

# The Digital Economy: Opening up the Conversation

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Submission to the Department of Industry, Innovation and Science

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## Enabling and supporting the digital economy

Australian businesses want to interact with government online. The National Business Simplification Initiative (NBSI) is a welcome step forward by Australian jurisdictions. The two focus areas of NBSI, reducing the complexity of regulation for business and helping business deal with government more simply, are both areas Australian businesses would welcome simplification and streamlining. Business appetite for simplified digital transactions remains strong. While the NBSI is a step in the right direction, the Australian Chamber welcomes the Australian Government's willingness to do more to support the growth of the Australian digital economy.

Australian businesses are increasingly data-driven in their decision making. The Australian Chamber welcomes the Australian Government's commitment to make data collected by Australian Government agencies publicly available. However, there is more that can be done. Other governments, such as the United Kingdom and Canada, are ahead of the Australian Government in terms of open data<sup>1</sup>. It is vital for businesses to have access to cohesive and complete public datasets. Datasets provided by the Government that are more complete can, in turn, produce more accurate analytics, drive efficiencies and productivity in both the public and private sectors. If the range and breadth of raw government data increased, it would encourage digital integration between the public and private sector in Australia.

The Australian Chamber encourages the Australian Government to drive system integration and interoperability between Australian Government agencies. Government systems that are interoperable create administrative efficiencies for both Government and businesses. For example, if the Australian Government's information technology networks worked collaboratively, data would be requested from businesses only once.

As the Productivity Commission identified in their March 2017 Inquiry Report on 'Data Availability and Use', there are a number of barriers that prevent data linkages and integration at the Australian Government level. This includes, for example, legislative restrictions; a culture of risk aversion; lack of national leadership for data sharing and release; and, the extent of productive linking and integration of datasets varies substantially across jurisdictions. The Australian Chamber, similarly to the Productivity Commission's conclusion, believes that the Australian Government should continue to invest in a whole-of-government system for inter-agency data sharing. This could also be expanded to include data exchange capabilities between different international jurisdictions.

The Australian Chamber recommends increased collaboration between the public and private sectors in the area of cyber security. In order for Australia to have a thriving and secure digital economy, it is essential that Australia develops its cyber security capabilities. The Australian Chamber recommends the Australian Government collaborate more closely with the private sector, research organisations and universities to enable better detection, elimination and awareness of cyber security threats. This could include, for example, sharing cyber security threat information through networks. These collaborative networks will also enable Australian businesses to take advantage of economic opportunities that may arise in the cyber security sector, which is estimated to be currently worth US\$126 billion.

The Australian Chamber encourages the Australian Government to avoid creating barriers to innovation facilitated through the digital economy, such as blockchain technology. A barrier could be, for example, the impact of a domestic regulation on the use of technology advances and digital connectivity by businesses. More often than not businesses develop their own responses and solutions to internationally innovative technology based on international best practice standards. This is particularly the case for businesses that transact across jurisdictional borders. The Australian Chamber recommends the Australian Government mirror international regulations and standards, wherever possible, to avoid additional regulatory costs for businesses that transact both in Australia and internationally.

## Building on areas of competitive strengths

During 2015-16, expenditure on research and development (R&D) by Australian businesses totalled \$16,659 million<sup>ii</sup>. The biggest increase in research expenditure was in the area of Information and Computing Sciences, which grew \$561 million between 2013-14 and 2015-16. This includes investment in information systems, computer software and artificial intelligence. Australian businesses have the appetite to not only build on their competitive strengths through digital means, but also proactively work towards innovating their digital strengths. In order to facilitate this, the Australian Chamber supports consistent and certain research and development tax policy settings.

Australian businesses also need access to infrastructure that allows them to thrive in a digital economy. This includes access to reliable, fast and inexpensive telecommunications and mobile networks. Over 70 per cent of all businesses have identified mobile internet and access to high speed broadband as either moderately or extremely important for their businesses<sup>iii</sup>. Australia's adoption of 5G mobile technology for the 2018 Commonwealth Games is an important step in accelerating Australia's adoption of new mobile network technologies that could facilitate businesses activities across all areas in Australia. Mobile technology has been shown to create productivity dividends for businesses and, in particular, deployment of 5G mobile technology is expected to make it easier for businesses to take advantage of the Internet of Things in their development of new products and services.

Similarly to mobile network technology, Australian businesses need access to a national telecommunications network that delivers technologically advanced and consistent internet service. Australian businesses heavily rely on a secure, reliable and fast internet connection in order to conduct internationally and domestically competitive businesses. It is particularly important in processing payments and securing orders. Given Australia was recently ranked 50<sup>th</sup> worldwide for its average internet connection speed<sup>iv</sup>, Australian businesses may be reluctant to base their business model on digital innovation if the infrastructure is not there to support their vision. The Australian Chamber encourages the Australian Government to facilitate and drive the rollout of infrastructure that is competitively priced and capable of supporting the digital ambitions of Australian businesses.

## Empowering through digital skills and inclusion

Emphasis on technology and digital skills in the workplace is strongly supported. Most present and future jobs in all industries increasingly need these skills to grow their businesses, remain globally competitive and keep up with the rapidly changing environment. However, more graduates in STEM does not guarantee success in the digital economy in terms of graduate and business outcomes. Only 61 per cent of science and mathematics graduates, 72.5 per cent of computing and information systems graduates and 76.4 per cent of engineering graduates secured full-time work four months after graduation.<sup>v</sup> Comparatively medicine (98.2%), pharmacy (96.3%) and veterinary science (89.8%) graduates were more likely to secure full-time work.

The Australian Chamber discourages a blanket policy that promotes the undertaking of STEM disciplines without ensuring that the careers market is well informed about potential job outcomes. Digital skills and STEM education also need to be integrated into all levels of study irrespective of the field of study. This will create a knowledge baseline that will enable students to leverage STEM skills in their chosen field of study. It will also ensure mechanics and machinists, for example, facing technological advancements in their fields can transition and adapt quickly, rather than having to upskill or face redundancy due to automation.

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<sup>i</sup> World Wide Web Foundation, OpenData Barometer Global Report, 4<sup>th</sup> edition

<sup>ii</sup> ABS, Cat. No. 8104.0 – Research and Experimental Development, Businesses, Australia, 2015-16

<sup>iii</sup> ABS, Cat. No. 8129.0 – Business Use of Information Technology, 2015-16

<sup>iv</sup> Akamai's State of the Internet report, Q1, 2017

<sup>v</sup> Quality Indicators for Learning and Teaching (QILT) 2016, 2016 Graduate Outcomes Survey National Report



### About the Australian Chamber

The Australian Chamber of Commerce and Industry speaks on behalf of Australian Businesses at home and abroad.

We represent more than 300,000 businesses of all sizes, across all industries and all parts of the country,

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