

Tech-xit:

Can Australia survive without Google and Facebook?

Industry experts warn that an over-reliance on Google and Facebook poses economic, social and sovereignty risks to Australia. These risks can be mitigated with policies such as stronger data privacy regulation, a national strategy on tech risk & developing viable alternatives to the tech giants.

Issues paper

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The Australia Institute established the Centre for Responsible Technology to give people greater influence over the way technology is rapidly changing our world. The Centre will collaborate with academics, activists, civil society and businesses to shape policy and practice around network technology by raising public awareness about the broader impacts and implications of data-driven change and advocating policies that promote the common good.

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Summary

With growing global push back against the dominance of digital duopoly Google and Facebook, regulators are proposing initiatives aimed at addressing the online market imbalance they have caused. In Australia, the Australian Competition and Consumer Commission (ACCC)’s proposed News Media Bargaining Code is the latest in these initiatives. What was meant to be good faith and private negotiations between the ACCC, media publishers and Google and Facebook has become a public confrontation after negotiations broke down.

With fierce resistance against the Code, Google and Facebook have threatened to curb or remove their services from Australia should the proposed Code become law.

This has forced Australians to consider the true value of the companies’ services, and what we would be willing to give up to keep them. It has also led the public to contemplate just how reliant we are on these services, and what would happen if they were to leave.

The Centre for Responsible Technology facilitated a roundtable with industry leaders to scope the impact of what Google and Facebook’s withdrawal might mean for Australians:

Scenario	Likelihood	Impact	Risks
Google withdraws or curtails its Google News service in Australia	Likely , ACCC Code specifically highlights Google News and search results relating to news.	Some disruption at first, but market and audiences eventually adjust.	Some disruption to particularly smaller publishers and audiences.
Google removes its primary advertising services, including Google 360 ad stack, related services, YouTube	Unlikely , Google Australia’s primary offering and local engagement is through advertising. This is the Australian office’s primary function.	Very Significant , Google has dominated digital advertising through its integrated ad stack, both on the demand and supply side, and is used by most advertising agencies and their clients today Opportunity for competitors (e.g. Bing and Microsoft ads)	Very disruptive , larger advertisers may revert to a more balanced advertising portfolio, small businesses gained a competitive entry point through Google’s DIY ad. Losing YouTube would be extremely disruptive for advertisers, businesses, and audiences.
Google removes all of its products and services – including free productivity tools like Gmail, Chrome and Docs, Android software, Maps and smart devices like speakers.	Highly unlikely . A full withdrawal would be technically and legally complex.	Difficult to imagine the impact of a full withdrawal of Google services, so embedded are its products into our everyday lives, business and sectors like education, and health.	This unknown quantity is a great risk on itself as the limits of Google’s penetration remains unclear across industry and consumer use.

Scenario	Likelihood	Impact	Risks
Facebook removes news publishing and sharing for Australians	Likely , Facebook have made explicit threats to do this, and has been unwilling to negotiate with the ACCC Code further.	Very Significant , approx. 30% of Australians now gets their news primarily on Facebook.	Very concerning , potential for Mis/Disinformation to run rampant without the balance of accurate news to counter it. Small publishers most affected, major news readers will likely adjust.
Facebook removes advertising products and services	Unlikely , like Google, Facebook's Australian office is primarily setup as an advertising sales and support office, and it's their main engagement with local industry	Disruptive , Facebook commands 24% of digital advertising budgets in Australia, but is not as integrated as Google ad network.	Some disruption . There are several advertising alternatives to Facebook that don't command a product monopoly in display advertising as Google does.
Facebook removes all its services including other applications like Instagram and WhatsApp	Contingent on government regulation and response , Facebook has threatened Ireland with a full removal of services and appears to threaten removal of services more explicitly than Google.	Very disruptive – Facebook has the benefit of the people's embedded connections to power Facebook usage, and makes switching costs or removal very high.	Very disruptive , however there are alternatives, particularly if portability between platforms can be introduced.

Industry leaders agreed on the urgent need for risk mitigation strategies including:

- A significantly stronger consumer data privacy act, building on ACCC recommendations and international examples.
- Developing a national Technology Risk Mitigation Strategy, including a forensic investigation on how pervasive single companies like Google have become in core public sectors like in education, health and government administration. Consideration should be given to using government procurement, tax incentives and investment in Australian tech firms.
- Developing viable alternatives to Google and Facebook, such as national online social platform hosted through the ABC. This could build on existing ABC digital capabilities and projects such as Australia Talks, the discontinued ABC Open and Triple J Unearthed.

Introduction

Google and Facebook have become such a dominant part of our online experience that it's hard to imagine the internet without the two tech giants. For many Australians, "Google" and "Facebook" are virtually synonymous with "the internet".

It is precisely this dominance that is being called into question globally. There have been antitrust probes in the UK and Europe, more planned in China, and one currently in the US.¹ There are inquiries against their data practices and their usage of content around the globe. In Australia, the ACCC's landmark Digital Platforms Inquiry developed a set of recommendations which aimed to address this market dominance.²

The News Media Bargaining Code was one of the first initiatives to be developed off the back of this inquiry. What started as good faith negotiation between media publishers and Google and Facebook has now become a government forced mandatory Code after negotiations broke down.³

Google and Facebook decided on a public response which attempted to undermine negotiation efforts around the Code. Google have launched a massive public advertising campaign which has rolled out progressively in different stages. Facebook have publicly threatened to curb its services in Australia.

This has posed some revealing and uncomfortable questions for Australians:

- Have we relied too much on Google and Facebook, and do we agree with their protests against a rigorous and considered Australian government process?
- Will our online experience be made worse if the tech titans decide the Code results in unfavourable business conditions for them in Australia?
- What would be the impact on Australians who rely on Google and Facebook products and services?

Because of their actions we are forced to ask ourselves, "*Can Australia survive without Google and Facebook?*"

¹ Dent (2020) *Google may face an antitrust probe in China too*, <https://www.engadget.com/google-may-face-an-antitrust-probe-in-china-too-124416278.html>

² ACCC (2019) *Digital Platforms Inquiry Final Report*, <https://www.accc.gov.au/publications/digital-platforms-inquiry-final-report>

³ Oliveri (2020) *Mandatory code of conduct announced for digital giants and news companies*, <https://www.9news.com.au/national/google-facebook-josh-frydenberg-accc-draft-mandatory-code-of-conduct-digital-platforms-media-companies/90fda0e6-dff1-4318-9d9a-16658d39de72>

What are Google and Facebook threatening?

Google was the first to break from private negotiations with publishers and the ACCC. On August 17 they launched a public campaign which criticised the Code and urged the public to act against it.⁴ The campaign was given significant prominence across its properties, with a visible warning on the Google homepage, search pages results, and across the YouTube network, reaching millions of Australians. Outside of Google properties, they also bought advertising displayed in competitor networks, showing promoted posts and amplifying the warning on Twitter, Facebook and Reddit.

In an open letter, Google warned that its services will be “dramatically worse”, and implied that:

- Google Search and YouTube may no longer be free
- User data would be handed over to “Big Media” companies
- YouTube creators will lose revenue, or not be able to operate
- Small businesses will be at a disadvantage compared to Big Media

After the ACCC described the open letter as “misinformation” and responded to several claims⁵, Google updated their response and called out specific areas of the Code they wished to change.⁶

The update was followed with a PR offensive from Google’s Managing Director Mel Silva⁷, as well as representatives of their Corporate Affairs team attempting to shift responsibility to online classifieds.⁸ The latest phase of their campaign enlisted an Australian comedian trying to break down the key issues of the campaign and the draft Code into a confusing skit involving bus passengers.⁹

⁴ Google Australia (2020), *Open letter to Australians*, https://about.google/intl/ALL_au/google-in-australia/aug-17-letter/

⁵ Dudley-Nicholson et. al. (2020), *Google says its willing to pay for Aussie news*, <https://www.news.com.au/technology/google-versus-australia-the-truth-behind-the-tech-giants-campaign-to-avoid-paying-for-news/news-story/793bd4e8c0ccc51a47210288e505b0ee>

⁶ Google Australia (2020), *Update to our open letter to Australians*, https://about.google/intl/ALL_au/google-in-australia/an-open-letter/

⁷ Chiek-Hussein (2020), *Google is “deeply disappointed and concerned” with Australia’s draft mandatory code*, <https://www.adnews.com.au/news/google-is-deeply-disappointed-and-concerned-with-australia-s-draft-mandatory-code>

⁸ Hopkins (2020), *De-classified: What really happened to newspapers*, <https://mumbrella.com.au/de-classified-what-really-happened-to-newspapers-641959>

⁹ Meade (2020), *‘No laughing matter’: Google enlists comedian to help in fight against Australia’s news code*, <https://www.theguardian.com/media/2020/sep/30/no-laughing-matter-google-enlists-comedian-to-help-in-fight-against-australias-news-code>

Google have not made any explicit threats regarding the Code, but have implied that their services would change and result in a poorer experience for Australians.

Facebook's response was a lot less elaborate, but a lot more explicit. They have simply warned that should the Code proceed, they will stop allowing publishers and Australians from sharing local and international news on Facebook and Instagram.¹⁰

There have been a number of international precedents similar to the ACCC's Code worth considering. They demonstrate examples of how the two companies reacted to similar regulatory actions and the results that followed. This is particularly relevant for Google who have thus far only made implications on what the company would do if the Australian Code becomes law.

In 2014, Spain passed a law requiring Google to pay for a license to use news content and images. Google shut down its Google News service in Spain as a reaction.¹¹ There have been mixed reactions on the resulting landscape. Google Australia has confirmed that under the terms of the current ACCC Code, they would not be able to shut down their News service in Australia.¹²

In 2019, Google won a court case against a consortium of German publishers who wanted to charge them in copyright fees for their news snippets and other items published.¹³

In April this year, France's competition watchdog ordered Google to negotiate with French publishers over news licensing fees.¹⁴

¹⁰ Easton (2020), *An Update About Changes to Facebook's Services in Australia*, <https://about.fb.com/news/2020/08/changes-to-facebooks-services-in-australia/>

¹¹ Best (2014), *Google cans Spanish Google News after new law means it has to pay publishers*, <https://www.zdnet.com/article/google-cans-spanish-google-news-after-new-law-means-it-has-to-pay-publishers/>

¹² Google Australia (2020), *Update to our open letter to Australians*, https://about.google/intl/ALL_au/google-in-australia/an-open-letter/

¹³ Chee and Lauer (2019), *Google wins legal battle with German publishers over fee demands*, <https://www.reuters.com/article/us-google-germany-publishers-idUSKCN1VX0R2>

¹⁴ Larger and Kayali (2020), *French publishers win decisive battle against Google*, <https://www.politico.eu/article/french-publishers-win-decisive-battle-against-google/>

What would be the impact of Google and Facebook following through on their threat?

Google and Facebook have reacted differently to the draft Code and have specified different actions. Google and Facebook's campaign narrative both imply that Australians would suffer from any kind of change to their services forced by the Code. Google's public campaign in particular attempts to mobilise a critical mass of supporters to create public pressure against it.

From a risk management perspective, this presents us with some interesting propositions – just how reliant are we on Google and Facebook and are we willing to risk their ire? Does this reliance create a significant risk to the national interest? What would it be actually like if Google and Facebook were to curb or remove their services in Australia?

On September 29 the Centre of Responsible Technology convened a roundtable discussion of industry experts, including business leaders, academics, journalists, strategists and tech employees to unpack these questions. We asked them to imagine three tiers of “withdrawal” from Google and Facebook:

- The tech companies follow through on their current threats in response to the Code, and curbs/removes news functions
- They remove their main advertising services from Australia (which is their primary engagement locally and their main source of revenue)
- They remove their services completely.

The roundtable explored high-level ideas on the likelihood, impact and overall risk of each scenario.

This exercise is not meant to be an exhaustive look at the impact of Google and Facebook on Australians. The ACCC Digital Platforms Inquiry has already conducted a thorough process on these topics. Google and Facebook's market dominance is without question.

This exercise instead attempts to go further than the current situation, and explore the possible horizons at play. It wants to address the uncomfortable implications of our reliance on Google and Facebook and whether this presents a risk to Australians. It is also about articulating the issues at the core of Google and Facebook's products, and their business model, and whether Australians want to continue conducting business in this way. Finally, this exercise is also about coming up with risk mitigation strategies, and conceiving of a different type of online experience for Australians into the future.

GOOGLE

Scenario	Likelihood	Impact	Risks
Google withdraws or curtails its Google News service in Australia	Likely , the Code specifically highlights Google News and search results relating to news publishers	Some disruption at first, but market and audiences eventually adjust.	There would be some disruption to publishers and audiences as they adjust to new parameters. Some smaller publishers and online content creators more reliant on referral traffic and Google amplification would be more negatively affected than others
Google removes its primary advertising services, including Google 360 ad stack and related search dependencies, and YouTube	Unlikely , Google Australia's primary offering and local engagement is through advertising. This is the Australian office's primary function. Google employs over 1,500 people in Australia not including contractors and suppliers ¹⁵	Very Significant , Google has dominated digital advertising through its integrated ad stack, both on the demand and supply side, and is used by most advertising agencies and their clients today YouTube is the second largest search engine in the world and is used by 17.6 million Australians monthly ¹⁶	Very disruptive , while larger advertisers may revert to a more balanced advertising portfolio, small businesses who were given a competitive entry point through Google's DIY ad stack would suffer. Smaller businesses historically could not compete or afford to advertise with mainstream media publishers. However there would be a very real opportunity for alternatives and competitors (e.g. Bing and Microsoft ads) to immediately fill the vacuum. YouTube is a unique content network. While there are alternative networks like Vimeo and Dailymotion, losing YouTube would be extremely disruptive for

¹⁵ Google (2020), *Googlers in Australia*, https://about.google/intl/ALL_au/google-in-australia/#:~:text=Googlers%20in%20Australia,at%20Google%20in%20Australia%20today.

¹⁶ ACCC (2019), *Digital Platforms Inquiry Final Report 2019*, p. 6

			advertisers, businesses, and audiences.
Google removes all of its products and services – including free productivity tools like Gmail, Chrome and Docs, Android software, Maps and smart devices like speakers	Highly unlikely , beyond its primary advertising products, Google have offered its productivity tools free so that users become more integrated into the Google ecosystem. Usage is extremely widespread across many sectors in industry and among consumers. A full withdrawal would be complex.	It would be difficult to imagine the full impact of what a full withdrawal of Google services would be like to Australians. Google’s products have become so embedded into our everyday lives. Beyond commercial businesses, other significant sectors like education, and even health use Google software.	Industry leaders agreed that it would be hard to hypothesise on a full withdrawal of Google services largely because a full audit is difficult to capture. This unknown quantity is a great risk on itself as the limits of Google’s penetration remains unclear across industry and consumer use. Extrapolating from their known influence across their main revenue generating products, it is likely that their dominance extends across these disparate products and services as well.

News referrals and switching behaviours

Google often downplays the significance of news content and its contribution to the Google ecosystem. The way they frame “news” is deliberately restrictive as it limits news content to the “News” sub-section in Google search and restricts news value to revenue (advertisers place limited ads against news items).¹⁷ Of course the truth is more complex.

News content legitimises Google as a source of accurate, timely and relevant information. Without news, Google would not be able to claim that it has the latest, most accurate and most comprehensive information on any topic users want to search for. It also deliberately obfuscates the value news content plays in user engagement and user acquisition. Relevant, timely and accurate news brings users to Google, and the resulting user data and engagement generated is what powers Google’s business model.

Should Google curb its news function in some way publishers will be impacted. Referral traffic from Google is a material source of traffic to publishers, with some reporting up to 30% of traffic coming from Google. Disrupting this would cause an immediate decrease in traffic referrals, and publisher revenue.

¹⁷ Google Australia (2020) *How Google supports the news industry*, <https://australia.googleblog.com/2020/09/how-google-supports-news-industry.html>

Spain is a regularly cited example of why Australia should not push Google into removing its News services. In 2014, Spain legislated that Google must pay license fees for use of Spanish news snippets and images. This was part of an amendment to Spain’s intellectual property Code to create a right for news publishers to receive payment of their content from online platforms. The law made it impossible for Spanish publishers to waive the payments, therefore effectively forced Google into payment. As a result, Google closed its News services in Spain in December 2014.¹⁸

While there was an immediate decrease in traffic, it is worth reflecting on the overall result of this decision years later. A study conducted by News Media Alliance¹⁹ found that while there was a drop in referral traffic initially, traffic returned over time as users adjusted to the change and found ways to access news directly from publishers. Ultimately, the study found that there was no material change in traffic. Furthermore, direct organic traffic is more valuable than referral traffic as user behaviour becomes ingrained and a more direct relationship is created between the audience and publishers. Direct traffic also allows publishers to get first hand data from users themselves without the need for an intermediary, which can then be used to better service users and drive more profitable experiences directly.

Figure 1: Unique monthly visitors for Spanish publishers over 5 years. Google removed its News section in Spain from December 2014.

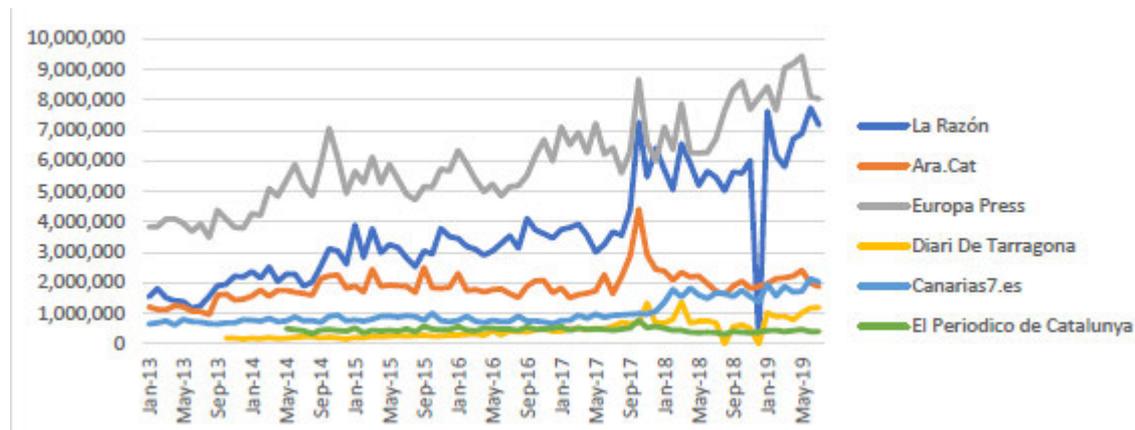


Figure 1 shows unique monthly visitors with the main Spanish publishers over a period of 5 years. While there was a drop from December 2014 when Google News was removed,

¹⁸ Williams (2014), *Google News Spain to be shut down what does it mean?*,

<https://www.theguardian.com/media-network/2014/dec/12/google-news-spain-tax-withdraws>

¹⁹ Munter (2019), *Google News Shutdown in Spain was not as bad as Google would have you believe*,

<https://www.newsmediaalliance.org/google-news-shutdown-in-spain-not-as-bad-as-google-would-have-you-believe/#:~:text=Speaker%20Bios->

,Google%20News%20Shutdown%20in%20Spain%20Was%20Not%20as,Google%20Would%20Have%20You%20Believe&text=Earlier%20this%20year%2C%20the%20European,copyright%20laws%20across%20the%20EU.&text=As%20a%20result%2C%20Google%20decided,at%20the%20end%20of%202014.

overall traffic remained flat over time and the drop was not distinct among other volatility in traffic in the years that followed.

Should Google curtail its news services in Australia, audiences will no doubt find ways to switch their behaviours and access news directly. Many major publishers have developed substantive online presences, with main websites, apps, and distribution across third party online platforms. Other aggregators like Flipboard, Reddit and RSS feeds also remain available. A September 2020 Essential poll found that the majority of Australians (75%) would go directly to publishers or use alternative platforms (53%) if Google stopped showing news.²⁰

Google has since announced that it will pay \$1 billion over 3 years for news content, and that it had signed agreements with almost 200 publications in Germany, Brazil, Argentina, Canada and the UK.²¹ This latest announcement demonstrates that Google is willing to pay for news content, but only in their own terms, and want to avoid regulation at all costs.

Paying for news content is increasingly being demanded globally, as we have seen in Spain, Germany, France and here in Australia. Negotiating with regulators and publishers is an inevitability that Google will not be able to avoid. The public campaign they launched rings hollow as world regulators and publishers demand payment for news content, and look to build on each other's success.

Advertising - Google's true purpose

Google's business model is often referred to as "surveillance capitalism"²² – its suite of free products harvest data usage, habits, patterns and trends from users, developed into customised profiles of those users, which are then sold as targeting to advertisers who tailor advertisements based on those profiles.

Most users are not consciously aware of this and take for granted that Google's free services are profiting from their usage and data. Google, for all the diverse products it offers, is essentially an advertising company.

Satellite offices globally like in Australia are primarily focused on extending this advertising revenue. The Google Australia office is essentially made up of two main teams – ad sales (and all the support functions related to this), and engineering (software developers who support and maintain products).

²⁰ Essential Media (2020), *Future usage of online news*, <https://essentialvision.com.au/future-usage-of-online-news>

²¹ Chan (2020), *Google to pay \$1 billion over 3 years for news content*, <https://abcnews.go.com/Technology/wireStory/google-pay-billion-years-news-content-73363017>

²² Holloway (2019), *Explainer: what is surveillance capitalism and how does it shape our economy?*, <https://theconversation.com/explainer-what-is-surveillance-capitalism-and-how-does-it-shape-our-economy-119158>

Google has recorded \$4.8billion in gross revenue in Australia in 2019, and of that figure, \$4.3 billion was from advertising.

Figure 2: Extract from Google Australia financial statements

Google Australia Pty Limited
Notes to the consolidated financial statements (continued)
 31 December 2019

4. Revenue

	2019 \$'000	2018 \$'000
Advertising and other reseller revenue	719,198	560,613
Service revenue	332,623	290,828
Hardware	179,127	216,227
Other	13,695	2,535
Total revenue	1,244,643	1,070,203

As detailed in Note 2(e), the Group reports revenues from advertising and other reseller sales and associated direct cost of sales on a net basis. Excluding the associated direct cost of sales, the Group recorded \$4.8b (2018: \$4.2b) in gross revenue in 2019, of which \$4.3b (2018: \$3.7b) relates to Advertising and other reseller revenue.

Google Australia segments its advertising across many industry verticals – e.g. tourism and travel, automotive, finance, government, etc. The overall aim of the Google Australian office is to maximise their advertising “share of wallet” across these industries – that is, capture as much of Australian advertising budgets as possible. It has been so successful in this pursuit that Google now accounts for over 51% of all online advertising.²³

Google has also been advantageous for small businesses that may not have been able to afford or have the resources to advertise in mainstream publishers. Google’s relatively easy to use DIY ad platforms have given small businesses a cost-effective way to advertise.

Google also have commercial agreements with almost all large publishers who use their advertising network and which generates Google a percentage of profits from that usage. Google also have commercial agreements with many advertising agencies that on sell the Google 360 ad network to their clients.

Google advertising is therefore embedded across many businesses and is a dominant force in advertising.

YouTube is a significant part of the Google advertising ecosystem. It drives revenue through display advertising and attracts 17.6 million Australians monthly.²⁴

While Google Australia represents a smaller portion of Google’s overall market share, it is still a significant part of their global business. A removal of advertising services would therefore be just as disruptive for Google as it would be for the local advertising market.

²³ ACCC (2019), *Digital Platforms Inquiry Final Report 2019*, pg. 46

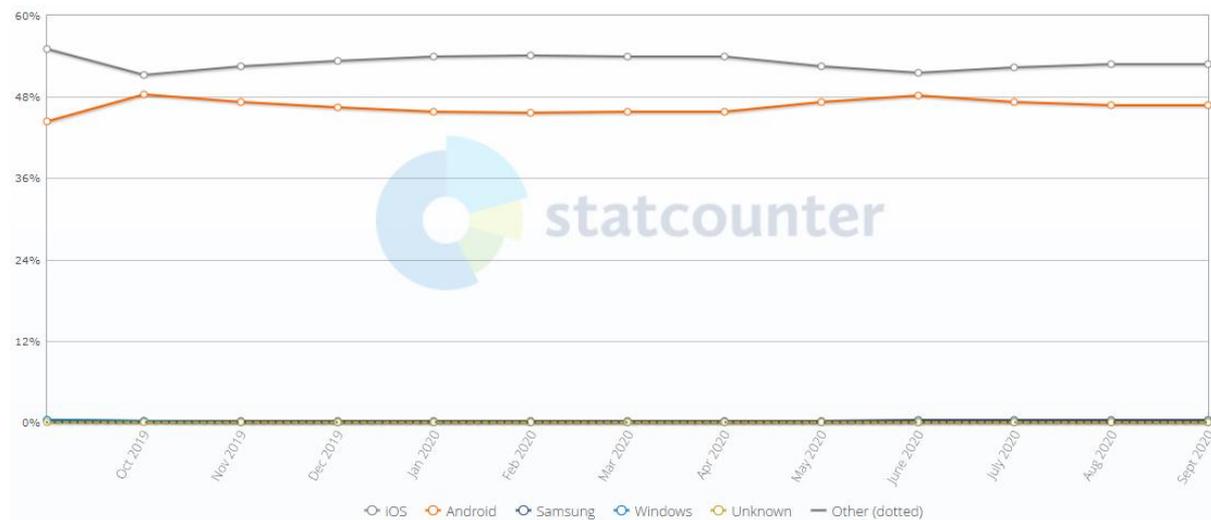
²⁴ ACCC (2019), *Digital Platforms Inquiry Final Report 2019*, p. 6

Unwinding existing commercial agreements with publishers, advertisers, agencies and businesses would be legally difficult, costly and time consuming. Any threat against curtailing these services would be highly unlikely, as advertising is the main reason for Google Australia’s 1,500 strong workforce and a large network of freelancers and contractors. It is also questionable how much influence Google Australia has on core functions like the Google search algorithm and on the YouTube network.

Devices and industry penetration

Google not only provides search, YouTube and its integrated advertising network, it also owns Android, a mobile operating system and Android phones. In Australia, Android is the second most popular mobile operating system, at 47% penetration, following Apple’s iOS at 53%, as shown in Figure 3.²⁵

Figure 3: Most popular mobile operating systems in Australia



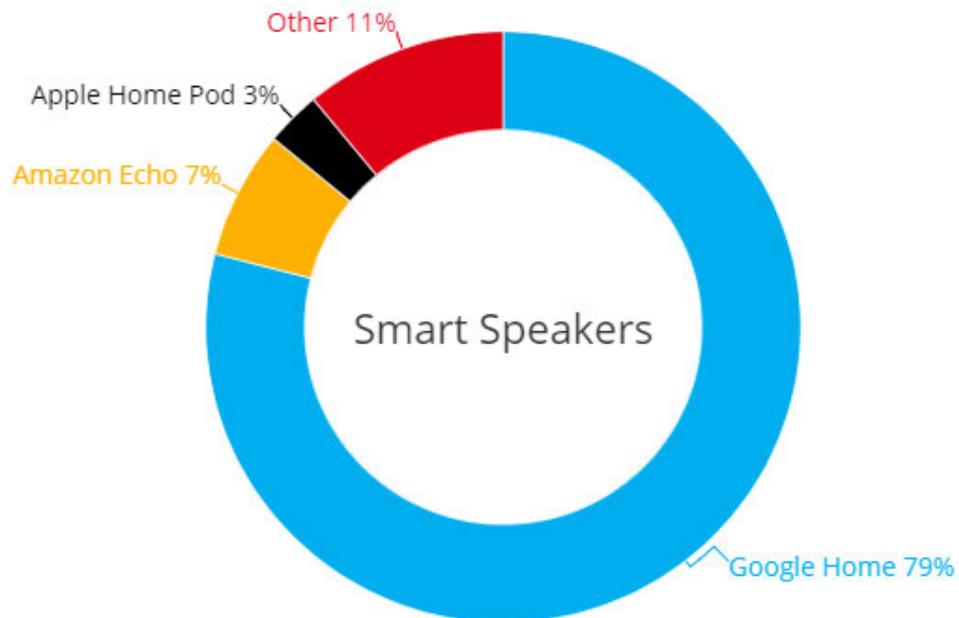
Australians are keen adopters of smart devices, including mobiles and emerging new devices.

In the burgeoning smart speaker market, 14% of Australians (2.9 million) now own a smart speaker. Of those, the large majority (79%) are Google Home speakers, as shown in Figure 4 below:²⁶

²⁵ StatCounter GlobalStats (2020), *Mobile Operating System Market Share in Australia – September 2020*, <https://gs.statcounter.com/os-market-share/mobile/australia>

²⁶ Cowling (2019), *Talkin’ To Technology*, <https://www.nielsen.com/au/en/insights/2019/talkin-to-technology/>

Figure 4: Share of smart speakers in Australia



Source: Nielsen Enumeration Survey. Jun-July 2019, P 14+, n=3000 per quarter

Google therefore has a large share in entrenched devices like mobile phones as well as emerging ones like smart speakers.

Aside from devices, Google's free productivity tools are used pervasively across personal and business use. Gmail is the most popular email client in use today, with 1.5 billion users globally²⁷, and Google's browser Chrome commands approximately 70% market share.²⁸

Google productivity tools like Gmail, Chrome and Google Docs are used widely by students, from primary school aged through to tertiary students. Google Classroom is a notable feature in many schools and households today. In NSW, a partnership with Google Classrooms has given Google access to the data of more than 750,000 students and 85,000 teachers.²⁹

²⁷ Elias and Petrova (2019), *Google's rocky path to email domination*, <https://www.cnbc.com/2019/10/26/gmail-dominates-consumer-email-with-1point5-billion-users.html>

²⁸ Ahmed (2020), *NetMarketShare's recent report suggest Google Chrome reigning browser world with 71% market shares*, <https://www.digitalinformationworld.com/2020/08/recent-report-suggests-google-chrome-be-the-currently-reigning-browser-with-71-market-shares.html>

²⁹ Henderson (2018), *How Google took control of the classroom, through the channel*, <https://www.arnnet.com.au/article/633245/how-google-took-control-classroom-through-channel/>

Google’s suite of productivity tools also includes Meet, Chat, Calendar, Google Drive, Sheets, Slides, Forms and Hangouts.

Google has tailored solutions for new businesses, from small to enterprise, across industry verticals like Retail, Manufacturing, Professional Services, Technology, Healthcare, Nonprofits and even Governments.

There is also a suite of backend IT services like Google Cloud, Analytics, Domains and Enterprise Business Solutions used widely in many industries.

Its acquisitions number in the hundreds³⁰, with future-facing technology not yet seen or released publicly. Google’s “X” Lab, its “Moonshot Factory” develops technology for the future and aims to solve some of the “world’s biggest challenges”.³¹ What most Australians see and know of Google is a sliver of their whole capabilities. They are a true powerhouse in technology.

Even of the services and products we do know of, it is hard to quantify Australians’ total usage. Industry leaders do agree however, that Google’s penetration is pervasive and far-reaching. We are giving Google access to our data while we use their services for personal, as well as professional use, as students, through our children’s usage, through our mobile devices and new devices like smart speakers, for small businesses and enterprise businesses, across a diverse set of industry sectors and even as public servants with the Australian government.

Given this broad sweep of influence, industry leaders have reflected and agreed that it poses significant risks to rely so heavily on a single technology company. We must address this over-reliance and have national solutions to mitigate against them.

FACEBOOK

Scenario	Likelihood	Impact	Risks
Facebook removes news publishing and sharing for Australians	Likely , Facebook have made explicit threats to do this, and has been unwilling to negotiate with the Code further	Very Significant , approx. 30% of Australians now gets their news primarily on Facebook. ³² Removing this category would mean a significant number of Australians would not get daily	Very concerning , The biggest concern with removing news on Facebook is that it would worsen an already questionable information environment.

³⁰ Crunchbase (2020), *List of Google’s 243 Acquisitions, including North and AppSheet*, https://www.crunchbase.com/search/acquisitions/field/organizations/num_acquisitions/google

³¹ Franklin-Wallis (2020), *Inside X, Google’s top-secret moonshot factory*, <https://www.wired.co.uk/article/ten-years-of-google-x>

³² ACCC (2019), *Digital Platforms Inquiry Final Report 2019*, pg. 55

		news. It is unclear whether the Australians who get their news on Facebook would demonstrate adjustment behaviours to compensate	Mis/Disinformation would run rampant and wouldn't have the balance of accurate news to counter it. Publishers will be affected but traffic referrals will likely adjust as per the Google Spain case study. Smaller publishers and online focused content creators will be negatively impacted.
Facebook removes advertising products and services	Unlikely , like Google, Facebook's Australian office is primarily setup as an advertising sales and support office, and it's their main engagement with local industry	Disruptive , Facebook commands 24% of digital advertising budgets in Australia. ³³ Facebook Business Network has solid market reach, however is not as integrated as Google ad network and doesn't have the same reach.	There would be some disruption on switching between Facebook and alternative products however it would not be as troublesome as Google. There are several advertising alternatives to Facebook and they don't command a product monopoly in display advertising in the way that Google AdWords do in search for example.
Facebook removes all its services including other applications like Instagram and WhatsApp	Contingent on government regulation and response , Facebook has recently threatened Ireland with a full removal of services should they be forced to comply with a law that restricts data sharing between US and European servers. Facebook appears to threaten removal of services much more explicitly than Google does	Very disruptive – Facebook has the benefit of the network effect – people's embedded connections power Facebook usage, and makes switching costs or removal very high. People rely on Facebook to connect with family, friends, keep track of events, community groups, etc.	Very disruptive , however there are alternatives if we enable social portability between platforms (users can take their connections and data with them to an alternative) then the network effect is somewhat mitigated.

³³ ACCC (2019), *Digital Platforms Inquiry Final Report 2019*, pg. 46

Holding back mis/disinformation

Facebook has a persisting and unresolved issue with misinformation and disinformation. The platform continues to be used to spread hoaxes, conspiracy theories, hate speech, and propaganda. During the COVID-19 pandemic alone, a study revealed that the top 10 websites peddling COVID disinformation received almost 4 times as many views on Facebook as the top 10 reputable sites for accurate health information.³⁴ This was despite Facebook executives promising to crack down on conspiracy theories and false information early in the pandemic.³⁵ This is only the latest in a long history of failures to combat harmful mis/disinformation in their platform.

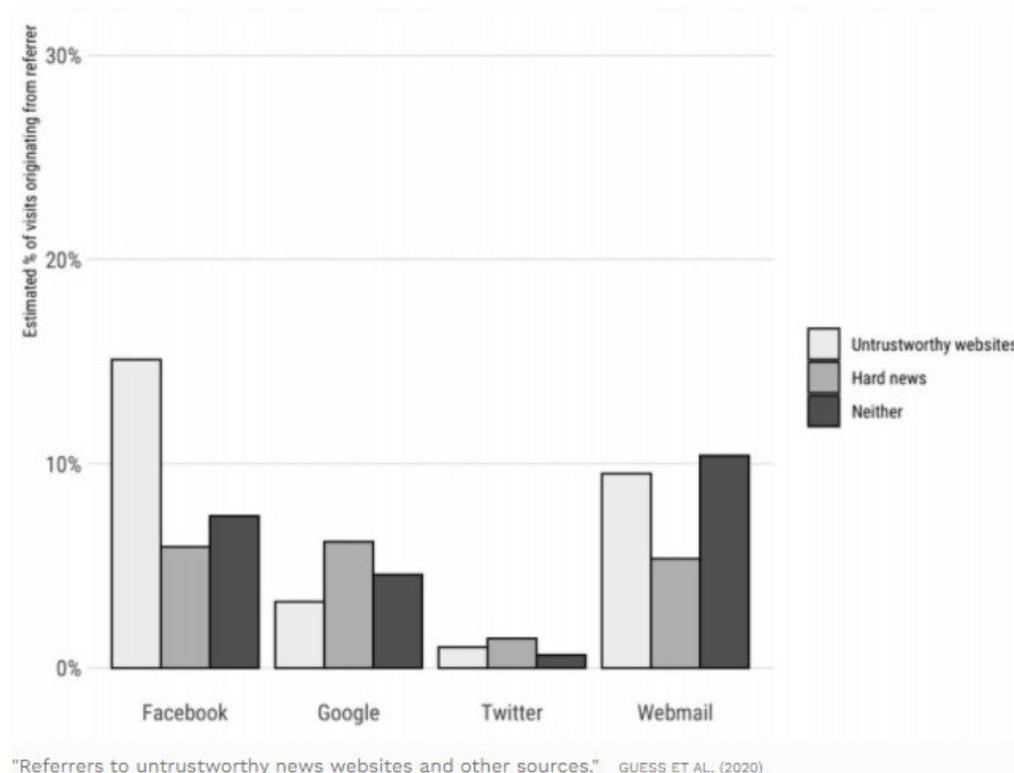
A study developed for scientific journal *Nature: Human Behaviour* led by a Princeton University professor shows that Facebook referred users to untrustworthy websites over 15% of the time, the most against other platforms like Google, Twitter and email. By contrast the study found that Facebook referred to authoritative news sites only 6% of the time.³⁶

³⁴ Graham-Harrison and Hern (2020), *Facebook funneling readers towards Covid misinformation – study*, <https://www.theguardian.com/technology/2020/aug/19/facebook-funnelling-readers-towards-covid-misinformation-study>

³⁵ O'Malley (2020), *Facebook fights COVID-19 Misinformation, promotes CDC, WHO health reports*, <https://www.mediapost.com/publications/article/348722/facebook-fights-covid-19-misinformation-promotes.html>

³⁶ Travers (2020), *Facebook spreads fake news faster than any other social website, according to new research*, <https://www.forbes.com/sites/traversmark/2020/03/21/facebook-spreads-fake-news-faster-than-any-other-social-website-according-to-new-research/#3c3f185a6e1a>

Figure 5: Study showing Facebook is the largest referrer to untrustworthy websites



The general antidote to mis/disinformation is quality journalism. Industry leaders worry that should Facebook remove the ability for Australians to share news, then the environment of disinformation will only worsen. Facebook's algorithms create filter bubbles which continually serve users content they've interacted it. Without the buffer of credible news, the algorithms will only reinforce and propagate disinformation throughout the platform.

Moreover, the Australians who are more likely to be vulnerable to mis/disinformation may not adjust their behaviour to seek out official news channels if they become unavailable on Facebook.

This would be of significant concern given the environment of filter bubbles, harmful tribalism, conspiracy theories, radicalism and fake news that has already been very damaging to democratic processes and civic engagement.

That Facebook would threaten removal of news for profit-driven reasons reinforces the company's reputation for resistance to regulation and harmful inaction against mis/disinformation in general.

The disinformation-filled ecosystem on Facebook needs urgent and substantive action.

The network effect and the "stickiness" of Facebook

Facebook benefits from the network effect – a virtuous cycle which grows as more users engage on Facebook, more data is generated, and recommendations become better. This

also creates a multiplier effect whereby connections for each user become more valuable the more people are on the platform.³⁷

This makes the idea of reducing time or even switching off from Facebook difficult for some people, as their cumulative investment in content generation, and their connectedness to family and friends become embedded behaviours which reinforce the value of the platform.

Despite known harms and rampant disinformation, Facebook's stickiness and network effect create an environment that many users would find difficult to leave behind.

A curtailing or removal of Facebook services would therefore likely affect Australians negatively as they lose connections and the vault of content they have invested in the platform. This reliance is a risk for Australians should Facebook follow through on removal of their services.

³⁷ Chavar (2018), *Why you keep using Facebook, even if you hate it*,
<https://www.vox.com/videos/2018/4/11/17226430/facebook-network-effect-video-explainer>

Risk mitigation strategies

As previously mentioned, this paper is not meant as an exhaustive and comprehensive forensic investigation into the impacts of Google and Facebook for Australia. Instead it aims to expose just how reliant we are on Google and Facebook, and recognise that over-reliance poses significant risks.

Industry leaders, with subject matter expertise on online and social media platforms, reveal common themes and patterns of our over-reliance on Google and Facebook. They agree that the impacts are great, the risks greater, and “leaving” the two platforms would not be so easy or workable for many Australians.

We are beginning to collectively realise just how pervasive the platforms have become in our everyday lives, both personally and professionally.

The News Media Bargaining Code is only one specific, early step in holding the companies to account, and already this piece of regulation has met fierce resistance.

While these are only hypothetical scenarios what is clear is that it is risky for Australians to rely too heavily on these businesses.

As we learn more about what powers the online world, the value of our own individual data, and the issues surrounding exploitative models using that data, we must come up with risk mitigation strategies to protect us from these Big Tech models.

It is unacceptable to fatalistically declare that we must accept these current business models as the default way of doing business online.

We must advocate for safer and fairer models which protect Australians and their interests online.

We asked industry leaders to come up with a diverse set of ideas which would mitigate against Google and Facebook’s dominance in Australian life, and some clear themes emerged:

Regulation

Regulation remains the strongest way to address the imbalance of power held by Google and Facebook. The ACCC’s landmark Digital Platforms Inquiry made a number of regulatory intervention recommendations and the News Media Bargaining Code is the first to be developed. International precedents in Spain, Germany and France have attempted similar initiatives.

The General Data Protection Regulation (GDPR) in Europe was one of the first wholesale regulatory interventions targeting technology platforms and data usage. The law set a new

foundation and standard for technology transparency, accountability and gave users more control and protections.³⁸

The California Consumer Privacy Act (CCPA) followed, which had similar policies around transparency, data handling practices and consumer rights.³⁹

Proposition 24, also known as the California Privacy Rights and Enforcement Act of 2020 (CPRA) expands existing privacy laws that will better protect user privacy, particularly around data surveillance and tracking from third parties. The Law aims to limit data collection outside of the existing sites users have visited (i.e. Google and Facebook can't follow you once outside of their properties).⁴⁰

While these current regulations are not perfect, they are very important precedents that other regulators and governments can build upon.

Google is currently facing an antitrust suit in the US. China is reportedly also planning an antitrust investigation against Google.

To build on precedents in regulation like the CCPA, we propose the Government speed up and expand on the consumer privacy updates proposed by the ACCC. Our proposal is detailed in the final Recommendations section.

Another interesting idea from industry leaders was a “volume transaction tax” which would restrict the amount of data trading and exchange conducted on digital advertising trading platforms. This is derived from financial transaction taxes, or “Tobin taxes” that are sometimes applied to high-frequency financial transactions to deter speculation and harmful trading.⁴¹ Currently, the digital programmatic advertising industry conducts billions in trade, and it is entirely unregulated. This is in stark contrast to the financial industry for example, which trades in similarly large volumes of data, but faces more regulations.

Regulation will always be slower than technology, but it remains one of the best ways to address market imbalance, unfair dominance and enforce consumer protections.

National Technology Risk Mitigation Strategy

The Australian government has realised the significance of protecting Australians against digital threats and the importance of a strong digital future.

³⁸ Dearie (2020), *Comparing the CCPA and the GDPR*, <https://www.cpomagazine.com/data-protection/comparing-the-ccpa-and-the-gdpr/>

³⁹ Paul (2019), *California's groundbreaking privacy law takes effect in January. What does it do?* <https://www.theguardian.com/us-news/2019/dec/30/california-consumer-privacy-act-what-does-it-do>

⁴⁰ Kint (2020), *Google and Facebook hate a proposed privacy law. News publishers should embrace it*, <https://www.vox.com/decode/2020/10/5/21497859/google-facebook-california-privacy-law-internet-cpra>

⁴¹ Amos (2015) *Australia's Tobin Tax: Arguments and evidence*, <https://www.tai.org.au/content/australia%E2%80%99s-tobin-tax-arguments-and-evidence>

We welcome the development of our National Cyber Security Strategy, and accompanying funds of \$1.67 billion to invest in strengthening our digital infrastructure and systems.⁴²

However, this strategy focuses on threats which are specifically criminal and foreign in nature. It doesn't account for any risks from existing companies and the threats posed around our dependence and over-reliance of those companies.

We propose a National Technology Risk Mitigation Strategy, which could be an extension of the Cyber Security Strategy or a standalone initiative, which looks specifically at existing Big Tech companies like Google and Facebook, and how our over-reliance on their services creates a risk to the sovereignty of Australia.

This is of particular concern when there are disagreements on policy and regulation like we are seeing now. When a process like the ACCC Digital Platforms Inquiry, which has taken over 18 months to develop, with wide consultation and due diligence given towards participants and the community, is undermined by a private business, the sovereignty of the Australian government and its agencies is diminished.

This strategy should also address the value chain of technology services and providers, and whether we are relying on individual companies for too much of our infrastructure – for example, does the Cyber Security Strategy consider what percentage of any cyber protection enterprise solutions come a single company – like Google or Amazon? Our risk frameworks needs to be extended to look at our technology procurement processes, and what a balanced supply chain looks like outside of only one or two providers.

Government and industry investment in Australian startups

Australian technology success stories like Atlassian and Canva have proven that we are able to develop globally successful and innovative technology companies here in Australia that can compete on the world stage.

While venture capital investment in Australia is showing its highest levels in the first half of this year (approx. \$994million) compared to previous years,⁴³ our overall funding levels are still minimal compared to developed VC environments in the US, UK, Europe and Asia.

To mitigate against foreign-owned technology companies dominating our ecosystem, we propose a significantly higher investment in Australian technology and startup companies.

This would not only create a healthier and more competitive technology industry, but would also allow Australians the opportunity to envisage different ways of doing business online,

⁴² Dinham (2020), *Australian Government launches new \$1.67b cyber security strategy*, [https://www.itwire.com/security/australian-government-launches-new-\\$1-67-billion-cyber-security-strategy.html](https://www.itwire.com/security/australian-government-launches-new-$1-67-billion-cyber-security-strategy.html)

⁴³ KPMG (2020), *Australian startup investment continues to rise in 2020, despite COVID-19*, [https://home.kpmg/au/en/home/media/press-releases/2020/07/australian-startup-investment-continues-rise-2020-despite-covid19-28-july.html#:~:text=The%20report%20points%20to%20US,2019%20\(US%24317.5%20million\).](https://home.kpmg/au/en/home/media/press-releases/2020/07/australian-startup-investment-continues-rise-2020-despite-covid19-28-july.html#:~:text=The%20report%20points%20to%20US,2019%20(US%24317.5%20million).)

with possible alternative models different from those foreign owned companies bring locally.

Government investment could for example, have a minimum number of startups extend co-investing models and joint ventures with the public, allowing taxpayers to retain equity in the new companies.

This investment should also be protected and governed by the ACCC's recommendation on acquisitions, with large digital platforms providing advance notice of any proposed acquisitions.⁴⁴ This ensures that burgeoning Australian startups are allowed to develop without the threat of a hostile or anti-competitive buy-out from companies like Google and Facebook.

The roundtable noted stated government policies to increase Australian exports, either in general, or of specific industries such as defence. These policy goals are subsidies with billions in loans and credit via the government-owned Export Finance and Insurance Corporation and industry specific funds such as the \$3.8 billion Defence Export Facility.⁴⁵ Given the far greater national importance of mitigating Australia's dependence on overseas tech giants, similar resources should be directed to Australian technology development.

A stronger local startup scene would allow uniquely Australian perspectives in developing technology to solve uniquely Australian challenges and opportunities. It would also ensure local technologists and talent feel that they have real prospects locally and not need to move overseas to fulfill their potentials.

Viable alternatives to Google and Facebook

Google and Facebook's market dominance makes it difficult to imagine viable competitors which could replace their products and services. This is one of the main reasons why their market power imbalance needs to be corrected so that a healthier, more dynamic competitive landscape can occur.

There are current alternatives which could mitigate against any curtailing or removal of Google and Facebook in Australia. Microsoft's Bing and its related ad stack could step in if Google were to exit. An industry insider confirmed that Microsoft would invest significant amounts on improving Bing and its ad network if there were a real possibility of competing against Google's top position. Similarly existing platforms like Twitter could fill any gaps Facebook may leave behind.

And yet, the underlying issue of a surveillance capitalist business model which powers some current alternatives would remain. If a (too similar) alternative steps in to fill the gap, would the exact same issues eventuate at a later time?

⁴⁴ ACCC (2019), *Digital Platforms Inquiry Final Report 2019*, pg. 109

⁴⁵ Pyne (2018) *Launch of job-creating Defence Export Strategy*,
<https://www.minister.defence.gov.au/minister/christopher-pyne/media-releases/launch-job-creating-defence-export-strategy>

In considering alternatives, we must then look at technology platforms which have different business models.

From a search and browser perspective, there is privacy focused DuckDuck Go which is growing rapidly and now hosts over 2 billion searches⁴⁶, the established Mozilla Firefox has a Personal Data Promise which promises not to exploit user data and privacy⁴⁷, Apple's Safari is privacy conscious as well as new entrants like Brave.⁴⁸

There has been a smattering of social platforms trying for different approaches for a number of years, including Ello, Diaspora and the more recent Mastodon and MeWe.⁴⁹ These platforms suffer from the network effect which keeps Facebook users and their friends chained to the Facebook platform.

Another interesting idea would be to do away with a commercial model of social networking altogether. Wikipedia founder Jimmy Wales has developed WikiTribune which is an attempt at an online network that doesn't have a profit or surveillance imperative.⁵⁰ If issues around democratic integrity surrounding elections, free press and accurate news are causes for concern in commercial social networks, then an interesting idea would be to develop a publicly funded platform which does not have a profit and surveillance imperative.

A publicly funded social network would focus on connecting and engaging the community, without harvesting their data. Public broadcasters would be particularly suited to this task, given their wide reach across local, regional and national communities, and the high levels of trust the public attributes to them.

The Australian Broadcasting Corporation for example, is the nation's most trusted media organisation, with extensive reach with the community, and an existing infrastructure both on and offline which can be easily leveraged. The ABC already has the most popular Australian news site with ABC News Online. This engagement could be evolved to include a stronger community engagement capability which would benefit all Australians.

We propose a social network enabled by public funds, through the ABC in the Recommendations section that follows.

⁴⁶ Parmar (2020), *Privacy-focused search engine DuckDuckGo is growing fast*, <https://www.bleepingcomputer.com/news/technology/privacy-focused-search-engine-duckduckgo-is-growing-fast/>

⁴⁷ Mozilla Foundation (2020), *Firefox products are designed to protect your privacy*, <https://www.mozilla.org/en-US/firefox/privacy/>

⁴⁸ Neild (2019), *It's Time to Switch to a Privacy Browser*, <https://www.wired.com/story/privacy-browsers-duckduckgo-ghostery-brave/>

⁴⁹ Graham (2020), *Done with Facebook? Consider MeWe, Parler or old standbys such as LinkedIn*, <https://www.usatoday.com/story/tech/2020/06/30/facebook-alternatives-mewe-and-parler-old-linkedin-reddit/3280386001/>

⁵⁰ Summers (2017), *Wikipedia co-founder launches Wikitribune to fight fake news*, <https://www.engadget.com/2017-04-25-wikitribune-fake-news-jimmy-wales.html>

Data ownership and transactions

One of the core issues with Google and Facebook is their current business model of surveillance capitalism. But is this model viable in the longer term?

As Australians become more tech savvy and more aware of our technology usage, does surveillance capitalism need to be the default way we do things online? Given the choice now, would Australians so readily surrender their data in exchange for free services? If given a choice before each search query, before playing a video, and before browsing a website would we click “accept” to all data harvesting exercises if we knew the extent to which our data is being exploited?

The alternative browsers and social networks that have developed essentially all imagine a different way of operating online, without harvesting user data and sacrificing user privacy.

The legislation which has pushed back against Google and Facebook, like the GDPR and CCPA, all restrict data harvesting practices and protects user privacy.

There are new ideas worth exploring, like the concept of data trusts,⁵¹ a third party that could manage our data on our behalf and transact with any companies wanting to use that data. This would take the pressure off individuals who are only just grappling with our digital footprints as transactional bargaining chips. It would also be best at scale, so groups of data interests (perhaps segmented by need or category – like health data, spending data, location data, etc.) are meaningfully represented to relevant commercial interests.

As we become aware of how valuable our data is, do we need to place transactive restrictions and mechanisms like data trusts and even costs for businesses who wish to use our data for their own commercial purposes?

If Google and Facebook profit from our data, why are they allowed to harvest it for free? Is the value exchange from their free services worth the value of our individual data points? For example, currently our entire search history, our “click and query data” (approximately 20 years’ worth) and online browsing patterns, habits and preferences is owned by Google. What happens if they leave Australia – do they take our data with them? Why are they allowed to capture our data indefinitely?

There should be stronger restrictions put in place, for example in Google collecting and transferring user data between its own services.

We need to develop a more robust and open conversation around the use of, profit from, and value of user data. If companies derive monetary value from these data points then users should have better protections to control those data points or even charge for their use.

⁵¹ Lewis (2020), *Peter Lewis’s 2020 vision: stop glibly signing over your data and take control*, <https://www.theguardian.com/commentisfree/2020/feb/22/peter-lewiss-2020s-vision-stop-glibly-signing-over-your-data-and-take-control>

Recommendations

While there were a diverse range of ideas from industry leaders, key themes emerged on effective risk mitigation strategies against our over-reliance on Google and Facebook. These included better and more specific regulation, a specific government strategy looking at technology reliance risks, larger investments in the Australian startup scene, alternatives to Google and Facebook, and challenging their default business model of surveillance capitalism.

We have chosen three specific recommendations to showcase and which we believe needs urgent development:

1) A significantly stronger consumer data privacy act:

The GDPR, CCPA and CPRA have all come upon the same realisation – that creating protections around user data lies at the heart of issues with Google and Facebook – because harvesting user data is at the core of their business models.

The landmark ACCC Digital Platform Inquiry also came to a similar conclusion, and made several recommendations to protect user data and enable greater control, choice and transparency for users against technology companies.

We urge the Government to accelerate and urgently act on the ACCC's recommendations around Consumer protection and privacy, including:

- a. Updating the definition of “personal information” in the Privacy Act to include technical digital data such as IP address, device identifiers, location data and other online identifiers used to identify individuals
- b. Creating stronger and clearer consent requirements online, including requiring consent whenever personal information is collected, ensuring personal information collection is switched off by default and until consent is given, and having clear and simple language used during collection of consent
- c. Allowing users to request deletion of personal information from technology companies

2) A national Technology Risk Mitigation Strategy:

As an extension of the national Cyber Security Strategy, we must look at the risks of our overall reliance on specific technology companies like Google and Facebook to carry out key

government and public service capabilities. This should include a forensic investigation on how pervasive single companies like Google have become in core public sectors like in education, health and government administration. This strategy needs to take into account risk frameworks, a much more expansive version of what this paper has started to do, which is map out scenarios and dependencies on specific technology companies, and what risk mitigation strategies would be needed to counter these.

A national strategy will account for dependencies across core services and also should propose a more robust procurement and partnership process which assesses existing relationships across other public service departments and calls for a cap on government contract bids/wins from a single technology company.

3) A national online social platform hosted through the ABC:

We propose developing a national online platform designed to connect Australians and their communities online. Simply extending already existing online capabilities with distinct user profiles, user publishing and content features, group connection features, chat, commenting and interactive discussion capabilities, the ABC could act as a national social platform connecting everyday Australians. The ABC could provide an online platform for community groups, politics, sport, arts and faith to connect and share.

A community focus would evolve ABC's capabilities from being a pure "broadcaster" to one that includes community engagement. An online community network could facilitate citizen town halls and local group sessions which could serve as valuable community feedback and engagement tools for politicians, local councils and civic groups.

It could also serve as a valuable tool to source local stories and information, and an opportunity to expose emerging Australian public figures and talent to a national audience.

There are already existing foundations within the ABC which could be built upon, like national survey Australia Talks, the discontinued regional online platform ABC Open, triple J's 'Unearthed' which surfaces new talent from the community, and existing digital capabilities extending community features.

An ABC platform which engages the community, allows for a genuine exchange and influence on decision making, and applying principles of independent journalism and storytelling would provide real value to local communities starved of civic engagement.

Conclusion

Google and Facebook's reaction against the ACCC's draft news bargaining Code has forced Australians to question our overall reliance on these platforms and has shone a light on the true value exchange between Australians and their services.

A group of industry leaders have imagined the impact and overall risk of over-reliance on Google and Facebook and have agreed that Australians are left exposed without better risk mitigation strategies against the tech giants.

Among a diverse list of risk mitigation proposals, industry leaders recommend that the Government urgently develop a stronger consumer data privacy act, a national tech reliance risk mitigation strategy and a publicly run social network hosted through the ABC as key actions to defend against a *Big Tech-xit*, where Australians discover what life would be like without Google and Facebook.