



Australian Government response
to the

House of Representatives Standing Committee on Industry, Innovation,
Science and Resources inquiry into impacts on local businesses in
Australia from global internet-based competition

October 2019

Australian Government Response

The Australian Government welcomes the Committee's report and its recommendations to consider the impact on local businesses in Australia from global internet-based competition. The Government recognises the importance of making sure Australian businesses can respond to digital change and compete in a global digital market. New technologies and the digital economy have the potential to help businesses develop new products, access new markets and work more efficiently, and the Government is providing a range of support to help small businesses to 'go digital'.

Responses to individual recommendations are set out below.

Recommendation 1

The Committee recommends that the Australian Government establish a digital grants program for small business. The program should provide small businesses with grants to assist them take advantage of digital economy opportunities such as online retail. Grants should be small-scale and the businesses should be required to provide matched funding and demonstrate how the grant would increase their capacity to take advantage of digital economy opportunities.

The Government **notes** this recommendation. There are a number of initiatives already underway aimed at providing opportunities for small business to take advantage of digital economy opportunities not only through grants based programs but also through other support.

The Government is providing up to \$18 million over three years (2018 – 2021) to Australian small businesses through the Australian Small Business Advisory Services (ASBAS) Digital Solutions program. The ASBAS program delivers low-cost, high quality digital advisory services to small businesses in metropolitan and regional areas to build digital capabilities in the areas of:

- websites and selling online
- social media and digital marketing
- using small business software
- online security and data privacy.

Advisory services are delivered through group workshops, online training and one-to-one coaching, which can include an assessment of the business needs and a tailored digital engagement plan.

The Government's Small Business Growth Package provides assistance to small businesses through the Small Business Digital Champions Project, providing a tangible demonstration of the benefit of adopting digital technology to the broader small business community.

The project provides 100 Australian small businesses with a comprehensive digital transformation for their business. These businesses will receive up to \$18,500 in digital support, and additional products and services from corporate partners. The journeys of the Digital Champions will be featured in online, interactive case studies that will provide the small business community with real-life insights into the business benefits of adopting digital technology.

As part of Digital Champions project, 15 industry associations will receive \$100,000 over two years to provide sector-specific advice to their small business members and to showcase the interactive case studies of the Digital Champions.

In December 2018, the Government also announced that it will support the establishment of a non-governmental organisation (NGO) to build and enhance small business digital awareness and capability.

Recommendation 2

The Committee recommends that the Australian Government establish a digital retraining fund. The fund should provide a small, means tested, subsidy to Australian workers to undertake training to improve their competency in digital skills that will assist them to find or maintain employment in the future.

The Government **supports this recommendation in principle**. The Government recognises the importance of skills and lifelong learning for workers of all ages. Supporting workers to re-skill and upskill so they can move quickly into new jobs is fundamental to responding to technological change, and the Government is currently implementing initiatives to help address this issue.

In the 2018-19 Budget, the Government announced the rollout of the Skills Checkpoint for Older Workers program. The program provides eligible Australians with advice and guidance on transitioning into new roles within their current industry or pathways to a new career, including referral to relevant education and training options. This includes digital skills training. The \$17.4 million program is available to support up to 20,000 participants over four years.

Eligible individuals are those aged 45 to 70, an Australian citizen or permanent resident, employed and at risk of entering the income support system, or recently unemployed (within three months) and not registered for assistance through an Australian Government employment services program.

The program is directly linked to the. The incentive is available to individuals who have been assessed as requiring training as part of the program. The incentive provides recipients with up to \$2,000 to fund suitable training (accredited or non-accredited). The Government contribution must be matched by either the recipient or their employer. The \$19.3 million Incentive is available from 1 January 2019 to 31 December 2020, with 3,600 Incentive payments available each year.

Further, the Government's Skills Package, announced in the 2019-20 Budget, is supporting people to skill, re-skill and upskill throughout their entire lives. Through the package's Foundation Skills for Your Future program, \$52.5 million is being invested to support workers aged 15 to 44 years old, who are currently employed or recently unemployed, to identify their literacy, numeracy and digital literacy needs and, where appropriate, access training to help them secure jobs and their careers. A further \$9.9 million will also be invested in trialing systemic adult literacy training models including digital literacy in remote Indigenous communities.

Recommendation 3

The Committee recommends that the Australian Government fund the development of the nation's forecasting capability for future digital skills needs. The funding should be provided on the condition that research findings are shared with Australia's education sector and also communicated as widely as possible with the Australian business sector.

The Government **supports** this recommendation. In the 2019-20 Budget, the Australian Government announced the Skills Package, a package of reforms to the skills and vocational education and training (VET) sector worth \$525 million. As part of this package, the Government has recognised the need for improvements to the skills forecasting system (including for digital skills).

Under the Skills Package, the Australian Government will establish a National Skills Commission (NSC). The NSC will play a central role in skills demand forecasting in the future, driving research and

analysis of future skills needs across industry, to ensure the VET system addresses national labour market priorities, including those arising from emerging technologies, such as automation, artificial intelligence and new industries.

In addition, through the Skills Package, the Australian Government is also investing in two Skills Organisation pilots – one in the digital industry and one in human services care. The pilots will trial new, industry led methods of qualification development and assessment to align training with industry skills needs; and develop standards for accrediting high-quality providers.

A total of \$90 million is being invested across the NSC and Skills Organisation pilots.

In addition to these new investments, the Department of Employment, Skills, Small and Family Business is leading a cross-agency project to combine multiple employment and education-related data sets to support the development of useful information-based tools to support workers and employers to obtain the skills they need for future jobs.

The Jobs and Education Data Integration project will support a more sophisticated understanding of how jobs and skills are changing and support people to make more informed choices about work and study. This includes supporting the development of a Skills Match Tool on the Job Outlook career information portal. The tool will identify the specific skills a job seeker or worker needs to upskill, and provide education or training recommendations to address any skills gap.

The real time data available through this project will help education providers understand the trending skills in the labour market, including digital skills, so they can better tailor their courses to meet skills demand.

Recommendation 4

The Committee recommends that the Australian Government should consider future reform of competition law in light of the potential impact of digital retail platforms, taking into account the way major tech firms collect, use and monetize data in possibly anti-competitive ways.

The Government **supports this recommendation in principle**. It is already taking steps to ensure competition law is appropriate, giving particular consideration to the growth of digital platforms.

The Parliament passed major reforms to the competition law in 2017, following the recommendations of the Harper review of competition policy. This included strengthening the misuse of market power provision in s 46 of the *Competition and Consumer Act 2010*.

The Government will closely monitor the effectiveness of these reforms, particularly in light of the growth of digital platforms. The Government has recently received the final report of the Australian Competition and Consumer Commission (ACCC) into digital platforms and their impact on competition in media and advertising markets and accepts the ACCC's overriding conclusion that there is a need for reform. The report has been released for public consultation which will inform the development of the Government's response to its recommendations.

Recommendation 5

The Committee recommends that the Department of Industry, Innovation and Science, in partnership with relevant industry associations and educational institutions, develop education materials aimed at encouraging small business to participate in the digital economy. These materials should aim to:

- a) Provide small business with relevant and accessible information on key emerging technologies and opportunities to collaborate with universities;
- b) Assist small business to understand the potential risks and benefits of using digital platforms and how to access and use the data created when using digital platforms;
- c) Assist small businesses to protect their data through improvements to cybersecurity technologies and processes; and
- d) Promote the examples of diverse Australian companies who have grown their business through successful digital engagement.

The Government **supports** this recommendation and will continue to identify channels to ensure small businesses have the knowledge to successfully participate in the digital economy. As described in the Government's December 2018 Australia's Tech Future strategy, a range of activities already support a whole-of-Government agenda to deliver a strong, safe and inclusive digital economy. Key initiatives relevant to the recommendation are set out below.

Empowering business to go digital

In 2017 the then Treasurer, the Hon Scott Morrison MP, established the Small Business Digital Taskforce, headed by Mr Mark Bouris, to better understand what is holding back small businesses from adopting digital technologies, and to increase the awareness among small business of the benefits of 'going digital'. The taskforce's final report and recommendations are available on the Department of Industry, Innovation and Science website at <https://www.industry.gov.au/data-and-publications/small-business-digital-taskforce-report-to-government>.

The Government responded to the Taskforce recommendations in December 2018. Acknowledging the Taskforce's key recommendation to provide a central, national point for information and advice on digital opportunities for small business, the Government will support the establishment of a non-governmental organisation (NGO) to build and enhance small business digital awareness and capability.

Digital Champions Project

As mentioned in the response to Recommendation 1, the Small Business Digital Champions project currently being implemented provides 100 Australian small businesses with a comprehensive digital transformation for their business. These businesses will receive up to \$18,500 in digital support, and additional products and services from corporate partners. Information on the corporate partners is available at <https://www.employment.gov.au/digital-champions#partners>. The journeys of the Digital Champions will be featured in online interactive case studies that will provide the small business community with real-life insights into the business benefits of adopting digital technology.

As part of Digital Champions project, and to support small businesses engage with digital technology more broadly, 15 industry associations will receive \$100,000 over two years to provide sector-specific advice to their small business members. Over the two years, the Industry Associations are required to undertake, coordinate and deliver services which are tailored to their industry and are up-to-date with digital and online best practice. Services can be delivered through a combination of channels and formats including face-to-face and remote/online delivery methods. The industry associations will also promote and showcase the Digital Champions project.

SelfStart online hub

The SelfStart online hub is designed as a starting point for people who wish to explore ideas and develop them into a successful business. SelfStart connects people to exiting services and provides targeted information to assist them to start a business. SelfStart contains information on 10 core topics, including 'Going Digital—getting your business online'. The online hub includes case studies, articles and factsheets to help people set-up their business online. The SelfStart online hub is available at <http://jobsearch.gov.au/selfstart>.

Expert Connect

The D61+ Expert Connect project <https://expertconnect.global/> is an online platform designed to help Australian businesses find experts within universities and research organisations to enable collaboration. Research and development is a key driver of innovative activity. However, the costs associated with R&D infrastructure can be beyond the reach of many small businesses. The Expert Connect platform and the associated Innovation Challenges helps businesses to leverage the high quality research that is being conducted within universities and research organisations.

Entrepreneurs' Programme

The Entrepreneurs' Programme is an Australian Government initiative to improve business competitiveness and productivity under the National Innovation and Science Agenda. The Entrepreneurs' Programme delivers services and grants through four elements: Accelerating Commercialisation; Business Management; Innovation Connections; and Incubator Support. A national network of more than 130 experienced business advisers and facilitators provides flexible and tailored advice and support. Businesses seeking targeted assistance and grants are subject to eligibility criteria.

The Entrepreneurs' Programme launched the new ICT service, bDigital, under the Business Management element on 1 August 2018. The aim of the bDigital service is to assist clients to implement key digital actions in their business. The bDigital service is delivered by a dedicated team of Digital Solutions Advisers who assist clients in the following key areas:

- Increase the number of digital initiatives being undertaken by clients.
- Improve business knowledge and confidence with digital.
- Provide specialist support services to ensure that businesses implement key digital recommendations.

Innovation Connections helps small and medium businesses to engage with researchers and to innovate. It provides access to independent and experienced innovation facilitators who assess the research and innovation needs of business. These facilitators work with businesses to identify relevant sources of technical and knowledge expertise and, where relevant, broker research relationships with publicly funded research organisations.

Cyber Security

The Australian Government is committed to ensuring the small business community continues to prosper in a world that is now highly dependent upon the internet. This is in part why the Government launched the Australian Cyber Security Centre (ACSC). The ACSC is the Australian Government's single point of co-ordination and accountability, and the public interface for cyber security matters for all Australians including government, industry, critical infrastructure operators, business and individuals.

Through the Stay Smart Online program the ACSC educates and informs Australians, including small business owners and operators, to help them understand the benefits of good cyber security practice and how to better protect their business and customers from cyber threats. The program provides information and advice for small business, to reduce the risk of cyber security threats such as software vulnerabilities, online scams, malicious activities and risky online behaviours.

Recommendation 6

The Committee recommends that the Department of Industry, Innovation and Science ensure that legislative and regulatory changes to industry policy keep the following principles in mind:

- a) Digital platforms should not engage in monopolistic or anti-competitive practices;
- b) Regulatory settings should not create loopholes or exemptions that provide internet-based companies a competitive advantage over Australian local businesses;
- c) Australian consumers and businesses should be able to easily access data collected on them by digital platforms

The Government **supports this recommendation in principle**. It understands the need to ensure legislative and regulatory changes to industry policy are fit for purpose in the current digital environment and do not create a competitive advantage for internet based businesses. It is also taking steps to ensure businesses and consumers can easily access data on them stored on digital platforms. However, its future approach to legislative and regulatory changes will be informed by processes which are still under way, including the recently completed digital platforms inquiry.

Digital Platforms Inquiry

In 2017, the then Treasurer, the Hon Scott Morrison MP, instructed the ACCC to hold an inquiry into the impact of digital search engines, social media platforms and other digital content aggregation platforms on the state of competition in media and advertising services markets.

As raised in the response to Recommendation 4, the Government has recently received the final report of the Australian Competition and Consumer Commission (ACCC) into digital platforms and their impact on competition in media and advertising markets. The Government accepts the ACCC's overriding conclusion that there is a need for reform. The report has been released for public consultation which will inform the development of the Government's response to its recommendations.

Data Availability and Use

On 1 May 2018 the Government published its response to the Productivity Commission Inquiry into Data Availability and Use. It has committed to significant reforms including:

- introducing a Consumer Data Right (CDR) to give Australians greater access and control over their data, empowering them to be able to get a better deal from their bank, energy and telecommunications companies
- establishing a National Data Commissioner to improve how the Australian Government manages and uses data
- establishing a National Data Advisory Council to advise the National Data Commissioner on ethical data use, community expectations, technical best practice, and industry and international developments.
- introducing legislation - a Data Sharing and Release Act - to improve the use and reuse of public sector data, while strengthening the security and privacy protections for personal and sensitive data.

The Government has now passed the *Treasury Laws Amendment (Consumer Data Right) Bill 2019*. The CDR will provide individuals and businesses with the ability to access specified data held on them by businesses and to authorise secure access to this data by trusted third parties. It will be rolled out sector-by-sector across the economy, initially in the banking sector (where it is referred to as Open Banking) followed by the energy and telecommunications sectors.

Open Banking has commenced on a voluntary basis with three of the four major banks making the first phase of product reference data available in machine readable formats, with a phased implementation commencing from July 2019. The first phase of consumer and transaction level data will become available in February 2020.

The role of National Data Commissioner has been created to oversee and monitor the integrity of Australia's data system. The commissioner will engage widely with the public, provide guidance to promote technical best practice and ethical uses of data, and drive cultural change towards greater use and reuse of data. Further information is available here: <https://www.datacommissioner.gov.au>.

The new data sharing and release legislation will facilitate sharing of public data to help drive growth and innovation within the Australian economy. The legislation will ensure strong and consistent data rules apply to the way government handles Australians' data, consistent with community values and expectations.