
Exporter Guide

ICT MARKET IN AUSTRALIA

Market Profile
January 2011

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CONTENTS

1	INTRODUCTION	3
2	EXECUTIVE SUMMARY	4
3	MARKET STRUCTURE	5
3.1	Market Overview	5
3.2	Market Drivers	6
3.3	Market Sectors/Segmentation	7
3.4	Trade Trends	9
3.5	Key Players in the Market	14
3.6	Foreign Direct Investment (FDI)	15
3.7	Future Trends	16
3.8	Global ICT Outlook	17
3.9	Recent News	18
3.10	Australia Free Trade Agreements (FTA)	19
3.11	Regulatory	21
4	MARKET RESOURCES AND CONTACTS	22



1 INTRODUCTION

This free information guide is intended to assist New Zealand exporters with their market research into the Australian ICT industry.

The report covers Australian industry statistics and general trends and also general global ICT trends. Data has been sourced from the Australian Bureau of Statistics (ABS), Australian Computer Society (ACS), IBISWorld and Business Monitor International (BMI).

The reports directly referenced are:

- Australian Computer Society (ACS): Australian ICT Trade Update, 2010.
- Australian Computer Society (ACS): Australian ICT Statistical Compendium, 2009.
- Australian Computer Society (ACS): The ICT Industry Report, 2008.
- Business Monitor International (BMI): Australia Information Technology Report, Q4 2010.
- OECD: Information Technology Outlook, 2010.

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2 EXECUTIVE SUMMARY

- Australia is a major world market for ICT goods and services. It is ranked the 14th largest ICT market in the world and 5th largest in the region. The industry is valued between A\$85 billion and A\$98 billion.
- The main industry drivers are GDP growth, private capital expenditure, household disposable income, outsourcing and government spending. In recent times, government spending has had a significant impact on the industry with huge government investment into the A\$36 billion National Broadband Network (NBN) and the A\$2.2 billion computers in schools program.
- Information media and telecommunication services is the largest segment in the ICT industry with nearly 40% market share (A\$38.9 billion) followed by wholesale trade 31.7% (A\$31.0 billion) and computer system design and related services 25.1% (A\$24.5 billion). There are approximately 300,000 ICT workers with the majority based in NSW. It is estimated there are more than 30,000 ICT firms.
- Australia remains a net importer of ICT goods and services. The current trade deficit within the industry was more than A\$22 billion in 2009. According to Statistics New Zealand, New Zealand exported almost NZ\$400 million worth of ICT equipment to Australia in 2009/10. Australia acts as regional hub for Asia-Pacific and the largest export market is New Zealand which receives nearly 40% of ICT equipment re-exports and 16% of domestic (locally produced) exports.
- All of the large multi-national ICT companies have a presence in Australia. Major domestic ICT companies include Cochlear, Telstra and Harvey Norman.
- According to the latest available FDI statistics, Australia received US\$24 billion worth of ICT related FDI in 2006. This figure was larger than Japan, South Korea and India indicating the importance of the Australian market. Australia was also a major market for mergers and acquisitions 2009 with several large telecommunications transactions.
- BMI forecasts that the ICT industry will increase at a compound annual growth rate (CAGR) of 6% between 2010 and 2014. Increased government spending and bank IT upgrades will be the main drivers for this future growth.
- Recent government announcements surrounding the National Broadband Network (NBN), healthcare IT and education projects are the main industry projects. The computers in schools program has provided a recent boost for the ICT equipment industry, while the NBN should drive future industry demand.
- The global ICT industry has a positive outlook according to Gartner who forecasts industry growth of 5.3% in 2010. This is after a fall of 4% in 2009 following the global financial crisis. Financial services, manufacturing and infrastructure will drive the majority of this growth.



3 MARKET STRUCTURE

3.1 Market Overview

Australia is a major market for ICT goods and services and while it is ranked 54th in the world by population, it is the 14th largest ICT market in the world and the 5th largest ICT market in the Asia-Pacific region, after Japan, China, India and Korea. The industry in Australia enjoyed a strong compound annual growth rate (CAGR) of 12.8% between 2003 and 2008 – faster than Japan, Hong Kong, Singapore, South Korea and Taiwan. The estimated 30,300 ICT businesses in Australia generate revenues in excess of A\$85 billion.

A strategic geographical position, with close proximity to Asia and an English-language base as well as multi-lingual language capability means Australia can cater for multi-nationals connecting business activities across the globe. Australia is considered a net importer of ICT equipment and services with a small domestic manufacturing sector by comparison. Several global brands including software giant, Microsoft, use Australia as a regional hub to serve the Asia-Pacific region.

Industry Revenue

According to Business Monitor International (BMI), the domestic Australian IT market was valued at US\$19.3 billion. This figure was made up of hardware US\$8.6 billion, software US\$3.3 billion and IT services US\$7.4 billion. Although there is no clear definition for how BMI values/categorises the industry, BMI uses the narrowest industry definition for the ICT industry.

The Australian Computer Society (ACS), which uses a broader industry definition than BMI, values the Australian ICT market between A\$85 billion and A\$98 billion (the upper valued estimated by the ABS) in 2008. For the ACS figure, “ICT Industry” refers to the narrow definition of companies solely concerned with the provision of ICT products and services and companies with major units supplying ICT goods and services.

The Australian Bureau of Statistics (ABS) who has the broadest definition for ICT¹, values the industry at A\$98 billion, which fits it the upper range of official industry estimates. The ABS includes only ICT goods if they are able to be networked or are components of goods that can be networked. It excludes a range of medical, scientific and audio visual equipment. The industry employs 300,000 across some 30,300 ICT businesses.

¹ ABS Cat 8126.0 Information and Communications Technology Australia 2006.



3.2 Market Drivers

The following, sourced from various IBISWorld ICT reports are viewed as key drivers for the ICT Industry in Australia:

Real GDP Growth

The overall level of economic activity affects demand for electronic and electrical equipment. When the economy is strong, households and businesses tend to spend more on consumption goods, building construction and other capital items.

Private Capital Expenditure on Software and Equipment

Overall expenditure on computer software services by the business sector is a key driver of demand for the services of this industry. Demand is affected by the level of economy-wide expenditure on capital equipment (in turn affected by many factors including economic activity, export activity, capacity utilisation and the age of existing capital equipment).

Real Household Disposable Income

Disposable income acts as a barometer of businesses confidence in Australia. As Australian consumers become better off and more inclined to spend, business benefits. As a consequence, when businesses are confident, they tend to spend heavily on outsourced ICT services. For example, consumer demand and telecommunications expenditure is positively related to the level of household income as household income rises there is a potential for higher revenue per access line. There is also a positive relationship between the number of households and number of potential phone connections.

Outsourcing

The increasing trend in outsourcing software development and client services activities to highly skilled, yet lower cost countries is slowly affecting the demand for locally based services. Firms in nations such as India and China are increasingly willing and capable of providing these services at a far lower cost than firms in developed countries. Therefore, potential clients of Australian firms are looking offshore for their routine programming and systems design in a bid to lower costs and increase price-competitive contracts and tenders.

Government Spending

Government Spending will drive the industry for several years to come. New initiatives such as the National Broadband Network (NBN) will form a key component of this. Government ICT tenders in the healthcare, education, e-government and transport areas are tipped in the near future. E-government initiatives in the infrastructure sector are



predicted to form a big part of this due to the productivity advantage of information technology for planning.

3.3 Market Sectors/Segmentation

Market Segments

The ACS through its “The ICT Industry Report, 2008” came up with an estimated segmentation for the Australian ICT industry:

ICT Market Segmentation 2008 (A\$ billion)

Type	Revenue	% Share
Information media and telecommunication services	38.9	39.7
Wholesale trade	31.0	31.7
Computer system design and related services	24.5	25.1
Manufacturing	2.5	2.6
Electronic and precision equipment repair	0.9	0.9
Total	97.8	100.0

Source: ABS/ACS

The largest segment is information media and telecommunication services, with nearly 40% of industry revenues. Wholesale trade and computer system design and related services make up nearly all of the remainder. Australia has only a limited manufacturing capacity for ICT products making up only 2.6% (A\$2.5 billion) of industry revenues.

Employment

The ABS estimates there are approximately 300,000 ICT workers in the industry. The ACS estimated the total number of ICT staff at 288,372 in 2008, however for statistical purposes, the 299,805 estimated by the ABS is the figure used in this report.

ICT Employment by State 2008

Employment	Manufacturing	Wholesale	Information Media & Telecommunications	Computer System Design	Equipment Repair	Total
NSW	6,830	32,515	30,509	47,624	2,498	119,976
Vic	3,879	20,311	22,591	35,146	1,850	83,778
Qld	1,472	9,004	10,099	19,175	1,212	40,962
SA	1,626	2,636	4,755	6,472	351	15,840
WA	1,786	4,537	5,842	9,819	571	22,554



Tas	59	545	1,504	922	149	3,180
NT	5	-	-	717	63	1,427
ACT	296	-	-	8,297	196	12,089
Total	15,953	70,653	78,136	128,171	6,892	299,805

Source: ACS

Approximately 40% of all ICT staff are located in NSW, with Victoria picking up the next highest with almost 28%. The remaining next highest states with significant ICT populations are Queensland (13.7%), South Australia (5.3%).

Number of Companies

The ACS estimates (from their own surveys) that there are 25,500 companies involved in the ICT industry. The ABS states there are 30,300 firms, however as previously stated, their industry definition is broader than the ACS one.

ICT Firm Distribution by State 2008

Number of Businesses	Manufacturing	Wholesale	Information Media & Telecommunications	Computer System Design	Equipment Repair	Total
NSW	338	1,934	1,169	9,013	544	12,998
Vic	382	1,290	908	6,381	531	9,492
Qld	218	959	458	3,090	427	5,153
SA	68	328	125	857	135	1,514
WA	78	482	278	1,674	176	2,687
Tas	11	71	58	209	41	391
NT	3	32	9	127	26	196
ACT	13	122	101	1,004	27	1,267
Total	965	3,934	2,785	20,794	1,835	30,313

Source: ACS

According to the above table, NSW accounts for 38.3% of ICT companies. Victoria has the next highest concentration with 28.2%. The vast majority of firms are in the Computer System Design and Related Services 20,794 or 61.7% of total firms. The next highest proportion of firms are in the Wholesale Trade segment with 11.7% of firms. Information and Media Telecommunications firms account for 8.3% of total ICT firms.



3.4 Trade Trends

Australia ICT Trade Trends

ICT Exports 2004 to 2009 (A\$ million)

Year	2004	2006	2008	2009	CAGR
Equipment	2,475	2,555	2,651	2,259	-1.8%
Services	2,193	2,303	2,439	2,275	0.7%
Total	4,668	4,857	5,090	4,534	-0.6%

Source: ACS

Australian ICT exports have remained flat since 2004 and recorded a negative CAGR in this period. Exports reached A\$4.5 billion in 2009, down 11% since 2008.

ICT Imports 2004 to 2009 (A\$ million)

Year	2004	2006	2008	2009	CAGR
Equipment	19,191	21,797	22,077	22,347	3.1%
Services	3,363	3,526	4,488	4,415	5.6%
Total	22,554	25,323	26,565	26,762	3.5%

Source: ACS

Australian ICT imports have been growing steadily since 2004 and reached A\$26.8 billion. The majority of these imports are ICT equipment (84%).

Australia has consistently run a huge ICT trade deficit and this reached US\$22.2 billion with the rest of the world. Exports have been falling and industry CAGR between 2004 and 2008 was negative 0.6%. In contrast, imports have rising at a CAGR of 3.5% to reach nearly A\$27 billion by 2009. This clearly states that Australia is heavily reliant upon imports to satisfy growing domestic demand for ICT equipment and services and this trend is increasing.

ICT Trade Balance 2009 (A\$ million)²

ICT	Exports	Imports	Balance
Equipment	2,259	22,347	-20,088
Services	2,048	3,314	-1,266
Royalties & Fees	227	1,101	-874
Total	4,534	26,762	-22,228

² ACS: Australian ICT Trade Update 2010



The ACS found:

- ICT goods and services remain **amongst the top ten principal exports** for Australia - accounting for around 1.8% of Australia's total export earnings.
- **Imports of ICT goods and services** accounted for around 11% of Australia's total import debits.
- **Computer and information service exports**, which grew by 7.5% per annum over the decade currently, hold Australia's greatest domestic performance promise. Having traded in surplus since 2001, computer and information services are the only category of ICT goods or services to be in surplus.
 - Largest ICT equipment import sources are China, USA, Japan, Korean, Singapore and Taiwan.
 - Largest ICT services import sources are USA, Hong Kong, UK and India.
 - ICT goods and services are amongst the top ten principle exports for Australia - accounting for around 1.8% of Australia's total export earnings.
 - The largest markets for Australian ICT equipment exports are New Zealand, USA, China, Singapore and UK.
 - The largest markets for ICT services are USA, New Zealand, UK Singapore and Hong Kong.
 - Computer and information services exports are the biggest category of exports for Australia, having doubled in the last decade. Major markets are the USA, New Zealand and UK.

New Zealand ICT Exports to Australia

The following table shows the trend of ICT exports to Australia in the 2005/06 to 2009/10 period. After peaking in 2007/08 with NZ\$433.5 million, exports fell sharply by 8.7% to NZ\$395.8 million. Exports have remained steady since this time, only marginally increasing in 2009/10 to reach NZ\$397.6 million.

New Zealand ICT Exports to Australia 2005/06 to 2009/10 (NZ\$ million)

Year	2005/06	2006/07	2007/08	2008/09	2009/10
Exports	287.1	379.3	433.5	395.8	397.6

Source: Statistics New Zealand

As expected, NSW and Victoria dominate both ICT equipment imports and exports. Exports from Queensland, South Australia and Western Australia were also significant and together they account for a combined share of 21%.

NSW accounted for 70% of all ICT equipment imports during 2009, although A\$1.1 billion worth were re-exported. NSW made up 51% of Australia's ICT service exports and 70% of



ICT service imports. Victoria makes up the next largest share with 19% and Queensland follows with 6%.

ICT Exports 2000-2009 (A\$ million)

	2000	2002	2004	2006	2008	2009
Equipment						
Re-exports	1,614	1,576	1,219	1,126	1,327	1,173
Local Exports	1,659	1,262	1,256	1,429	1,324	1,086
-Communications	1,108	509	546	578	683	655
-Computer	1,273	1,531	1,043	1,056	1,074	914
-Audiovisual	113	161	225	248	301	259
-Components	302	295	337	332	341	191
-Other ICT Related	477	342	324	341	251	240
Total ICT Equipment	3,273	2,838	2,475	2,555	2,651	2,259
Services						
Communications	1,239	703	510	399	302	271
Computer & Information	855	1,177	1,275	1,407	1,663	1,640
Audiovisual Related	1,513	188	185	212	266	137
Royalties & Fees	301	155	223	286	208	227
Total ICT Services	3,908	2,222	2,193	2,303	2,439	2,275
Total						
Total ICT Exports	7,181	5,060	4,668	4,857	5,090	4,534
Australian ICT Exports	5,567	3,484	3,449	3,731	3,763	3,361

Source: ACS

Exports of ICT have steadily declined since 2000 A\$3.3 billion to fall to A\$2.3 billion in 2009. This strongly indicates a replacement of domestic equipment production with imports. Total exports have declined from a high of A\$7.2 billion in 2000 to A\$4.5 billion in 2009.



Top 10 ICT Equipment Export Markets 2009 (A\$ million)

Re-Exports	Value	% Share	Domestic Exports	Value	% Share
NZ	452	39	NZ	172	16
China (incl SAR's)	189	16	USA	172	16
USA	183	16	China (incl SAR's)	160	15
Singapore	113	10	Singapore	88	8
UK	34	3	UK	61	6
Vietnam	33	3	PNG	48	4
Germany	15	1	UAE	39	4
PNG	13	1	Malaysia	31	3
Japan	12	1	Germany	22	2
Malaysia	12	1	Mexico	18	2
Other	118	10	Other	277	25
Total	1,173	100	Total	1,086	100

Source: ACS

The domestic (locally manufactured) export market reached A\$1.1 billion compared with a similar sized re-export market of A\$1.2 billion. New Zealand was by far the largest market for ICT equipment re-exports from Australia, taking A\$452 million or 39% of all re-exports and A\$172 million or 16% of domestic exports. Australia acts as a regional distribution hub hence the high amount of re-exports going to New Zealand.

ICT Equipment and Service Imports 2000-2009 (A\$ million)

	2000	2002	2004	2006	2008	2009
Equipment						
Re-Imports	28	44	46	55	48	43
Foreign Equipment Imports	19,294	16,879	19,145	21,742	22,030	22,304
-Communications	5,261	3,192	4,089	5,079	5,084	5,482
-Computer	8,326	7,683	7,974	9,092	8,579	7,982
-Audiovisual	2,633	3,499	4,256	4,897	5,768	6,110
-Components	1,547	1,214	1,342	1,161	1,177	1,319
-Other ICT Related	1,555	1,335	1,531	1,568	1,469	1,454
Total ICT Equipment	19,322	16,923	19,191	21,797	22,077	22,347
Services						



Communications	1,659	1,303	623	526	537	567
Computer & Information	886	995	1,064	1,239	1,540	1,598
Audiovisual Related	727	791	858	962	1,323	1,149
Royalties & Fees	548	613	818	799	1,088	1,101
Total ICT Services	3,820	3,702	3,363	3,526	4,488	4,415
Total						
Total ICT Imports	23,142	20,625	22,554	25,323	26,565	26,762
Foreign ICT Imports	23,114	20,581	22,508	25,268	26,518	26,719

Source: ACS

ICT imports grew only marginally in 2009, (1.2%). ICT equipment imports are mainly made up of computer (36%), audiovisual (27%) and communications (25%). ICT equipment makes up 84% of all ICT imports with the remainder taken up by services with 16%.

ICT service imports totalled A\$4.4 billion in 2009 a slight decrease compared with 2008. ICT service imports make up 16% of all ICT imports. Areas of growth have been in software royalties and licence fees. The majority of service imports came from the United States, Hong Kong and the Asian Region. The ABS estimates that the United States accounts for almost one third of ICT service imports into Australia.

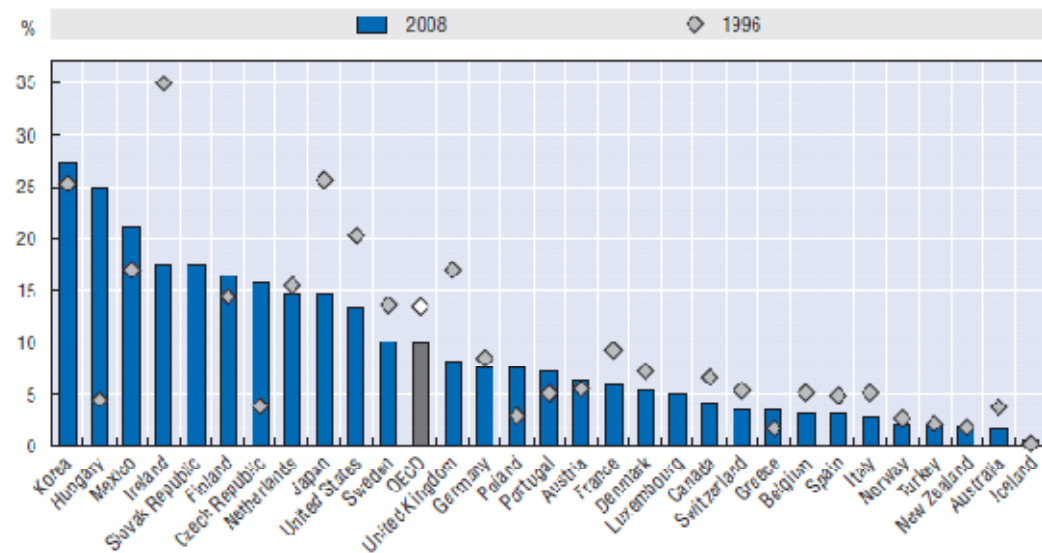
World ICT Trade Trends

In 2008, ICT goods accounted for 27% of South Korea's merchandise exports, ranking it number one in the OECD for ICT goods as a proportion of total exports. Other countries which recorded between 15% and 25% of merchandise exports from (in descending order) Hungary, Mexico, Ireland, the Slovak Republic, Finland and the Czech Republic (Figure 2.24). Among OECD countries, Iceland, Australia, New Zealand, Turkey and Norway are the least specialised in the production of ICT goods for export.

Countries such as the Netherlands (through Rotterdam port) act as transport and distribution hubs and exhibit relatively high levels of trade in ICT equipment and a larger share of ICT equipment in merchandise trade than domestic production would suggest, with re-exports making a substantial contribution to exports. What is interesting to note is that ICT's share of exports from Australia has declined in the 12 years since 1996.



Figure 2.24. Share of ICT goods in total merchandise exports, 1996 and 2008



Source: OECD

3.5 Key Players in the Market

The following firms are the largest ICT companies in their segments and they also have a sizable presence in Australia:

- IT Equipment and Systems:
 Hewlett Packard, Toshiba, Apple and Acer.
- Electronics:
 Siemens, Samsung, Hitachi, LG, Phillips, Mitsubishi, Panasonic and Sony.
- IT Services:
 IBM, Fujitsu, Accenture, Cap Gemini and Tech Data.
- Software:
 Microsoft, Oracle, SAP, Adobe and Electronic Arts.

Domestic ICT Firms

In a series of reports compiled about the Australian ICT sector, IBISWorld listed the following major players within each industry. According to IBISWorld the major Australian-owned firms in ICT are:



- Electronic Component Manufacturing:
Cochlear.
- Medical and Surgical Equipment Manufacturing:
ResMed.
- Computer and Software Retailing:
Harvey Norman, JB Hi-Fi and Dick Smith Electronics.
- Telecommunications Services:
Telstra.

3.6 Foreign Direct Investment (FDI)

According to the latest available statistics from the ABS, FDI in Australia totalled US\$24 billion in 2006. This figure was greater than inflows into other major economies such as Japan, South Korea, Indonesia and India. Australia remains the largest market for mergers and acquisitions in Asia Pacific with large telecommunications deals for Hutchinson/Vodafone and Telstra investments.

Sources of inwards FDI were:

- USA, UK, Japan and Netherlands.
- German FDI into Australia increased by 67% to be the 5th largest source of FDI. Other substantial increases came from Canada and Singapore.

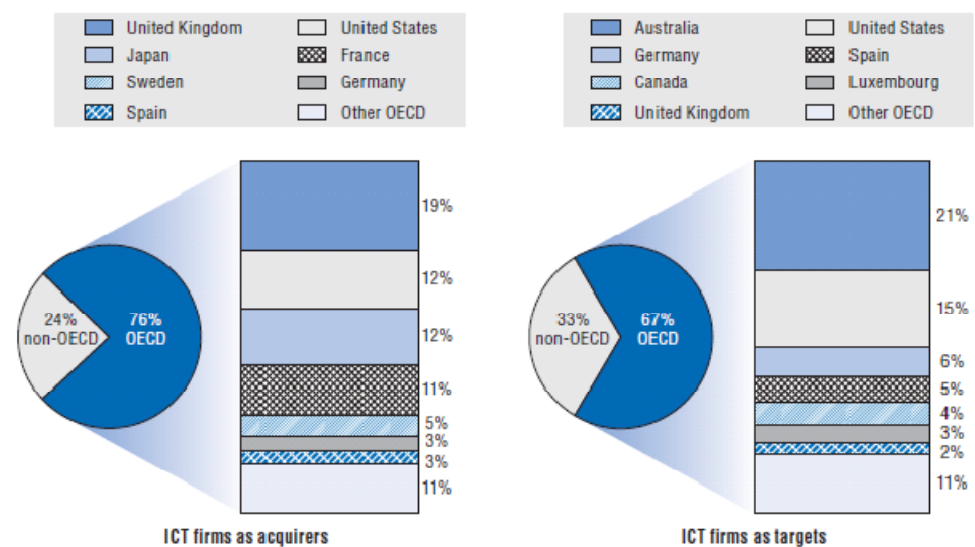
Mergers and Acquisitions (M&A)

Australia has seen a number of recent M&A deals within the ICT industry. The following chart is sourced from OECD's: Information Technology Outlook, 2010 and clearly shows the attractiveness of the domestic ICT to overseas investors.



Figure 2.32. **Geographic distribution of cross-border ICT M&A deals, 2009**

Share of values of cross-border M&A deals in the ICT sector



Source: OECD calculations based on data provided by Dealogic, February 2010.

StatLink <http://dx.doi.org/10.1787/888932328180>

Figure 2.32 shows the seven OECD countries with the highest percentage of cross-border M&A activity in 2009. It should be noted that this is a snapshot and that a country's position can change significantly from year to year depending on the size of individual deals. Australia, for instance, leads OECD countries in terms of domestic ICT firms targeted by cross-border M&A's in 2009. This is largely due to the merger of Hutchison and Vodafone Australia as well as the acquisition of a US\$2.4 billion share in Telstra by the Swiss investment bank UBS.

3.7 Future Trends

BMI forecasts that the ICT industry will increase at a CAGR of 6% between 2010-2014. This will be primarily driven by government tenders driving IT spending in this period. Banks are expected to be big IT spenders due to their requirements for regulatory compliance while intense competition in the retail sector is expected to drive demand for more CRM databases to support sales and marketing. It is expected spending will focus on three main areas: government spending, industry deregulation and digital convergence.

In the telecommunications sector, the government's broadband plans will drive development of Australia's digital economy through providing faster internet for more of the population. Convergence with multimedia applications such as mobile, video and entertainment will lead to increased demand for mobile computing devices such as iPads and notebook computers.

Increased government spending in areas such as education, e-government, transport, healthcare and infrastructure will drive public sector demand. Deregulation of the telecommunications market is also a key driver for increased IT spending due to more competition from new entrants.

3.8 Global ICT Outlook

The following is a summary compiled by the OECD in their Information Technology Outlook 2010, on the future direction of the global ICT industry.

Overview

The outlook for the global ICT industry is generally good. The sector is likely to outperform GDP growth in the medium term. However, activity remains mixed. Led particularly by the very sharp drop in business investment, worldwide IT spending was estimated to decline in 2009 by around 4%-4.5%.

All projections now see a return to global growth in 2010. Gartner forecasts growth of 5.3% covering computer hardware, software, IT services and communications services, and Forrester estimates growth of 7.7% covering computer hardware, software, communications equipment and IT services. The business market in advanced economies will pick up only slowly in 2010, given the slow and hesitant recovery. The sector structure of global ICT markets is not expected to change significantly. Many of the sectors directly affected by the global crisis and which suffered the largest declines in 2009 – financial services, manufacturing, transport and utilities – are expected to show stronger growth.

Semiconductors

Semiconductors are a leading indicator of hardware performance, and they have bounced back very rapidly from the decline. Sales are now well up despite global declines of 14% in 2009 due to the financial and economic crisis. On the PC side, sales volumes grew slowly in 2009 and PC revenues declined by over 10% with the shift to smaller and cheaper models and new mobile devices including netbooks. The outlook for the worldwide PC market in 2010 is very positive, with volumes growing rapidly (up 27% year on year in volume terms in the first quarter of 2010, and growth of around 20% foreseen for all of 2010), but market values will increase more slowly.

With the shift to smaller, cheaper portable devices, a 10% volume increase is needed just to maintain revenues, and market values will continue to lag market volumes (Gartner). The worldwide decline in server shipments and revenues in 2009 was another sign of weakness in business investment. Servers are at the heart of the new computing and Internet networks, and shipments and revenues both declined by over 15% although they recovered at the end of 2009 (Gartner).



IT Services

The outlook for IT services and international services sourcing in 2010 is good, although in OECD countries the IT services supply side has remained weak. On the supply side, there is much interest in cloud computing and other innovative services, and hardware companies are continuing to acquire software firms (Forrester).

During the global economic downturn, firms tended to cut IT services costs across the board, but in the recovery more strategic activities have been maintained or increased and the focus is more on consolidation and applications to maintain customers and markets. Nevertheless some new IT services segments performed well in the recession. For example software as a service (SaaS) and enterprise application markets grew strongly in 2009, and moderate growth in business intelligence, application infrastructure and middleware markets was expected to continue in the medium term (Gartner).

Summary

Overall the outlook has been consistently strengthening after a difficult 2009. However, ICT demand is likely to be relatively muted in the remainder of 2010 after a very strong first half (ISI). ICT business investment will follow the pattern of aggregate investment which is projected to expand more strongly in 2011 in OECD countries.

3.9 Recent News

Government ICT Policy

After the victory of Australia's Labour party-led coalition in the 2010 elections, the Australian ICT industry was waiting for the government to clarify its broadband policy. The former Rudd administration's ambitious A\$36 billion National Broadband Network (NBN) policy had attracted criticism, particularly from the opposition party. This has led to speculation that the government may cut the NBN project. However, the need to ensure support from independent MP's representing rural areas may induce the government to maintain support for the NBN, or something that provides similar outcomes.

Government Spending

Government IT spending was estimated at over US\$4 billion in 2008/09. The Australian IT market also received a boost in 2009 from federal and local government stimulus spending packages. The Rudd government's five-year A\$15.1 billion spending plan aimed to create 133,000 jobs and revive productivity growth. Together with a A\$300 million local spending plan, the package was designed to provide a stimulus across the economy.

Healthcare IT

Healthcare is expected to be a priority for government IT projects. Australia has a National E-Health Transition Authority, which has the goal to create a paperless environment in the health sector, including public hospitals. Meanwhile, another public body, the National



Health and Hospitals Reform Commission, focuses on personal electronic health records. Recent healthcare IT projects have included Northern Sydney Central Coast Health's awarding HP a A\$1.15 million networking contract, while the Prince of Wales Hospital in Sydney selected Siemens for an IP transition of its communications network.

E-Government

In addition to computers in schools, e-government projects continued to be rolled out last year, despite the economic uncertainty. In mid-2010, the Australian government launched the Standardised Business Reporting (SBR) scheme. The programme involves implementation of a platform allowing business to submit reports to a range of agencies and is expected to save A\$800 million annually. Federal programmes have also found an echo in state government projects in areas such as education and smart cards. Queensland Transport recently unveiled plans to introduce a new driving licence using smart card technology. Adult proof of age cards are also to be introduced, as are other licences for passenger transport and cards from other licensing authorities. These programmes should drive IT spending in both government and tangential sectors.

Education Projects

Around 1,400 high schools were expected to benefit from the second phase of the government's computers for schools project, announced in January 2009. According to then-Education Minister Julia Gillard, this will provide 141,600 new computes to 1,394 schools around the country. The program is expected to provide almost A\$2.2 billion of computers.

In December 2008, the federal government announced an additional A\$807 million for its signature programme of installing computers in schools. The additional spending was due what the education minister described as 'the IT situation in schools being even bleaker than originally thought'.

As a result, total spending committed to the programme had reached A\$1.2 billion. In July 2008, the government introduced an education rebate, allowing households to reclaim a 50% refund on education costs of up to A\$625 a year for primary students and A\$1,500 for secondary students for broadband and other IT related equipment.

3.10 Australia Free Trade Agreements (FTA)

The following is a list of Australian free trade agreements

The US Australia Free Trade Agreement (AUSFTA)

On January 1, 2005, Australia entered into a free trade agreement with the United States known as AUSFTA, providing major benefits for both countries immediately through removal of tariffs, and the phased opening of markets.



More information can be found at:

www.dfat.gov.au/trade/negotiations/us_fta/final-text/index.html or
www.ustr.gov/Trade_Agreements/Bilateral/Australia_FTA/Section_Index.html

Other Agreements

The Closer Economic Relations Trade Agreement (ANZCERTA or CER) is the main instrument that governs economic relations between Australia and New Zealand. It is comprehensive agreement, prescribing that all bilateral trade and services originating in the two countries is free of tariffs, quantitative restrictions, anti-dumping measures, production subsidies and like measures.

Australia has free trade agreements with:

- United States of America (USA)
- Chile
- New Zealand (CER)
- Singapore
- Thailand

Australia is negotiating or planning to negotiate free trade agreements with:

- ASEAN
- China
- Gulf Cooperative Council
- Japan
- Malaysia
- Trans Pacific Partnership.

It is considering free trade agreements with:

- India
- South Korea
- Indonesia.

Australia is an active participant in the WTO, making regular submissions to trade negotiation rounds.

Australia is a key member of the Asia-Pacific Economic Cooperation (APEC) forum, and plays a leading role in promoting trade liberalisation among the member economies. Australia exports approximately 70% of its goods and services to APEC economies and, like all APEC developed partners, is committed to tariff reductions by 2010.



3.11 Regulatory

Import Procedures

The Australian Customs Service (ACS) has sole jurisdiction to clear imports. Local importers are responsible for obtaining formal Customs clearance for goods. Valuation of imported goods can be complex and importers are urged to seek advice from a customs broker or to contact Customs.

Goods entering Australia may incur duty, Goods and Services Tax (GST), and/or additional charges. Customs duty rates vary and depend on a number of factors, such as type of goods and country of origin.

Customs does not require companies or individuals to hold import licenses, but importers may need to obtain permits to clear the goods. Further information on importing documentation and procedures can be found at:

www.customs.gov.au/webdata/resources/files/DocImpDecGuide.pdf

Duties and Tariffs

New Zealand exports to Australia are covered under the CER Free Trade Agreement and therefore are subject to no tariffs or duties.

Labelling Requirements

A number of voluntary and mandatory labels and marks indicating standards conformance are in use in Australia, including international standards such as ISO and IEC. Information about the required labels can be found by contacting the relevant standards organisation. Some electrical products are required to carry an approved energy label. These products include: refrigerators and freezers, clothes washers, dryers, dishwashers, and air conditioners.

A larger list is regulated on the basis of minimum energy efficiency levels and includes the preceding list as well as electrical motors and transformers. The National Appliance and Equipment Energy Efficiency Committee, consisting of officials from the Commonwealth, state, and territory government agencies and representatives from New Zealand, is responsible for managing the Australian end-use energy efficiency program.



4 MARKET RESOURCES AND CONTACTS

ASSOCIATIONS	WEBLINK
AusIndustry	www.ausindustry.gov.au
Austrade	www.austrade.gov.au
Australian Bureau of Statistics	www.abs.gov.au
Australian Communications and Media Authority	www.acma.gov.au
Australian Computer Society	www.acs.org.au
Australian Information Industry Association	www.aiia.com.au
Australian Mobile Telecommunications Association	www.amta.org.au
Australian Telecommunications User Group	www.atug.com.au
Business Association Software of Australia	www.bsa.org/australia
CRC for Spatial Information	www.crcsi.com.au
CSIRO (ICT)	www3.ict.csiro.au
Department of Innovation, Industry, Science and Research	www.innovation.gov.au
National ICT Australia (NICTA)	www.nicta.com.au
Smart Services CRC	www.smartservices.com.au
The Defence Science and Technology Organisation (DSTO)	www.dsto.defence.gov.au
TRADE EVENTS	WEBLINK
Australian Technology Showcase	www.ats.business.gov.au
CeBIT	www.cebit.com.au

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