

Government coordination

- 10.1 To date, much of Australia's public debate around the NBN has focussed on relatively narrow issues such as pricing structures, technology options and governance issues. During the inquiry, the Committee perceived a growing appetite for a broader public discourse around what benefits the NBN could enable across Australia's economy and society. These benefits were discussed in detail in Part One of this report.
- 10.2 This chapter will examine the leadership role that governments need to play in helping to realise these benefits and making sure they are maximised. More specific measures in relation to this will be discussed in the following chapter.

A national digital economy strategy

- 10.3 A recent report by the Broadband Commission for Digital Development called for top-level political leadership and 'trans-sectoral' coordination of broadband projects. The report stated:

When a trans-sectoral approach is taken – that shares infrastructure and builds synergies among the applications that use it – investments can yield major multiplier effects that benefit healthcare, education, energy efficiency, environmental protection, public safety, civic participation and economic growth. Such a trans-sectoral approach should lead to the development of smart interconnected and sustainable communities, homes and businesses.¹

1 Broadband Commission for Digital Development, *Broadband: A Platform for Progress*, June 2011, p. 2.

10.4 A key message the Committee received during the inquiry was that while the NBN will be enabling infrastructure for a range of social and economic benefits across all sectors, it only addresses the 'supply side' of the equation. In order for the potential of the NBN to be maximised, further action on the 'demand side' will need to be taken. Professor Reg Coutts, Managing Director of Coutts Communications, told the Committee:

There are a number of areas in what I would call the demand side that really warrant attention. I am not saying where that should be coming from – specific departments – but it concerns me that if we focus too much just on the supply side we will not be taking the best advantage [of the NBN].²

10.5 Similarly, the Department of Human Services (DHS) submitted that:

... there is an inherent risk involved in focussing too heavily on the supply side issues of the digital divide, at the cost of addressing more complex 'demand side' (social and economic) barriers such as low income, and a lack of technological skills and support.³

10.6 Related to these points, several inquiry participants told the Committee that an overarching strategy is needed in order to outline the Government's goals for how the NBN should be used and how those goals can be delivered through demand side interventions. For example, Communications Alliance supported in its submission the creation of a 'digital roadmap' to coordinate 'the actions of all arms and all layers of Government' in relation to the long term development of Australia's digital economy.⁴ Mr John Stanton, Chief Executive Officer of Communications Alliance, told the Committee:

It is crucial that government really get its act together in terms of having this sort of national strategy and working to deliver services, which will in turn drive the development of other applications.⁵

10.7 Mr David Buckingham, Chief Financial Officer of iiNet, argued that a national online or digital economy strategy is required to identify the goals of the NBN and change the focus of public debate:

2 *Committee Hansard*, Adelaide, 4 April 2011, p. 39.

3 DHS, *Submission 186*, p. 10.

4 Communications Alliance, *Submission 185*, p. 11.

5 *Committee Hansard*, Sydney, 29 April 2011, p. 30.

We would like to see the debate switching fast to fundamental questions like: where does Australia wish to be in a global digital economy or does Australia want to create jobs, improve domestic productivity, increase exports and advance its competitive position in a global digital economy? iiNet is a strong supporter of the NBN, but we are also of the opinion that a national online strategy should be a matter of priority and it should be developed in order to give the NBN, government agencies and the economy at large transparency, purpose and direction.⁶

- 10.8 The Committee also heard from inquiry participants that the Government needs to ensure appropriate regulatory frameworks are in place to support the connectivity provided by the NBN. For example, Ms Rosemary Sinclair, Managing Director of the Australian Telecommunications Users Group (ATUG), told the Committee that while broadband connectivity offers significant opportunities for e-health provision, its utilisation has been limited due to an absence of Medicare mechanisms for reimbursing doctors for e-delivered services:

That is the sort of thing that has really got to be thought through: what other levers need to be pulled or buttons pressed to enable systems to change to take advantage of National Broadband Network connectivity.⁷

- 10.9 On 31 May 2011 (after the above contributions had been received), the Minister for Broadband, Communications and the Digital Economy released the *National Digital Economy Strategy*.⁸ The Strategy expressed the Government's aim that 'by 2020, Australia will be one the world's leading digital economies' and set eight Digital Economy Goals, focusing on:

- online participation by Australian households;
 - online engagement by Australian businesses and not-for-profit organisations;
 - smart management of our environment and infrastructure;
 - improved health and aged care;
 - expanded online education;
 - increased tele-working;
 - improved online government service delivery and engagement;
- and

6 *Committee Hansard*, Perth, 5 May 2011, p. 2.

7 *Committee Hansard*, Sydney, 29 April 2011, p. 42.

8 Senator the Hon Stephen Conroy, 'Australia to become a leading digital economy by 2020', *Media Release*, 31 May 2011.

- greater digital engagement in regional Australia.⁹
- 10.10 A range of government initiatives are associated with each of the goals in the Strategy, including tele-health and tele-education trials, programs to help develop digital skills amongst members of the public, and a support program for businesses and not-for-profit organisations in the first NBN rollout sites.¹⁰ Recent changes to the Medicare Benefits Schedule to support tele-health services are also noted in the Strategy. The Committee heard that a group is being set up by the Department of Prime Minister and Cabinet in order to take the Strategy forward on a ‘whole-of-government’ level.¹¹
- 10.11 The Committee welcomes the *National Digital Economy Strategy* and the cross-government approach that is being taken to its implementation. The strategy goes a long way to addressing concerns raised during the inquiry about the Government’s strategic direction on digital economy matters. The Committee also welcomes the new government initiatives that are associated with the Strategy, although it notes that most of the programs are focussed on the NBN fibre first release sites. The Committee considers that further government action will be required on a broader scale throughout the NBN rollout to achieve the goals that have been identified in the Strategy.

Recommendation 1

That the Government continue to coordinate the implementation of the *National Digital Economy Strategy* across government, ensuring appropriate regulatory frameworks are in place and promoting a consistent trans-sector approach to supporting its goals.

- 10.12 The Committee acknowledges that ongoing monitoring and reporting will be required in order to measure the progress of the *National Digital Economy Strategy*. The Committee considers that the Government should report against the Strategy on at least an annual basis. Reports should provide up to date information on the progress made and any new initiatives in relation to the eight goals identified in the Strategy.

9 Department of Broadband, Communications and the Digital Economy (DBCDE), *National Digital Economy Strategy*, May 2011, p. 2.

10 DBCDE, *National Digital Economy Strategy*, May 2011, pp. 15–18.

11 Mr Abul Rizvi, Acting Secretary, Department of Broadband, Communications and the Digital Economy, *Committee Hansard*, Canberra, 27 May 2011, p. 57.

- 10.13 Given the leadership role of the Government across all sectors, the Committee considers that an appropriate way to achieve this would be for government departments to report on their progress against the Strategy's goals, where applicable, in their annual reports.

Recommendation 2

That the Government require its departments to report against the goals identified in the *National Digital Economy Strategy* in their annual reports.

Leading by example

- 10.14 Chapter 2 of this report discussed the potential for the NBN to improve e-government services and enable efficiencies in government operations. The Committee also heard that the development of e-government services can play a key role in encouraging NBN uptake and improving digital literacy.
- 10.15 Dr Tim Williams, a consultant for Huawei, told the Committee that NBN uptake will not occur on its own and spoke of the importance of government setting an example:
- ... [uptake] is not automatically going to happen as a consequence of just providing a highway. It is really about trying to make sure that at least what is under public control, either at central or local government, really understands what [the NBN] can do to services that they deliver.¹²
- 10.16 Several contributors used Korea as an example of leadership in using broadband in government services and operations. Dr Dean Economou, Technology Strategist at NICTA, described the Korean Government's policy on training for public sector staff:

... the Government mandates that when you do a course, part of that course has to be done over video because the Government, by doing that when it trains its workforce, can take the load off the traffic system. Also it means that they start to understand how to

12 *Committee Hansard*, Sydney, 29 April 2011, p. 13.

do the video-conferencing first and so on, so in a sense government is an anchor tenant for some of those applications. That then means that there is a cohort of people with experience and the Korean Government then measures what the effect was.¹³

10.17 The Communications Alliance also cited the excellent e-government leadership of Korea, and provided a number of supporting examples:

- Korea ranks first in the various UN indices for e-government readiness and e-government participation, with more than half the population making regular use of e-government services (projected to top 60 per cent by 2012).
- More than 2500 Korean Government services can be applied for online, and more than 2000 Government forms can be issued online.
- More than 81 per cent of all tax filing is processed online, with enormous savings in bureaucratic effort.
- Officials claim that the transparency inherent in national e-procurement programs has all but eradicated corruption from the awarding of government contracts, saves 4.5 trillion Korean won [AUD 4 billion] per annum in administration costs and has reduced bidding times from half a day down to one minute.
- Similarly, the Korean e-Customs system has cut export declaration processing times from more than a day down to less than 2 minutes and saves 2.5 trillion won [AUD 2.2 billion] per annum.¹⁴

10.18 The Alliance argued that the strong focus on providing innovative e-government services in Korea has been a key driver of broadband uptake. The Korean example was contrasted with Japan, which has ubiquitous access to fast broadband, but much less pervasive e-government services:

In Japan, approximately 46 per cent of local governments and public organisations are providing some form of e-Government services today, but this is heavily skewed by the fact that 28 per cent of these have some form of online disaster prevention/notification services.

Only 6.6 per cent of local governments, for example, are providing any online welfare services, and the corresponding figures are 5.5 per cent for medical services, 4.3 per cent for education services,

13 *Committee Hansard*, Sydney, 29 April 2011, p. 59.

14 *Communications Alliance, Submission 185*, p. 12.

5.6 per cent for tourism services and 6.7 per cent for transport services.¹⁵

- 10.19 The submission went on to link the lack of e-government services in Japan and relatively low rates of broadband take up:

While the Japanese Government is now undertaking a concerted effort to lift its performance in e-government service provision, the lacklustre performance to date is a core reason why in a nation where virtually 100 per cent of the population has access to broadband speeds of 30 Mbit/s or higher, only about 30 per cent of the Japanese population actually use the internet.¹⁶

- 10.20 The Federal Government, through AGIMO and DBCDE, has an important leadership role in ensuring that government organisations at all levels continue to improve the way technology is utilised and are prepared for the full deployment of the NBN. The evidence provided contrasting the Korean and Japanese experiences demonstrates to the Committee that innovative e-government services can play an important role in promoting broadband use and encouraging uptake.

- 10.21 The Committee considers that part of the Government's leadership role in promoting the development of the digital economy and the utilisation of the NBN is to demonstrate the NBN's potential in its own operations. The Committee therefore encourages the Federal Government to continue to implement broadband-enabled practices into its internal operations and its service delivery programs. This could include practices such as encouraging tele-working arrangements for staff, increasing the use of video-conferencing for meetings, and developing new ways to interact with clients.

Recommendation 3

That the Government continues to implement broadband-enabled technologies into its own services and operations as a means of improving efficiency, as well as to encourage NBN uptake and utilisation.

15 Communications Alliance, *Submission 185*, p. 13.

16 Communications Alliance, *Submission 185*, p. 13.

10.22 The Committee also heard throughout the inquiry that the Federal Government can provide leadership and stimulate demand by supporting pilot projects that demonstrate the possibilities of new broadband applications to industry and the community. For example, the Victorian Government, drawing on its own experience with broadband-based pilot projects, submitted that such projects can help reduce the risks faced by industry and provide lessons for future commercial projects:

Early adopters and ‘broadband pioneers’ face great uncertainties and bear high risks. A pilot project approach can provide the opportunity to investigate the business case for broader deployment with minimal exposure of the business to risks, and to enable ‘learning by doing’.¹⁷

10.23 The Australian College of Physicians (RACP) provided the Committee with information on how such projects could help improve outcomes in the area of tele-health. It noted that pilot programs would ‘assist in encouraging the adoption of tele-health among clinicians and in building up trust among clinicians and the community generally’. The outcomes of pilot programs ‘would be of assistance in refining the general implementation of tele-health’.¹⁸

10.24 The Committee notes that the Federal Government has already supported a number of pilot projects that are intended to achieve these aims. The *National Digital Economy Strategy* outlines the following programs:

- ⇒ An ‘NBN-enabled tele-education project’ in Armidale;
- ⇒ An ‘NBN-enabled education and skills services’ program in first release sites;
- ⇒ Tele-health trials in Armidale, Kiama, and Townsville; and
- ⇒ The ‘Smart Grid, Smart City’ initiative in the Newcastle/Hunter region.¹⁹

10.25 The Committee welcomes these initiatives, and considers that there will be further scope for new pilot projects in strategically targeted areas as the NBN rollout continues.

17 Victorian Government, *Submission 234*, p. 14.

18 RACP, *Submission 58*, p. 1.

19 DBCDE, *National Digital Economy Strategy*, May 2011.

Recommendation 4

That the Government continue to support strategically targeted pilot projects in cooperation with relevant industries and communities that model innovative applications of the NBN.

Regional development

- 10.26 As identified extensively in Part One of this report, the NBN's impact is likely to be felt most in areas beyond major cities – areas where access to services, employment and business opportunities can be most challenging. For example, the Committee heard that the NBN will enable access to medical specialists that would not currently be possible without a trip to a major city. The Committee also heard about the capacity of the NBN to aid regional economic development by allowing individuals and businesses to remain or locate in regional areas without losing contact with major population centres.
- 10.27 The Committee's view is that one of the keys to realising the potential benefits of the NBN in these areas will be leadership at the local level. It is clearly important, as the Government has done recently, to establish a national strategy and national goals to provide high-level leadership to the digital economy. However, the achievement of these national goals needs to be driven by grassroots leadership in regional areas.
- 10.28 Through the course of the inquiry the Committee received evidence from a number of regions where strong local leadership on digital economy issues is already providing demonstrable benefits. One such region is Ballarat in Victoria. As outlined in the submission of Ballarat ICT Limited (a Council funded organisation providing regional leadership for the ICT industry), Ballarat has transformed its economy in recent decades:

Ballarat has traditionally been a city that prospered on mineral and agricultural based resources, however this has changed ... Ballarat continues to positively contribute to Victoria's strong growth in the ICT industry. The information technology sector is emerging as a significant industry within the region. Strategic partnerships with the locally growing ICT sector and tertiary

institutions are adding to Ballarat's increasing importance as a knowledge centre within Victoria.²⁰

- 10.29 The submission also explained that the region's continually developing ICT industry is underpinned by the 'Ballarat ICT 2030' strategy, which 'provides a framework from which to develop ICT capacity, investment and employment opportunities.'²¹
- 10.30 The Committee held a hearing in Ballarat during which it heard from the Ballarat City Council, the University of Ballarat's Centre for eCommerce and Communications, Ballarat ICT Limited, the Grampians Rural Health Alliance, and Lateral Plains Pty Ltd (a local ICT company). Each of these groups had been intimately involved in the development of Ballarat's ICT Strategy and it was evident that they each shared a strong sense of common purpose for the development of the region's ICT industry. In the Committee's view, Ballarat provides a good example of the local leadership needed across the nation.
- 10.31 Another good example of local leadership is the City of Prospect in Adelaide. The City has also developed a local digital economy strategy, *Future Prospect*, which in October 2010 was awarded Economic Development Australia's national award for the best economic development strategy²². The City's submission identifies how taking a strategic approach to digital economy issues has put it in a strong position to take advantage of the NBN:

Through our piloting of programs and projects that make up our Digital Economy Strategy we have practical runs on the board and grassroots experiences that clearly demonstrate the enabling power of the NBN to deliver to local communities and local businesses social and economic benefits.²³

- 10.32 To bring about this kind of strategic approach to the NBN and the digital economy across the nation, the Committee considers there is a key role for Regional Development Australia committees (RDAs). This role should involve providing local digital economy leadership by encouraging and coordinating the development of regional digital economy strategies.

20 Ballarat ICT Limited, *Submission 63*, p. [3].

21 Ballarat ICT Limited, *Submission 63*, p. [3].

22 City of Prospect, *Submission 50*, p. [2].

23 City of Prospect, *Submission 50*, p. [1].

Recommendation 5

That the Government consider allocating resources to each Regional Development Australia committee to allow these bodies to provide enhanced local digital economy leadership. This leadership role should include identifying regional goals and implementing related strategies and programs.

