



Going Global

Domini Stuart takes a look at the finer points of Western Australia's first whole-of-government trade and investment strategy

Western Australia is on a roll.

November's Western Australian Economic Summary reported that consumer confidence in the state is at a 20-year high. Exports were up 15.4 per cent in the first quarter of this financial year, and the economy grew by 7.5 per cent last financial year. That's the fastest growth on record.

No surprise, then, that Western Australia was named Australia's best performing state in the 11th annual issue of the Evatt Foundation's State Government League Table in The State of the States 2004 report.

"Western Australia out-performed all the other states in job creation, capital investment and economic growth" says Stephen Rix, who prepared the League Table for the Evatt Foundation. "It also has the lowest subsidies for petroleum products, the highest expenditure on national parks, and scored highly in education services".

State Development Minister Clive Brown describes the state as the engine room of the national economy - despite having only 10 per cent of Australia's population, Western Australia delivers more than 28 per cent of our export wealth. But the Government isn't resting on its laurels. "If we are to continue to create new jobs and opportunities into the future we need to attract new investment and build and diversify our export markets around the world." says Brown,

This commitment was recently spelled out in the state's first whole-of-government trade and investment strategy, 'Going Global'.

Broadening the base

A major challenge to continuing prosperity and growth in Western Australia is the state's heavy dependence on a small number of markets and products. Over the past 10 years, exports have continued to be dominated by the resource, energy and agricultural sectors, with 80 per cent of exports sourced from just 10 product categories. In 2002/2003, a massive 76.5 per cent of total export earnings were derived from minerals and energy, while more than half flowed in from only four markets, all in North Asia.

Keith Seed, Director of Trade Services of the Chamber of Commerce and Industry of Western Australia, is relieved that this issue is finally being addressed.

"A few years ago, the focus was on Asia to the point that other trading nations were being ignored," he says. "Then came the Asian meltdown, and a lot of local businesses were hurt. For a while now we've been encouraging the Government to broaden the export base and create the best possible environment for trade, and 'Going Global' is a good, all-round statement of intent."

Attracting investment

US-based global communications giant Motorola searched the world before choosing Western Australia as the base for their new Software Engineering Research Centre.

"We found that Australia has a lot of intellectual capital," says Pacific division communications and public affairs director Russell Grimmer. "There's something about Australian universities that encourages people to think outside the box – to be more adventurous, and more prepared to take the kinds of risks that lead to real innovation."

The deal was sealed by the offer of a long-term three-way agreement between Motorola, the Government and UWA.

"We found it really attractive because it meant we weren't starting from scratch," says Grimmer. "At the same time, the state benefits from a \$55 million investment over five years, and employment for up to 500 people at full capacity."

According to UWA Vice-Chancellor Professor Deryck Schreuder, the on-campus multi-million dollar Motorola Software Centre will ensure Western Australia is at the forefront of research and development in information and communications technology.

"Over the next few years, Motorola is expected to become a major supporter of research at UWA both directly through contract research, and as an industry partner in applications for further research funding," he says. "A Cooperative Research Centre is an exciting development which will enhance the University's academic activities considerably."

Sustaining capacity

According to estimates from the Australian Bureau of Statistics, only 4 per cent of Australian companies export. In an attempt to bring Australia in line with other, more export-orientated economies, the Federal and State Ministers for Trade launched a national campaign to double the number of exporters by 2006.

Minister Clive Brown is particularly keen to increase participation from Western Australia's small and medium enterprises in by minimising the inherent risks of going global. "Exporting can involve additional costs and greater risks," he says. "The provision of export services through programs such as Export Ready, exporting workshops and Trade Start, which target micro and small businesses seeking to export for the first time, are a priority for the Government."

Along with export readiness assessment, advice on getting into export and export coaching, there are permanently-staffed Trade Offices in key export locations such as Dubai, Singapore, the US and Bangkok.

The Bangkok office was instrumental in getting David Wood's products into Thailand. His company, Icarus Exports Pty Ltd, now exports veterinary pharmaceuticals and nutrition products for the livestock industry, and recently set up a joint venture company, D-Vet Ltd.

"The people have been tremendously helpful," he says. "They've introduced us to high-level customers we would never have been able to reach if we'd come in cold off the street. They come with us to meetings, smoothing the way and helping with any language problems, and they help us deal with Government departments."

"The thing that made a big difference when we were getting off the ground is that all of the help is free."

Building relationships

In the business of alleviating poverty and promoting sustainable practices worldwide, projects are funded by aid agencies such as the World Bank, Asian Development Bank, United Nations and AusAID.

Stanton Partners, a Western Australian firm of accountants and auditors, won their first AusAID contract after the State Government's International Development Business Unit (IDBU) introduced them to representatives of the organization. Today, Stanton Partners has a dedicated overseas unit, Stanton International, led by the Senior Partner and supported by a full-time business development officer and project manager.

The IDBU was established within the Department's Export and Market Development Division with the specific intention of increasing the state's participation in the international aid and development market.

"Networking and relationship-building are key to success in this area, and we do what we can to facilitate that" says Unit Manager Graham Castledine. "For instance, it was by hosting an inbound mission to Perth by AusAID that we were able to get them

together with Stanton's people over dinner. Normally that would be impossible to organise.

"It's also up to us to make sure we're included in national initiatives," he continues. "Out west, if we don't make a noise, we might find we've been overlooked."