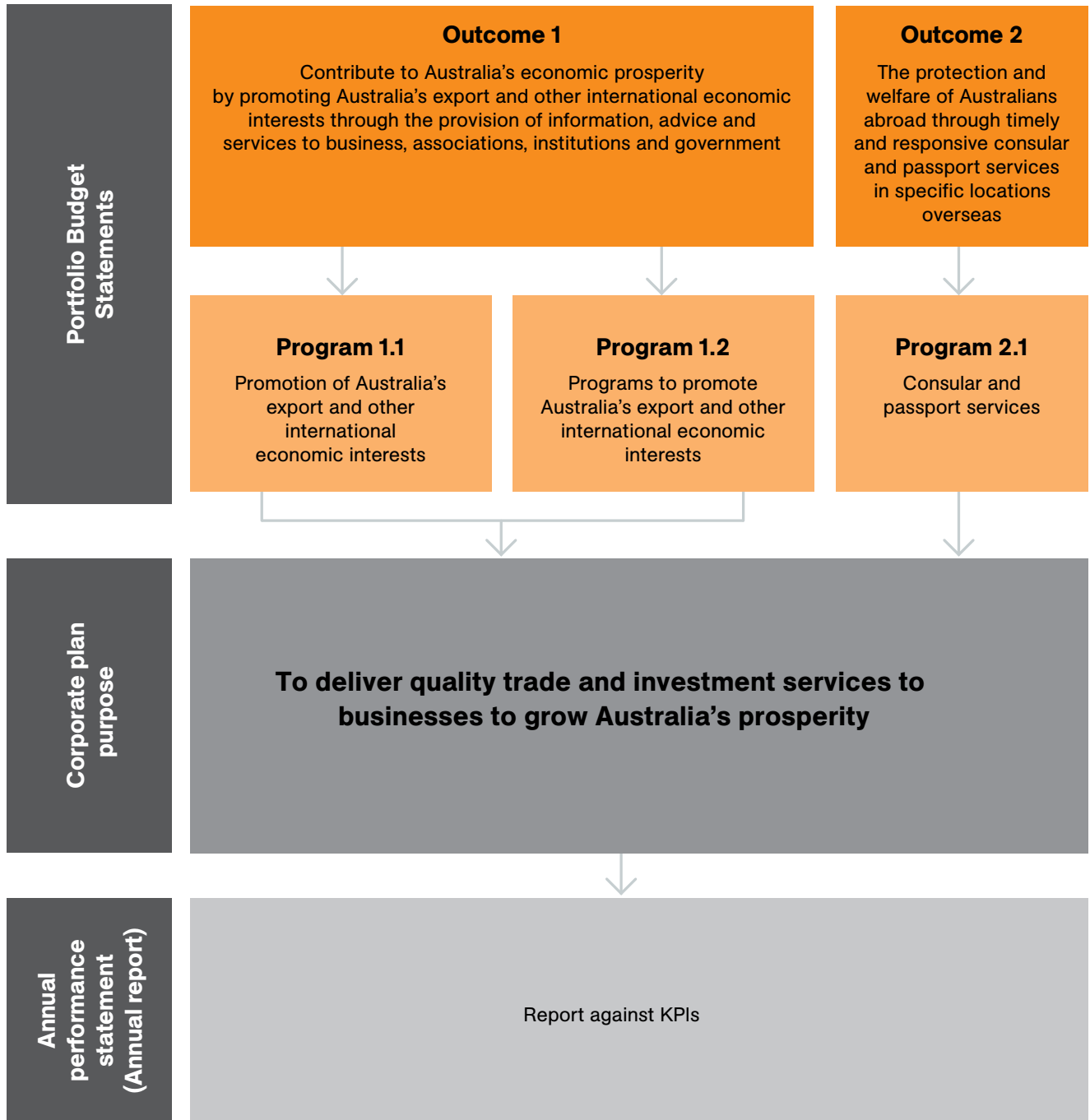
The services we provide reflect the changing needs of our clients. These include: generation and provision of market information and insights; promotion of Australian capability; and facilitation of connections through our extensive global network.

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

**Table 1:** Summary of Austrade's purposes and activities

<b>Purpose</b>	To deliver quality trade and investment services to businesses to grow Australia's prosperity	
<b>Objectives</b>	<p>Austrade contributes to Australia's economic prosperity. We leverage the deep commercial knowledge and relationships of our international and domestic networks, and the badge of government, to deliver valued services to our clients. Our clients include exporters of Australian products and services, buyers or possible buyers of Australian products and services overseas, and investors into Australia.</p> <p>The services we provide reflect the changing needs of our clients. These include: generation and provision of market information and insights; promotion of Australian capability; and facilitation of connections through our extensive global network</p>	Austrade also helps Australian citizens overseas by providing consular and passport services in designated locations.
<b>Activities</b>	<p>Help Australian businesses in international markets by</p> <ul style="list-style-type: none"> <li>› making meaningful connections for exporters to potential customers through an extensive global network of contacts</li> <li>› promoting Australian export capabilities to those potential customers</li> <li>› leveraging the badge of government offshore</li> <li>› generating market information and insight</li> <li>› providing quality advice and services</li> <li>› administering the Export Market Development Grants scheme and the TradeStart network</li> </ul> <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 its trade, tourism and investment policy agendas</p>	Deliver Australian consular, passport and other government services in designated overseas locations
<b>Enabling activities</b>	Corporate services	

**Figure 1:** Relationship between Portfolio Budget Statements, Corporate Plan and Annual Performance Statement



# Operating Environment

## Economic outlook

### Introduction

Austrade's clients operate in a global economy. Exporters are to a large extent dependent on economic conditions in the countries to which they are sending their goods and services. Equally, potential investors into Australia are subject to developments in their countries of origin.

These factors are clearly outside Austrade's span of control, but can influence the organisation's ability to achieve its purposes.

### Global backdrop

After a tough couple of years, the global economy enjoyed a synchronised upswing in 2017, with real GDP expanding by 3.8 per cent – the fastest rate recorded since 2011. Investment activity picked up across most developed economies, emerging Asia continued to enjoy strong growth, and a range of other emerging economies also saw a strengthening in activity, helped in part by a recovery in commodity prices. This positive growth momentum was continued into the opening months of 2018, with the latest IMF forecasts expecting real GDP to grow by 3.9 per cent both this year and next, with activity further supported by a strong dose of US fiscal stimulus thanks to the impact of the Trump tax cuts.<sup>1</sup>

In terms of risks, the IMF's view is that upside and downside risks are 'broadly balanced' in the near-term, but that risks increasingly skew to the downside as the forecast horizon is pushed out, with the Fund worried about financial imbalances, protectionism and a range of non-economic risks including political discord and climate shocks. Moreover, at the time of writing there has been some fading of the earlier optimism around growth prospects due to fears about the ability of some key emerging markets (Turkey, Argentina) to withstand higher global interest rates and a stronger US dollar, the drag implied by an increase in the oil price (itself a product of political risks in the Middle East including the prospect of US sanctions on Iran), and political developments in Italy and the threat of wider Eurozone contagion, as well as ongoing fears about trade wars (see below) and geopolitical risk.

<sup>1</sup> GDP growth measured on a purchasing power parity basis. On a market exchange rate (US dollar) basis, growth is expected to slow slightly next year, dropping from 3.4 per cent this year to 3.3 per cent in 2019. IMF *World Economic Outlook: Cyclical upswings, structural change*. April 2018.

### Australian outlook

The Australian economy is currently in its 27<sup>th</sup> year of recession-free growth, and has now nearly completed a successful adjustment to the end of the investment phase of the mining boom. According to the latest Treasury estimates, following relatively weak GDP growth of just 2.1 per cent in 2016-17, activity is expected to increase to around 2¾ per cent in 2017-18, and then strengthen further in the next two years, with growth rates predicted to rise to three per cent.<sup>2</sup> The latest growth reading – for Q1: 2018 – showed annual growth running at an above-trend 3.1 per cent and was therefore consistent with this optimistic outlook. Downside domestic risks to this largely positive outlook include soft consumer demand (given still-low wage growth) and a sharper-than-anticipated acceleration in the ongoing decline in house prices.

### International trade and FDI

Stronger outcomes in terms of global GDP growth have delivered improved outcomes for international trade. In 2016, volumes of world trade in goods and services grew by just 2.3 per cent in what was the weakest outcome since the global financial crisis. But last year's recovery in import-intensive investment demand in the developed world and stronger activity in emerging economy commodity producers contributed to a rebound in trade volume growth to 4.9 per cent in 2017. For this year, the IMF forecasts 5.1 per cent growth for goods and services trade, before expecting a modest slowdown to 4.7 per cent in 2019.

In contrast to the upbeat story for trade and GDP growth, last year saw a weak outcome for global FDI inflows, which according to UNCTAD slumped by 23 per cent in 2017, falling to US\$1.4 trillion from US\$1.9 trillion in 2016.<sup>3</sup> Part of the fall reflected the impact of large one-off transactions and corporate restructurings that had inflated the figures in 2015 and 2016 dropping out of the annual comparison. But even after taking these temporary factors into account, UNCTAD reckons that 'the 2017 decline was still sizeable and part of a longer-term negative cycle'. Drivers of this structural decline include a shift to 'asset-light' forms of overseas operations and a significant drop in rates of return on FDI over the past five years, particularly in emerging economies. Partly as a result, UNCTAD's forecasts for FDI prospects in 2018 are relatively modest, with the projected five per cent increase in global inflows to US\$1.5 trillion characterised as

<sup>2</sup> *Budget 2018-19*, Budget Paper No. 1, Statement 2: Economic Outlook.

<sup>3</sup> UNCTAD, *World Investment Report June 2018*.



'fragile', although this caution also reflects concerns about protectionism. Finally, US tax reform is also expected to have a significant impact on the structure and direction of FDI flows this year.<sup>4</sup>

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 continues to be a problematic international political environment for trade policy, 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. More worryingly, at the time of writing, the United States had embarked on a series of high-profile trade actions against the EU, Canada and Mexico, prompting a spate of retaliatory measures. And after some modest tit-for-tat trade threats and three rounds of negotiations that have so far failed to generate any compromise, a significant US-China trade conflict is also looking increasingly likely. While all this has been bad news for market sentiment, the consensus to date has been that announced and threatened trade measures so far are unlikely to be large enough to derail the global economy. These developments do, however, raise several significant risks, including an adverse demonstration effect (encouraging other economies to turn to protectionism), the possibility of existing measures triggering cascading trade disputes which would be large enough to upset world growth, and the prospect of damaging interactions with geopolitical developments.

More generally, these trade disputes are also another headwind for both global trade growth, FDI flows and international productivity performance.

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 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. As a result, after two decades of continuous expansion, growth in GVCs appears to have peaked in 2010-12.

More optimistically, the decline in trade costs triggered by technological innovation continues to lower the barriers to access international markets for small and

medium 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 in particular 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 FDI flows is the continued rapid expansion of a new global middle class, representing a rise in global prosperity that creates an important ongoing opportunity for new market growth, particularly in emerging Asia. One recent estimate suggests that the absolute number of the global middle class grew by more than one billion people between 2009 and 2015.<sup>5</sup>

### Australian exports and inward FDI

International trade is a significant contributor to the Australian economy. In 2017, trade in goods and services was equivalent to more than 42 per cent of nominal GDP, while the ratio of exports of goods and services to GDP stood at 21.6 per cent.<sup>6</sup> The better global backdrop in 2017 described above was also reflected in our national trade results, as Australia saw the total value of our exports of goods and services jump by almost 15 per cent last year, reaching a total of A\$386.7 billion.<sup>7</sup>

Total export growth was boosted by stronger commodity prices and higher resources export volumes over the course of 2017, with exports of iron ore (up more than 16 per cent in dollar terms), coal (up almost 15 per cent), aluminium ores (up more than 30 per cent) and natural gas (jumping by 43 per cent) all enjoying marked increases. After a good 2016, the services sector, especially the education sector, put in another decent performance in 2017, with the value of services exports up by almost nine per cent. The value of education-related travel services rose by more than 17 per cent over the year, although personal travel services (ex education) were almost flat, growing by just 0.4 per cent. Exports of telecom, computer and information services also posted another year of healthy growth in 2017, this time in excess of 11 per cent while exports of financial services rose by more than 17 per cent.

The overall value of manufacturing exports rose by three per cent last year, while the value of exports of rural goods rebounded, growing by nearly 15 per cent.

4 UNCTAD reckons that almost half the global FDI stock is either located in the United States or owned by US multinational companies, hence US tax reform is likely to have global implications. The immediate impact of reforms is to free up more than US\$3.2 trillion in accumulated overseas retained earnings of US multinational companies, a significant share of which could then be repatriated to the United States. This would show up as a big drop in the US outward FDI stock and negative US FDI outflows, matched by a mirror effect on inward FDI stocks and flows of other economies. UNCTAD, *World Investment Report June 2018*.

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

6 Australian Bureau of Statistics, *Balance of Payments and International Investment Position, Australia December 2017, Cat. No. 5302.0*. 6 March 2018.

7 Data from DFAT web site: <http://dfat.gov.au/trade/resources/trade-statistics/trade-in-goods-and-services/Pages/australias-goods-services-2017.aspx>

By market, China continued to be the most important destination for Australian exports in 2017, accounting for 30 per cent of total exports, and experiencing an increase in export values of more than 21 per cent. Other key markets to see large export growth included Japan (our second largest export market with a 12 per cent share, and with exports up nearly 23 per cent in dollar terms), India (up almost 33 per cent), Hong Kong (up 17 per cent) and Korea (up more than 14 per cent). Exports to ASEAN were up by almost 12 per cent in value terms with very rapid growth to Thailand and Vietnam in particular.

After dramatic growth in 2016 (when exports surged thanks to a massive increase in the value of gold exports), exports to the UK dropped by more than 25 per cent last year, which in turn contributed to a drop in overall exports to the EU by nine per cent.

According to the latest budget forecasts, Treasury expects growth in mining exports to be four per cent in 2017-18 and 6½ per cent in 2018-19 before slowing to 2½ per cent in 2019-20.<sup>8</sup> Rural exports are forecast to fall by five per cent in 2017-18 before growing by one per cent in 2018-19 and by 1½ per cent in 2019-20. Services exports, supported by continued strong demand for tourism and education exports from Asia, are predicted to grow by 4½ per cent in 2017-17 and then by four per cent in each of the following two years.

Australia's inward FDI performance in 2016 had been particularly strong, with net inflows of A\$64.2 billion. Despite the soft global FDI outcome, last year's result for Australia was almost as good, with net inflows of A\$60.5 billion, enough to drive the stock of inward FDI up to A\$849 billion. According to UNCTAD, this performance saw Australia rise from being the ninth most popular destination for global FDI flows in 2016 to the eighth most popular last year.

In terms of the outstanding stock of inward FDI in Australia, the top three sources continue to be the United States (A\$189.9 billion or 22.4 per cent of the total in 2017), Japan (A\$92.5 billion or 10.9 per cent) and the UK (\$83.2 billion or 9.8 per cent). Other regional investors are also significant players, with China (4.8 per cent) and Singapore (3.1 per cent) both ranked in the top ten. By sector, mining and quarrying continues to dominate (with a stock value of A\$315.3 billion in 2017, or 37 per cent of the total). At the same time, however, last year's figures also show a continued growth in the importance of non-mining investment, with the latter accounting for a large share of net inflows, with sizeable increases in investment in the real estate and finance and insurance sectors, for example.

## Australia's internationally active businesses

According to the Australian Bureau of Statistics (ABS), there were 51,992 goods exporters in Australia in 2016-17.<sup>9</sup> The 2016-17 figures showed a modest rise of 700 in the number of exporters, following three consecutive years of increases running in the thousands. Those three years had marked a significant break with previous experience: for the seven years between 2006-07 and 2012-13, the overall exporter count had been relatively stable (although this had disguised quite a lot of churn at the smaller end of the exporter size distribution), but the latest result suggest the surge in numbers has slowed.

Exporters can broadly be classified into three groups:

- ▶ Large (or 'mega') exporters—which generate individual export revenues of \$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 2016-17 this group comprised just 437 goods exporters which together accounted for more than 88 per cent of the value of all goods exports that year.
- ▶ Small to medium exporters (or SMEx)—which generate individual export revenues between \$250,000 and \$50 million. This group comprised 10,462 goods exporters in 2016-17. 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 11 per cent of goods export value in 2016-17.
- ▶ Micro-exporters—which generate individual export revenues of less than \$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 2016-17, for example, this category accounted for about 79 per cent of goods exporters (or more than 41,000 individual businesses) but generated less than one per cent of goods exports by value.

8 *Budget 2018-19*, Budget Paper No. 1, Statement 2: Economic Outlook.

9 Australian Bureau of Statistics, *Characteristics of Australian Exporters, 2016-17*, Cat. No. 5368.0.55.006. 20 June 2018. This year the ABS stopped publishing a count of exporters of services.

## Austrade's network

Austrade's overseas network is concentrated in those markets where its services will have the greatest impact. During 2018–19, Austrade is conducting an overseas network review, which it will use to test and validate its current settings.

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 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.

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, the Republic of Korea and the Middle East.

At 1 July 2018, Austrade's network comprised 122 physical locations, including 10 offices in major Australian centres, which are complemented by 28 TradeStart offices. Overseas, it operates 84 points of presence overseas in 49 different markets, 14 of which also provide consular services. In addition to these locations, Austrade has also established Landing Pads in San Francisco, Tel Aviv, Shanghai, Singapore and Berlin, which are in separate locations to Austrade.

**Figure 2:** Austrade's global network at 1 July 2018



Figure 3: Austrade's Australian network at 1 July 2018

122

locations worldwide



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

**84** locations overseas

**14** 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 Efic, coordinating international engagement and agency activity to support broad portfolio outcomes. Austrade and DFAT continue to improve the coordination of their complementary activities, both on and offshore, particularly through joint development of commercial diplomacy at posts. The Department of Industry, Innovation and Science and Austrade also enjoy close co-operation.

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 Home Affairs, the Department of Agriculture and Water Resources, the Department of Defence and the Department of Infrastructure and Regional Development.

Over the next four years, Austrade will intensify its co-operation with the states and territories. In particular, this will involve greater co-ordination 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. This structure has been in place since early in 2018, and is the result of changes that flowed from the Organisational Capability Assessment

### Business Partnerships and Support

This group comprises:

- › **Government and Partnerships**
  - **Policy and Coordination** is responsible for improving Australia's international capability, and delivery of services to clients through better policy outcomes; taking a lead role in disseminating information between government and client about policy and regulatory challenges and opportunities. It is also responsible for providing advice to government on tourism policy.
  - **Partnerships** is responsible for engaging and collaborating with government agencies and private entities on issues relevant to international trade and investment, and working with partners to deliver a coordinated 'Team Australia' position.
  - **Ministerial, Economic and International Engagement** is responsible for leading Austrade's engagement on international trade, economic and foreign policy issues, and coordinating Ministerial briefing and correspondence, Cabinet and parliamentary processes.



### › Strategy and Business Transformation

- **Strategy** is responsible for supporting the development of Austrade's strategies and initiatives; managing strategic, corporate and business planning, and reporting, and organisational performance monitoring; undertaking business transformation and redesign, and strategic resource planning, management and reporting.
- **Digital and data** is responsible for developing digital and data strategies; driving and embedding innovation and digital capabilities into strategic priorities and operations.
- **Research and analysis** is responsible for creating and managing agency-wide research and analytics, and delivering macro and micro economics research and analysis.

### › Corporate Services Group

- **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** 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.
- **Information and Technology Services** has responsibility for the planning, development, maintenance and management of Austrade's corporate information and communications systems.
- **Client Programs** is responsible for delivering Export Market Development Grants, and tourism programs.

### Global Markets and Industry Engagement

This group comprises:

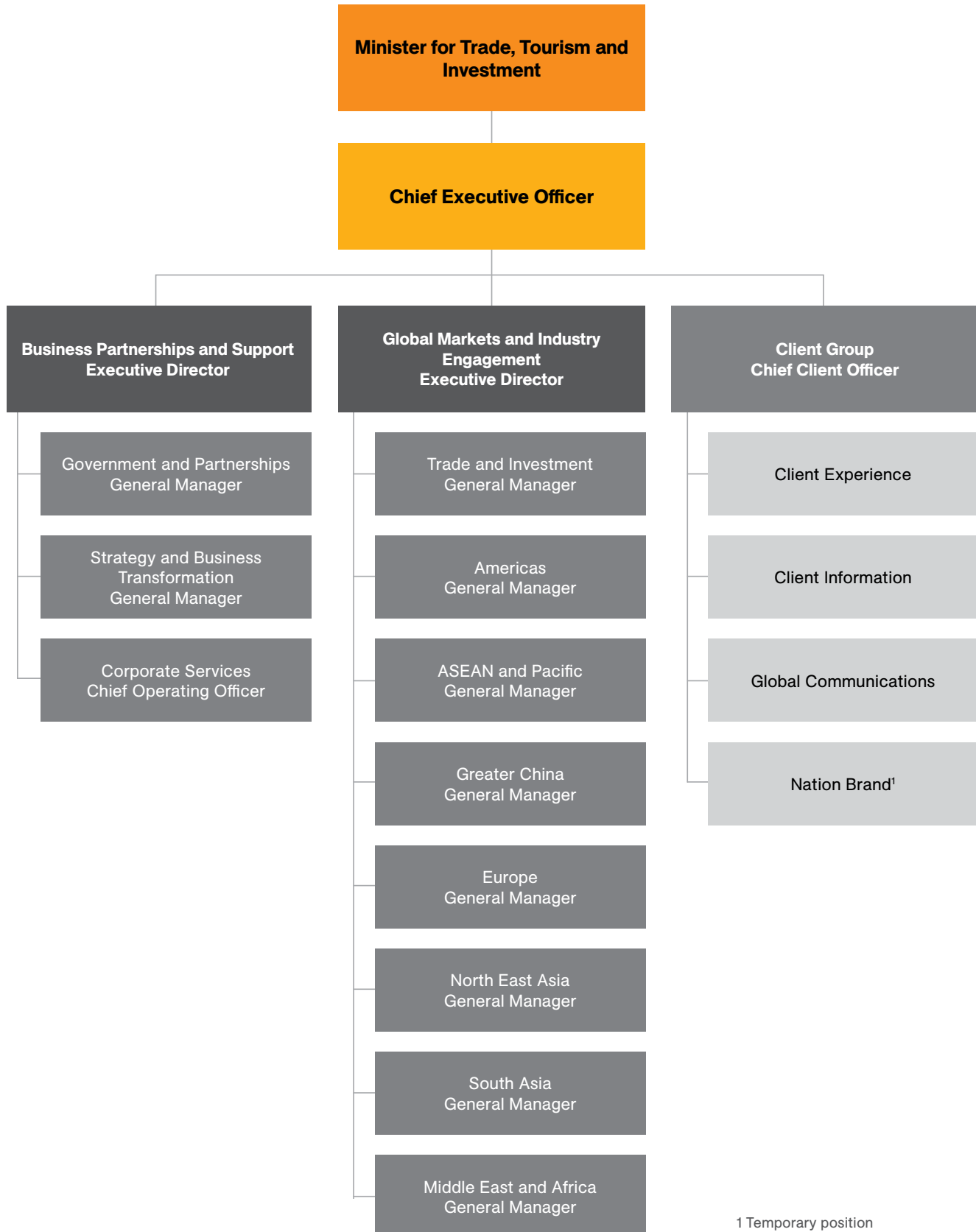
- › **Global Operations:** Austrade's international network, the primary channel for Austrade's international activities and work programs, with 83 locations overseas in 49 markets. The network is split into seven regions:
  - **The Americas**, covering North and South America and the Caribbean.
  - **Europe**, covering all of Europe plus Israel.
  - **Middle East and Africa**, covering all of Africa, and the Middle East including Turkey, but excluding Israel.
  - **Greater China**, covering the PRC, Hong Kong and Macao SARs and Taiwan.
  - **ASEAN and Pacific**, covering the ASEAN countries and the Pacific region, including Papua New Guinea and New Zealand.
  - **South Asia**, covering Pakistan, India, Bangladesh and Sri Lanka.
  - **North East Asia**, covering Japan, Korea and Mongolia.
- › **Trade and Investment** is responsible for identifying opportunities with high growth capacity, and positioning Australia's capabilities internationally; developing market entry and investment strategies, in partnership with offshore, states and territories; and providing specialist advice to clients and investors, delivering tailored and strategic services.

### Client Group

This group comprises:

- › **Client Experience** is responsible for understanding the needs of our current and future clients; developing tiered services model, products and services catalogue; ensuring effective service delivery, and implementing export and investment capability development programs.
- › **Client Information** is responsible for delivering first tier services to clients, including implementing use of technology to streamline service delivery; working with partners to develop and deliver seamless client services; developing, packaging and disseminating information and insights to clients. It also delivers FTA seminars.
- › **Global Communications** is responsible for developing and delivering global communications, media, marketing and promotion; and delivering large scale events and business missions.
- › **Nation Brand** is responsible for leading the development of the brand in consultation with Australian business, industry groups, government and the broader community.

**Figure 4:** Austrade's organisational structure at 1 July 2018





# Performance planning

Austrade's performance planning underpins its strategy and operating environment, enabling it to fulfil its role of contributing to Australia's economic prosperity over the four-year life of this plan. It ensures Austrade provides maximum value to the taxpayer, as well as to Australian businesses, 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*.

During 2017–18, Austrade underwent an Organisational Capability Assessment. This in turn gave rise to a Transformation Plan to improve how Austrade does business. A central element of the Plan was reviewing the KPIs Austrade uses to drive its performance and to demonstrate how it has achieved its purpose.

Austrade assessed its current and potential KPIs according to a number of criteria. These included whether they accounted for the degree of influence Austrade has on the core deliverables; how potential KPIs best reflected Austrade's value-add; and whether they measured impact, outcomes or activities. This concept was developed from the Department of Finance guidance in Resource Management Guide 131 and the ANAO's guidance in ANAO Report No. 33 on *Implementation of Annual Performance Statements Requirements 2016-17*.

The KPIs have been grouped into the following major categories to reflect the diverse nature of Austrade's business:

- › Client Services (Trade promotion and Investment attraction)
- › Policy
- › Passport and Consular Services

Austrade will continue to develop its performance management framework. In particular, it is undertaking a significant re-examination of how it works with clients, which it expects to complete in 2018–19. Because of this, Austrade's performance framework is still in a process of transition, with new performance measures being trialled and refined. In particular Austrade is examining an accurate way of demonstrating the organisation's efficiency, and an authoritative and useful way of reporting on staff engagement. From 2019–20, Austrade expects to have a KPI framework in place that fully reflects all the transformation work that has taken place, and that will hold us accountable.

## Client services – Trade promotion

### 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.

Austrade also 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 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 at least 52,000 Australian businesses and institutions active in international markets, Austrade's support is mostly directed at around 10,000 small to medium-sized exporters that typically sell to multiple markets, and which represent approximately 11 per cent of Australia's exports (see pages 12-9 above). 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.

Austrade has a comprehensive service offering for Australian startups, scale ups and innovative SMEs. Through the Landing Pads program, capability mapping and cross sectoral services export strategy, Austrade is able to provide information on international opportunities and introductions related to product/service development, R&D, 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 the Mining Equipment Technology and Services (METS), oil and gas and renewables sectors
- › Agribusiness and Food
  - focussed on premium food and beverage and food security
- › International Health
  - focussed on intelligent health solutions and senior health and living
- › Advanced Manufacturing and Defence
  - focussed on assisting Australian SMEs to access multinational corporation value chains especially in the defence, aerospace, marine and automotive sectors
- › Major Infrastructure
  - focussed on urban sustainable development and transport solutions
- › Services and Technology
  - focussed on financial services (including fintech), cyber security and the fourth industrial revolution – the digital revolution.

- › International Education
  - focussed on the long-term development of a sustainable international education sector, and responding to new and emerging demand
- › Tourism and Regional Investment
  - focussed on working with state and territory governments and industry stakeholders to implement the key actions in the Tourism 2020 strategy and its successor.

### 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.
- › Take the lead role in coordinating ministerial-led overseas business missions, including Australia Week events.
- › Develop a nation brand 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.
- › 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.
- › 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.
- › 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.

- › 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.
- › 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).
- › Austrade connects the tourism sector across the wider spectrum of work supporting Australian businesses and the attraction of investment into Australia.

## Client services – Investment attraction

### 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:

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

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 foreign direct investment: 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 the Republic of 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 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 2:** Key performance measures for Client Services

Area	KPI	Target				Source
		2018-19	2019-20	2020-21	2021-22	
Multiple	High level of satisfaction for Ministers, Australian business community, institutions and key partners with Austrade's services.	Austrade expects this level of satisfaction to be at least 85%, as measured in surveys and feedback.  Note this target has been revised from the previously published forecast of 70% in the FY18-19 PBS.				Survey
Trade	Proportion of Australian businesses and institutions which have engaged with Austrade, and say Austrade made a positive contribution to their international business activities.	70% of Australian business and institutions which have engaged with Austrade say Austrade made a positive contribution to their international business activities.				Survey
Trade	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.	70% of Australian businesses and institutions which have engaged with Austrade say they achieved some form of commercial outcome within 12 months of working with Austrade.				Survey
Investment	The number and value of investment outcomes facilitated, measured in terms of investment value, jobs created/retained and anticipated annual exports.	At least 80 investment outcomes facilitated				Investor notification
EMDG	EMDG recipients report that the receipt of a grant encouraged them to increase their export promotion activities.	Austrade expects at least 70% of EMDG recipients to report that receiving a grant in 2018-19 encouraged them to increase their export promotion activities.				Survey
FTA	Proportion of FTA seminar and roadshow attendees reporting an increased understanding of how to use and benefit from FTAs.	Austrade expects at least 85% of seminar and roadshow attendees to report an increased understanding of how to use and benefit from FTAs in 2018-19, as measured by feedback forms.				Survey

## Policy

### Rationale

Austrade provides a global and commercial perspective in its policy advice to government. The agency's insights are informed by its presence in the commercial capitals of international markets. Through its people, in-house economic research and analysis, access to firm-level commercial knowledge, and partnerships with other Australian Government agencies, state and territory governments, and industry stakeholders, Austrade can distil insight in a way that is informed and relevant to the audience.

Austrade uses the intelligence and insights gained from its network and interactions with investors, exporters and customers to inform and contribute to Australian Government policymaking. In particular, Austrade works across government to coordinate and provide input into domestic reforms to make the Australian tourism industry and education sector more competitive, while feedback from its large offshore network enables Austrade to help shape Australia's export and investment agendas.

Austrade also has a specific remit on tourism policy 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 \$115 billion and \$140 billion by 2020. Austrade works with state and territory governments and industry stakeholders to implement the key actions in the strategy.

### Major operational activities

- › Austrade uses the intelligence and insights gained from its global network and interactions with investors, exporters and international businesses to inform and contribute to Australian Government policymaking. Austrade also works across government to provide input into domestic reforms designed to contribute to the Australian tourism industry and education sector being more competitive.
- › Austrade provides advice to government directly through the Minister for Trade, Tourism and Investment, and through officials-level forums with a range of Australian Government and state and territory government departments with an interest in trade, tourism, investment and international education.
- › 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.

**Table 3:** Key performance measures for Policy

KPI	Target				Source
	2018–19	2019–20	2020–21	2021–22	
Effective contribution to whole-of-government policy development including using Austrade's commercial insights.	Not applicable				Internal assessment; case studies where appropriate
Deliver policy priorities and outputs for which Austrade has responsibility including in the Foreign Policy White Paper, Tourism 2020 Implementation Plan (2015–2020), and Australian International Education 2025.	For Tourism, double overnight visitor expenditure to between \$115 billion and \$140 billion by 2020.		N/A		Tourism Research Australia survey data

## Consular and passport services

### Rationale

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

Note that Austrade's 2018-19 PBS, while including a KPI relating to consular and passport services, refers only to 'timely and effective delivery of consular and passport services'. From 2019-20 onwards, Austrade intends to use '*Effective delivery of consular and passport services to Australians overseas*', since timeliness is to a large extent subject to factors outside Austrade's control. Austrade will use a uniform measure and target to maintain consistency between the KPIs in its PBS and Corporate Plan.

### 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 4:** Key performance measures for the delivery of consular and passport services

KPI	Target				Source
	2018-19	2019-20	2020-21	2021-22	
Timely and effective delivery of consular and passport services to Australians overseas.	97% of routine passport applications are processed accurately as per Australian Passport Office benchmark				DFAT passport and Consular Information System databases



# 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 will develop a comprehensive suite of workforce planning and capability development strategies, capital investment and information communication technology strategies.

In 2017-18 Austrade underwent an organisation-wide Capability Assessment (OCA) which assessed Austrade's ability to take full advantage of future opportunities. The OCA focused on our strengths and on development areas in the context of Austrade's future operating environment. The assessment considered how Austrade aligns processes, systems and the expertise of its people to deliver its objectives and delivered a suite of recommendations designed to ensure Austrade continues to build on its current capabilities and further leverages technology, its networks and its market and industry insights. The assessment was undertaken in partnership with the Australian Public Service Commission and two senior external assessors.

Parallel to the Capability Assessment, in 2017-18 Austrade also held an Ideas Challenge. The Ideas Challenge asked staff to share ideas about how Austrade can improve its operations. The response was overwhelming with 378 ideas submitted and close to 900 staff engaging in the MindHive technology platform underpinning the Challenge. Ten ideas were shortlisted and assessed by an expert panel who selected five winning ideas. Non-shortlisted ideas are being taken forward by relevant business areas.

Austrade also tracks and assesses employee engagement and taps into the ideas and perspectives of our workforce through the annual APS employee census and a bi-annual Pulse Survey.

## Human resources

The OCA pointed to the need to develop a comprehensive suite of workforce management and capability development strategies to enable Austrade to build organisation-wide capability and capacity to deliver on Austrade's objectives. In responding to the OCA's recommendations, Austrade's Human Resources team is partnering with the Strategy and Business Transformation Office to focus on the following priority areas:

- › *Workforce and Resourcing* – developing and implementing workforce planning strategies to ensure Austrade has a properly skilled workforce and is able to operate and deploy resources in an agile and timely manner in response to changing priorities
- › *Workplace and Environment* – providing a safe, healthy and flexible workplace which is diverse and inclusive and supports high performance and engagement globally
- › *Capability and Performance* – developing robust and consistent approaches to talent and career management, performance management and capability development to help bring out the best in Austrade's people and grow their skills and capabilities.

Human Resources also focuses on ensuring 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 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. In 2018-19, Austrade's performance management framework will be revised to ensure individual objectives align with Austrade's new strategic direction. Individual staff performance agreements will continue to be developed on an annual basis, covering the period from 1 July to 30 June each year. These agreements will align with the market and business plans of the unit in which the individual staff member works and will also include an assessment of the extent to which an individual's workplace behaviour aligns with the Austrade Values and the broader Australian Public Service Values and Employment Principles. Under the new performance management framework, Managers and staff will continue to meet regularly to review progress and discuss development requirements and performance will be formally assessed at year end. Where poor performance is identified, performance plans will be developed to improve performance to required standards.

- › Human Resources works with business areas to ensure organisation structures and workforce composition align with strategic directions. Austrade's capacity to make better resource deployment decisions and improve talent identification will be significantly enhanced through the development of a comprehensive workforce analytics reporting system as part of a broader Corporate Reporting framework.

Austrade's capability development initiatives support development of the core skills and business knowledge required to deliver Austrade's strategic priorities. Human Resources will work with the Strategy and Business Transformation Office and relevant business areas to develop a Capability Strategy with an increased focus on areas such as digital literacy, data analytics, commercial and business nous, client service, collaboration, innovation and entrepreneurial skills. Building leadership and management capability to manage a diverse and agile workforce, drive innovation and manage change will also be key areas of focus.

- › A review of Austrade's overseas-engaged employment framework will be undertaken in 2018-19 to ensure that it is contemporary, fit for purpose and supports Austrade's revised strategic priorities both now and into the future. It will look at how we attract and retain employees using compensation packages which emphasise benefits, workplace flexibility and opportunities, as well as salary. Identifying options to support agile resourcing within the constraints of local labour law will also be a key outcome of the review.

## 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, for both clients and Austrade operations.

Austrade's ICT strategic plan outlines the overarching approach to the management of ICT resources to meet the future needs of the agency. It is aligned to Austrade's strategic outcomes and embraces digital first.

The plan has six key principles:

- › Focus investment on supporting business growth and new capability
- › Digital first for delivery of services
- › Cloud first to enable collaboration and sharing
- › Mobile by default

- › Configure not customise
- › Minimise effort to maintain reliable, secure and compliant systems

A review of Austrade's digital readiness is underway to examine all aspects of its digital delivery from skills and capabilities, teaming models, platforms, ways of working and investment priorities. This will position Austrade to meet its digital strategy and support the delivery of product lines through Agile approaches and Human Centred Design.

Austrade's initial Data Intelligence initiative will be broadened to extend the reach and accessibility of data and insights to both clients and Austrade staff. Investments in this area as well as the exploratory use of automation, Artificial Intelligence and machine learning will continue to enhance the agency's digital experience and capability to derive value from its core information assets.

A key component of supporting Austrade's highly mobile workforce is ubiquitous access to line-of-business applications and productivity tools that align with demands to work in different and agile ways. Austrade is undertaking an initiative to map information and new work styles as part of a broader strategy to digitise the workplace and move supporting applications to the cloud. This important step opens up significant potential to interact in innovative ways with clients, other governments and stakeholders.

Austrade's strategy will continue to adapt to an evolving digital landscape and meet whole-of-government digital priorities and ambitions using a bi-modal delivery model that blends the stability of proven governance standards and processes with the agility of Human Centred Design.

Austrade takes advantage of cloud computing and hosting arrangements where applicable and its data centres are run in government-approved, co-location facilities. The environment is fully virtual providing maximum flexibility to migrate appropriate workloads to the cloud in line with the Australian Government's Cloud Computing Policy.

## Security

Austrade operates in 49 overseas markets, managing a total of 84 offices in a wide variety of operating environments, where it is responsible for ensuring the safety of staff and security of assets and 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

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 the risk of bribery and corruption may be higher. 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 in ensuring an effective risk management framework, which includes:
  - an Audit and Risk Committee which provides advice to the CEO, and
  - a Workplace Relations Committee, Security Advisory Group and Resources Committee which report more generally to Austrade's Executive
- › education and awareness raising with staff of their obligations through a compulsory annual governance refresher training module, and
- › Awareness raising amongst staff and outreach program to Australian business on the risk of corruption and in low governance international markets.

As required by section 16 of the PGPA Act 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 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.

