

The Auditor-General
Audit Report No.14 2001–2002
Performance Audit

Client Service Initiatives Follow-up Audit

Australian Trade Commission (Austrade)

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of Australia 2001

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Canberra ACT
28 September 2001

Dear Madam President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in The Australian Trade Commission (Austrade) in accordance with the authority contained in the *Auditor-General Act 1997*. I present this report of this audit, and the accompanying brochure, to the Parliament. The report is titled *Client Service Initiatives Follow-up Audit*.

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage—
<http://www.anao.gov.au>.

Yours sincerely



P. J. Barrett
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Abbreviations/Glossary

| | |
|----------|------------------------------------|
| Austrade | Australian Trade Commission |
| CBS | Core Business System |
| CSIS | Client Service Improvement Study |
| CSP | Client Service Policy |
| EAMU | Export Advisory and Marketing Unit |
| EGM | Executive General Manager |
| EHS | Export Hotline System |
| EMDG | Export Market Development Grant |
| ME/IO | Middle East/Indian Ocean |
| NEA | North East Asia |
| SEA | South East Asia |
| TMS | Time Management System |

Summary and Key Findings

Summary

Austrade

1. Austrade (the Australian Trade Commission) is a statutory authority within the Foreign Affairs and Trade portfolio and was established by the *Australian Trade Commission Act 1985* to assist Australian exporters and potential exporters gain entry into new overseas markets, position them to capture major opportunities overseas and provide financial support for those export initiatives. Austrade's mission is to 'help Australians win export business and generate inward and outward investment'.

2. Austrade works closely with the Department of Foreign Affairs and Trade and the Export Finance and Insurance Corporation to enhance exports and with the Department of Industry, Science and Resources to attract foreign investment. It also has a role in providing advice, guidance and coordination to the Government and its agencies on export matters.

3. At 30 June 2001, Austrade employed 995 staff, of whom 508 were based overseas. The overseas network comprised 90 offices in six regions: Americas, North East Asia, Europe, South East Asia, Middle East/Indian Ocean and South Pacific. There are 13 offices in Australia, supplemented by a network of 19 TradeStart offices.¹

4. Austrade's total income for 2000–2001 was \$355.7 million, the bulk of which was from budget appropriations (\$309.2 million).² Expenditure for 2000–2001 was \$339.6 million, comprising \$194.2 million operating expenditure and \$145.4 million administered expenditure (primarily the Export Market Development Grants program).

5. Under Austrade's Outcomes/Outputs framework, Output Measures have been set for each for the Outputs associated with each Outcome, and performance is reported in the *Austrade Annual Report*. Austrade has generally exceeded its performance targets for quality and quantity; for example, the following table shows the 2000–2001 targets and performance for Austrade's tailored export and outward investment advice and services.

¹ TradeStart is a partnership between Austrade and a range of public and private sector service providers; it is designed to improve access to Austrade's export assistance services to small to medium enterprises.

² The balance was derived from revenue from sales of goods and services (fees), interest, proceeds from disposal of assets, net foreign exchange gains and property rentals.

Table 1**Tailored export and outward investment advice and services (2000–2001)**

| | | <i>Annual Target/Estimate</i> | <i>Austrade Performance</i> |
|--------------------------|---|-----------------------------------|---------------------------------|
| Quality measure | Client satisfaction (percentage satisfaction) | 85 | 88.2 |
| Quantitative measures | First point of contact with Austrade: (1) Number of Hotline callers minus nil action | 38 000 | 41 150 |
| | (2) Number of Austrade on-line users | 420 000 | 1 047 909 |
| | Number of participants in Austrade-organised events | 23 955 | 73 477 |
| | Number of general pieces of advice to exporters and potential exporters by region | 127 686 | 219 269 |
| | Number of qualified business opportunities delivered to Australian businesses | 4 849 | 4 319 |
| | Exports facilitated to costs of output | 40:1 | 61:1 |
| | Export impact (\$ billion) | \$5.38 | \$9.31 |
| | Export impact–number of clients who achieved export impact | 901 | 1 168 |
| | Export impact–number of transactions | 1 768 | 2 003 |
| | Outward investment (\$ million) | \$492 | \$3 756 |
| | Number of tailored pieces of advice on selecting, understanding, entering and expanding into markets | 12 819 | 10 997 |
| | Number of exporters and potential exporters being serviced | 5 475 | 5 041 |
| | Number of new companies assisted into exporting | 1 289 | 1 109 |
| | Number of existing exporters assisted into new markets | 3 680 | 3 024 |
| | Number of businesses in Export Access Program | 550 | 517 |
| | Number of International Trade Exhibitions involving Austrade | 124 | 128 |
| | Number of Australian companies participating in international trade exhibitions involving Austrade | 924 | 1 193 |

Source: Austrade.

The importance of client service in achieving Outcomes

6. Delivery of quality client service and improving client satisfaction is central to achieving Austrade's corporate Outcomes. Consequently, Austrade introduced its Client Service Policy (CSP) in July 1995 to address a number of deficiencies perceived at the time in its service delivery. These included a perception that Austrade was not meeting the needs of clients, was only assisting larger firms, and was applying a fee structure that resulted in inconsistent application of fees and confused clients.

ANAO Audit Report No.4 1998–99

7. In 1998, the ANAO conducted an audit to evaluate the efficiency and effectiveness of Austrade's management of client services to Australian exporters, with particular reference to Austrade's:

- performance as a client-focused organisation;
- achievement of quality client service through client service initiatives; and
- measurement and evaluation of client service performance.

8. The resulting audit report, *Client Service Initiatives—Australian Trade Commission (Austrade)*, concluded that the Client Service Policy was the foundation of Austrade's client service approach. Through this policy, Austrade had made good progress in creating a client service culture, demonstrated by client focus survey results, which showed an above-average level of client focus compared to benchmark data. Austrade also rated highly in terms of reinforcing ownership of its strategic direction and ensuring key decisions are aligned with that direction ('strategic alignment').

9. The audit concluded that the principal challenge for Austrade was to strengthen those efforts to ensure they presented a coordinated strategy consistent with the basic principles and accepted better practice associated with quality client service to enhance client satisfaction through further improvement in the quality of service delivered. For example, strategic alignment and client focus were weaker in operations in Australia compared to those in Austrade's international network.

10. The previous audit identified that Austrade's client services were meeting the needs and expectations of a majority of their users. However, views expressed by some stakeholders and clients indicated that delivery of Austrade's services fell short of consistently high standards and did not necessarily represent value for money. Smaller and less export experienced organisations had lower levels of satisfaction. Variability in the level, quality and charging of Austrade's services was attracting criticism from clients.

11. Austrade measured client feedback through an annual survey and other means. It also had a complaints mechanism designed to satisfy the client quickly. However, the previous audit concluded that the survey and its use did not provide sufficient information to identify problems in delivery of services to clients or encourage continuous improvement in service delivery across the global network. This was also the case for the use of information from client complaints.

12. An integral part of the CSP is the recovery of a proportion of the costs associated with the provision of client services. The ANAO considered that the approach to recovering costs did not assist Austrade to evaluate effectively the cost-effectiveness of its service delivery activities. Also, Austrade's approach to measuring the export impact of its activities could be substantially improved to reduce costs and increase reliability.

13. The ANAO made 12 recommendations to improve the efficiency and effectiveness of Austrade's client service delivery (see Appendix 1, which also summarises the relevant findings of the current audit). Austrade agreed to all the recommendations.³

The current audit

Audit objective and scope

14. The objective of this follow-up audit was to assess Austrade's implementation of the recommendations contained in ANAO Report No. 4 of 1998–99, and whether the implementation of the recommendations or appropriate alternative measures has improved the management and delivery of Austrade's client service. The audit criteria are at Appendix 2.

Conclusions

15. Austrade has given a high priority to addressing the issues and recommendations raised by the previous audit and has adopted a systematic approach to implementing the recommendations and to monitoring the success of the actions taken. Consequently, Austrade has fully implemented 10 of the 12 recommendations of the previous audit. The remaining two recommendations have been substantially progressed

³ Recommendation 8 was agreed to with qualification.

but, because they have involved systems and other changes that require longer timeframes, management attention and related actions have been continuing. Implementation of the recommendations has resulted in strengthening of client focus, service delivery and client satisfaction. Overall Austrade provides services to 10 000–12 000 businesses per year. In 2000–2001, Austrade’s services to Australian exporters assisted some 1100 businesses to achieve export sales, resulting in exports of around \$9.3 billion.

16. Since the previous audit, Austrade has become more strategically-focused on the provision of quality client service, with such service now a key aspect of Austrade’s planning and performance processes.⁴ Austrade has substantially improved the tools, systems and training provided to staff delivering its services as well as for measuring the export impact of its activities.⁵ Knowledge of Austrade’s client base has been enhanced in conjunction with improvements to the capture, analysis and reporting of performance for the key drivers of client satisfaction.⁶ Austrade uses information recorded on client complaints to improve client service. However, it is not obtaining full benefits from this facility as only a small proportion of complaints are actually being recorded.⁷

17. Austrade now assesses the client focus of its staff. It has established that client focus has become more uniform across the organisation since the previous audit, although some variations in strength of focus emphasise the value of continued attention to this issue.⁸

18. Strengthened focus on client service is reflected in steadily improving satisfaction of clients with Austrade’s services and increases in Austrade’s targets for client satisfaction. In 2000–2001, over 88 per cent of clients rated Austrade’s services as good or better; this exceeded a new target of 85 per cent. Compared with the findings of the previous audit, smaller and less experienced exporters are now more satisfied with Austrade’s services. Austrade has a continuing focus on improving quality of client service, and has won the *Service Charter—Awards for Excellence* for the last two years for its Client Service Charter.

⁴ ANAO Recommendation 1 (see pp. 39–41).

⁵ ANAO Recommendations 6, 7, 8 and 11 (see pp. 59–65 and 72–73).

⁶ ANAO Recommendations 3, 4, and 9 (see pp. 46–48, 52–54 and 67–69).

⁷ ANAO Recommendation 10 (see pp. 69–71).

⁸ ANAO Recommendation 2 (see pp. 41–45).

19. Another issue in the previous audit was inconsistent application of Austrade’s client service policies, for example, inconsistent pricing of its services. Austrade has undertaken a program of measures including: revision to its pricing policy, enhancements to staff training, and identifying client expectations to address this need. While indirect indicators, such as client satisfaction ratings, suggest that this has had some success, Austrade has not to date been able to assess this important aspect of its client services directly. However, it is now addressing this requirement through revisions to its client satisfaction survey.⁹

20. Austrade has strengthened its cost-pricing framework since the previous audit. For example, it has implemented a time recording system which enables it to identify the full costs for its Outputs. Recent enhancements to the costing system now support measurement of costs at the level of products and services. These will support informed management decision making about fee settings and the development of an appropriate cost-pricing framework. However, Austrade’s pricing policy is in need of clarification, in particular in articulating the extent to which fees are intended to recover costs of services provided to existing exporters seeking to expand overseas business. Consideration of fees has not, until recently, been fully informed by data on the actual costs of services delivered. In fact, the fees charged to these clients are some 25 to 40 per cent under the full costs of providing the services. Austrade has indicated that it is now reviewing its pricing policy.¹⁰

Austrade response

21. Austrade’s response, in summary, was as follows.

22. Austrade is generally pleased with the review’s findings, especially the ANAO’s acknowledgement that we have made significant progress in developing a client service culture within the organisation. Austrade has invested considerable resources implementing the recommendations of the previous audit and is particularly pleased that these efforts were recognised by the ANAO. Austrade will continue to refine its services and operations in order to enhance our strong record of achievement in the area of client services.

⁹ ANAO Recommendation 5 (see pp. 54–58).

¹⁰ ANAO Recommendation 12 (see pp. 74–79).

Key Findings

Client Focus (Chapter 2)

Strategic client focus and alignment

23. The previous audit found that Austrade's strategic planning arrangements did not clearly communicate the necessary link between Austrade's performance and the provision of quality client service. In particular, the corporate objectives did not provide a strategic focus for staff linking the performance of Austrade as a whole with meeting the needs and expectations of clients.¹¹

24. The ANAO found that Austrade has since greatly increased the importance of client service in its planning processes. This was reflected in a statement made by Austrade's Managing Director when the audit was tabled that:

Austrade is an organisation that lives, breathes and thrives on providing service, both to our clients and to each other. We cannot therefore rest easy until we have stretched to achieve the highest level of service industry standards.

25. This theme now runs through Austrade's strategic planning arrangements, with the goal of client service improvement cascading from Austrade's Corporate and Operational planning framework through to Business Plans that identify client service priorities for each Austrade office. These are supported by performance agreements for each staff member.

26. In addition, Austrade is implementing a three-phase Client Service Strategy to improve client service. This commenced after the previous audit in 1998 and is due for finalisation in 2003. To date, a range of initiatives has been delivered including: a simplified pricing policy; a Client Service Charter; revised client surveys and performance measures; and improved staff client service training and development.

27. The heightened focus on client service is reflected in a structured approach to implementing the previous audit's recommendations, which has resulted in actions being undertaken in relation to all of the recommendations in a timely fashion.

¹¹ ANAO Recommendation 1 (see pp. 39–41).

Reviewing client service policies and client focus disparities

28. At the time of the previous audit Austrade had made good progress in creating a client service culture. However, it needed to strengthen those efforts to ensure they presented a coordinated strategy consistent with the principles and accepted better practice associated with quality client service. Consequently, the ANAO recommended a review of its client service policies.¹²

29. Austrade has addressed the identified need by reviewing its major client service policies and practices in a segmented approach. It has reviewed its policy on the pricing of its services, as well as its service delivery guidelines, client service standards, client satisfaction survey, complaints policy and mechanisms, debt recovery policy and invoicing policy. Austrade is currently conducting a further review of the pricing aspects of its Client Service Policy.

30. The previous audit also found that, while Austrade staff were highly client-focused compared with benchmark data, the Australian region was significantly less client-focused than the international network and that this warranted further analysis.¹³

31. Austrade now assesses a wide range of organisational 'health' issues, including staff client focus, through a 'Climate Survey' of its staff. The Survey has shown that there continues to be a difference in the order of 15 to 20 per cent between the domestic and overseas regions in assessed 'client and export focus'. Further analysis of the data has shown, that, in fact, the difference is attributable to one factor only: the rate of 'follow-up with clients to discuss further business development opportunities'. Austrade has addressed this specifically through restructuring key areas and redesigning their business processes to provide better follow-up.

32. Austrade's data shows that staff in Australia and the South Pacific region are less strongly client-focused than staff in other regions, suggesting that an ongoing management focus is required to reinforce and strengthen staff attitudes and approaches.

Identifying client characteristics and expectations

33. Client satisfaction is strongly influenced by the difference between the service level expected by a client and the actual level of service the client perceives he/she receives. A sound knowledge of client expectations and behaviours is therefore critical for shaping appropriate service

¹² ANAO Recommendation 2 first part (see pp. 41–42).

¹³ ANAO Recommendation 2 second part (see pp. 42–45).

delivery strategies. The previous audit found that Austrade did not have sufficient data on client service expectations to enable it, *inter alia*, to analyse apparent discrepancies between staff perceptions of service and trends in client's ratings of service quality. The ANAO recommended that Austrade address this through further client research.¹⁴

34. Austrade has since undertaken research into client characteristics, expectations and perceptions of Austrade performance. This research contributed to the development of Austrade's Client Service Charter, launched in January 1999, and is assisting in informing a current review of the Charter. The quality of the Charter in contributing to Austrade's client service has been recognised in the *Service Charter—Awards for Excellence*. Austrade received a silver award in 1999 in the category 'excellence in raising client awareness in departments through service charter development and use' and a gold award in 2000 in the category 'demonstrated excellence in integrating service charters into core service delivery outcomes and organisational culture.' Austrade's client survey¹⁵ is now aligned with the standards in the Charter, enabling it to monitor appropriately client perceptions of performance relative to expectations.

35. To better understand client behaviour, Austrade recently commenced a research project, aimed at determining client's current and future needs and the 'lifecycle' of an Australian exporter expanding operations. The purpose of the research is to better identify businesses which have the potential to become successful exporters.

Client Service Outcomes

36. Taken together, the actions undertaken since the previous audit have resulted in steadily improving ratings by clients of Austrade's performance. Client ratings of Austrade as 'good' or better have improved from 77 per cent in 1996–97 to 88 per cent in 2000–2001; this exceeded Austrade's new target of 85 per cent.

37. The enhanced strategic focus on client service has improved satisfaction for some key client groups. Whereas less experienced exporters previously were not as satisfied with Austrade's services as more experienced exporters, satisfaction ratings for the former have since increased to levels similar to those for experienced exporters. Similarly, smaller organisations previously were less satisfied with Austrade's services than larger organisations; this difference has narrowed markedly from around 25 to 5 per cent.

¹⁴ ANAO Recommendation 3 (see pp. 46–48).

¹⁵ Known as the Client Service Improvement Study (CSIS).

Delivering Consistent Quality Client Service (Chapter 3)

Enhancing client awareness of Austrade's products and services

38. The previous audit found that the ad-hoc nature of previous Austrade marketing campaigns may have been a contributing factor to exporters and potential exporters having a lower level of knowledge of Austrade's purpose, services and products than is desirable for effective delivery of service to its clients. The ANAO recommended that Austrade review the results of its marketing campaign and, as necessary, develop other relevant initiatives to improve effectiveness.¹⁶

39. Since the previous audit, Austrade has completed two further marketing campaigns, in late 1998 and mid 1999. The first campaign was designed to raise brand awareness amongst current and potential exporters; the second campaign was aimed at small to medium sized businesses to develop export opportunities.

40. The results of the campaigns were mixed; for example, instead of a targeted 10 per cent increase in calls to the telephone Hotline, there was a marked overall decline in calls. Offsetting the decrease in calls to the Hotline, there was a substantial increase in usage of the Austrade website. However, there is no data on the extent to which this increase can be attributed to the marketing campaigns.

41. In accordance with the ANAO recommendation, Austrade has reviewed the results of these marketing campaigns. A 1998 review found that awareness among current and potential clients of Austrade as a source of export advice and assistance was high compared to other sources, such as other government and private sector organisations, but had declined since a previous study in 1996. A review in 1999 revealed that awareness among all businesses of Austrade's services had declined marginally between 1998 and 1999, but that awareness of Austrade among exporters and potential exporters was high.

42. Notwithstanding the declining trend in awareness, Austrade had not undertaken a corporate marketing campaign since 1998-99. Austrade has instead focused on other initiatives, such as market-specific promotion campaigns, to foster an appreciation of Austrade's activities. For example, Austrade undertook a seminar series to raise the profile of European markets to Australian businesses.

¹⁶ ANAO Recommendation 4 (see pp. 52-54).

43. Austrade has now commenced a marketing campaign, drawing on the results of the previously mentioned reviews and targeted at potential exporters.

Resolving inconsistency in quality of client service

44. Client expectations and perceptions of service quality are affected by many factors, one of which is the client's previous experience with the organisation. Consistent service quality across the service delivery network is therefore important in sustaining and improving client satisfaction. Austrade's research, and the ANAO's discussions with stakeholders, have confirmed the importance of reliability of service to Austrade's clients.

45. The previous audit found that the variable quality of client service, including application of charging practices, was attracting criticism from clients. The ANAO recommended that Austrade resolve, as soon as possible, any inconsistent application of the Client Service Policy, including that relating to pricing of products and services to provide a uniform service to clients.¹⁷

46. Resolution of inconsistency in application of client service policies has been a strategic priority for Austrade since the previous audit. It has sought to address this goal in a number of ways including:

- strengthening guidelines on the application of the Client Service Policy, as well as assisting implementation of the guidelines through training and provision of helpdesk services for staff;
- simplifying the basis on which fees are imposed on clients;
- identifying client expectations through focus groups and ensuring that the service standards developed are measured through client surveys;
- capturing client feedback and complaints through client surveys and a complaints mechanism; and
- enhancing client service staff training.

47. Austrade considers that the above actions have reduced the inconsistency of client service policy application previously identified. However, some Austrade clients continue to voice concerns about inconsistency. Consequently, the importance of consistency continues to be reinforced through internal staff publications as well as through training programs and management statements.

¹⁷ ANAO Recommendation 5 (see pp. 54–58).

48. Austrade does not have performance measures to assess directly the success of its actions in reducing inconsistency of service delivery, as its client survey is not designed to capture client views on this issue. However, the survey does capture information on client satisfaction, which has increased in recent years, indirectly suggesting improving consistency. Inconsistency is a known major driver of client dissatisfaction. Client survey results also show that clients have become more uniformly satisfied with Austrade's services across the regions. Austrade has advised that it does now intend to revise the client survey to capture information directly on consistency of service delivery as part of continuous improvement.

Strengthening linkages between functional areas

49. The previous audit found that there was, to some degree, a cultural gap between some areas of Austrade and the rest of the organisation, in particular, in the area responsible for the Export Marketing and Development Grants (EMDG) program. The ANAO considered that there would be merit in enhancing personnel practices to strengthen linkages between functional areas within Austrade to close such gaps.¹⁸

50. Since the previous audit, Austrade has extended its broad-banded staffing structure, which makes it easier for staff to move laterally within Austrade. Austrade has also promoted more consistent personnel practices through an internal website.

51. Austrade has also introduced staff rotations/exchanges as well as secondments and short-term postings to address the functional area isolation identified by the previous audit. The ANAO found that rotations in the EMDG area, for example, were considered by most staff to be a positive experience both in terms of personal and work benefits. The ANAO found, however, that there is no process to systematically assess the effectiveness of these measures for management information purposes.

Review and enhancement of training

52. The previous audit found that, although there was some emphasis on client focus skills and aptitude in Austrade's recruiting and promotion, there was scope for further emphasis to be placed on these skills in the training and development of its staff. Consequently, the ANAO recommended that Austrade review and enhance training programs to maintain awareness and understanding of current export related issues and to reinforce client-focused behaviour.¹⁹

¹⁸ ANAO Recommendation 6 first part (see pp. 59–60).

¹⁹ ANAO Recommendation 6 second part (see pp. 60–62).

53. Since the previous audit, Austrade has reviewed and revised the content and delivery mechanisms of its client service training programs. Each Austrade region has developed training to address local client service issues. Austrade has also corporately developed and delivered specific training to all unit and post managers. A better practice video, 'Service 85+', has been introduced as have induction courses and material for new staff at pre-posting and other staff development programs. Guidance for managers supervising new staff specifically addresses employee awareness of Austrade's Client Service Charter and Client Service Policy.

54. Notwithstanding these measures, there has been limited staff satisfaction with training.²⁰ To address this and other issues, Austrade has undertaken an assessment of its staff knowledge and development needs through a project aimed at positioning Austrade for changes in international business. A major component of this is the creation of an innovative 'virtual university', the *Austrade Institute*.

55. The *Institute* will provide staff with access to a broad range of learning and knowledge development opportunities through education and training, research and access to business and academic networks. Staff across Austrade's global network will be able to undertake training and development activities through various delivery modes, encompassing face to face, on-line and distance learning options.

Integrating and improving information systems

56. Client-focused organisations provide staff with efficient and flexible information systems that support client service. The previous audit found that many of Austrade's information systems were not integrated at the time, resulting in inefficiencies and duplication. In addition, the 'Hotline' system was frequently overloaded; there was duplication and inconsistencies in client data; and the staffing contact details were out of date. At the time of the previous audit, Austrade was developing a Core Business System (CBS) to integrate key systems. In the context of these developments, the ANAO recommended that Austrade give priority to a common client database accessible to all functional areas in Austrade and that this include upgrading the technical infrastructure for the Export Hotline.²¹

²⁰ The ANAO notes that Austrade is not alone in having staff surveys showing poor results for satisfaction with training issues, but considers that the results do indicate that these are areas that require ongoing management attention.

²¹ ANAO Recommendation 7 (see pp. 63–65).

57. Austrade implemented the CBS in July 2000, integrating three key information systems: the Client Information Management System, Workflows System and the Export Opportunity System. The CBS is used in all Austrade offices, both in Australia and overseas, with most overseas posts connected through a permanent telecommunication link.

58. CBS experienced some initial problems regarding speed, stability, replication and search functions. Subsequent updates to the system in October 2000, and again in May 2001, have addressed some of these problems. Austrade advised that ongoing developments are continuing to keep the system relevant to business. Austrade intends to link further systems to the CBS in the future; including parts of the database used for the EMDG.

59. The Export Hotline System was replaced in 2000. The ANAO found that system limitations identified in the previous audit (overloading, duplication of client data and out of date contact details) have been overcome. Staff consulted by the ANAO described the new system as 'excellent'.

Protocols and processing guidelines for key functional areas

60. The previous audit found that there was an absence of organisational guidelines in some areas, which created difficulties, for example, for users of the Export Hotline System users and the Export Advisory and Marketing Unit (EAMU). Such guidance is considered an important tool in ensuring work units provide clients with consistently high quality services. Consequently, the ANAO recommended that Austrade review its work processes and provide structured operational guidelines for functional areas such as the Export Hotline and EAMU.²²

61. Since the previous audit Austrade has substantially strengthened guidance for its functional areas. It has prepared a procedures manual for the Advisory Service, which has replaced the Hotline, and has established consistent data entry protocols to enable accurate information to be shared with CBS. Guidelines for the most common operational procedures for EAMU have also been issued.

²² ANAO Recommendation 8 (see p. 65).

Evaluating Client Service Performance (Chapter 4)

Redesigning client surveys

62. The previous audit found that the Client Service Improvement Study (CSIS), which is the principal client approval investigative mechanism used by Austrade, was failing to meet a significant element of its objectives. In particular, it did not provide sufficient information to enable Austrade to analyse, report or identify specific problems in service delivery to clients. The ANAO also found that a monthly client survey conducted by Austrade's Hotline area was in need of redesign to align it with client expectations. Consequently, the ANAO recommended that Austrade redesign its client surveys to provide sound data to identify specific deficiencies and that it ensure survey results are analysed and reported to provide adequate insight into performance.²³

63. Consistent with the ANAO's recommendation, the CSIS has now been revised and addresses key drivers for client satisfaction by providing specific feedback against service standards in the Client Service Charter, with results that are actionable at the unit level. The CSIS now enables the capture, actioning and reporting of specific service deficiencies as they relate to the client service standards and to problems experienced by clients with Austrade's services.

64. Results of the CSIS are a key part of Austrade's performance assessment framework. The ANAO found that the revised structure of the CSIS enables client satisfaction to be measured at an organisational, regional and unit level. Austrade offices receive individualised reports on the CSIS results for their office. These detailed reports include an assessment of the office's performance, areas for improvement, and feedback on problems and outstanding service.

65. Consistent with the findings of the previous audit, Austrade has also concluded that the survey of the Hotline area (now Austrade Advisory Service) has some methodological deficiencies. Austrade has therefore suspended the survey and is considering capturing the relevant client satisfaction information through the CSIS. In the meantime, Austrade advised that it is considering the need to run another round of the 'Hotline Survey' before the end of the current year.

²³ ANAO Recommendation 9 (see pp. 67–69).

Utilising complaints data

66. The previous audit found that Austrade had a policy empowering staff to handle and resolve most complaints. However, Austrade did not capture, or make good use of complaints data, or have a coordinated approach to monitoring and evaluating client complaints. The ANAO recommended that Austrade improve its complaints mechanism to ensure complaints data are monitored and analysed to identify service deficiencies and provide input for consideration in Austrade's continuous improvement processes.²⁴

67. A revised complaints/feedback policy was issued in January 2000; and a training pack on the capture of client comment and feedback across the Austrade network has also been issued. Austrade has also incorporated a complaints/feedback module in the CBS system to systematically capture, report on, and action all client complaints, including a description of the feedback and actions taken. Officers are required to enter all complaints into the CBS.

68. The ANAO found, however, that the value of the complaints system is substantially reduced by lack of completeness. Austrade's data suggests that, by 30 June 2001, around 82 per cent of all feedback from clients expressing a problem with Austrade's services were not being registered as a complaint on the module. The rate of recording of client problems improved through the 2000–2001 year.

69. The apparent under-recording of complaints contrasts with Austrade's Climate Survey, which suggests most staff feel confident in reporting complaints. While Austrade does use the information that is recorded, the ANAO considers that greater compliance with Austrade policy to record complaints is necessary if it is to be able to obtain full value from this information to improve client service. Austrade has advised that it is continuing to focus on this issue and that a cultural change to ensure the use of the complaints module may be required. It has also advised that its new website may help address this problem by enabling clients to directly e-mail feedback on Austrade's services.

Simplifying Export Impact measurement

70. Export Impact measurement is an Output measure for export sales made by Australian businesses and for which Austrade has made a positive contribution to those sales. As such it is a valuable indicator of the benefits of Austrade's activities, notwithstanding elements that may be outside

²⁴ ANAO Recommendation 10 (see pp. 69–71).

of its control (such as exchange rate fluctuations, global economic conditions etc).

71. The previous audit found that there was considerable effort and duplication of work involved in collecting data for Export Impact estimates, which could have been detracting from the core work of the organisation. The ANAO recommended that Austrade review the methodology for Export Impact measurement to simplify the collection and validation of data, and to minimise duplication.²⁵

72. Austrade has since reviewed its measurement methodology. It implemented a new system in July 2000 to capture and verify Export Impact. The new system involves Austrade verifying directly with the client Austrade's contribution to export sales. Verification by an external agency of Export Impact is no longer necessary, thereby reducing duplication of effort and minimising costs. Instead, post/unit managers are responsible for accuracy of the system and regular audits of the data recorded in CBS with the verified forms received from clients are conducted by Austrade's internal auditors.

73. Austrade set a target for Export Impact in 2000–2001 of \$5.4 billion; Austrade achieved \$9.3 billion, which is some 72 per cent ahead of target.²⁶ The 2000–2001 Export Impact result compares with \$7.5 billion in 1999–2000 and \$8 billion at the time of the previous audit.

Strengthening Austrade's cost-pricing framework

74. The previous audit found that Austrade was unable to determine the full costs associated with its various activities. It did not have a time recording system or an activity based accounting system that would provide management information sufficient to allocate staff activity to client segments. This limited Austrade's ability to evaluate the efficiency of service delivery to clients with cost data flawed because regions were not applying pricing policy consistently. The ANAO recommended that Austrade review its cost-recovery methodology and practices to address these concerns and use the information gathered to develop an appropriate cost-pricing framework (including for notional pricing as applicable).²⁷

²⁵ ANAO Recommendation 11 (see pp. 72–73).

²⁶ The annual result of Export Impact can be hard to predict and may be affected by elements outside Austrade's control, such as exchange rate fluctuations, global economic conditions and environmental conditions (such as crop failures) etc. In addition, large export sales can be hard to predict; in 2000–2001 seven export sales of at least \$200 million each amounted to 30 per cent of total Export Impact.

²⁷ ANAO Recommendation 12 (see pp. 74–79).

75. Since the previous audit, Austrade has introduced Outcome/ Output budgeting, cost-measurement and reporting systems, supported by a time recording system to record the time staff spend each day on each Output (which are high level groups of activities). The systems enable full costs to be identified for all Austrade's corporate Outputs, but not for its products and services. Recently, and as part of preparation for a Pricing Review²⁸ later in the 2001–2002 year, Austrade has sought to better address the latter by conducting a pilot sample survey to measure staff time in more detail.

76. When Austrade's fee of \$150 per hour was set in 1995 it was a *full cost-recovery rate*. The current pricing policy notes this, but does not state one way or the other whether fees are intended to continue to fully recover costs; in fact, fees are no longer set with a view to full cost-recovery. Austrade advised the audit that it is awaiting the final report of the Productivity Commission's inquiry into Cost Recovery for Commonwealth Agencies before clarifying its policy.

77. Austrade's fees are presently set at a rate that is some 25–40 per cent below the full cost of providing the relevant services. The relationship between fees and costs would seem to warrant further consideration having regard, *inter alia*, to competitive neutrality principles. Austrade has advised that it will consider the philosophy behind its cost-pricing practices including '*who pays how much for what services*' following the Pricing Review.

²⁸ The Department of Finance and Administration is coordinating Pricing Reviews of 35 Commonwealth agencies. The Reviews are a corollary of the Outputs/Outcomes-based accrual accounting framework which was introduced in 1999–2000. The accrual accounting framework requires agencies to price the Outputs they produce to achieve the Government's desired outcomes. Pricing Reviews are a means through which the Government seeks to assess the appropriateness of the prices of these Outputs relative to the volume and quality of service purchased.

Audit Findings and Conclusions

1. Introduction

This Chapter provides the background to the audit including a brief description of Austrade and its client service policy, the findings of the previous audit, and the current audit objectives and methodology.

Austrade

1.1 Austrade (the Australian Trade Commission) is a statutory authority within the Foreign Affairs and Trade portfolio and was established by the *Australian Trade Commission Act 1985* to assist Australian exporters and potential exporters gain entry into new overseas markets, position them to capture major opportunities overseas and provide financial support for those export initiatives. Austrade's mission is to *'help Australians win export business and generate inward and outward investment.'*

1.2 Austrade works closely with the Department of Foreign Affairs and Trade and the Export Finance and Insurance Corporation to enhance exports and with the Department of Industry, Science and Resources to attract foreign investment. It also has a role in providing advice, guidance and coordination to the Government and its agencies on export matters.

1.3 In addition to Austrade, there are a number of organisations that provide services to Australian exporters, such as state government agencies, Chambers of Commerce and private sector firms. These other agencies provide their services free of charge (State governments) or on a commercial basis (private sector). Austrade does not consider itself to be strictly in competition with the private sector; its programs and structures are designed to deliver support services that the private sector is not well placed to provide; in particular it has a wider network globally and within Australia than commercial providers. However, Austrade has recognised that its clients compare the service level provided by Austrade with alternative service providers; failure to match the latter service levels raises the risk of both client dissatisfaction and loss of clients.

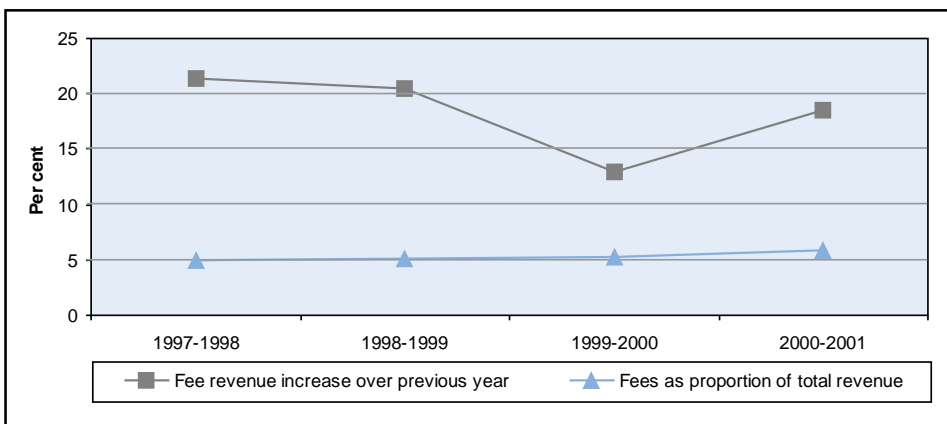
Resources

1.4 At 30 June 2001, Austrade employed 995 staff, of whom 508 were based overseas. The overseas network comprises 90 offices in six regions: Americas, North East Asia, Europe, South East Asia, Middle East/Indian Ocean and South Pacific. There are 13 offices in Australia, supplemented by a network of 19 TradeStart offices.²⁹ The Austrade organisational structure is at Appendix 3.

1.5 Austrade's total income for 2000–2001 was \$355.7 million, the bulk of which was from budget appropriations (\$309.2 million).³⁰ Expenditure for 2000–2001 was \$339.6 million, comprising \$194.2 million operating expenditure and \$145.4 million administered expenditure (primarily the Export Market Development Grants program).

1.6 From 1997–98 to 2000–2001, Austrade made an annual dividend payment to the Government, starting at \$2 million and rising to around \$5 million. The dividend was paid from revenue earned from Austrade's services, and was broadly covered by an increase in fees paid by Australian exporters. Figure 1 shows that fee revenue increased at a rate between 13 and 20 per cent between 1997–98 and 2000–2001, and that fees have contributed around five per cent of total operating revenue for the same period, due to a corresponding increase in budget appropriations. The requirement to pay a dividend expired at the end of 2000–2001.

Figure 1
Client service fee trends 1997–2001



Source: Austrade and Austrade Financial Statements (2000-2001).

²⁹ TradeStart is a partnership between Austrade and a range of public and private sector service providers; it is designed to improve access to Austrade's export assistance services to small to medium enterprises.

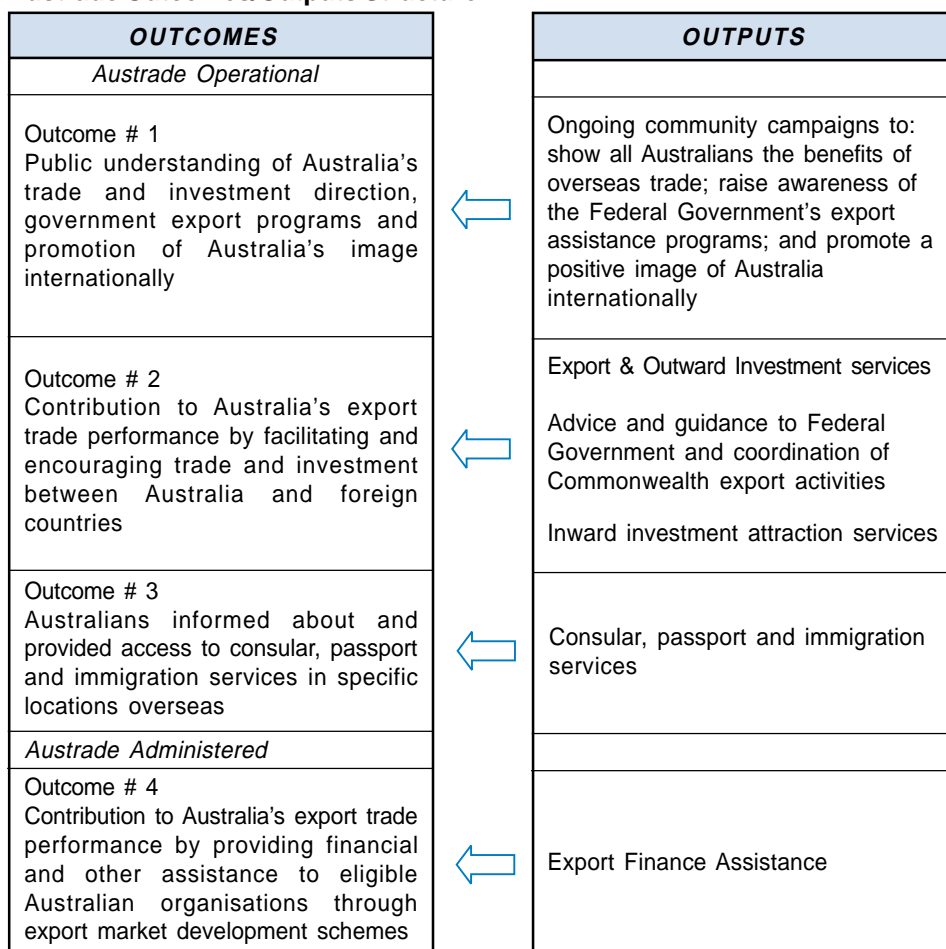
³⁰ The balance was derived from revenue from sales of goods and services (fees), interest, proceeds from disposal of assets, net foreign exchange gains and property rentals.

Outcomes/Outputs

1.7 Austrade's Outcomes/Outputs framework is directed towards economic well being for Australia and meeting client needs, and supports measures of performance at a corporate and unit level and individually through performance agreements with Austrade staff. The delivery of Outcomes is supported by production of Outputs, as illustrated below (Figure 2).

Figure 2

Austrade Outcomes/Outputs Structure



Source: Austrade.

1.8 Under the Outcomes/Outputs framework, Output Measures are set for each for the Outputs associated with each Outcome, and performance is reported in the *Austrade Annual Report*. Austrade has generally exceeded its performance targets for quality and quantity; for example, Table 2 shows the 2000–2001 targets and performance for Austrade's tailored export and outward investment advice and services. Further details of Austrade's performance are at Appendix 4.

Table 2**Tailored export and outward investment advice and services (2000–2001)**

| | | <i>Annual Target/Estimate</i> | <i>Austrade Performance</i> |
|--------------------------|---|-----------------------------------|---------------------------------|
| Quality measure | Client satisfaction (percentage satisfaction) | 85 | 88.2 |
| Quantitative measures | First point of contact with Austrade: (1) Number of Hotline callers minus nil action | 38 000 | 41 150 |
| | (2) Number of Austrade on-line users | 420 000 | 1 047 909 |
| | Number of participants in Austrade-organised events | 23 955 | 73 477 |
| | Number of general pieces of advice to exporters and potential exporters by region | 127 686 | 219 269 |
| | Number of qualified business opportunities delivered to Australian businesses | 4 849 | 4 319 |
| | Exports facilitated to costs of output | 40:1 | 61:1 |
| | Export impact (\$ billion) | \$5.38 | \$9.31 |
| | Export impact–number of clients who achieved export impact | 901 | 1 168 |
| | Export impact–number of transactions | 1 768 | 2 003 |
| | Outward investment (\$ million) | \$492 | \$3 756 |
| | Number of tailored pieces of advice on selecting, understanding, entering and expanding into markets | 12 819 | 10 997 |
| | Number of exporters and potential exporters being serviced | 5 475 | 5 041 |
| | Number of new companies assisted into exporting | 1 289 | 1 109 |
| | Number of existing exporters assisted into new markets | 3 680 | 3 024 |
| | Number of businesses in Export Access Program | 550 | 517 |
| | Number of International Trade Exhibitions involving Austrade | 124 | 128 |
| | Number of Australian companies participating in international trade exhibitions involving Austrade | 924 | 1 193 |

Source: Austrade.

The importance of client service in achieving Outcomes

1.9 Delivery of quality client service and improving client satisfaction is central to achieving Austrade's corporate Outcomes. Consequently, Austrade introduced its Client Service Policy (CSP) in July 1995 to address a number of deficiencies perceived at the time in its service delivery. These included a perception that Austrade was not meeting the needs of clients, was only assisting larger firms, and was applying a fee structure that resulted in inconsistent application of fees and confused clients. The launch of the CSP was supported by an extensive staff training program and production of an operational handbook designed to support standardised services. Austrade considered the new practices introduced by the CSP represented an important step in bringing their international network closer to their client base in achieving organisational goals.

ANAO Audit Report No.4 1998–99

1.10 In 1998, the ANAO conducted an audit to evaluate the efficiency and effectiveness of Austrade's management of client services to Australian exporters, with particular reference to Austrade's:

- performance as a client-focused organisation;
- achievement of quality client service through client service initiatives; and
- measurement and evaluation of client service performance.

1.11 The resulting audit report, *Client Service Initiatives—Australian Trade Commission (Austrade)*, concluded that the Client Service Policy was the foundation of Austrade's client service approach. Through this policy, Austrade had made good progress in creating a client service culture, demonstrated by client focus survey results, which showed an above-average level of client focus compared to benchmark data. Austrade also rated highly in terms of reinforcing ownership of its strategic direction and ensuring key decisions are aligned with that direction ('strategic alignment').

1.12 The audit concluded that the principal challenge for Austrade was to strengthen those efforts to ensure they presented a coordinated strategy consistent with the basic principles and accepted better practice associated with quality client service to enhance client satisfaction through further improvement in the quality of service delivered. For example, strategic alignment and client focus were weaker in operations in Australia compared to those in Austrade's international network.

1.13 The previous audit identified that Austrade’s client services were meeting the needs and expectations of a majority of their users. However, views expressed by some stakeholders and clients indicated that delivery of Austrade’s services fell short of consistently high standards and did not necessarily represent value for money. Smaller and less export experienced organisations had lower levels of satisfaction. Variability in the level, quality and charging of Austrade’s services was attracting criticism from clients.

1.14 Austrade measured client feedback through an annual survey and other means. It also had a complaints mechanism designed to satisfy the client quickly. However, the previous audit concluded that the survey and its use did not provide sufficient information to identify problems in delivery of services to clients or encourage continuous improvement in service delivery across the global network. This was also the case for the use of information from client complaints.

1.15 An integral part of the CSP is the recovery of a proportion of the costs associated with the provision of client services. The ANAO considered that the approach to recovering costs did not assist Austrade to evaluate effectively the cost-effectiveness of its service delivery activities. Also, Austrade’s approach to measuring the export impact of its activities could be substantially improved to reduce costs and increase reliability.

1.16 The ANAO made 12 recommendations to improve the efficiency and effectiveness of Austrade’s client service delivery (see Appendix 1). Austrade agreed to all the recommendations.³¹

The current audit

Audit objective

1.17 The objective of this follow-up audit was to assess Austrade’s implementation of the recommendations contained in ANAO Report No.4 of 1998–99, and whether the implementation of the recommendations or appropriate alternative measures has improved the management and delivery of Austrade’s client service. The audit criteria are at Appendix 2.

³¹ Recommendation 8 was agreed to with qualification.

Audit methodology

1.18 The audit methodology comprised:

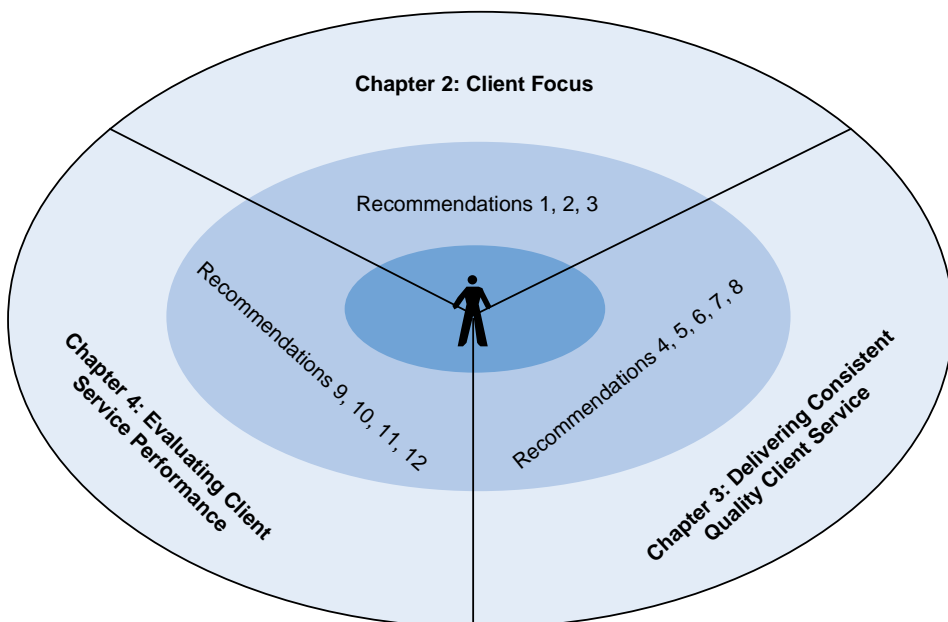
- examination of Austrade’s management processes for oversight and implementation of the audit recommendations;
- examination of Austrade’s assessment of its progress in implementing the recommendations of the previous audit and other germane client service initiatives identified by Austrade;
- file examinations and interviews with Austrade officers in Canberra, Sydney and overseas;
- assessment of relevant management information and surveys; and
- consultation with selected key stakeholders.

In undertaking the audit the ANAO engaged specialist advice on assessing organisations’ capacity for quality client service.

Report structure

1.19 The Report is organised into three chapters, based on the structure of the previous report. Figure 3 illustrates the structure of the Report, including the specific recommendations addressed from the previous audit report, which are listed at Appendix 1.

Figure 3
Report Structure



2. Client Focus

This Chapter examines Austrade's actions in relation to three recommendations of the previous audit report. It finds that Austrade has made substantial efforts to implement each of the recommendations. There is room however, to reinforce and strengthen staff client focus.

Introduction

2.1 To create a strong client service environment, client-focused organisations generate a high level of alignment around key client-focused strategic objectives by:

- developing a strategic direction which takes account of client needs and expectations as identified through client research and which takes account of stakeholders' views; and
- reinforcing ownership in the strategic direction through active and sustained promotion by senior management and ensuring that key decisions, initiatives and other actions are in line with the strategic direction.

2.2 The previous audit found that Austrade compared favourably in addressing many of the key elements of client focus, when compared to the 'best in class' scores with benchmark data,³² and that Austrade was well on the way to establishing a consistently highly client-focused environment.

2.3 Based on findings of the audit, the ANAO made three recommendations to further enhance Austrade's client focus. These recommendations related to:

- strategic client focus and alignment;
- reviewing client service policies and addressing apparent client focus disparities; and
- identifying client characteristics and client service expectations.

Austrade agreed to all the recommendations; its actions in relation to them are discussed in turn below.

³² The ANAO engaged the Forum Corporation for the previous audit to provide advice on assessing Austrade's capacity for client service. It undertook a client focus survey of Austrade staff for the ANAO based on their research into factors that differentiate high-performing client-focused organisations.

Strategic client focus and alignment

Previous audit

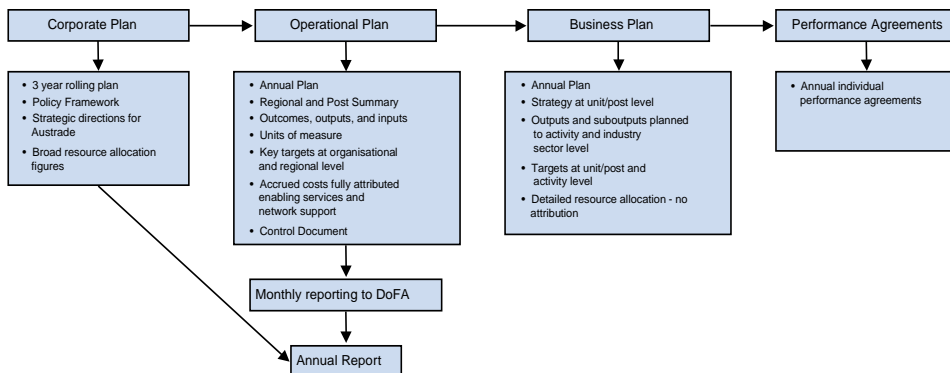
A highly client-focused organisation emphasises client focus in its corporate plans and objectives and integrates this into subsidiary plans.

The previous audit found that Austrade's strategic planning arrangements were focused largely on meeting the goals of the Government's Trade Objectives and Outcomes Statement. Although it is important that the organisation's objectives are linked to Government policy decisions, the ANAO considered that Austrade's Corporate Plan did not clearly communicate the necessary link between Austrade's performance and the provision of quality client service. In particular, the corporate objectives did not promote a strategic focus for staff linking the performance of Austrade as a whole with meeting the needs and expectations of clients. Consequently, the ANAO recommended that *Austrade clarify its corporate objectives to provide a direct and clear link between the overall performance of the business and the provision of quality client service.*³³

2.4 The ANAO found that Austrade has since greatly increased the importance of client service in its planning processes, which are summarised in Figure 4.

Figure 4

Austrade's Planning Framework



Source: Austrade Operational Plan 2000–2001.

³³ ANAO Recommendation 1.

2.5 Austrade's current Corporate Plan ranks the client service strategy as the top corporate objective, and notes that '*the paramount goal is to improve our service to our clients*'. This goal is reflected in the 2000–2001 Operational Plan, which identifies improving client service as the highest ranking priority for Austrade. The prominence of client service improvement cascades through Austrade's planning framework, with Business Plans identifying client service priorities for each Austrade office, and performance agreements being tailored to each staff member's outputs and weighted according to the relevant Austrade Corporate Output Measures (see Appendix 4). For example, performance agreements for overseas post managers have a 60 per cent weight towards delivery of operational and business plan targets; these targets include the posts' client satisfaction ratings.

2.6 Austrade's heightened corporate and strategic focus on client service is supported by a management commitment to improving client services. For example, in an announcement to all staff in August 1998, concurrent with the tabling of the previous audit, the Austrade Managing Director stated that:

Austrade is an organisation that lives, breathes and thrives on providing service, both to our clients and to each other. We cannot therefore rest easy until we have stretched to achieve the highest level of service industry standards.

2.7 Austrade's commitment to strengthening client service is reflected in a structured management approach to implementing the previous audit's recommendations as part of its continuous improvement processes. The approach was based on a framework that identified the main issue of each recommendation; set a target date for implementation of corrective measures; and assigned responsibility for implementing each recommendation to a senior Austrade manager.

2.8 The Austrade Board and its audit committee received regular reports on progress in implementing the recommendations between September 1998 and November 1999. In November 1999 the Austrade Board Audit and Risk Committee decided that solid progress had been made and that no further reporting would be required other than an exceptions reporting process in the case of significant changes. The Committee noted at this time that the external audit had substantially added value to Austrade's client servicing.

2.9 In addition, Austrade is implementing a three-phase Client Service Strategy to improve client service. The Client Service Strategy commenced with the Austrade Managing Director's statement in August 1998, (see 2.6) after the previous audit. Phase one included the simplification of Austrade's pricing policy as well as the launch of a Client Service Charter in January 1999 and associated changes to Austrade's client survey.

2.10 Phases two and three of the Client Service Strategy are intended to be delivered between 2000–2003. Phase two involved an internal communications program to maintain staff awareness of the organisation’s support and commitment to client service; training and development for Austrade post and unit managers to model client-focused behaviours; improving internal client service through internal surveys and development of standards and performance measures; communication of better practices over the Austrade intranet; as well as improving follow-up with clients, and client feedback and complaints resolution processes.

2.11 Phase three is intended to focus on Service Leadership and will include ongoing development of feedback channels, client relationship building, and skills development, particularly in the area of advisory skills. The Service Strategy is to be integrated with an *‘Information Age Project’* which resulted from a strategic analysis of the impact of technology on Austrade’s role in assisting clients. It has identified nine major areas of change in the roles that Austrade would play in the Information Age (‘role shift’), which were developed further by project teams. The nine key areas of ‘role shift’ are summarised in Appendix 5.

2.12 The ANAO concluded that Austrade has implemented the recommendation and substantially strengthened the corporate and strategic focus on client service. As noted at 2.28, the increasing focus on the provision of quality client service over the period since the previous audit mirrors a steadily rising trend in overall client service ratings and improved satisfaction among key client groups.

Reviewing client service policies and client focus disparities

Previous audit

The previous audit found that Austrade had made good progress at the time in creating a client service culture. However, it needed to strengthen those efforts to ensure they presented a coordinated strategy consistent with the principles and accepted better practice associated with quality client service. The ANAO recommended that Austrade *review implementation of its current service policies and supporting practices for cost-effectiveness and efficacy.*³⁴

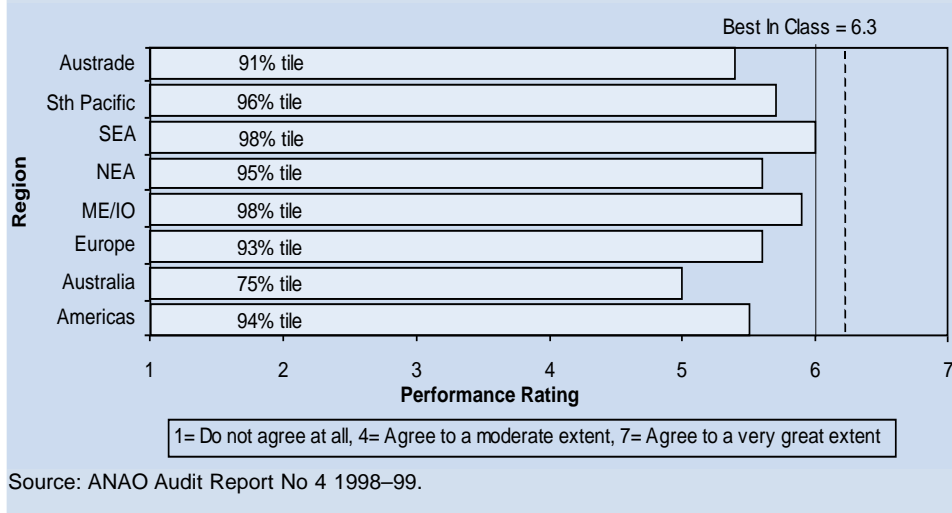
The previous audit also found that while Austrade staff were highly client-focused compared with benchmark data, the Australian region was significantly less client-focused than the international network. This was illustrated, for example in the assessed staff commitment and climate (see Figure 5). Consequently, the ANAO recommended that as part of its review of service policies it *look closely at the apparent client focus disparity between staff in Australia and international regions.*³⁵

³⁴ ANAO Recommendation 2.

³⁵ ANAO Recommendation 2.

Figure 5

Client focus dimension overview—commitment and climate (1998)³⁶



Reviewing client service policies

2.13 Since the previous audit, Austrade has implemented this recommendation by reviewing its major client service policies and practices in a segmented approach. For example, it has reviewed its policy on the pricing of its services, as well as its service delivery guidelines, client service standards, client satisfaction survey, complaints policy and mechanisms, debt recovery policy and invoicing policy. Austrade has also introduced a Client Service Charter. The process of review is ongoing, as Austrade is currently conducting a further review of the pricing aspects of its CSP.

Addressing client focus differences

2.14 Since the previous audit, Austrade has introduced an organisation-wide ‘Climate Survey’ of its staff in 1999 and 2000. The Climate Survey data is collected as part of an Austrade-wide performance feedback program.³⁷ The survey assesses a wide range of organisational ‘health’ issues.³⁸ Results of the survey are reported to the Austrade Executive and senior management of each team/region; human resources and risk management issues are reported to Austrade’s Board Audit Committee.

³⁶ The ‘Best in Class’ line indicated the highest average score on this area by any company in the Forum Corporation database; the percentile score indicated the percentage of companies in the comparison database whose average score on this item was below Austrade’s.

³⁷ The program, known as the Upwards and Team feedback program, was introduced six years ago. Subsequently, a team-level ‘climate survey’ was added to the program; this in turn was replaced by the organisation-wide Climate Survey in 1999.

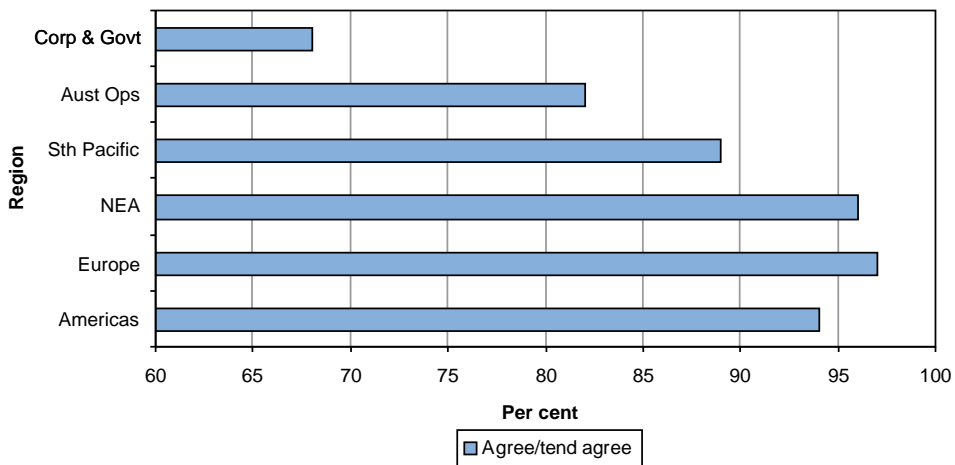
³⁸ Such as staff views on: management and leadership, performance management, client and export focus, role clarity, team motivation, open communication, personal motivation and pride, office teamwork and commitment to organisational objectives.

2.15 The initial Climate Survey in 1999 showed that there continued to be a difference in client and export focus between the domestic and overseas regions. Austrade sought to investigate this further through a client satisfaction survey of its Corporate and Government area. This showed 69 per cent overall satisfaction with the services provided by the area. However, there were marked differences between the importance attributed to some services and the satisfaction with those services (for example, ‘policy development and advice on remuneration, employment conditions and arrangements and working environment’ and ‘provision and maintenance of core information and data’ were ranked second and third in order of importance, but satisfaction with these services was ranked 11th and 14th respectively). To address these issues Austrade developed a Corporate and Government Client Service Charter, setting out the expectations and timeframes for service delivery.

2.16 The year 2000 Climate Survey was enhanced with a further three questions relating to client and export focus. Overall, the aggregate client and export focus results showed that there continued to be a 15 to 20 per cent difference between the domestic and overseas regions. However, analysis of the data during the course of the audit revealed that the difference was driven by the results of one question: *we follow-up clients to discuss further business development opportunities* (see Figure 6).

Figure 6

2000 Climate Survey: We follow-up clients to discuss further business development opportunities



Source: Austrade Climate Survey 2000.

2.17 Achieving high levels of client service requires consistency in client focus in an organisation. This is a particular challenge for organisations such as Austrade, which have offices spread across Australia, and around the world. Austrade has sought to address the difference for its Australian Operations through restructuring and co-locating some of these operations.³⁹ For example, the Austrade Advisory Services have been integrated with Export Advisory and Marketing Unit to provide better continuity between initial contact and referral to Posts. Business processes were revised to provide better client follow-up; for example, the revised structure incorporates strategies to assist client follow-up in Regional Offices and the Industry Specialist Group.⁴⁰ Austrade intends to assess the success of the restructuring through, *inter alia*, performance information linking service delivery to export impact outcomes.

2.18 Austrade advised that the differences for this question in the Corporate and Government area are less relevant as indicators of good client service, since there is less need or opportunity to follow-up with clients in many aspects of corporate activities. This suggests that further refinement to the Climate Survey to capture more meaningful information on this topic may be worthwhile.

2.19 As noted, the other aspects of the client and export focus assessed in the Climate Survey show broadly similar levels of agreement between the domestic and overseas regions (see Figure 7). This suggests that Austrade has made substantial progress in resolving the differing levels of client focus identified in the previous audit. However, Figure 7 also indicates that staff in Australian Operations and the South Pacific region are less strongly in agreement than staff in other regions, suggesting that an ongoing management focus is required to reinforce and strengthen staff attitudes and approaches.⁴¹

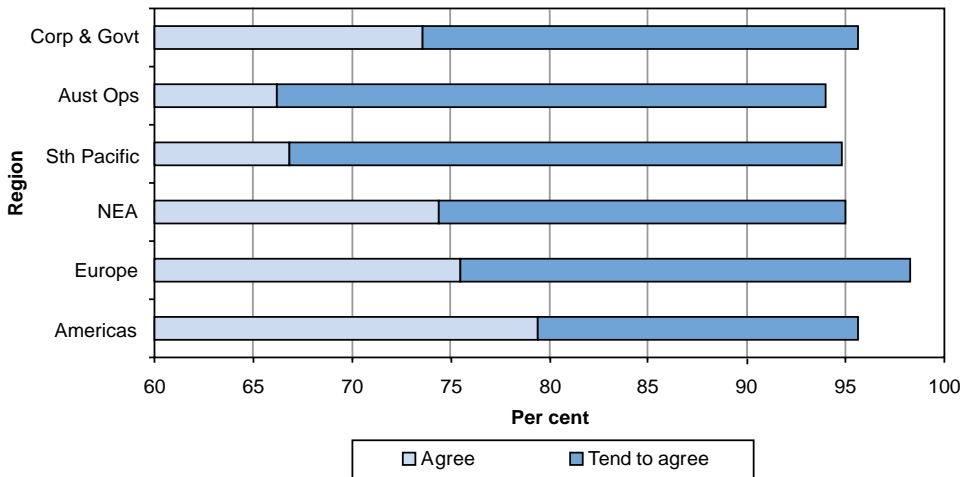
³⁹ Specifically the Export Advisory and Marketing Unit and its Industry Specialist Group.

⁴⁰ Formally known as the Major Opportunities Group, they work with Australian firms to pursue large and complex trade and investment opportunities overseas.

⁴¹ The Climate Survey is produced on a six point scale, from 1 (strongly disagree) to 6 (strongly agree). It does not have a neutral or neither agree or disagree figure. Consequently, 'tend to agree' answers could either be tentatively positive or neutral. Expert advice obtained by the ANAO is that this raises a risk that some answers classified as 'positive' (ie 'tend to agree') may in fact be neither positive nor negative, while others may be only weakly positive.

Figure 7

2000 Climate Survey: staff client focus by Austrade region (excluding follow-up question)⁴²



Source: Austrade Climate Survey 2000.

2.20 The ANAO concluded that Austrade has been monitoring and reviewing for action differences in staff client focus. There now appears to be more uniform client focus that was previously the case, although ongoing management attention is desirable to maintain and strengthen this positive outcome.

⁴² Staff client focus is an aggregate of answers for the following questions: I feel confident in resolving any problems directly with clients; Staff understand the Australian export community and its capabilities; We regularly refer clients on to other Austrade posts; We really make a difference to Australia's exports and investments; and We continually strive to improve our client service. Corporate and Government region figures exclude export-related questions. Europe region figures exclude referral question due to Euro-link.

Identifying client characteristics and expectations

Previous audit

Client satisfaction is strongly influenced by the difference between the service level expected by a client and the actual level of service the client perceives he/she receives. A sound knowledge of client expectations and behaviours is therefore critical for shaping appropriate service delivery strategies. The previous audit found that staff generally considered that Austrade services consistently exceeded clients' expectations and were continuously improving but that this contrasted with some downward trends at the time in client's ratings of service quality in the Client Service Improvement Study (CSIS).⁴³ Austrade was not able to analyse this information, and the risk to service delivery outcomes, because it did not have sufficient data on client service expectations. Consequently, the ANAO recommended that Austrade *undertake further client research to guide its client focus strategies, particularly into:*

- *potential and actual clients, specific client categories and key client characteristics;*
- *client perceptions of their service needs and client expectations of service quality;*
- *client views about the profile, reputation and performance of Austrade;*
- *client attitudes to existing and possible future services, products and communication messages; and*
- *client behaviour that affects agency performance and objectives and other factors that influence client behaviour.*⁴⁴

2.21 Since the previous audit, Austrade has undertaken research into client characteristics, expectations and perceptions of Austrade performance on several occasions. In 1998 research by expert consultants was undertaken using focus groups and a telephone survey which resulted in Austrade identifying:

- service expectations for Austrade's top six services;
- key services provided by the 'ideal' export service provider;
- key elements of client service; and
- perceptions of Austrade's client service performance.

Appendix 6 summarises these findings.

2.22 This research contributed to the development of Austrade's Client Service Charter, which was launched in January 1999. The quality of the Charter in contributing to Austrade's client service has been recognised in the *Service Charter—Awards for Excellence*.⁴⁵ Austrade received a silver

⁴³ The previous audit considered that there may be two, not necessarily mutually exclusive, explanations for the contrast between staff and client views: firstly, there may be a misalignment of views between staff and clients; or secondly, while Austrade's service quality may have improved, client expectations may have also increased, leading to perceptions of minimal service improvement.

⁴⁴ ANAO Recommendation 3.

⁴⁵ The awards cover all Commonwealth public sector agencies, recognising excellence in client service delivery. The criteria for the awards were developed in conjunction with the Australian Quality Council.

award in 1999 in the category *'excellence in raising client awareness in departments through service charter development and use'* for *'demonstrating a consistently high level of service to a broad client base through a global network of more than 90 offices in Australia and overseas.'* Austrade received a gold award in 2000, in the category *'demonstrated excellence in integrating service charters into core service delivery outcomes and organisational culture'* for *'its focus on providing quality service delivery for clients and staff.'*

2.23 Austrade's client service standards are outlined in its Charter. They include:

- listening attentively and courteously to seek information from potential clients about their business and export or investment interests;
- respecting confidentiality;
- replying within five working days to written requests and returning telephone calls within two working days;
- explaining Austrade's full range of services and fees; and
- advising where other assistance may be obtained if Austrade is unable to help.

Appendix 7 lists all the standards in Austrade's Charter.

2.24 Austrade revised its client survey⁴⁶ in 1998–99 to align the questions in the survey with the standards in the Charter, enabling it to appropriately monitor client perceptions of performance relative to the standards.

2.25 Austrade conducted further research into client expectations in early 2001, involving focus groups, in-depth interviews and telephone interviews, to assist in a review of the Service Charter and its Client Service Policy (CSP). Expert advice received by the ANAO indicates that the revised client survey represents a significant improvement over the previous client surveys in that there is a clear link between the key issues identified in Austrade's client expectations research and the questions being asked in the survey.⁴⁷

⁴⁶ Known as the Client Service Improvement Study (CSIS).

⁴⁷ The advice also notes, however, that some of the secondary areas such as searching for prospective partners, pursuing large opportunities, and in-market support are not addressed in the CSIS.

2.26 To better understand client behaviour, Austrade recently commenced a research project, *‘Knowing and Growing the Exporter Community’*. The research is aimed, *inter alia*, at determining Austrade’s clients’ current and future needs and the ‘lifecycle’ of an Australian exporter expanding operations. The purpose is better to identify businesses which have the potential to become successful exporters, with the ultimate goal of increasing the number of businesses successfully exporting. The research includes information from a client expectation survey to better understand who uses Austrade, who doesn’t and why.

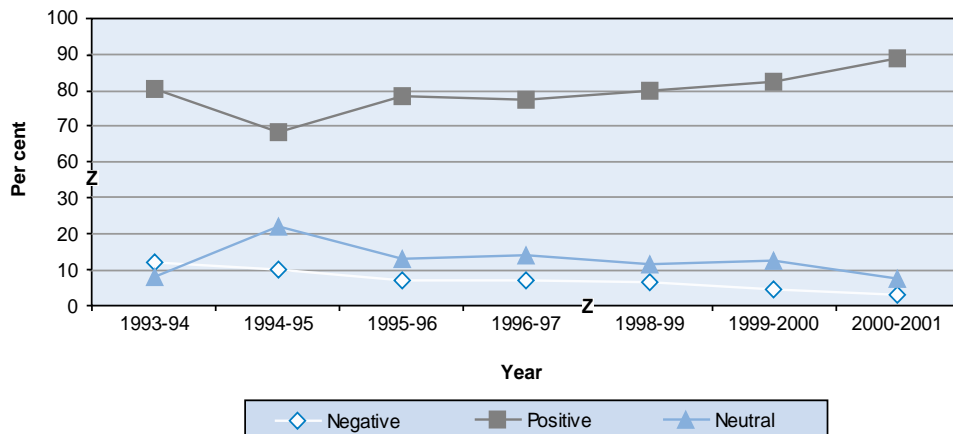
2.27 The ANAO concludes therefore that Austrade has adopted a systematic approach to enhancing its knowledge about current and prospective clients, their expectations and behaviours and views of Austrade’s performance.

Client service outcomes

2.28 Taken together, the actions undertaken since the previous audit have resulted in steadily improving ratings by clients of Austrade’s performance. Figure 8 shows the client satisfaction since 1993–94.

Figure 8

Clients’ ratings of Austrade’s overall performance (1993–2001)⁴⁸



Sources: 1993–94 to 1996–97 data from ANAO Audit Report No 4 199–99; 1998–99 to 2000–2001 data from Austrade.

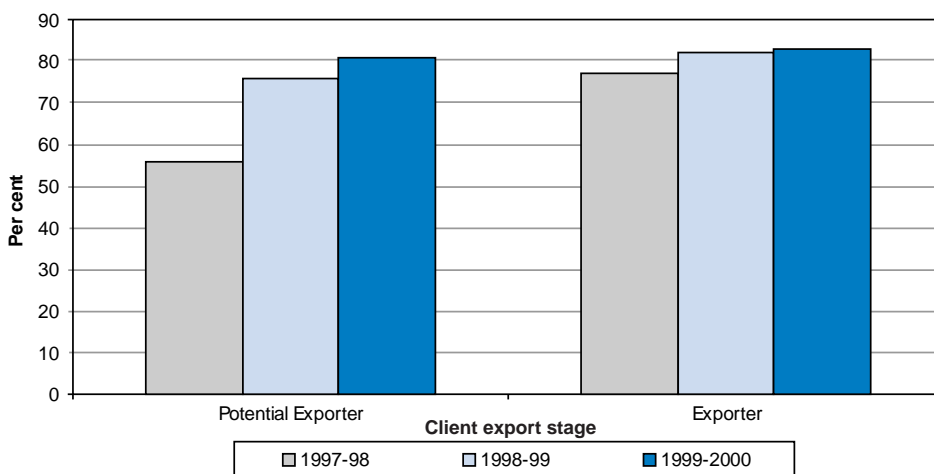
⁴⁸ Austrade advised that due to changes in the way clients were asked to rate Austrade’s performance in its CSIS, consistent trends can only be measured from 1995–96 onwards. The full CSIS was not conducted in 1997–98. The overall rating question was only asked of clients who had made export sales or investments in that year. Austrade documents indicate that the positive rating was 78 per cent.

2.29 Notwithstanding the impact of sampling and non-sampling risk on statistical sample surveys,⁴⁹ Figure 8 shows that the positive ratings have improved steadily from 77 per cent in 1996–97 to 88.2 per cent in 2000–2001. Austrade has been increasing its targets for client satisfaction;⁵⁰ the 2000–2001 rating exceeded a new target of 85 per cent.

2.30 The enhanced strategic focus on client service has improved satisfaction for some key client groups. For example, the previous audit reported the results of a survey of clients that found that more experienced exporters had a higher satisfaction with Austrade’s services than less experienced exporters. ANAO found that data from recent Austrade surveys shows that this difference has narrowed, particularly in 1999–2000,⁵¹ through improved satisfaction ratings for potential exporters (see Figure 9).

Figure 9

Client satisfaction by export stage (1997–2000)⁵²



Sources: 1997–98 data from ANAO Audit Report No.4 1998–99 based on an ANAO survey of clients; 1998–1999 to 1999–2000 data from Austrade.

⁴⁹ In the 1998–99 survey, for example, there was a 90 per cent confidence level that the actual client satisfaction rate was within ± 1.3 per cent of the mean figure of 79.5 per cent. In the 1999–2000 survey there was a 90 per cent confidence level that the actual client satisfaction rate was within ± 1.5 per cent of the mean figure of 81.8 per cent. In addition, the surveys may be subject to non-sampling risk, such as time period bias, processing errors, non-response bias and respondent bias, although Austrade advised that its survey process manages these risks as tightly as possible.

⁵⁰ In 1999–2000 the target was 80 per cent client satisfaction and Austrade actually achieved 81.8 per cent client.

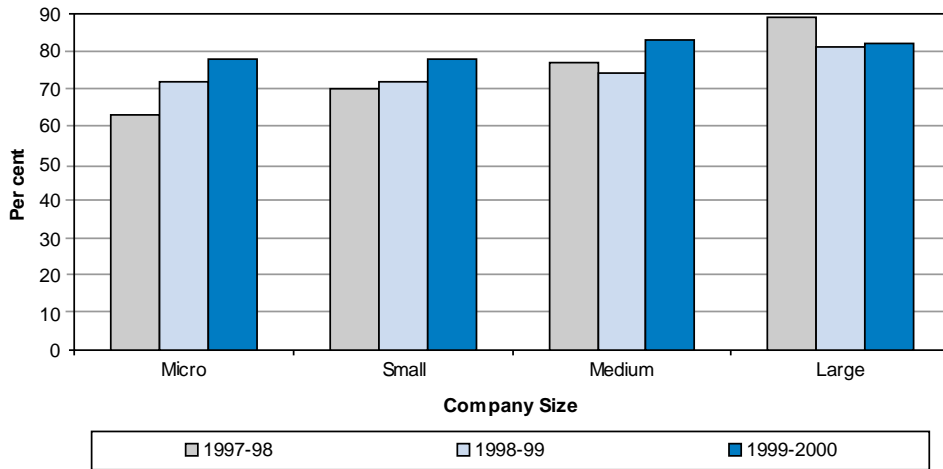
⁵¹ At the time of preparation of this report, Austrade did not have data for 2000–2001 broken down to this level of detail.

⁵² There are differences between scale used by the ANAO in the previous audit and the CSIS. The data has been standardised to enable comparison.

2.31 The previous audit also found that smaller organisations were less satisfied with Austrade’s services than larger organisations (in terms of employee numbers). Recent Austrade surveys shows that this difference has since narrowed (see Figure 10).

Figure 10

Client satisfaction by organisation size (1997–2000)⁵³



Sources: 1997–98 data from ANAO Audit Report No.4 1998–99 based on an ANAO survey of clients; 1998–1999 to 1999–2000 data from Austrade.

⁵³ There are differences between scale used by the ANAO in the previous audit and the CSIS. The data has been standardised to enable comparison. Consistent with the previous audit, Micro company has been defined as less than 5 employees; Small company as 5–20 employees; Medium company as 21–100 employees; and Large company as over 100 employees.

3. Delivering Consistent Quality Client Service

This Chapter examines Austrade's actions in relation to five recommendations of the previous audit report. It finds that Austrade has made efforts to implement most of the recommendations, however, more can be done to systematically capture information specifically about consistency of key client service policy delivery.

Introduction

3.1 The previous audit considered whether Austrade delivered services to its clients to a consistently high standard. Client awareness of Austrade's services was examined and client views concerning the uniformity and quality of Austrade's services were discussed. Human resource management issues relevant to client focus were reviewed as well as information systems and work processes.

3.2 The ANAO found that Austrade's performance in continuously improving processes and eliminating procedures and systems that do not add value to the client were relatively strong, particularly across the international network. The ANAO made five recommendations based on the findings of the audit to assist in the delivery of consistent quality client service. The recommendations related to:

- enhancing client awareness of Austrade's services;
- resolving inconsistency in quality of client service;
- strengthening linkages between functional areas and reviewing and enhancing training;
- integrating and improving information systems; and
- reviewing protocols and processing guidelines for key functional areas.

3.3 Austrade agreed to all the recommendations, except one recommendation (reviewing protocols and processing guidelines for key functional areas), to which it agreed with qualification. Austrade's actions in relation to the recommendations are discussed in turn below.

Enhancing client awareness of Austrade's products and services

Previous audit

The previous audit found that the ad-hoc nature of previous Austrade marketing campaigns may have been a contributing factor to exporters and potential exporters having a lower level of knowledge of Austrade's purpose, services and products than is desirable for effective delivery of service to its clients. Consequently, the audit recommended that Austrade *review the results of its marketing campaign to enhance client awareness of Austrade's products and services, and, as necessary, develop other initiatives to ensure that its clients have a proper appreciation of Austrade's activities.*⁵⁴

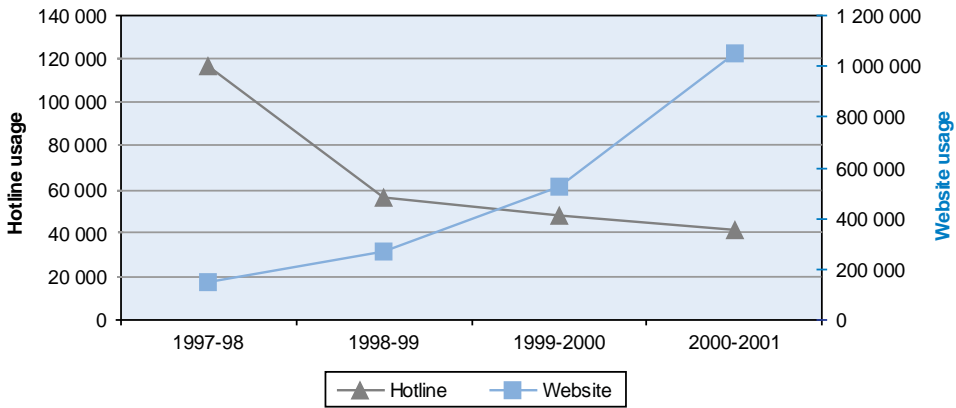
3.4 Since the previous audit, Austrade has completed two marketing campaigns. The first campaign, run between July and November 1998, used Austrade's 'Kangaroo' logo to raise brand awareness amongst current and potential exporters, using newspapers, consumer magazines, trade magazines and airport posters. As well, a brochure was sent to 35 000 businesses on Austrade's lists, outlining Austrade's services in more detail.

3.5 The second, smaller, campaign ran from April 1999 to June 1999, using 'strip ads' (advertisements placed in newspapers and magazines along the bottom of the page) to target small to medium businesses to develop export opportunities.

3.6 The results of the marketing campaigns were mixed: instead of a targeted 10 per cent increase in calls to the then Hotline, there was a marked overall decline in calls between the 1998-99 and 2000-2001 financial years. Data collected by Austrade showed that seven per cent of all calls to the 'Hotline' in 1998, and three per cent of calls in 1999, were directly attributable to the marketing campaign. Offsetting the decrease in calls to the Hotline, there was a substantial increase in usage of the Austrade website. However, there is no data on the extent to which this increase can be attributed to the marketing campaigns (see Figure 11).

⁵⁴ ANAO Recommendation 4.

Figure 11
Usage of 'Hotline' and Austrade Website⁵⁵



Source: Austrade.

3.7 In accordance with the ANAO recommendation, Austrade has reviewed the results of both of these marketing campaigns. A 1998 review of the 'Kangaroo' marketing campaign found that awareness among current and potential clients of Austrade as a source of export advice and assistance was high compared to other sources, but had declined since a previous study in 1996 (from 67 to 56 per cent). Using a different methodology, a 1999 review of the strip advertisement campaign revealed that awareness among all businesses of Austrade's services had declined marginally between 1998 and 1999 (from 48 to 45 per cent), but that awareness among exporters and potential exporters was high in 1998 and 1999 (94 and 93 per cent). Key findings of both these reviews are summarised in Appendix 8.

3.8 Recent focus groups conducted by Austrade⁵⁶ also found that clients were aware of the Austrade brand, but that they were not familiar with what Austrade does or how it can assist exporters.

⁵⁵ The website data is gathered from the number of 'hits', that is, number of times the website was visited. The hotline data is gathered from the number of calls received by Austrade's 13 28 78 telephone number.

⁵⁶ The focus groups were conducted to support development and marketing of Austrade's new \$4 million Website.

3.9 Notwithstanding the declining trend in awareness of its products and services, Austrade had not undertaken a corporate marketing campaign since the Kangaroo/Strip advertisements of 1998–99. Instead it has focused on other initiatives to promote a proper appreciation of Austrade’s activities. For example, it has undertaken more specific marketing campaigns, such as a ‘Eurolink’ Seminar Series in 2000, which aimed to raise the profile of European markets to Australian businesses.

3.10 Austrade has now commenced a corporate marketing campaign. The \$1.08 million campaign will be run over 2001–2003; with \$845 000 to be spent in calendar year 2001. Austrade advised that findings of previous studies have been built into the new corporate marketing campaign. The marketing campaign will be targeted at potential exporters, (particularly small to medium enterprises) who have and have not had previous contact with Austrade, as well as marketing to existing exporters via corporate direct marketing activities, utilising case studies.

3.11 The primary objective of the corporate marketing campaign is to increase the flow of enquiries and new clients to Austrade. The campaign also aims to increase the understanding of the services offered and enhance the perceptions in the marketplace towards Austrade. Austrade advised that it will monitor the impact of the marketing campaign.⁵⁷

3.12 The ANAO concludes therefore, that Austrade has reviewed its marketing campaigns in line with the previous audit’s recommendations, and has undertaken new initiatives to develop an appreciation amongst current and potential clients of Austrade’s activities.

Resolving inconsistency in quality of client service

Previous audit

Client expectations and perceptions of service quality are affected by many factors, one of which is the client’s previous experience with the organisation. Consistent service quality across the service delivery network is therefore important in sustaining and improving client satisfaction. Austrade’s client expectations work confirms that reliability of service is highly valued by its clients, a view supported by stakeholders consulted by the ANAO.

The previous audit found that the variable quality of client service, including application of charging practices was attracting criticism from clients.⁵⁸ Consequently, the ANAO recommended that *Austrade resolve, as soon as possible, any inconsistent application of the current Client Service Policy, including policy relating to pricing of products and services to provide a uniform service to clients.*⁵⁹

⁵⁷ Performance monitoring of the marketing campaign will be through the three channels provided for response in the advertisements—phone, email and web. Tracking of responses to the website will be based on changes in number of hits and user sessions outside of the expected trend and also via the tracking research in October/November 2001 regarding respondents call to action responses. The corporate direct marketing campaign will drive traffic to specific pages within the site that will be measured from email responses and tracking callers to the Advisory Service.

⁵⁸ As discussed in Chapter 1, inconsistent application of fees had been a driver for the introduction of the Client Service Policy in 1995.

⁵⁹ ANAO Recommendation 5.

3.13 In a global service environment, inconsistency in client service policy application can be managed and minimised, but not completely eliminated. The challenge is to ensure that any inconsistency is reduced to, and maintained within, reasonable levels and that management performance information supports this process.

3.14 Resolution of inconsistency in application of client service policies has been a strategic priority for Austrade. The achievement of '*consistently high standards of service across the Austrade network in areas of key importance to clients*' was one of the three goals outlined in the Austrade Managing Director's announcement to all staff, entitled *Austrade's Service Ethic*, in August 1998, concurrent with the tabling of the previous audit.⁶⁰

3.15 Austrade has sought to implement this goal through a number of strategies and activities including:

- strengthening guidelines on the application of CSP, as well as assisting implementation of the guidelines through training and provision of helpdesk services for staff;
- assisting consistency of pricing policy application by substantially simplifying the basis on which fees are imposed on clients;
- identifying client expectations through focus groups and ensuring that the service standards developed are measured through client surveys;
- capturing client feedback and complaints through its client surveys and complaints mechanism and passing this information, including areas for improvement, to the relevant Austrade offices; and
- enhancing client service staff training.

3.16 Monitoring of service quality in Austrade's overseas regions has been devolved to Senior Trade Commissioners, who are responsible for ensuring consistency in policy application in proposals, quality of information/presentation to clients, and follow-up. Austrade does not consolidate performance information for this monitoring; instead it seeks to monitor service quality through client satisfaction results, client feedback, and export impact results. The Advisory unit has a major role in monitoring and promoting service quality in both Austrade's Australian Operations and in the interaction between Austrade offices (both within Australia and overseas), through, for example:

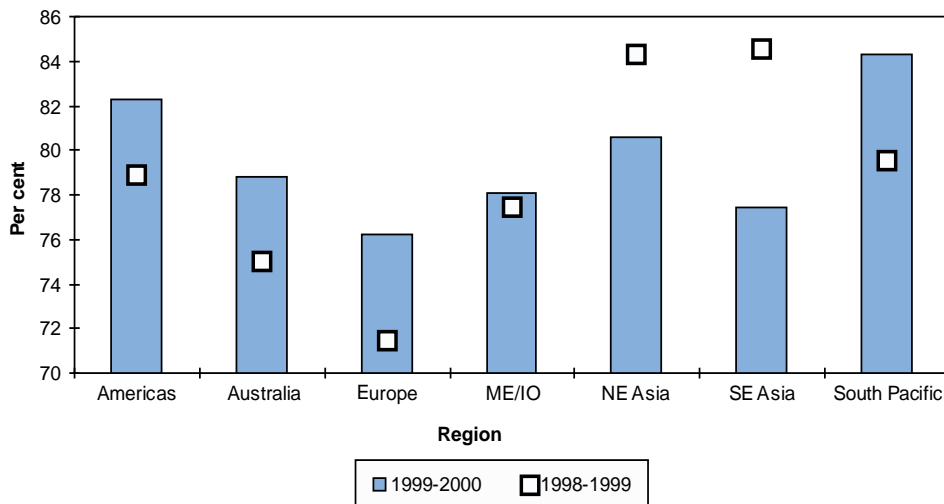
- monitoring response times for Quick Market Analyses;
- ensuring a summary of all Quick Market Analyses is circulated to all posts so that markets are not missed for clients; and
- assisting development of staff through training, briefings and rotations.

⁶⁰ The other two goals were: long term partnerships with Austrade's clients; and, collecting and acting on client feedback to identify new opportunities for service improvements.

3.17 Austrade considers that the above actions have reduced the inconsistency of client service policy application previously identified. Although Austrade does not have direct performance measures to assess this, the increases in client satisfaction results in recent years (see 2.28) are consistent with increased service consistency. In addition, client satisfaction across Austrade’s regions has become less variable, with the spread of satisfaction ratings between the regions decreasing from a 13 per cent range in 1998–99 to an eight per cent range in 1999–2000 (see Figure 12).⁶¹ This suggests more consistent service delivery across Austrade’s network.

Figure 12

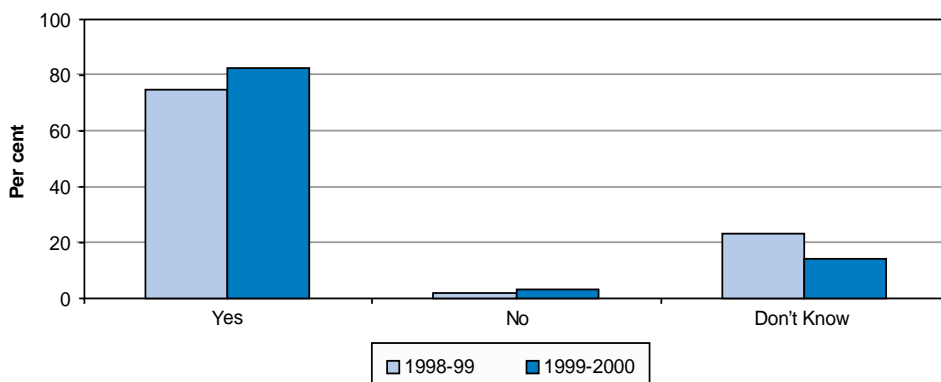
Positive client satisfaction ratings by region 1998–2000



Source: Austrade CSIS analysis.

3.18 The CSIS does have one question which gives some insight into service consistency. That is, do clients find Austrade staff consistently attentive and courteous. Austrade’s analysis of its CSIS has identified that this aspect is the most significant driver of client dissatisfaction: even if staff are performing well in other key areas, rude, inattentive or discourteous behaviour tends to result in overall client dissatisfaction. The results for this question show quite high levels of consistency in attention and courtesy, with improvement in performance in the most recent year (see Figure 13).

⁶¹ Detailed results for 2000–2001 were not available at the time of preparation of this report. The statistical sampling risk for the regional figures is higher than for Austrade generally. For example, the 1999–2000 error rate for the Austrade regions ranged between ± 3.1 per cent and ± 4.9 per cent. This may account for some of the variation by region.

Figure 13**Austrade staff were consistently attentive and courteous 1998–2000**

Source: Austrade CSIS analysis.

3.19 Austrade also collects, actions, and monitors client feedback (complaints, compliments) through its CSIS and a specific feedback module in its computer system, CBS (see also Chapter 4). Results from the CSIS show that around 15 to 18 per cent of clients annually experienced a problem between 1998 and 2001. Analysis of the complaints data suggests that Austrade has been successful in addressing the underlying causes of the complaints, with a positive trend in proportion of clients reporting specific problems year to year. For example: in 1998–99, 16.2 per cent of all problems related to fees and billing; in 1999–2000, this dropped to 14.5 per cent, driven in large part by a substantial fall in the number of clients reporting a problem relating to incorrect billing.⁶² Similarly, there was a reduction from 43 per cent in 1998–99 to 35 per cent in 1999–2000 of clients experiencing a problem related to ‘*staff competence or knowledge*’, suggesting that underlying staff skills have improved.

3.20 Austrade advised that the CBS feedback module, discussed in Chapter 4, will be able to provide information on consistency or uniformity of service. However, the system was introduced in July 2000, and is still building a database and thus has limited trend ability at this stage—but does show that 19 per cent of complaints relate to fees and 41 per cent relate to service quality issues.

⁶² These figures relate to all clients (fee paying and non-fee paying) who reported a problem with fees and billing, as the CSIS does not readily enable stratification by those who pay fees and those who receive services free of charge.

3.21 Notwithstanding Austrade’s efforts in addressing inconsistency of service policy application, some Austrade’s clients continue to voice concerns about inconsistency. For example one client commented to Austrade that *‘each office charges differently and provides different levels of service. It’s expensive for what you get. Some offices charge for what some offices do for free’*. Austrade considers that the above client view is not representative, but does seek to ensure that the importance of addressing, or avoiding, views such as this is regularly reinforced through internal staff publications as well as through training programs and management statements.

3.22 It is difficult with Austrade’s current measurement systems to assess directly the extent to which views such as that reported above represent a risk of wider inconsistency. However, as already noted, trends in indicators indirectly suggest improving consistency. The ANAO therefore considers there would be merit in considering whether further information on consistency of service delivery could be cost-effectively obtained through the CSIS by allowing a broader scale of answers or considering additional questions.⁶³ This would help assess the success of a key strategic initiative.

3.23 Austrade has advised that it does now intend to extend this to a scale of answers in the CSIS for the section addressing the Charter.⁶⁴ For example, respondents will be asked if ‘it was explained how Austrade could be of help’, with the choice of answers now being *‘always, sometimes, never or don’t know’* rather than the previous *‘yes, no or don’t know’*. This should greatly help in further assessing consistency of service delivery.

3.24 The ANAO concludes therefore that, as part of its strategic focus on client service improvement, Austrade has made a substantial effort to address inconsistency in client service policy application. While indirect indicators, such as client satisfaction ratings, suggest that these efforts have had some success, Austrade has not been able to assess this important aspect of its client services directly. Austrade is now addressing this requirement through revisions to its client satisfaction survey, as part of continuous improvement.

⁶³ Some existing CSIS questions about key service policies could be modified to capture answers on a scale rather than ‘yes/no/don’t know. Alternatively or in addition, expert advice obtained by the ANAO was that Austrade could specifically seek answers on a sliding scale to a question such as ‘To what extent do you consider that [Austrade or the Post] consistently delivers quality service each time you do business with them?’

⁶⁴ This section deals with the client service standards in the Charter, which are based on research into Austrade’s client expectations.

Strengthening linkages between functional areas

Previous audit

Client focus research indicates that clients expect staff of an organisation to be fully conversant with the products and services they supply. Client dissatisfaction becomes high when this does not occur. The previous audit found that within Austrade, in particular in the area responsible for Export Marketing and Development Grants (EMDG) program, there was to some degree a cultural gap from the rest of the organisation and that there would be merit in considering enhancing personnel practices such as cross training.

The ANAO recommended that *Austrade strengthen its client-focused culture by ensuring personnel practices strengthen linkages between functional areas within Austrade.*⁶⁵

3.25 Since the previous audit, Austrade has extended its broad-banded staffing structure,⁶⁶ which makes it easier for staff to move laterally within Austrade. Austrade has also promoted more consistent personnel practices through an internal website.⁶⁷ It considers that these initiatives should assist in strengthening linkages across the organisation.

3.26 Austrade has also introduced staff rotations/exchanges as well as secondments and short-term postings to address the specific issue of functional area isolation identified by the previous audit. For example: around three people have been rotated between the EMDG corporate area and Austrade corporate area; within the Melbourne office, regular rotations of all EMDG grants assessor staff through the Austrade Advisory Service ('Hotline') twice per year for around one month commenced in 1999; and, also within the Melbourne office, regular rotations of the Austrade Advisory Service staff to the Export Advisory and Marketing Unit (EAMU) for around three months commenced in mid 2000 as part of a process to integrate functionally similar areas. More broadly, in the year 2000, 18 Australian staff undertook short-term overseas assignments; 56 staff were involved in Olympic-related placements; and six staff were seconded to other organisations. The following examples illustrate the experiences of some EMDG and EAMU staff consulted by the ANAO about the rotation process.

⁶⁵ ANAO Recommendation 6, first part.

⁶⁶ The broad-banded staffing structure was introduced in July 1995. This replaced 12 staffing levels with eight. The new structure created in 1995 shifted Austrade Australian-based staff from the Public Service ASO classification to an Austrade specific classification. The main change was the broad-banding of the ASO levels 1–6. This was reviewed in July 1998 and Austrade renamed and simplified its classification structure that went from APL 1 to APL 8, reflecting the actual number of levels. In December 2000, Overseas Engaged Employees (OEE) were broad-banded in alignment with Australian staff, which created Australian Overseas Performance Levels 1–5.

⁶⁷ The website was established in 1996, and includes information on management policies, HR contacts, recruitment, pay and conditions, performance management, HR forms, training resources, organisation charts and induction.

Examples of staff experience of rotation between functional areas (EMDG and EAMU).

EMDG and EAMU staff consulted by the ANAO advised that the initial impetus for the staff rotations primarily related to management of over-staffing issues. The staff rotations were generally regarded as having been positive, bringing personal benefits to the staff and benefits to both the work areas. Staff noted that they were able to bring knowledge to the area through which they rotated, and take away a much broader understanding of Austrade's activities. However, some more negative experiences were reported, particularly associated with the limited choice imposed on staff in terms of participation in rotations and the areas with which rotations were available.

Austrade managers consulted by the ANAO indicated that they considered the rotations process to be beneficial, particularly to the staff at the 'ground level'.

Some EMDG staff have also participated in short term placements at Austrade overseas posts. This experience was a very positive one, particularly in terms of enhanced career prospects and staff gaining knowledge for use on return to their original area.

Overall, staff in the EMDG area reported that while there had been some breaking down of the cultural separation between it and the rest of Austrade, a divide remained.⁶⁸

3.27 It is recognised better practice that implementation of new management arrangements be accompanied by an appropriate performance information and evaluation framework. Staff consulted by the ANAO about the rotations and short-term placements advised that they shared their experiences informally with the staff in the returning area, and in informal discussions with managers on return. However, there is no systematic process to capture and report this information for management information purposes. There would be benefit in Austrade capturing this information to provide it with a means to assess the effectiveness of the rotation schemes in strengthening linkages between functional areas.

Review and enhancement of training

Previous audit

The previous audit found that, although there was some emphasis on client focus skills/ aptitude in recruiting and promotion, there was scope for further emphasis to be placed on these skills in the training and development of staff. Consequently, the ANAO recommended that *Austrade strengthen its client-focused culture by reviewing and enhancing training programs across its global network to maintain currency in export related issues and reinforce client-focused behaviour.*⁶⁹

⁶⁸ The ANAO also notes that the CBS system, which has linked many functional areas within Austrade, does not extend to EMDG, although Austrade advised that a pilot project is underway linking CBS and EMDG data.

⁶⁹ ANAO Recommendation 6, second part.

3.28 Since the previous audit, Austrade has reviewed and revised the content and delivery mechanisms for its client service training programs.

3.29 In 1998–99 each Austrade region contracted a consultant to develop specific training to address local client service issues.⁷⁰ Austrade also corporately developed and delivered revised client service training in the year 2000 to all unit and post managers⁷¹ as well as to managers returning to posts. The purpose of the workshops was to focus on the issues and skills necessary to develop client-focused teams. Feedback from staff about the workshops was very positive.

3.30 A better practice video on client service, ‘*Service 85+*’, has been introduced as well as induction courses for new staff at pre-posting and other staff development programs. Guidance for managers supervising new staff has been prepared which specifically includes sections to ensure employee awareness of Austrade’s Client Service Charter, Client Service Policy and Austrade’s Output Measures.

3.31 Austrade’s Climate Survey results for 1999 and 2000 do not show high levels of satisfaction with its training strategies. For example, 44 per cent agree overall with the five training statements⁷² with 66 per cent of staff being in less than full agreement. There was also substantial variation between Austrade’s regions in satisfaction with some training issues.⁷³ Whilst Austrade is not alone in having staff surveys showing poor results for satisfaction with training issues, the results do indicate that these are areas that require ongoing management attention.

⁷⁰ Austrade staff views about the success of this process are mixed, with some considering that it had a significant impact in two of the seven overseas regions, but limited impact elsewhere, while others considered that the impact was more uniformly positive.

⁷¹ Except EMDG.

⁷² The statements were: The training I receive is targeted at an appropriate level to enhance my skills; The training delivered is relevant to my work; There is strong support and commitment to my training and development needs; I receive the necessary training to support Austrade doing business over the Internet; and We have effective training programs to help me do my job well. There was variation in the level of agreement with each statement from 31 to 51 per cent.

⁷³ Austrade advised that its managers have workshopped the results of the survey at both a functional and regional level and that more detailed analysis of training needs will result from workshops in June 2001 and a subsequent staff survey of training and development needs and priorities against core capabilities, including client service and relationship management, as part of the 2001–2002 performance management process.

3.32 To address these issues, Austrade has undertaken a more fundamental assessment of its staff knowledge and development needs through the Information Age project (see paragraph 2.11) which is aimed at positioning Austrade for changes in international business brought about by the changing needs of its clients and the rapid growth of electronic and knowledge-based systems. A key aspect of the project has been a decision to draw together human resources practices and strategies into an intellectual capital framework which would form the core value proposition to new recruits and current Austrade employees. A major component of this is the creation of an innovative ‘virtual university’, the *Austrade Institute*.

3.33 The *Institute* will provide staff with access to a broad range of learning and knowledge development opportunities through education and training, research and access to business and academic networks. It will deliver education and training programs aligned to seven ‘*people capability requirements*’ oriented towards key values, including client service.⁷⁴

3.34 Staff across Austrade’s global network will be able to undertake training and development activities through various delivery modes that reflect the global nature of the organisation—encompassing face to face, on-line and distance learning options. Whilst the *Institute* is a ‘virtual’ entity, located on Austrade’s intranet, Austrade advised that it will continue its emphasis on workshop-based learning and coaching.⁷⁵

3.35 The ANAO concludes that Austrade has reviewed its staff client service training programs and, through its investment in the *Austrade Institute*, is continuing to improve the content and delivery of staff training.

⁷⁴ The people capability requirements define the skills and attributes required of staff to deliver the business objectives of Austrade. They were developed from Austrade’s 1998 ‘New Millennium Austrader’ attributes.

⁷⁵ Austrade has entered into a ‘strategic partnership’ with RMIT University to deliver the *Institute*.

Integrating and improving information systems

Previous audit

Client-focused organisations provide staff with efficient and flexible information systems that support client service. The previous audit found that many of Austrade's information systems were not integrated at the time resulting in inefficiencies and duplication. In addition, the 'Hotline' system⁷⁶ was frequently overloaded; there were inconsistencies in data entry, resulting in duplication of client data; and the staffing contact details database used was out of date.

At the time of the audit, Austrade was developing a Core Business System to integrate key systems. The ANAO recommended that *in developing an integrated information system to support service to clients, [Austrade] should give priority to developing a common client database accessible to all functional areas in Austrade. This should include upgrading the technical infrastructure for the Export Hotline to eliminate data input limitations.*⁷⁷

Core Business System (CBS)

3.36 The aim of the Core Business System (CBS) was to integrate three systems: the Client Information Management System, Workflows System and the Export Opportunity System.⁷⁸ CBS was launched in July 2000 and is used in all Austrade offices, both in Australia and overseas. Most overseas posts are connected to CBS through a permanent telecommunication link; the system updates twice daily to keep information current.⁷⁹

3.37 Austrade has adopted a staged approach to connecting its IT systems. CBS integrated the three core Austrade IT systems. Other Austrade systems, such as the Export Hotline System have also been linked to CBS but are not fully integrated. The ANAO found that the link between Export Hotline System and CBS is somewhat cumbersome for users, hampering the easy transfer of data between the two systems. Austrade has recently allocated resources to address these concerns.

⁷⁶ Austrade Export Hotline.

⁷⁷ ANAO Recommendation 7.

⁷⁸ The Client Information Management System was Austrade's client management database system. It contained data on about 30 000 Australian exporters, supporters and affiliated overseas enterprises. Workflows was a prototype of a number of client-to-customer and customer-to-client processes. The Export Opportunity System was used in the State offices and posts to capture potential export opportunities. It was a delivery mechanism for the relay of opportunities from posts to clients.

⁷⁹ A small number of small posts (15), such as those in the Middle East, do not have permanent telecommunications links to Australia. These offices have CBS Offline, a CD-ROM that is updated weekly. Austrade advised that CBS connectivity for some of these posts may be improved following a Telecommunication Review presently underway.

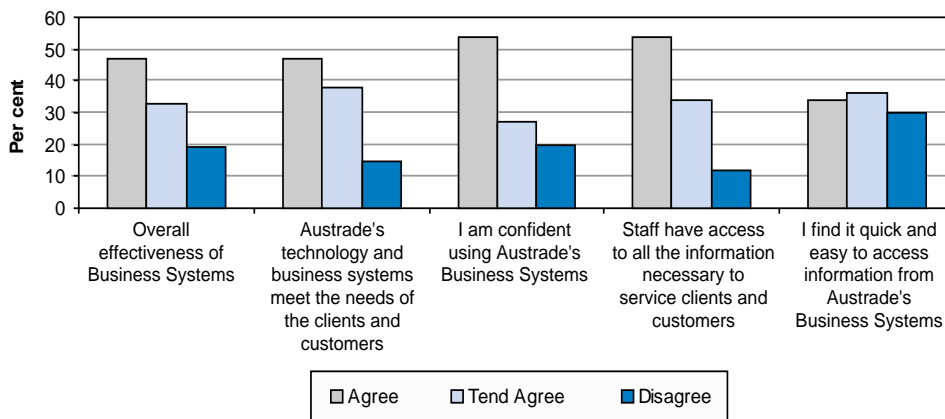
3.38 Austrade intends to link other corporate applications into the CBS, in particular, parts of the Export Market Development Grants database, with a pilot project underway. Austrade intends to extend subsequently the linkage to further applications including: the Austrade Web Project, Financial Management Information System, Human Resource Management Information System, the Time Management System and its Staff Expertise Directory.

3.39 The introduction of CBS proved to be more challenging than initially expected, and its proposed launch coincided with the period when Austrade was focusing resources on addressing the year 2000 risks. Consequently, the launch of CBS in July 2000 was later than the planned date of October 1999. CBS experienced some initial problems regarding speed, stability, replication and search functions.

3.40 These problems were reflected in Austrade’s year 2000 Climate Survey conducted around the time CBS was introduced, which showed variable levels of satisfaction with Austrade’s Business Systems and particularly speed. Austrade also advised that CBS is large and quite complex, and several iterations of training were required to establish competence in its geographical network. Figure 14 summarises staff views on the effectiveness of Austrade’s Business Systems at the time.

Figure 14

Austrade staff views on effectiveness of business systems (year 2000)⁸⁰



Source: Austrade Climate data 2000.

⁸⁰ Data for Middle East/Indian Ocean and South East Asian regions not yet available.

3.41 Subsequent updates to the system in October 2000, and again in May 2001, have addressed some of these problems. A task force has been put in place to address the outstanding issues. Austrade intends to conduct a CBS post-implementation review in 2001. The development of CBS will have cost \$4 million by the end of 2001. Austrade advised that ongoing developments are continuing to keep the system relevant to business.

Hotline system

3.42 The Export Hotline System was replaced in 2000. Staff consulted by the ANAO described the new system as ‘excellent’, and the limitations identified in the previous audit (overloading, duplication of client data and out of date contact details) have been overcome.

Conclusion

3.43 The ANAO concludes that Austrade has integrated three of its key information systems into CBS as planned, and has significantly improved the system in support of the Export Hotline. CBS experienced some initial problems resulting in staff dissatisfaction; but Austrade has given a high priority to rectifying these problems. Further improvements to CBS remain a key priority for Austrade.

Protocols and processing guidelines for key functional areas

Previous audit

The previous audit found that there was an absence of organisational guidelines in some areas, which created difficulties, for example, for Export Hotline System users and for the Export Advisory and Marketing Unit. Such guidance was considered an important tool in ensuring work units provided clients with consistently high quality services.

Consequently, the ANAO recommended that *Austrade review its work processes and provide structured operational guidelines for functional areas such as the Export Hotline and EAMU, to ensure consistent quality of services to clients.* Austrade agreed to the recommendation, with qualification, namely that it preferred to continue its policy of not providing detailed operational manuals.⁸¹

3.44 Notwithstanding Austrade’s qualification, the ANAO found that Austrade has substantially strengthened guidance for its key functional areas, through for example, a procedures manual for the Advisory Service, which has replaced the Hotline, and establishment of consistent data entry protocols to enable accurate information to be shared with CBS. Guidelines for the most common operational procedures for EAMU have also been issued. Austrade advised that the guidelines are being updated to reflect systems changes and operational instructions.

⁸¹ ANAO Recommendation 8.

4. Evaluating Client Service Performance

This Chapter examines Austrade's actions in relation to four recommendations of the previous audit report. It finds that while Austrade has taken actions to implement all the recommendations, the CSIS could be strengthened by enabling the systematic capture of information specifically about consistency of key client service policy delivery; the complaints recording module is under-utilised; and the cost-pricing policy would benefit from clarification in some areas.

Introduction

4.1 The previous audit found that Austrade's client services were meeting the needs and expectations of a majority of their users but that Austrade has not taken full advantage of its processes for evaluating its client service performance through client surveys, complaints and export impact measurement. Austrade's approach to recovering costs did not assist it to evaluate effectively the cost-effectiveness of its service delivery activities.

4.2 The ANAO made four recommendations based on the findings of the audit to assist Austrade in evaluating its client service performance. The recommendations related to:

- redesigning client surveys;
- utilising complaints data;
- simplifying export impact measurement; and
- strengthening Austrade's cost-pricing framework.

4.3 Austrade agreed to all the recommendations; its actions in relation to them are discussed in turn below.

Redesigning client surveys

Previous audit

The previous audit found that the Client Service Improvement Study, which is the principal client approval investigative mechanism used by Austrade, was failing to meet a significant element of its objectives. In particular, it did not provide sufficient information to enable Austrade to analyse, report or identify specific problems in service delivery to clients.

The ANAO also found that a monthly client survey conducted by Austrade's Hotline area was in need of redesign to align it with client expectations.

Consequently, the ANAO recommended that *to provide input to Austrade's continuous improvement processes Austrade improve its client survey methodology through:*

- a) redesigning the surveys to provide sound data that will identify specific deficiencies; and*
- b) ensuring survey results are analysed and reported to provide insight into performance.⁸²*

Identifying service deficiencies

4.4 Consistent with the ANAO's recommendation, the Client Service Improvement Study (CSIS) has now been revised and addresses the drivers for client satisfaction by providing specific feedback against service standards in the Client Service Charter, with results that are actionable at the unit level. Austrade's Service Charter standards were incorporated into its client survey with the objective of:

- obtaining meaningful client feedback about how various Austrade work units have performed against basic and tailored service standards;
- identifying standards that are key drivers of client satisfaction; and
- using the client feedback to develop tailored service improvement strategies for each work unit.

4.5 In addition, the CSIS now includes a section on problems encountered by clients, enabling data to be collected about the broad type of issue, the action taken by the client, whether the problem was resolved to the client's satisfaction,⁸³ and whether they would like further contact from Austrade about the issue. The CSIS also includes a compliments section. The CSIS client feedback data provides broad information to Austrade managers about problem areas, and enables follow-up of specific problems with the relevant office, where client agrees to be contacted about the problem.

⁸² ANAO Recommendation 9.

⁸³ CSIS data for 1999–2000 indicates that around 17 per cent of clients who had a problem consider it to have been resolved to their satisfaction; around 45 per cent consider one or more problems were yet to be resolved; 26 per cent consider that one or more problem had been resolved in an unsatisfactory manner; and 9 per cent did not know how the problem turned out.

4.6 The ANAO therefore considers that the CSIS now enables the capture, actioning and reporting of specific service deficiencies as they relate to the client service standards and to problems experienced by clients with Austrade's services. The ANAO considers that the changes to the CSIS scale, discussed at 3.23, around the questions on Austrade's service standards will enable Austrade to assess further any specific service deficiencies.

Analysis and reporting on performance

4.7 Results of the CSIS are a key part of Austrade's performance assessment framework. The ANAO found that the revised structure of the CSIS enables client satisfaction to be measured at an organisational, regional and unit level and that the questions relate directly to the service standards outlined in the Client Service Charter.

4.8 Austrade offices receive individualised reports on the CSIS results for their office. These detailed reports include an assessment of the office's performance, areas for improvement, and feedback on problems and outstanding service. Austrade office managers advised the ANAO that the CSIS results analysed in this way is useful, enabling areas to be identified and actioned for improvement. Progress on these actions is reported to the Executive on a monthly basis.⁸⁴

4.9 The reports provided to Austrade unit managers identify unit level results against all areas and provides guidance on how to prioritise areas for ongoing attention. This approach is consistent with the methodology used in the Climate Survey analysis, and enables identification of areas for immediate attention for improvement or strengths to be celebrated.

Hotline survey

4.10 The Hotline survey was a low-cost monthly survey of the then Hotline (now Advisory Service) clients. Its purpose was to address specific training and development needs. The previous audit found that the generic nature of the survey did not provide assurance that it was addressing the key concerns of clients. Austrade has also concluded that the survey had some methodological deficiencies, including;

- a lack of detail for negative responses (reducing the actionability of the results);

⁸⁴ As discussed previously, achievement of client satisfaction targets is reinforced through performance agreements for post managers and EGM's that are weighted towards Austrade's Client Service Output measures.

- concerns about consistency of results, given the survey's size and frequency; and
- lack of clarity about the survey targets.⁸⁵

4.11 Consequently Austrade suspended the survey in July 2000. Austrade is considering redesigning the CSIS also to address the performance of the Advisory Service. In the meantime, Austrade advised that it is considering the need to run another round of the 'Hotline Survey' before the end of the current year.

Conclusion

4.12 The ANAO concluded that Austrade has implemented the recommendation and improved its client service survey methodology and its capture, analysis and reporting of performance for the key drivers for client satisfaction and for specific service deficiencies. The current CSIS represents a significant improvement over the previous client surveys. Refinement of some CSIS questions would further assist Austrade in managing the risks posed by specific service deficiencies; Austrade has now revised its survey accordingly.

Utilising complaints data

Previous audit

The previous audit found that Austrade had a policy empowering staff to handle and resolve most complaints. However Austrade did not capture, or make good use of complaints data, or have a coordinated approach to monitoring and evaluating client complaints.

Consequently, the ANAO recommended that *Austrade improve its complaints mechanism to ensure complaints data are monitored and analysed to identify service deficiencies and provide input for consideration in Austrade's continuous improvement processes.*⁸⁶

4.13 Austrade has recognised the need for a more effective process to capture, monitor and analyse complaints data. A revised complaints/feedback policy was issued in January 2000 supported by a training pack on the capture of client comment and feedback across the Austrade network. These documents emphasise the importance of capturing client feedback to better understand the client's experience of Austrade's services. They set out a procedure for handling complaints/feedback and set performance standards (such as: responding to a direct complaint within 2 days, and to a letter within 5 days; and checking with the complainant whether they are satisfied with the complaints process).

⁸⁵ For example whether the primary target was to provide feedback on particular staff members or on the service provided by the area.

⁸⁶ ANAO Recommendation 10.

4.14 Austrade incorporated a complaints/feedback module in the Core Business System (CBS) system in July 2000 to systematically capture, report on, and action all client complaints including a description of the feedback and actions taken.⁸⁷ Officers are required to enter all complaints into the CBS.

4.15 Reports can be generated from CBS on the number and type feedback received (both complaints and compliments), and the service area and region to which it relates. Austrade advised that it includes complaints information in performance reports to the Executive (see Appendix 9).

Completeness of complaints data

4.16 The ANAO found however that the value of the complaints system is substantially reduced by lack of completeness. Data from Austrade's 2000–2001 CSIS indicates that around 18 per cent of clients experience a problem with Austrade's service,⁸⁸ with 44 per cent contacting Austrade about their problem (see Figure 15). This would suggest that some 406 client problems should have been recorded in CBS in the first year of operation.⁸⁹ However, in 2000–2001 only 71 complaints were actually registered on the complaints module, suggesting that around 82 per cent of all feedback from clients expressing a problem with Austrade's services were not being registered as a complaint on the module.⁹⁰

4.17 The rate of recording of client problems improved through the 2000–2001 year. For example, in the seven months to February 2001, 32 complaints had been registered, suggesting an under-recording of 87 per cent. By May 2001, 56 complaints had been registered, an under-recording of some 85 per cent.⁹¹

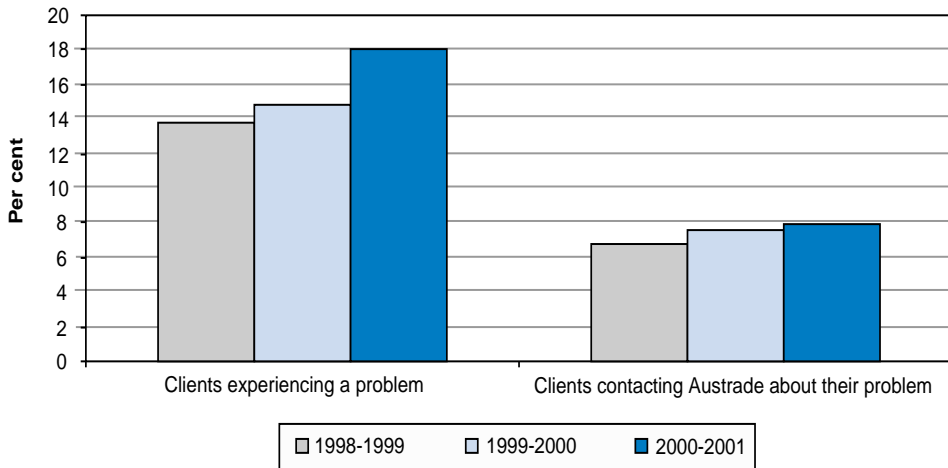
⁸⁷ Austrade has also tried using feedback reply paid cards and has also been capturing client feedback from Ministerial and Managing Director correspondence—this information is entered into CBS.

⁸⁸ This is consistent with previous years. For example, in the 1999–2000 CSIS, 85 per cent of clients reported no real problems with Austrade services; 9 per cent reported one problem; 4 per cent reported two or more problems; and 2 per cent reported continual problems.

⁸⁹ The 2000–2001 CSIS indicates that 7.92 per cent of all clients reported contacting Austrade with a problem. Austrade had 5122 Tier two-three clients receiving services in 2000–2001, meaning that it should have been contacted by 406 clients with a problem, or 34 clients per month.

⁹⁰ 104 compliments had been recorded in the 2000–2001 year.

⁹¹ Calculation based on a pro-rata average of 34 complaints per month.

Figure 15**Austrade clients experiencing problems (1998–2001)**

Source: ANAO analysis of Austrade CSIS data 1998–99, 1999–2000 and 2000–2001.

4.18 The apparent under-recording of complaints contrasts with the Climate Survey, which suggests that 60 per cent of staff feel confident in reporting complaints.⁹² The ANAO considers that greater compliance with Austrade policy to record complaints is necessary if it is to be able to use this information to improve client service. Austrade has advised that it is continuing to focus on this issue and that a cultural change to ensure the use of the complaints module may be required. It has also advised that its new website may help address this problem by enabling clients to directly email feedback on Austrade’s services. E-mail feedback/complaints will be entered into CBS, assigned to an Actioning Officer and followed-up as a matter of priority.

Conclusion

4.19 Austrade has taken actions to implement the recommendation by introducing a complaints module as part of its CBS system to record and monitor individual complaints, supported by revised policies and training material. While Austrade does use the information from client complaints that is recorded, and has been improving the rate at which it captures this information, greater compliance with Austrade policy to record all complaints is necessary if it is to be able to obtain full value from this information to improve client service delivery.

⁹² In the year 2000 Climate Survey, 61 per cent of staff agreed with the statement ‘I feel confident in reporting complaints so Austrade can improve as a result of client feedback’, whilst 23 per cent tended to agree and 16 per cent disagreed.

Simplifying Export Impact measurement

Previous audit

Export Impact measurement is an Output Measure for export sales made by Australian businesses for which Austrade has made a positive contribution to those sales. As such it is a valuable indicator of the benefits of Austrade's activities, notwithstanding elements that may be outside of its control (such as exchange rate fluctuations, global economic conditions etc).

However, the previous audit found that there was considerable effort and duplication of work involved in collecting data for Export Impact estimates by posts, which could have been detracting from the core work of the organisation. Consequently, the ANAO recommended that *Austrade review the methodology for the Export Impact measurement to simplify the collection and validation of data, and minimise duplication of effort, consistent with the accuracy required of such estimates.*⁹³

4.20 Austrade reviewed its Export Impact measurement processes and methodology in 1999 through a working party. As a result a new system was implemented in July 2000 to capture and verify Export Impact.⁹⁴ The key objectives of the new system are to:

- simplify and obtain a more direct method of verification than the previous system;
- confirm export and investment transactions closer to the time of service delivery than previously;
- encourage and support follow-up with clients;
- ease the burden on clients and maintain their confidentiality by not asking them to undertake an externally-conducted telephone survey; and
- reduce the significant costs associated with an externally conducted survey.

4.21 The new system involves Austrade obtaining verification directly from the client of Austrade's contribution to those export sales.⁹⁵ This is achieved by sending a standard form to clients after the client has indicated in discussions, which are part of regular client follow-up, that an export sale has been achieved. The details on the returned form are entered into the CBS.

⁹³ ANAO Recommendation 11.

⁹⁴ In developing the new system comparisons were made with a system used by Trade New Zealand; and the new system was tested at overseas posts as well as being workshopped at an overseas office conference.

⁹⁵ Includes contracts for delivery in future years. Clients are asked to assess the level of Austrade's contribution as follows: We would not have made the sale without Austrade; Austrade was a key factor in our success; or Austrade was a positive factor in our success. Austrade advised that if the client has a lower opinion of Austrade's contribution than one of these levels, then the export sale would not be recorded as Export Impact.

4.22 The new system means that verification by an external agency of Export Impact is no longer necessary, thereby reducing duplication of effort and minimising costs. Instead post/unit managers are responsible for accuracy of the system and regular audits of the data recorded in CBS with the verified forms received from clients are conducted by Austrade's internal auditors.

4.23 Austrade set a target for Export Impact in 2000–2001 of \$5.4 billion; Austrade achieved \$9.3 billion, which is some 72 per cent ahead of target. The 2000–2001 Export Impact result compares with \$7.5 billion in 1999–2000 and \$8 billion at the time of the previous audit.

4.24 Austrade advised that the annual result of Export Impact can be hard to predict, as a few big sales can have a big impact on overall figures. For example, a big wheat sale in the Middle East can affect the overall Austrade Export Impact results even though the main reason may be a crop failure in the United States of America or one of the other suppliers.⁹⁶ In 2000–2001 seven export sales of at least \$200 million each amounted to 30 per cent of total Export Impact.⁹⁷

4.25 The ANAO concludes that Austrade has appropriately implemented the recommendation.

⁹⁶ For this reason, Austrade has also introduced a measure of the number of clients who positively acknowledge Austrade's contribution to export sales. In 2000–2001 Austrade achieved 1168 such clients, some 30 per cent ahead of its target (901).

⁹⁷ The large export sales comprised: \$650 million to Saudi Arabia (automotive); \$500 million to Iraq (wheat); \$481 million to the United Arab Emirates (construction); \$350 million to Japan (raw cotton); \$340 million to Indonesia (sulphuric acid); \$320 million to the United States of America (wine); and \$200 million to China (iron ore mining).

Strengthening Austrade's cost-pricing framework

Previous audit

It is important in a cost-pricing environment that organisations have in place systems that provide assurance about service costs and the appropriateness of relevant fee settings. The previous audit found that Austrade was unable to determine the full costs associated with its various activities. It did not have a time recording system or an activity based accounting system that would provide management information sufficient to allocate staff activity to client segments.

This limited Austrade's ability to evaluate the efficiency of service delivery to clients with cost data flawed because regions were not applying pricing policy consistently. Consequently, the ANAO recommended that *Austrade review its cost-recovery methodology and practices to ensure:*

- *full costs are identified and used for Austrade's products and services;*
- *costs are appropriately attributed to all products and services based on the assessed contribution those costs make to the product/service; and*
- *that such information is used to develop an appropriate cost-pricing framework (including for notional pricing as applicable).*

*This will require Austrade to implement appropriate information systems such as time recording and activity based accounting.*⁹⁸

Identifying and attributing full costs of activities (products or services)

4.26 Good practice cost-pricing systems clearly identify the full costs of providing products or services, both direct and indirect costs.⁹⁹ For organisations such as Austrade, the most significant of its direct costs relate to staffing.

4.27 Since the previous audit, Austrade has introduced Outcome/Output budgeting, cost-measurement, and reporting systems. This includes the introduction of a Time Management System (TMS) in mid 1999. Nearly all staff who provide services directly to Australian exporters use the TMS to record their time.¹⁰⁰

4.28 The TMS requires staff to record the time spent each day on each Austrade Output or sub-Output. The sub-Outputs are groups of activities within each Output; for example, Output 2.3 'Tailored Export and

⁹⁸ ANAO Recommendation 12.

⁹⁹ Direct costs also include: administrative and property operating costs, staff travel, Fringe Benefits Tax and consumables. In an accrual-costing environment, full costs will also include non-cash costs, such as depreciation and accrued long service leave entitlements, and capital costs.

¹⁰⁰ Overall, around 66 per cent of all Austrade staff (including overseas staff) use TMS. Around 20–25 per cent of all staff fall into the category of Corporate and Support, and do not use TMS. A further 10–15 per cent of staff whose activities are solely attributed to one Output also do not use the TMS; their costs are directly assigned to the relevant Output but are not further attributed to sub-Outputs. These staff are mostly involved in the EMDG program and Inward Investment activities; a very small minority are involved in the direct provision of services to Australian exporters (around 1 per cent of all staff are 'single Output' staff provide services directly to Australian exporters).

Outward investment advice and services' is broken down into sub-Outputs such as:

- 'Tier Two and Three service delivery and follow-up' (see Figure 16); and
- 'Active participation in trade displays'

The TMS Outputs and sub-Outputs are detailed in Appendix 10.

4.29 The indirect costs of corporate and support staff are attributed on the basis of total direct expenditure, which is a method commonly used in attributing indirect costs.¹⁰¹ Thus the TMS-based costing system enables Austrade to identify the full costs (including indirect costs) of each Output and sub-Output for services provided to Australian exporters.

4.30 However, the categories used in the TMS are somewhat broad; for example, the sub-Output 'Tier Two and Three service delivery and follow-up' does not distinguish between services to businesses seeking, understanding, and entering markets (Tier Two) and those expanding overseas business (Tier Three)—which is an important distinction in Austrade's cost-pricing framework (see paragraph 4.33). The sub-Outputs also cover a range of products and services including 'Quick Market Analyses', in-market business negotiations, room/office hire, and dispute resolution. At the time of the audit this limited the extent to which Austrade had information on the costs of its products and services in support of an effective cost-pricing framework.

4.31 Recently, and as part of preparation for a Pricing Review¹⁰² later in the 2001–2002 year, Austrade has sought to address this gap by conducting a pilot sample survey to measure staff time in greater detail. The preliminary results of the survey have now been used to break down Austrade's costs further to the level of products and services (although Tier Two and Three costs are not yet separated).¹⁰³

¹⁰¹ Total direct expenditure is the total expenditure of the Output less its overheads. Where costs are allocated based on direct expenditure, each Output's total direct costs are calculated as a percentage of the total direct costs for all Outputs. This percentage is then applied to the indirect costs to attribute them to each Output. This methodology assumes, for example, that an Output with 50 percent of the total direct expenditure within Austrade also incurs 50 percent of the overhead costs.

¹⁰² The Department of Finance and Administration is coordinating Pricing Reviews of 35 Commonwealth agencies. The Reviews are a corollary of the Outputs/Outcomes-based accrual accounting framework which was introduced in 1999–2000. The accrual accounting framework requires agencies to price the Outputs they produce to achieve the Government's desired outcomes. Pricing Reviews are a means through which the Government seeks to assess the appropriateness of the prices of these Outputs relative to the volume and quality of service purchased.

¹⁰³ The current version of TMS has a screen that enables additional management information to be entered, such as client name, industry type. Reports on this information can be extracted from TMS to enable closer identification of activity costs. However, Austrade advised that entry of information on this screen is optional, and it is presently being used at about 6 of Austrade's 90 posts (during February 2001 the fields in the optional screen were used 1350 times out of a total of 32 000 entries).

Cost-pricing framework

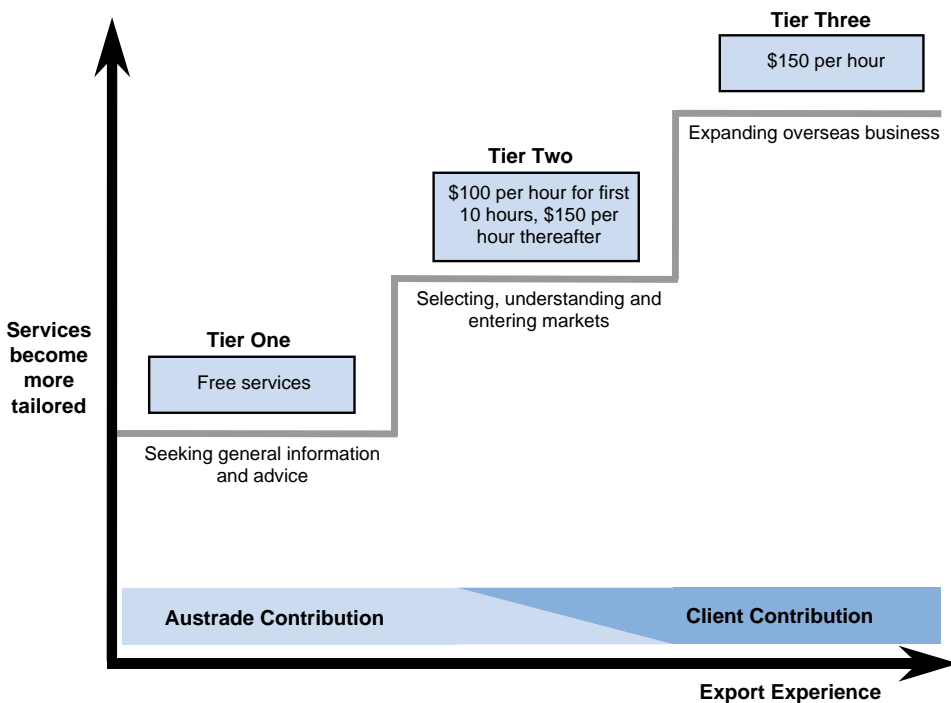
4.32 The previous audit noted that an effective cost-pricing model and supporting information systems is vital in ensuring client satisfaction with the ‘value for money’ of the services provided. Such cost-pricing frameworks:

- identify which activities are to be cost-recovered and whether recoverable costs are to be fully recovered or partially recovered; and
- ensure periodic review of price settings based on accurate information about the costs of the services for which a fee is imposed.

Identifying recoverable activities and recovering costs

4.33 Austrade substantially simplified its pricing policy in 1998, and eliminated some service packages that obscured the true cost of the services provided. Austrade’s current pricing policy categorises clients into three tiers, depending on their ‘export readiness’ (see Figure 16).

Figure 16
Fee charging framework¹⁰⁴



Source: Austrade.

¹⁰⁴ Tier Two clients entering a new market are charged at a subsidised rate of \$100 per hour for the first 10 hours.

4.34 While the current pricing policy clearly identifies for clients and staff the activities for which cost-recovery is to be imposed, the policy does not clearly articulate the extent to which Austrade intends to set its fees with a view to full cost-recovery or partial cost-recovery.¹⁰⁵ For example, when the price of \$150 per hour was set in 1995, it was a '*full cost-recovery rate*'. The current pricing policy notes this, but does not state whether fees are intended to continue to fully recover costs.

4.35 Whilst acknowledging that its pricing policy is unclear in this respect, Austrade has advised that its fees are in fact no longer set with a view to full cost-recovery. The fees are now imposed at a level it considers appropriate, taking into account a range of factors in determining the fee.¹⁰⁶ Austrade further advised that the fee is '*based on the cost of production with appropriate adjustment for the optimum price to achieve Austrade's overall objectives*'.¹⁰⁷ However the ANAO found no documented evidence of Austrade calculating the actual underlying costs nor the offsetting factors that it has indicated that it takes into account when setting its fees. As noted at paragraph 4.40, Austrade is no longer recovering the full costs of Tier Two and Three services.

4.36 Austrade also advised the ANAO that it is awaiting the final report of the Productivity Commission inquiry into Cost Recovery for Commonwealth Agencies before clarifying its policy.

¹⁰⁵ The policy also does not specify which costs are to be included in calculating the costs of an activity (for example, whether capital costs are to be included).

¹⁰⁶ Austrade imposes its fees under the broad powers given to it under its legislation, that it may 'charge such fees as the Commission considers appropriate with respect to the provision of services' (Section 28(c) of the *Australian Trade Commission Act 1985*).

¹⁰⁷ Austrade advised that these factors include: impact on client satisfaction; cost of providing the service; market rates that would be charged in Australia for similar services; market rates that would be charged in the market where the work has been conducted; the political impact on Austrade as a result of altering the fees; whether subsidisation is appropriate eg in the case of new entrants to markets, in order to satisfy Government policy or other requirements; and consistency of prices, so that the pricing regime is simple for clients to understand.

Reviewing price settings

4.37 Austrade's fee of \$150 per hour was set in 1995 with a view to full cost-recovery, based on 1993–94 data.¹⁰⁸ However, the previous audit found that by 1998:

the accuracy of this rate [\$150 per hour] in terms of cost-recovery is declining since it is based on data now four years old and has not been revised since its introduction, notwithstanding the substantial changes to Austrade's operating parameters (such as operating costs and staffing levels).

4.38 In 1998, following the previous audit, Austrade considered the \$150 per hour fee in conjunction with its pricing policy review, and it considered that there was no basis on which to change pricing. However, the ANAO found that this decision was not based on information which actually enabled Austrade to assess whether the fee covered the costs of Tier Two and Three services. Austrade advised that circumstances, such as the introduction of the GST, have also militated against changes to its prices.

4.39 In these circumstances there is a risk of increasing misalignment between fees and costs, which experience suggests can lead to dissatisfaction amongst clients, particularly where a flat rate fee is applied. As previously noted (see paragraph 3.21) some clients consider Austrade's fees to be too high; the ANAO also found that others consider the fees to be well below market rates and the true cost of providing Austrade's services.

4.40 Austrade's recent sample survey of staff activities indicates that the full cost to Austrade of providing Tier two and three services is now in fact between \$190–\$210 per hour, including indirect costs. Thus Austrade's fees for Tier Two and Three services are some 25–40 per cent below the cost of providing the relevant services. The relationship between fees and costs would seem to warrant further consideration having regard, *inter alia*, to competitive neutrality principles. (Austrade do not consider themselves to be strictly in competition with the private sector although it acknowledges that some clients would have an option of alternative private sector service providers).

¹⁰⁸ Total operating costs for the financial year 1993–94 (\$166 million) were divided by the total number of 'frontline' hours available. Available hours were calculated by multiplying the number of frontline staff capable of earning revenue (736) by the number of billable hours per person per year (1500):

$$\frac{\$166 \text{ million}}{736 \times 1500} = \$150$$

4.41 Austrade has advised that it will consider the philosophy behind its cost-pricing practices, including *'who pays how much for what services'* following the Pricing Review.

Conclusion: cost-pricing

4.42 Austrade has strengthened its cost-pricing framework since the previous audit, and has implemented a time recording system which enables it to identify the full costs for its Outputs. Recent enhancements to the costing system now support measurement of costs at the level of products and services, which will support informed management decision making about fee settings and the development of an appropriate cost-pricing framework. However, Austrade's pricing policy is in need of clarification, in particular in articulating the extent that fees are intended to recover costs of services provided to existing exporters seeking to expand overseas business. Consideration of fees has not until recently been fully informed by information on the actual costs of services delivered. In fact, the fees charged to these clients are some 25 to 40 per cent under the full costs of providing the services. Austrade has indicated that it is now reviewing its pricing policy.



Canberra ACT
28 September 2001

P J Barrett
Auditor-General

Appendices

Appendix 1

ANAO Audit Report 4 1998–99 Client Service Initiatives Australian Trade Commission (Austrade)—Recommendations

Set out below are the ANAO's recommendations for the previous audit and Austrade's response, along with a summary of the current audit's findings and the relevant paragraph references.

| Chapter 2: Client Focus—Strategic Focus and Alignment | |
|--|---|
| Recommendation No.1 | <p>The ANAO recommends that Austrade clarify its corporate objectives to provide a direct and clear link between the overall performance of the business and the provision of quality customer service.</p> <p><i>Austrade response:</i> Agreed.</p> <p><i>Finding of follow-up audit:</i> Implemented (see paragraphs 2.4–2.12).</p> |
| Chapter 3: Client Focus and Expectations | |
| Recommendation No.2 | <p>The ANAO recommends that Austrade review the implementation of its current client service policies and supporting practices for cost-effectiveness and efficacy.</p> <p>As part of the review, Austrade should look closely at the apparent customer focus disparity between staff in the Australian and international regions.</p> <p><i>Austrade response:</i> Agreed.</p> <p><i>Finding of follow-up audit:</i> Implemented (see paragraphs 2.13–2.20).</p> |
| Recommendation No.3 | <p>The ANAO recommends that Austrade undertake further client research to guide its customer focus strategies, particularly into:</p> <ul style="list-style-type: none"> • potential and actual clients, specific client categories and key client characteristics; • client perceptions of their service needs and client expectations of service quality; • client views about the profile, reputation and performance of Austrade; • client attitudes to existing and possible future services, products and communication messages; and • client behaviour that affects agency performance and objectives and other factors that influence client behaviour. <p><i>Austrade response:</i> Agreed.</p> <p><i>Finding of follow-up audit:</i> Implemented (see paragraphs 2.21–2.27).</p> <p style="text-align: right;"><i>continued next page</i></p> |

Chapter 4: Service Delivery

| | |
|----------------------------|--|
| <p>Recommendation No.4</p> | <p>The ANAO recommends that Austrade review the results of its marketing campaign to enhance client awareness of Austrade's products and services and, as necessary, develop other initiatives to ensure that its clients have a proper appreciation of Austrade's activities.</p> <p><i>Austrade response:</i> Agreed.</p> <p><i>Finding of follow-up audit:</i> Implemented (see paragraphs 3.4–3.12).</p> |
| <p>Recommendation No.5</p> | <p>The ANAO recommends that Austrade resolve, as soon as possible, any inconsistent application of the current Client Service Policy, including policy relating to pricing of products and services, to provide uniform service to clients.</p> <p><i>Austrade response:</i> Agreed.</p> <p><i>Finding of follow-up audit:</i> Substantial efforts have been made to address inconsistent application of client service policy. Austrade does not yet have information to assess directly the success of these efforts (see paragraphs 3.13–3.24).</p> |
| <p>Recommendation No.6</p> | <p>The ANAO recommends that Austrade strengthen its client-focused culture by:</p> <ul style="list-style-type: none"> • ensuring personnel practices strengthen linkages of between functional areas of Austrade; and • reviewing and enhancing training programs across its global network to maintain currency in export related issues and reinforce customer-focused behaviour. <p><i>Austrade response:</i> Agreed.</p> <p><i>Finding of follow-up audit:</i> Implemented (see paragraphs 3.25–3.35).</p> |
| <p>Recommendation No.7</p> | <p>The ANAO recommends that Austrade, in developing an integrated information system to support service to clients, should give priority to developing a common client database accessible to all functional areas in Austrade. This should include upgrading the technical infrastructure for the Export Hotline to eliminate data input limitations.</p> <p><i>Austrade response:</i> Agreed.</p> <p><i>Finding of follow-up audit:</i> Implemented (see paragraphs 3.36–3.43).</p> |

| | |
|---|---|
| <p>Recommendation No.8</p> | <p>The ANAO recommends that Austrade review work processes and provide structured operational guidelines for functional areas such as the Export Hotline and EAMU, to ensure consistent quality of services to clients.</p> <p><i>Austrade response:</i> Agreed with qualification.¹⁰⁹</p> <p><i>Finding of follow-up audit:</i> Implemented (see paragraph 3.44).</p> |
| <p>Chapter 5: Performance Evaluation</p> | |
| <p>Recommendation No.9</p> | <p>The ANAO recommends that to provide input to Austrade's continuous improvement processes Austrade improve its client survey methodology through:</p> <ul style="list-style-type: none"> a) redesigning the surveys to provide sound data that will identify specific service deficiencies; and b) ensuring survey results are analysed and reported to provide insight into performance. <p><i>Austrade response:</i> Agreed.</p> <p><i>Finding of follow-up audit:</i> Implemented with further enhancements planned (see paragraphs 4.4–4.12).</p> |
| <p>Recommendation No.10</p> | <p>The ANAO recommends that Austrade improve its complaints mechanism to ensure complaints data are monitored and analysed to identify service deficiencies and provide input for consideration in Austrade's continuous improvement processes.</p> <p><i>Austrade response:</i> Agreed.</p> <p><i>Finding of follow-up audit:</i> A complaints recording and reporting facility has been introduced into Austrade's computer system, supported by revised policies and training. While Austrade does use the information from client complaints that is recorded, and has been improving the rate at which it captures this information, greater compliance with Austrade policy to record all complaints is necessary if it is to be able to obtain full value from this information to improve client service delivery (see paragraphs 4.13–4.19).</p> <p style="text-align: right;"><i>continued next page</i></p> |

¹⁰⁹ Austrade stated that *while this recommendation is sufficiently generalised to accommodate a variety of forms of operational guidelines, Austrade will continue its policy of not providing detailed operational manuals as there is no evidence that benefits exceeds costs in producing such manuals. Austrade will further refine its current procedures of providing concise guidelines for the operations of its front line units including the Export Hotline and the Export Advisory Market Unit, complemented by structured, on-the-job enhancement, mentoring and networking of personnel* (paragraph 4.74).

| | |
|-----------------------------|---|
| <p>Recommendation No.11</p> | <p>The ANAO recommends that Austrade review the methodology for the Export Impact Measurement Review to simplify the collection and validation of data, and minimise duplication of effort, consistent with the accuracy required of such estimates.</p> <p><i>Austrade response:</i> Agreed.</p> <p><i>Finding of follow-up audit:</i> Implemented (see paragraphs 4.20–4.25)</p> |
| <p>Recommendation No.12</p> | <p>The ANAO recommends that Austrade review its cost–recovery methodology and practices to ensure:</p> <ul style="list-style-type: none"> • full costs are identified and used for Austrade’s products and services; • costs are appropriately attributed to all products and services based on the assessed contribution those costs make to the product/service; and • that such information is used to develop an appropriate cost-pricing framework (including for notional pricing as applicable). <p>This will require Austrade to implement appropriate information systems such as time recording and activity based accounting.</p> <p><i>Austrade response:</i> Agreed.</p> <p><i>Finding of follow-up audit:</i> Progress has been slower in implementing this recommendation than in other areas. A time recording system has been introduced; with recent enhancements this now supports the measurement of the full costs of products and services; the cost–pricing framework is in need of review and Austrade has indicated that it is now reviewing its pricing policy (see paragraphs 4.26–4.42).</p> |

Appendix 2

Audit Criteria

The criteria for the follow-up audit were:

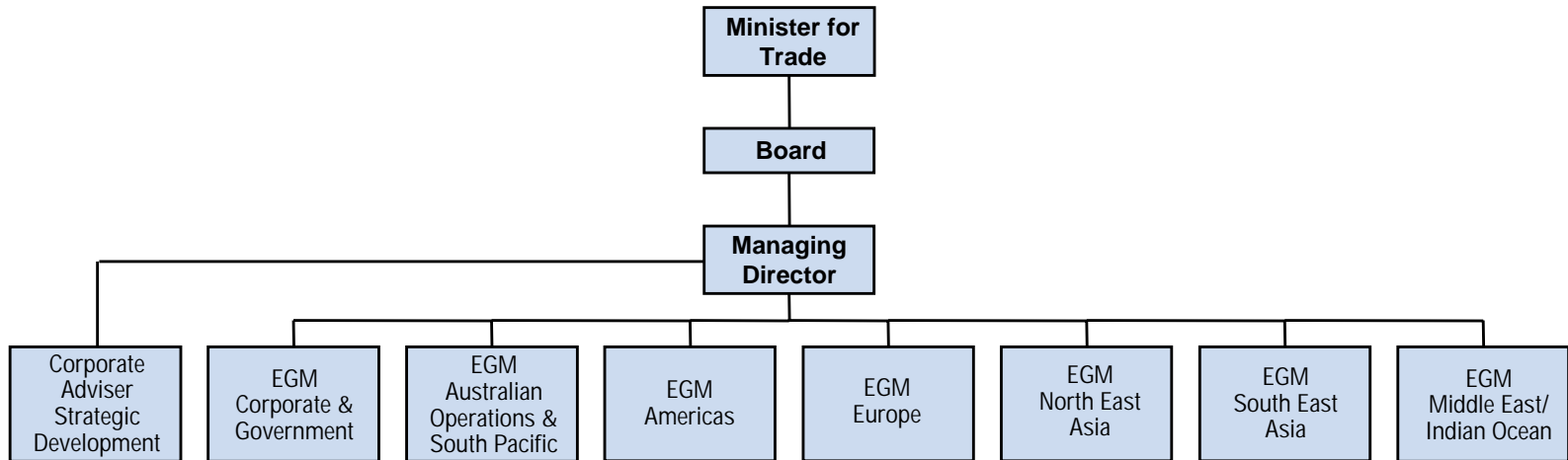
1. Austrade has implemented all of the recommendations from the Audit Report No.4, 1998–99, *Client Service Initiatives, Australian Trade Commission (Austrade)*;
2. Austrade has in place management arrangements to:
 - prioritise, resource and identify appropriate actions to implement the recommendations; and
 - monitor and assess the effectiveness of the actions undertaken.

Appendix 3

Austrade Organisational Structure

Austrade has a management structure with seven Executive General Managers (EGMs) reporting directly to the Managing Director. Five EGMs head Austrade's overseas regions and are based offshore and two lead Corporate and Government and Australian Operations. The structure is outlined below.

Austrade organisational chart



Source: Austrade Annual Report 1999–2000.

Appendix 4

Performance against Output Measures 2000–2001

| Outcome 1: Public understanding of Australia's trade and investment direction, government export programs and promotion of Australia's image internationally | | | |
|--|---|-------------------------------|-----------------------------|
| Output 1.1: Ongoing programs to show all Australians the benefits of overseas trade; raise awareness of the Federal Government's export assistance programs; and promote a positive image of Australia internationally | | | |
| | | <i>Annual Target/Estimate</i> | <i>Austrade Performance</i> |
| Quality measure | Client satisfaction (The Minister) | | Full satisfaction |
| | Community awareness of the Government's trade and investment activities through Austrade (per cent) | 62 | 67 |
| | Unprompted awareness within the community of Austrade as a source of advice services (per cent) | 32 | 31 |
| Quantitative measures | Number of awareness raising events (including trade exhibitions) | 1 128 | 1 719 |
| | Media mentions net positive | 1 100 | 1 533 |
| Outcome 2: Contribution to Australia's export trade performance by facilitating and encouraging trade and investment between Australia and foreign countries | | | |
| Output 2.1: Export and outward investment advice and services | | | |
| | | <i>Annual Target/Estimate</i> | <i>Austrade Performance</i> |
| Quality measure | Client satisfaction (percentage satisfaction) | 85 | 88.2 |
| Quantitative measures | First point of contact with Austrade: (1) Number of Hotline callers minus nil action | 38 000 | 41 150 |
| | (2) Number of Austrade on-line users | 420 000 | 1 047 909 |
| | Number of participants in Austrade-organised events | 23 955 | 73 477 |
| | Number of general pieces of advice to exporters and potential exporters by region | 127 686 | 219 269 |
| | Number of qualified business opportunities delivered to Australian businesses | 4 849 | 4 319 |

continued next page

| | | Annual Target/Estimate | Austrade Performance |
|--|--|-----------------------------------|---------------------------------|
| | Exports facilitated to costs of output | 40:1 | 61:1 |
| | Export impact (\$ billion) | \$5.38 | \$9.31 |
| | Export impact–number of clients who achieved export impact | 901 | 1 168 |
| | Export impact–number of transactions | 1 768 | 2 003 |
| | Outward investment (\$ million) | \$492 | \$3 756 |
| | Number of tailored pieces of advice on selecting, understanding, entering and expanding into markets | 12 819 | 10 997 |
| | Number of exporters and potential exporters being serviced | 5 475 | 5 041 |
| | Number of new companies assisted into exporting | 1 289 | 1 109 |
| | Number of existing exporters assisted into new markets | 3 680 | 3 024 |
| | Number of businesses in Export Access Program | 550 | 517 |
| | Number of International Trade Exhibitions involving Austrade | 124 | 128 |
| | Number of Australian companies participating in international trade exhibitions involving Austrade | 924 | 1 193 |

Source: Austrade.

Notes: Only includes the Output Measures and targets relating to client service to Australian exporters. Excludes Output Measures relating to Ministerial and Parliamentary activity, inward investment, consular services, and grants.

Appendix 5

Information Age Project

| <i>Nine key areas (as defined by Austrade Corporate Plan 2000–2001 to 2002–2003)</i> | <i>Project</i> |
|---|---|
| Gateway on-line for international business | Portal (Website upgrade) |
| Online communities | Austrade staff can create their own 'ecomunities' around projects or knowledge fields using a product provided by an ASP, Webplan. Five ecommunities are currently in place. The website is intended to have a facility to create ecommunities. The Austrade ecommerce team is responsible for the project. |
| Consulting (high intellectual capital) advice | Austrade Adviser |
| On-line market systems | E-markets |
| Opportunity matching | A project studied the possibility of building an opportunity–matching system. It was recommended not to pursue in this direction for two reasons: <ol style="list-style-type: none"> 1. The study concluded that Austrade should focus on the quality of opportunities rather than the quantity; and 2. The cost was too important for the benefits to be obtained. As a result, it was decided to focus on developing links to existing market places online and the outcome of this strategy was the Exporting Online project and an emarket services joint venture. |
| Data gathering and synthesis | A Data Gathering & Synthesis study provided the basis of Austrade's current knowledge management strategy. It includes a network of regional information managers in charge of knowledge management for each region, the development of a staff expertise directory, a key document database and an electronic record system. |
| Logistics | A logistics study made recommendations that have been integrated to the portal; the main recommendation was to develop market brief on the web site with as many logistic information so business could self-serve. |
| Building our intellectual capital | Austrade Institute |
| Building the Australian brand | The project has been abandoned because it could not be achieved cost–effectively. |

Source: Austrade.

Appendix 6

Exploring the Key Attributes of Good Service (AC Nielsen research for Austrade Client Service Charter)

| <i>Issue</i> | <i>Outcomes</i> |
|--|--|
| <p>Defining service expectations for Austrade's top six services</p> | <p>Clients indicated that they most valued:</p> <ul style="list-style-type: none"> • In-market support—a desire for Austrade staff to demonstrate a knowledge of both the client's business and the local market and to be able to strategically match the client with appropriate contacts in that market; • Notification of opportunities—the desire to have Austrade reflect an understanding of the client's business by being selective about the opportunities identified; • Searching for business partners—the extent to which Austrade staff demonstrated a willingness to listen, coupled with knowledge of the client and their business when providing information about potential partners; • Pursuing a large opportunity—the quality and accuracy of information provided by Austrade staff and the presence of staff who could take the client through the whole process; • Use of Austrade's official status; • Providing basic market information—the need for information to be timely and not widely available in the marketplace; • EMDG—the need to clearly communicate requirements and progress in grant applications and ensuring consistency in criteria for assistance; • Perceptions of complaint handling system—the desire to have individual complaints resolved and the organisation to use individual complaints as a means to ensure that the issue is resolved for all clients. |

| Issue | Outcomes |
|--|---|
| Ten key services provided by the 'ideal' export service provider | Clients most requested: <ul style="list-style-type: none"> • Early market intelligence; • Provision of high quality leads; • Hand-holding; • Cost-effective service provision; • Financial assistance; • Provision of promotional opportunities in overseas markets; • Provision of networking opportunities; • Pairing of clients with appropriate agents; • Sensitivity to where the client is in the export cycle; • Strategic logistic support. |
| Key elements of client service | Clients identified the following key elements of good service: <ul style="list-style-type: none"> • Treating the client as a 'customer'; • Making it easy to be a clients; • Being in 'partnership' with the clients; • Continuity of contact—having a relationship with the service provider; • Responsiveness coupled with accuracy/reliability; • Good communication—both internally and externally; • Clarity of business objectives and vision. |
| Perceptions of Austrade's client service performance | Client service on the parameters identified as the key to good/excellent client service was found to be highly variable, ranging from excellent service to inadequate or mediocre. |

Source: ANAO summary of *Austrade's Customer Service Charter, Vol 2—The Quantitative Research*, Executive Summary AC Nielsen, June 1998, pp. 1–15.

Appendix 7

Client Service Standards

IF YOU CONTACT US

We will listen attentively and courteously seek information from you about your business and your export or investment interests. This will help us understand your business and your capabilities, so we can shape our advice to best meet your needs.

We will respect the confidentiality of any information you provide about your business activities. If you write to us, we will reply within five working days.

If you leave a telephone message with us, we will return your call within two working days.

If Austrade can be of help, we will explain our full range of services to you, how they can add value to your export efforts, and what fees may apply.

If Austrade cannot help you, we will tell you where else you can go for assistance.

IF WE ARE WORKING TOGETHER ON A PROJECT

We will work with you to identify your specific requirements and then clearly explain the approach we recommend, and the fees that will apply.

We will provide you with current, relevant information that meets these specific requirements and provide you with advice about your next steps.

We will at all times keep you informed of major developments that affect your project.

We will contact you after your project has been completed to see if we can be of further assistance.

IF WE CONTACT YOU WITH AN OPPORTUNITY

We will only deliver opportunities that match your line of business.

These opportunities will include details of the overseas buyer's product/ service requirements as well information on the buyer's business.

IF YOU WANT INFORMATION ON FINANCIAL ASSISTANCE

We will provide you with clear information on eligibility, application and assessment procedures for our Export Market Development Grant (E.M.D.G.).

We will process your application quickly and efficiently in accordance with the E.M.D.G. legislation.

Source: Austrade Client Service Charter.

Appendix 8

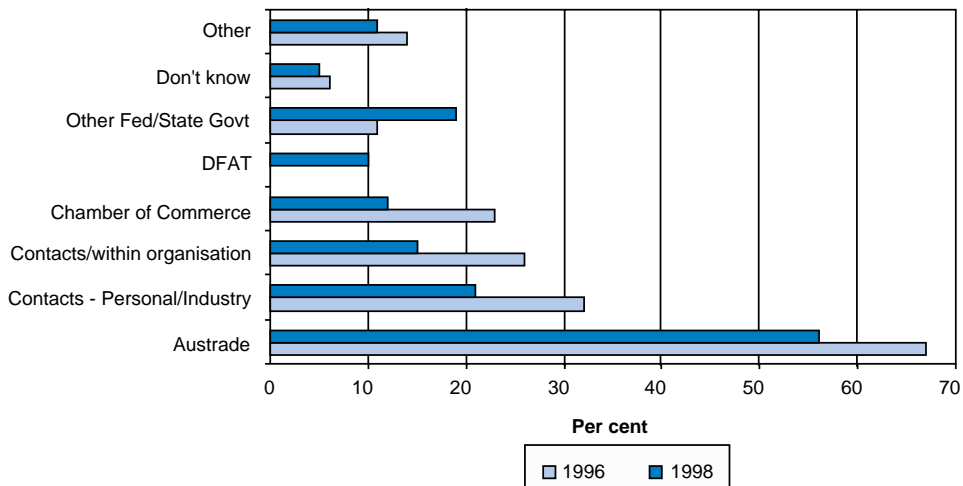
Marketing Analysis 1998–99

Austrade published a survey of the ‘Kangaroo’ marketing campaign in December 1998. The survey’s key objective was to gauge the profile of Austrade amongst its target audience, that is, current and potential exporters. Notwithstanding some methodological problems,¹¹⁰ the survey compared November 1998 data with October 1996 data. Results of the survey showed that:

- unprompted awareness of Austrade as a source of export advice and assistance was high compared to other sources, but had declined overall since 1996;
- 54 per cent of the sample surveyed were aware of Austrade communications on prompting;
- the marketing campaign had reached about 77 per cent of its target audience; and
- knowledge about Austrade services was strongest amongst current and potential exporters and those who have had contact with Austrade.

The following figure summarises the results of the survey.

Current exporters’ awareness of sources of export advice (1998)



Source: Principals, *A Survey of Austrade's Position in the minds of Australian companies*, 8th December 1998.

Note: Awareness is unprompted.

¹¹⁰ The data for the respective years was drawn from different sources, affecting the samples' underlying composition. The 1998 sample was more representative of Australian companies as a whole but was less export-focused than the 1996 sample. This led to a decline in terms of awareness of Austrade and governmental and private sources of export advice.

In December 1999, an analysis of the strip advertisement campaign was undertaken.¹¹¹ Key findings of the study included:

- awareness of Austrade as being available for assistance had declined marginally (48 per cent in 1998 to 45 per cent in 1999);
- there was a decline in awareness of Austrade's communications from 58 per cent in 1998 to 46 per cent in 1999 (unprompted);
- awareness of Austrade among both exporters and potential exporters was high (94 per cent in 1998 and 93 per cent in 1999);
- there remained low awareness of the network of offices in Australia and overseas; only 15 per cent of respondents were aware of overseas offices, and eight per cent of Australian offices in 1999 when prompted;
- a fifth of respondents disagreed and just over two fifths agreed, that Austrade's services were well suited to small and medium business; and
- one third of businesses surveyed had contacted Austrade in the past twelve months, unchanged from the previous year; three quarters of these businesses indicated that they would contact Austrade again in the future.

In addition to reviewing its marketing activities, Austrade conducted Community Awareness Studies in 1999 and 2000 in order to gauge knowledge of the general community's awareness of trade issues. The study was a random sample process conducted nationally among 1200 respondents aged 18 and over. The key finding was that there was a general sense that Australians are not aware of the benefits of trade or the importance of trade to standards of living.¹¹²

¹¹¹ The study had a relatively small sample size (201 businesses). It was the third tracking study; previous studies were conducted in 1996 and 1998. The objectives measured:

- levels of awareness amongst Austrade's target audiences;
- levels of advertising;
- levels of services;
- extent of contact by exporters and potential exporters;
- likelihood of using Austrade in the future; and
- overall impressions.

¹¹² Austrade advised that the Community Awareness Study shaped the 'Exporting for the Future Program', which is a two year program designed to demonstrate to the wider Australian community the benefits of trade in relation to jobs and living standards.

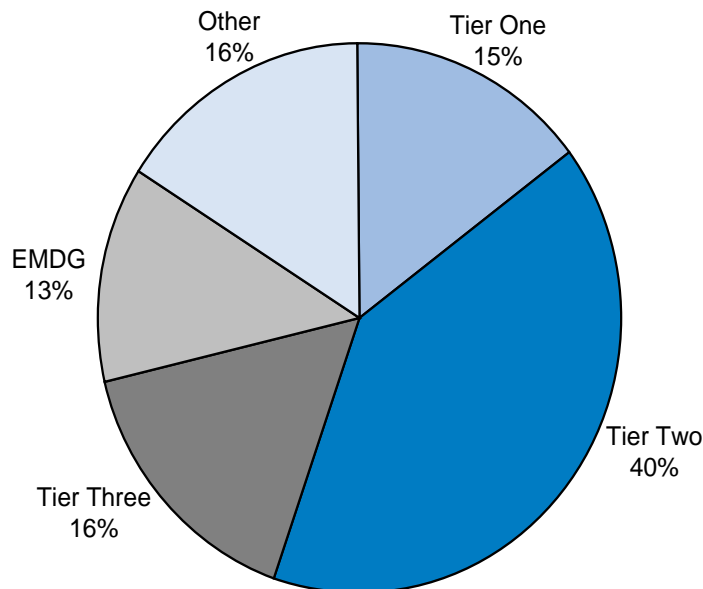
Appendix 9

Complaints/compliments Recorded in CBS Feedback Module.

Reports from the CBS client feedback module show that around 59 per cent of all recorded feedback takes the form of a compliment rather than a complaint,¹¹³ however, as discussed earlier, there is evidence that only around 18 per cent of complaints are being recorded in the system.

CBS enables detailed analysis including the examples below identifying complaints by service type and complaint type.

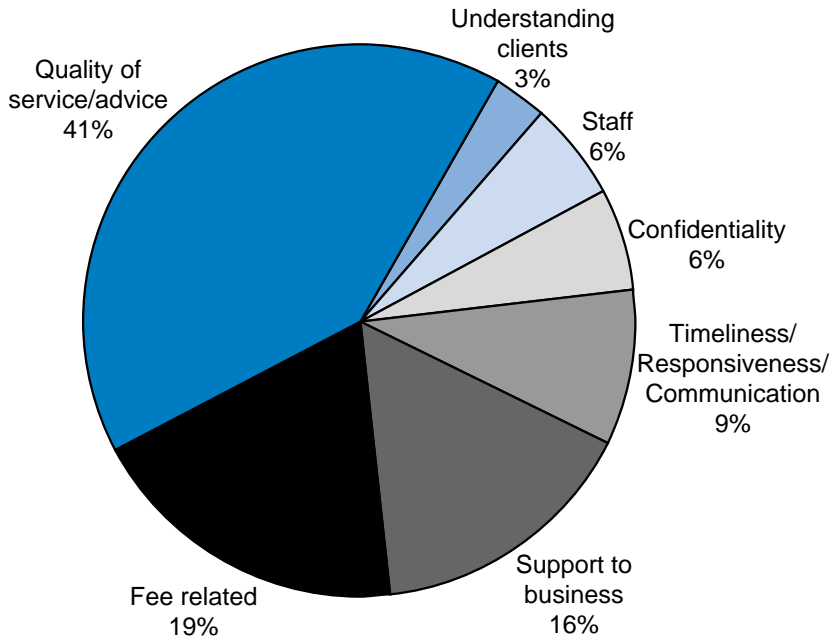
Complaints by service category (1 July 2000–31 January 2001)



Source: Austrade client feedback data (CBS).

¹¹³ Results from the CSIS 2000 showed 32 per cent of clients consider that they received outstanding service.

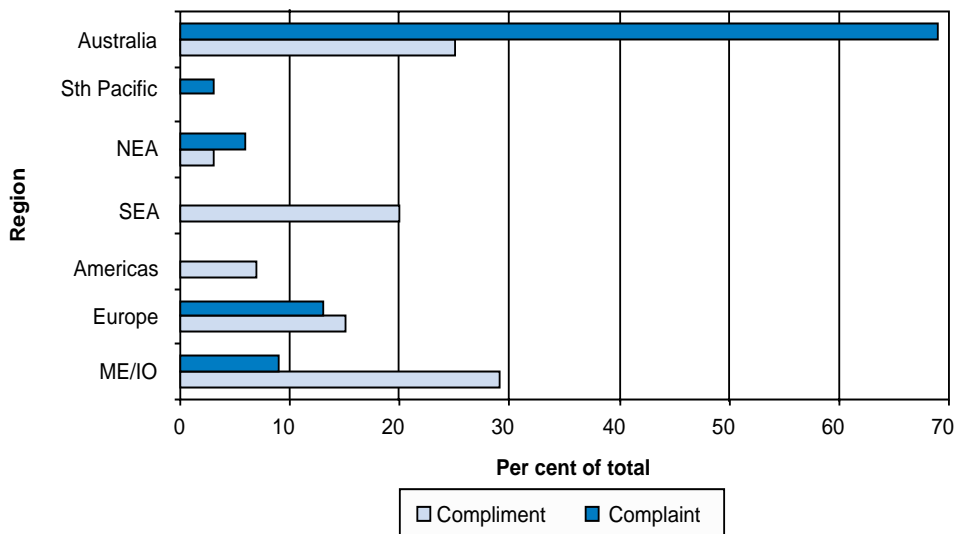
Complaints by type (1 July 2000–31 January 2001)



Source: Austrade client feedback data (CBS).

An analysis by region shows that for the seven months to 31 January 2001, most feedback overall and most complaints were recorded in Australia, but that most compliments were generated overseas. However, Austrade advised that the origin of the complaint may differ from the region capturing the feedback. Australian Operations is a primary contact point between clients and Posts, particularly in the earliest stages and the clients will refer back to this source if they have a problem (including problems with overseas posts). Also, some complaints are captured through the Ministerial process and the invoicing process, which are managed from Australia and therefore the feedback is entered by units in Australia even if the source of the problem is elsewhere.

Austrade regions capturing client feedback (1 July 2000–31 January 2001)



Source: Austrade client feedback data (CBS).

Appendix 10

Time Management System Categories

| <i>Austrade Output</i> | <i>TMS Output Category</i> | <i>TMS Task</i> |
|--|--|--|
| Output 1.1: Ongoing programs to show all Australians the benefits of overseas trade; raise awareness of the Federal Government's export assistance programs; and promote a positive image of Australia internationally | 1 Ongoing programs to show all Australians the benefits of overseas trade; raise awareness of the Federal Government's export assistance programs; and promote a positive image of Australia internationally | 1.1 Trade Start Activities (except those relating to the provision of Tier One/Two/Three Services) 1.2 Media and awareness activities in Australia to promote Austrade and Australia's image 1.3 Media and awareness activities overseas to promote Austrade and Australia's image |
| Output 2.1: General advice and information on export and investment | 2 General advice and information on export and investment | 2.1 Organisation, coordination and participation in Seminars/Workshops/ Major promotion events 2.2 Tier One Service delivery (including general EMDG advice) 2.3 Non core business service delivery (non trade related enquiries dealt with directly or through referral) |
| Output 2.2: Finding and delivering export and outward investment opportunities | 3 Finding and delivering export and outward investment opportunities | 3.1 Opportunity research, delivery and follow-up 3.2 Activities related to opportunity research, delivery and follow-up |
| Output 2.3: Tailored export and outward investment advice and services | 4 Tailored export and outward investment advice and services | 4.1 Tier Two and Three proposal advice (including in-market briefings) 4.2 Tier Two and Three service delivery and follow-up 4.3 Active participation in Trade Displays 4.4 Inwards customer missions 4.5 Outwards customer missions 4.6 Export Access activities (except those related to the provision of Tier One/Two/Three services) 4.7 Activities related to the organisation and coordination of trade displays |

| Austrade Output | TMS Output Category | TMS Task |
|---|--|--|
| Output 2.4 Advice and guidance to Federal Government and coordination of Commonwealth export activities | 5 Advice and guidance to Federal Government and coordination of Commonwealth export activities | 5.1 Ministerial activities 5.2 Activities and relations with Federal Government Allies 5.3 Coordination of overseas parliamentary visits 5.4 Export (industry) Advisory Panel 5.5 Activities and relations with Australian Allies (includes State Government and non-Government allies) |
| Output 2.5 Inward investment attraction services | 6 Inward investment attraction services | 6.1 Meetings with and presentations to potential investors 6.2 Preparation of investment briefs on potential investors 6.3 Referral of potential investors to Invest Australia 6.4 Inwards visits by potential investors 6.5 Overseas visits by Australian companies seeking inward investment 6.6 Meetings with allies on inward investment activities 6.7 Activities and events relating to investment attraction services |
| Output 3.1 Consular, passport and immigration services | 7 Consular, passport and immigration services | 7.1 Travel document issue 7.2 Consular case management 7.3 Immigration cases 7.4 Visa applications 7.5 Notarial acts 7.6 Advice regarding consular, passport and immigration services |
| Output 4.1 Export Finance Assistance | 8 Export Finance Assistance | 8.1 Direct assistance with EMDG claim or investigation 8.2 Participation in an EMDG education program to address issues relating to EMDG grants 8.3 Management of Export Finance Assistance |
| - | 9 Post/Office management | 9.1 All matters relating to administrative procedures as outlined in the Administrative Standards Manual 9.2 LAN administration 9.3 Post/Unit management not covered by outputs 1 to 8 above (this would include such matters as meetings with Department of Foreign Affairs and Trade regarding common services, staff briefings, hiring and counselling of staff etc) 9.4 Training and personal development (internal and external) 9.5 Leave 9.6 Travel (strictly for purposes of Austrade service but not including travel related to tasks covered by outputs 1–8 above. Travel for leave purposes should not be recorded) |

Source: Austrade 1999-2000 *Annual Report*, and TMS Output Categories and Tasks list.

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