

Evaluation of the Agenda for New Manufacturing

The Department of Innovation, Industry and Regional Development (DIIRD) has requested Howard Partners to conduct an evaluation of the *Agenda for New Manufacturing* (ANM).

Project Context

The *Agenda for New Manufacturing* the Victorian Government's manufacturing policy. It was first announced as part of the Government's Business Statement, *Building Tomorrow's Business Today* in April 2002.

In this statement, \$27m was allocated to the ANM over four years to implement nineteen new initiatives as part of the Government's commitment to make Victoria a centre for manufacturing excellence in the Asia-Pacific region.

While these initiatives were aimed at improving all aspects affecting manufacturing they were primarily directed towards growing exports and accelerating innovation via grants and to a lesser extent information and service provision. Additionally, there was a focus on raising the image of manufacturing.

As the ANM is about to enter the final year of its initial four year term, the Department considered it timely to conduct an evaluation to examine the implementation and performance of the various initiatives funded under the policy and their impact on overall policy objectives.

Project Objectives & Purpose

The objective of the project is provide relevant, credible, timely, and cost effective information regarding the effectiveness, efficiency, monitoring and evaluation, and to a lesser extent relevance, of the ANM including logical and pragmatic recommendations for improvement.

This information will be primarily used to demonstrate and improve the performance of the various ANM initiatives. In addition, it will be used to support Departmental and Government decision making on future directions for manufacturing policy and programs.

Project Scope

The project is to evaluate performance against all ANM objectives. Emphasis is to be placed on those objectives and initiatives specifically funded as part of the Business Statement and will vary based on the size of the particular initiative and plans for future operation.

Performance will be examined for the period from the initial implementation of the ANM in 2002-03 until the end of 2004-05. The project will also consider plans for implementation in 2005-06 and beyond.

Wherever possible, results will be categorised for small business and regional Victoria.

Any key issues identified outside the scope of the evaluation are to be articulated in the preliminary Evaluation Report for further discussion. Changes to the scope of the project will require approval by the Deputy Secretary, Business Development.

Project Focus and Questions

The project will seek to address the following questions:

Effectiveness

- What are the main outcomes (positive and negative) of each of the ANM initiatives?
- To what extent do these outcomes represent progress towards achieving the objectives of each initiative?
- What are the key factors affecting the achievement of the objectives of each initiative?
- How successful is each initiative likely to be in achieving its objectives in the future?
- How can the effectiveness of initiatives be improved?
- To what extent are the outcomes of initiatives contributing to the achievement of broader policy objectives?

Relevance

- How strong is the rationale and logic underpinning each of the ANM initiatives?
This will involve mapping the program logic and examination of the economic rationale of each initiative.

Efficiency

- How effectively do the ANM initiatives coordinate with each other and other related Departmental initiatives (i.e. is there any duplication)?
- Is implementation of each of the initiatives proving feasible in practice?
- What key administrative issues, if any, have there been in implementation of each of the initiatives?
- How can coordination, implementation and administration be improved?

Monitoring and Evaluation

- How effective are monitoring and evaluation practices?
- How can these be cost effectively improved?
Particular emphasis will be placed on coordination with broader monitoring and evaluation strategies for the Office of Science and Technology and the Office of International Business and Export.

Methodological Requirements

The methodology involves:

- examination of implementation and results to date compared with plans and targets;
- consultation with:
 - Management, staff and deliverers of the various initiatives;
 - Participants and unsuccessful applicants where relevant and cost effective;
 - Contracted deliverers;
 - The Manufacturing Industry Consultative Council;
 - Relevant client managers from the Business Support Division and Regional Development Victoria;
 - Initiative participants.

Management and staff of the various initiatives will be given the opportunity to provide feedback on the Evaluation Report prior to finalisation.

Contact Details

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ATTACHMENT: ANM INITIATIVE SUMMARY

1. POLICY BACKGROUND

The *Agenda for New Manufacturing* (ANM) is the Victorian Government's manufacturing policy. It was first announced as part of the Government's Business Statement, *Building Tomorrow's Business Today* in April 2002. It was officially launched in June 2002 and articulated in a stand alone policy document in May 2003.

In the Business Statement, \$27million was allocated to the ANM over four years to implement nineteen new initiatives as part of the Government's commitment to make Victoria a centre for manufacturing excellence in the Asia-Pacific region.

While these initiatives were aimed at improving all aspects affecting manufacturing they were primarily directed towards growing exports and accelerating innovation via grants and to a lesser extent information and service provision. Additionally, there was a focus on raising the image of manufacturing.

2. POLICY OBJECTIVES

The primary objective of the ANM is to generate more jobs and wealth for Victoria through increasing manufacturing output, exports and employment. In support of this, it aims to:

- *accelerate innovation* - encourage broad-based business investment in research, development and other forms of innovation;
- *grow exports* - strengthen the export sector, with more firms selling more production in more markets;
- *champion manufacturing* - champion manufacturing to increase the recruitment and retention of talent and lift community and financial sector support;
- *create high-performance workplaces* - enhance productivity and encourage microeconomic reform to create high-performance workplaces and lift competitiveness;
- *build skills* - strengthen commitment and infrastructure for education, training and skills;
- *attract investment* - attract manufacturing investment and venture capital; and
- *achieve environmentally sustainable manufacturing* - pursue environmentally sustainable practices to build goodwill, boost competitiveness and open up to new markets.

3. POLICY RATIONALE

The ANM aligns with the Government's goal of more jobs and thriving, innovative industries across Victoria as outlined in the Government's vision statement *Growing Victoria Together* in November 2001. This explicitly identified the promotion of growth in advanced manufacturing as a key priority action.

Victoria's manufacturing sector is the largest in Australia and acts as the engine room of the Victorian economy. Victorian manufacturing:

- contributed \$26.7billion to the Gross State Product in 2003-04;
- employs 339,400 people, providing 13.8% of all Victorian jobs and 17.2% of all fulltime jobs;
- is the lead export sector generating \$14.5 billion in exports in 2003-04 including \$7.3 billion of advanced manufactures;
- accounts for 60% of Victoria's business expenditure on research and development (R&D);
- strengthens balance of payments through import replacement; and
- anchors global supply chains to Victoria.

The Government's role is to deliver strong leadership and assistance to help Victorian manufactures become more competitive, more innovative and better connected to global markets to maximise benefits to the economy.

Development of the ANM was underpinned by extensive consultation and research. The Manufacturing Industry Consultative Council (MICC) was established by the Government in August 2000 to provide input on matters affecting the manufacturing industry. The MICC comprises representatives from leading employer groups, trade unions and individual employers. The representatives come from a range of manufacturing industries.

Key documents outlining consultation and research include:

- Premier's Discussion Paper on the Agenda for New Manufacturing (May 2001);
- Shadows and Images: Defining Manufacturing in Victoria (July 2001) by Strategic Interface for the MICC;
- Stagnation: Constructing and Alternative Scenario for Victoria (October 2001) by the National Institute of Economic and Industry Research for the MICC;
- Victoria's New Manufacturing Future (October 2001) by the MICC; and
- Strategic Audit of Victorian Industry Overview (February 2002) and related reports on individual sector audits by the Department of State and Regional Development (now DIIRD).

4. SUMMARY OF INITIATIVES

A summary of initiatives is contained in Table 1 on the following pages.

Table 1: Summary of ANM Initiatives

Initiative	Purpose	Type of Program	Related Policy Objective	Budget Allocation	Leading indicator	Collected by	Outcome indicator	Collected by	Comment
Innovation Insights	To give businesses the opportunity to visit 'best practice' firms and gain first hand experience and advice on how to adopt new and innovative practices	Operational: contracted service provision	Accelerate Innovation	\$1.3m over four years	<ul style="list-style-type: none"> No. of visits made No. of visitors No. of companies visiting 	3 rd party monthly report	<ul style="list-style-type: none"> No. of companies taking action 	3 rd party quality audit	
High Performance Manufacturing Consortia	As a way of developing workplace excellence, based on similar programs in Canada	Operational: contracted service provision	Accelerate Innovation	\$740,000 over four years	<ul style="list-style-type: none"> No. of consortia No. of companies participating 	3 rd party reports	<ul style="list-style-type: none"> Progress on world class scale Sales, exports and employment 	3 rd party reports	
Industry Plans (Strategic Audit of Victorian Industry implementation)	To implement a series of industry specific initiatives targeted at the automotive, metal fabrication, precision engineering, textiles, clothing, footwear & leather, scientific and medical equipment, transport distribution and logistics and environmental management and renewal energy sectors	Operational: research	General	\$1.6m in 2002-03	Industry plan implementations are reviewed by sector managers sometimes in conjunction with an industry reference group				
Championing Manufacturing (Improving the Industry's Image)	To promote manufacturing as a dynamic and internationally focused industry that is science and technology driven, environmentally and socially responsible and offering excellent long term careers for young Victorians	Operational: research and service provision	Champion Manufacturing	\$2m over four years	<ul style="list-style-type: none"> No. of inductions to Hall of Fame No. of attendees at Hall of Fame Gala event 	Program admin	<ul style="list-style-type: none"> Higher positive profile for manufacturing, and an effective careers strategy 	Market research	This initiative provides funding for the MICC, market research & Victorian Manufacturing Hall of Fame
Value Chain Workshops	To provide companies with an introduction to the benefits of managing business value chains.	Operational/Grant	Accelerate Innovation	\$624,000 over four years	<ul style="list-style-type: none"> No. of workshops No. of attendees 	3 rd party report	<ul style="list-style-type: none"> No. of companies taking action 	3 rd party report	
Technology Evaluation	To encourage companies to evaluate new technologies and provide case study material for their industries	Contracted service provision	Accelerate Innovation	\$1.9m over four years	<ul style="list-style-type: none"> No. of programs 	Grants database	<ul style="list-style-type: none"> \$ investment in new technologies 	Survey	
Technology Demonstration	To highlight successful application of new technologies that develop high-value added products for export or enhance manufacturing productivity	Contracted service provision	Accelerate Innovation	\$1.2m over four years	<ul style="list-style-type: none"> No. of programs No. of attendees 	Grants database	<ul style="list-style-type: none"> \$ investment in new technologies 	Client manager	
Business Innovation Workshops	To help smaller firms learn how to harness the creative elements within their organisation to develop new products faster and tailor them to customer needs	Grant	Accelerate Innovation	\$964,000 over four years	<ul style="list-style-type: none"> No. of workshops No. of attendees 	3 rd party report	<ul style="list-style-type: none"> No. of companies taking action 	3 rd party report	This initiative is winding down
Partners at Work	To improve workplace productivity, stakeholder relationships and support partnership initiatives to create a business friendly industrial climate	Grant	Create High Performance Workplaces	\$3.6m over four years	<ul style="list-style-type: none"> No. grants 	Program admin	<ul style="list-style-type: none"> Extent to which project objectives are met 	3 rd party report	An independent evaluation of program effectiveness and administration was conducted in 2003
Keynote Speakers (Keynote Conferences)	To keep companies up to date on emerging technologies and market	Grant	Accelerate Innovation	\$808,000 over four years	<ul style="list-style-type: none"> No. attendees 	Client manager reports	<ul style="list-style-type: none"> Perceptions on effectiveness and 	Survey	

Initiative	Purpose	Type of Program	Related Policy Objective	Budget Allocation	Leading indicator	Collected by	Outcome indicator	Collected by	Comment
	developments.						appropriateness		
Scholarships	To address skills shortages and encourage young talent to consider manufacturing as a career option.	Grant	Build Skills	\$800,000 over four years	<ul style="list-style-type: none"> No. of scholarships / bursaries 	Program admin	<ul style="list-style-type: none"> Perceptions on effectiveness 	Survey	
Technology Roadmaps and Skills Studies	To identify the future technology and skills needs for key manufacturing sectors.	Grant	Accelerate Innovation	\$424,000 over four years	Individual projects evaluated on a case by case basis and articulated in Program Manager reports				
First Step Exporter	To help small to medium-sized businesses develop their export potential by researching new market possibilities.	Grant	Grow Exports	\$1.9m over four years	<ul style="list-style-type: none"> No. of companies participating 	Survey	<ul style="list-style-type: none"> Value of exports generated 	Survey	This initiative became part of Opening Doors to Export (April 2004)
Going Global	To help new exporters handle the impact of increased business activity	Grant	Grow Exports	\$1.9m over four years	<ul style="list-style-type: none"> No. of companies participating 	Survey	<ul style="list-style-type: none"> Export year on year growth 	Survey	This initiative has been replaced by the Next Step Exporter program as part of Opening Doors to Export (April 2004)
Collaborative Export Marketing (Export Value Chain Networks and Consortia)	To help firms work together on joint export initiatives and bid for major international construction and development projects	Grant	Grow Exports	\$1.3m over four years	<ul style="list-style-type: none"> No. of programs 	Survey	<ul style="list-style-type: none"> No. companies in collaboration Export year on year growth 	Survey	This initiative has been replaced by the Next Step Exporter program as part of Opening Doors to Export (April 2004)
Industry Capability Missions	To showcase Victoria's strengths and capabilities in strategic industries such as microtechnology, precision engineering, aerospace, new materials and environmental technologies	Grant	Grow Exports	\$3.7m over four years.	<ul style="list-style-type: none"> No. of missions No. of companies participating 	Client manager	<ul style="list-style-type: none"> Export sales generated 	Client manager	This initiative has been integrated with Trade Fairs and Missions program as part of Opening Doors to Export (April 2004)
Export Communication Network	To help existing and potential exporters share information and develop project based networks	Operational: information provision	Grow Exports	\$1.7m over four years	<ul style="list-style-type: none"> Activity of community: - No. of info exchanges; - No. of registrations 	Program admin	<ul style="list-style-type: none"> Export year on year growth No. of companies exporting for the first time No. of linkages established between members 	Program admin	This initiative became part of Opening Doors to Export (April 2004)
Finance for Growth	To develop strategies for smaller companies facing specific barriers to exporting	Operational: service provision	Grow Exports	\$240,000 over four years	<ul style="list-style-type: none"> Study completion delivers changes 	Program admin	<ul style="list-style-type: none"> Solutions implemented 	Program admin	This initiative resulted in the Balance Sheet Ready program which is now part of Opening Doors to Export (April 2004)
Global Purchasing Strategy	To help local companies understand and join the global purchasing networks of major companies and multinationals	Grant	Grow Exports	\$448,000 over four years	<ul style="list-style-type: none"> Pilot in place 	Client manager	<ul style="list-style-type: none"> Export sales generated 	Client manager	This initiative did not start and has been replaced by the Next Step Exporter program as part of Opening Doors to Export (April 2004)