The Digital Economy: Opening up the Conversation

Submission to the 'Opening up the Conversation' Consultation Paper

Australia Post

30 November 2017

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1 Executive Summary

As part of the Ministerial preface to *The Digital Economy: Opening up the Conversation* (the Consultation Paper), Senator the Hon Arthur Sinodinos AO writes;

> *"The digital economy and the technologies that underpin it are fundamental for Australia's success – they create opportunities for our communities and our businesses, drive competitiveness and productivity, and strengthen connectivity across our broad country.*
>
> *Most of us participate in the digital economy from the moment we wake up in the morning. We check our emails and social media accounts, top up our bus pass online and pay our bills using banking apps while drinking our first coffee for the day."*

As one of Australia's most trusted brands and service providers for over 200 years, Australia Post wholeheartedly agrees with the sentiments expressed by these two paragraphs.

Just like the broader Australian economy, Australia Post as an organisation touches the lives of every single Australian.

But we understand, likely more than any other organisation in Australia, the challenge of a new digital economy.

In response to significant disruption in our traditional mail services, we've developed large scale digital capabilities and a new generation of eCommerce, identity and payment platforms to support all businesses and citizens in the digital age.

Australia Post is focused on becoming a major facilitator and enabler of our digital economy. From online shopping, and supporting businesses starting up and selling globally, to enabling omni-channel delivery of banking and Government services with trusted digital payments and identity, we have worked hard to evolve our business as our economy has evolved – and always ensuring all Australians have access and support. For example:

- our eCommerce delivery platforms manage the majority of online shopping deliveries in Australia and support SMEs selling into overseas markets like China with our T-Mall integration;
- our customers will use our digital channels and MyPost services over 250 million times this financial year; and
- our Digital iD™ platform is built to drive digitisation of our economy and provide leadership in the industry.

As expressed by Senator Sinodinos above, "most of us participate in the digital economy from the moment we wake up in the morning."

The 'digital economy' in Australia is not a future state; nor is it the online component of business and Government services. Digital technology is transforming all interactions in the economy as the cost of rich information exchange becomes zero and the tyranny of distance is eliminated.

The 'digital economy' **is** the economy. And it is now.

With 200 years of trust and experience with economic evolution, Australia Post welcomes the opportunity to contribute to the development of a new Digital Economy Strategy for Australia.

Throughout this paper, we seek to highlight three key themes that we believe are fundamental to a digital economy for Australia:

1. Every business is 'born global' and every citizen must be included

Today's citizens are constantly connected to a global infrastructure of information, services, solutions and choice – all of which are available at our fingertips in an instant.

For local businesses, this presents a challenge, but an even greater opportunity.

Businesses of all sizes are now born global – the smallest business or venture in a distant corner of Australia has the ability to connect and grow with consumers and markets across the globe.

In this way the future of work is enabled by the capacity for every Australian to be "part" entrepreneur and leverage their talent, creativity and the tools of the digital age.

Our challenge is to build on our areas of competitive strength and create new strengths, industries and entrepreneurs.

We want to see every Australian business provided the support required to explore their online and global opportunities

2. Government engagement and service delivery to citizens can be transformed

Whilst disruptive to many institutions and businesses, the digital economy is equally empowering to people and presents global opportunities to entrepreneurs and SMEs to sell to the world, as well the opportunity for Governments to transform their engagement and service delivery to citizens.

Governments can continue to play a key role through:

1. building on existing rules, regulations, standards and legislation to further ensure they support citizens and business to engage in the global economy;

2. continuing to act as an early adopter of digital innovation and demonstrating to industry and citizens the direct benefits of enhanced digital Government service delivery; and

3. further facilitate the inclusion of all Australians in the benefits of the global digital economy, by continuing to provide the skills and training required for interaction in an increasingly globalised economy.

Our challenge as a country is to lead the world in supporting our people with the infrastructure, sovereign regulations and competition framework, trusted standards, skills and, finally inspiration to tackle the opportunity.

3. Empower local communities to leverage their competitive strengths

As the digital revolution continues to gather pace, those who are digitally connected increasingly benefit from 24/7 access to online services and products – from financial and health services to entertainment and education.

The digital economy can be empowering for local communities to create their own futures, leveraging eCommerce, and harnessing the essential services that underpin the wellbeing of everyone.
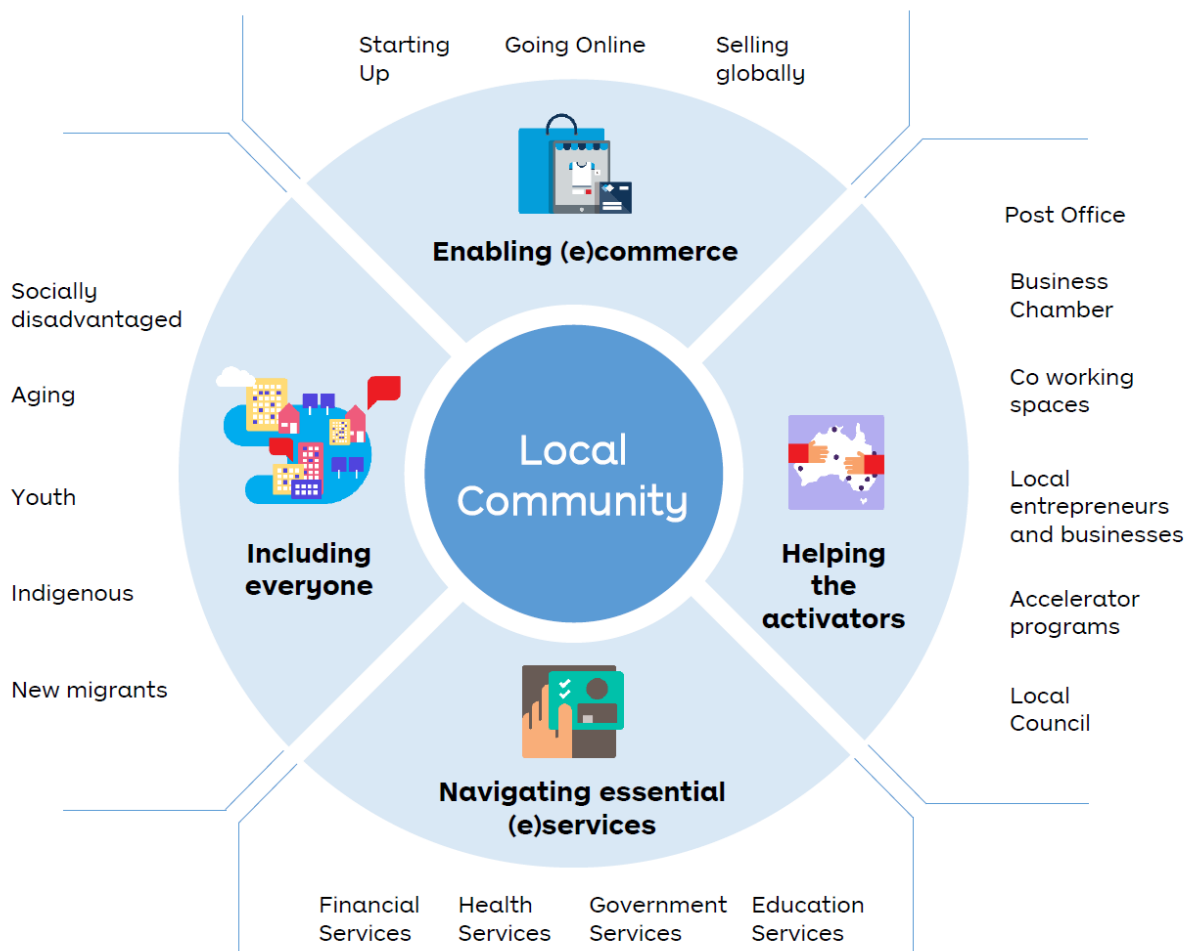
In deed, we believe the best intervention to support all Australians in the digital economy is to support the people, businesses and community leaders in every local community to create their own road map for revitalisation and success in the digital age. Bringing them together, showcasing the tools and possibilities for their people and businesses to be connected and selling their ideas, talents and products globally. Enabling special programmes using the information and connection in a digital age to solve social challenges.

Our vision of the digital economy allows for every Australian's creative potential to be realised, in every community. At the heart of our model lies the local community.

We would empower local communities to grasp the opportunities of a digital age by:

• enabling every business for global ecommerce;

• improving the choice, navigation and experience of essential services in banking, health, education and Government;

• lifting and supporting the activators of every community; and

• equipping local communities to collectively solve their social problems and ensure everyone is included.

We must support the activators in every community that are driving revitalisation and growth of business, as well as ensuring that no Australian is left behind.

Starting Up · Going Online · Selling globally

Enabling (e)commerce

Post Office

Business Chamber

Co working spaces

Local entrepreneurs and businesses

Accelerator programs

Local Council

Helping the activators

Local Community

Socially disadvantaged

Aging

Youth

Indigenous

New migrants

Including everyone

Navigating essential (e)services

Financial Services · Health Services · Government Services · Education Services

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Together, we can help shape our digital future.

At Australia Post, we don't pretend to have the answers to every question – no one does. Nor do we seek to provide an answer to every question posed by the Consultation Paper.

We do seek to participate in the development of common standards, identity and support and inspire every local community to thrive in the digital economy.

Where we have a positive contribution to make, we have sought to provide comment, information or a new perspective in this paper.

Australia Post looks forward to working with Government, industry, business, consumers and citizens on the path ahead to an inclusive, empowering and prosperous digital economy.

This paper represents Australia Post's written contribution to the Consultation Paper.

Three key themes:

1. Every business is 'born global' and every citizen must be included

2. Government engagement and service delivery to citizens can be transformed

3. Empower local communities to leverage their competitive strengths

2 The Digital Economy is the economy

2.1 Australians are embracing digital, but challenges remain

As noted by the Consultation Paper;

> **'digital economy'** describes the range of economic and social activities that are enabled by information and communications technologies.

The growth and constant evolution of digital technology is ensuring that all economic and social activities are enabled, in some way or other, by information and communications technologies.

Our challenge as a country is to ensure that we collectively maximise the benefits of the digital economy and help it grow, so that we may all grow at the same time.

Importantly, we must ensure that all Australians are included in the opportunities and benefits of a digital economy, ensuring that no Australian is left behind. This is our collective challenge.

We can do this by enabling and supporting the digital economy, through digital infrastructure, clear standards and regulation, and by building trust, confidence and security.

In 2016, Australia Post partnered with *BehaviourWorks Australia (BWA)* at Monash University to carry out a study to understand how and why people are using the internet and engaging in the digital world. The BWA study found:

93% of Australians had internet access at home or via a mobile device	**84%** of Australians use the internet at least once a day	**60%** of Australians use the internet several times a day

In June 2015, Australia Post undertook a detailed eGov survey to analyse what people want in their dealings with Government services in particular. This eGov survey research suggests Australians want their engagement with Government services to be useful, easy and respectful of their time.

The eGov survey found 94% of participants want all Government services to be available online, 70% would still like the option of an in-person experience, and 48% wouldn't mind Government agencies sharing personal data with other agencies if it made their lives easier.

These data points show that whilst Australians are eagerly embracing digital methods of communicating, transacting and interacting, challenges remain to ensure all Australians are included.

How are advances in digital technology changing the way you work, your industry and your community?

Australia Post has felt the impacts of digital disruption at a scale that has eclipsed most other organisations in our country. Our digital transformation has evolved rapidly and is forged by the community expectations of a diverse Australia.

Digital technology has completely transformed the Postal Industry, leading to a sharp decline in letters, a large increase in parcels (with accompanying challenges around international pricing agreements) and a large transition to providing services online that were previously provided over the counter at Post Offices, such as filling out Government forms, licence applications, payments and so on.

Australia Post recognises the need for digital innovation and investment, and we have focused on growing our involvement in the digital economy in recent years, supported by our crucial retail and parcel networks.

Our National Police Certificates case study for Western Australia highlights our innovation with existing products and services into a digital environment – benefiting the customer, business and Government – whilst utilising an omni-channel solution.

Case Study – National Police Certificates, Western Australia

Western Australian residents now have access to a fully digital application process - designed, deployed and run for West Australian Police.

Previously, applicants were required to present their identity documents in person, and then wait at least five days for their physical certificate to arrive in the mail. We know this is challenging in remote communities, where the closest over-the-counter facilities can be several hours drive or more.

In most cases, the whole process can now be completed electronically in minutes – from application through to identity verification, payment and secure delivery of the electronic certificate (with embedded QR code for real-time validation). For those required to provide additional documentation or who would like over-the-counter assistance, the process can still be completed at our Post Office network.

In the first two months, around 40 per cent of all NPC applications were made online. In only the second month of operation, 37 per cent of applications took place outside normal business hours. An added benefit for individuals was the option of securely storing their identification details online (via their MyPost Digital Mailbox), for future applications requiring proof of identity. Within the first two months, 78 per cent of applicants opted for this storage option.

Online applications can now be made anywhere, anytime. The WA Police website can be accessed (and the digital NPC can be viewed) from a desktop, tablet or smart phone.

Advanced technology also enables real-time verification of NPCs. This gives employers the assurance that when they scan the QR code of a NPC, they will immediately know whether the police have revoked the certificate since it was issued.

The solution created by Australia Post as part of this collaboration, can easily be utilised to digitise other admin-heavy processes within Government and non-Government organisations.

Fast Facts

Benefits Australia Post has been able to deliver to the WA Government and consumers include:

- reduced processing times from 5 working days to 30 minutes for most people to obtain a police check;
- enabling the equivalent of 17 full time police and administration officers to return to core duties; and
- reducing public costs from $61.80 to $52.60 for a check.

(*Source: Media Release, Red tape slashed for national police checks, Hon Liza Harvey MLA, Minister for Police, 19 August 2016*)

2.2 The benefits of a digital economy and society

A successful, digitally inclusive society enjoys economic benefits through improved productivity, expanded markets for business and more efficient Government services.

It also ensures better social connections and health outcomes, opportunities for education and knowledge sharing, along with access to cheaper and more convenient goods and services for business and consumers.

However to achieve all of this we need to address the barriers to further digital adoption – including privacy concerns, an improved service experience, and better education.

Digital platforms provide local business and Governments with access to global markets, and have resulted in positive transformations of customer and citizen experience.

According to the World Economic Forum's report with Accenture, eCommerce and emerging business models such as the sharing economy, curated subscription and 'do it for me' services could unlock $2.95tn in value for industry and consumers over the next decade.[1]

What's more, consumers could capture up to 68% of that economic value, by potentially saving time and money.

What is your vision for an Australia that thrives in a digital economy? Where would you like to see Australia in five, 10 and 20 years' time?

> **More efficient government services**
>
> Deloitte modelling in 2015 identified, that of the estimated 811 million Federal and State Government transactions each year, 40% are still completed using traditional channels.
>
> Shifting another one in every five of these transactions to online channels could realise
>
> ## $17.9bn
>
> in productivity, efficiency and other savings for government – plus a predicted further
>
> ## $8.7bn
>
> in savings in time, convenience and out-of-pocket costs to citizens. Deloitte estimates the costs for new ICT and transitional arrangements is
>
> ## $6.1bn [2]

Building on the three themes, Australia Post sees a digital economy in five, 10 or 20 years as connected, inclusive and empowering for citizens, business and Government.

The benefits of this vision for an Australia that thrives in a digital economy depends on the participant – either citizens, business or Government.

At Australia Post, we wish to see these three visions coexist through a common standard of rules and regulations for the digital economy, allowing the citizen, business and Government to share the benefits of the digital economy:

- for *citizens*, we wish to see a digital economy in five years where each individual has the opportunity to be included in the benefits of a digital world, and with the power to realise their potential;

- for *business*, we wish to see a digital economy in five years which allows each entrepreneur, small business or start-up to fully take advantage of global customers and marketplaces through online enablement. Any business in Australia should be able to compete globally; and

- for *Government*, we wish to see a digital economy in five years which allows access to Government services through safe, cheap and convenient means, helping citizens and business to boost productivity and the national economy.

The digital economy in 10 and 20 years' time would have further advanced opportunities for citizens, business and Government to compete in the global digital economy.

For Australia Post, a digital economy in five years will see Australians communicating and transacting easily and securely, and we see providing secure identity, payment, communications and transactions services online and in-store as a natural continuation of the trusted Postal services we have provided for over 200 years.

What is the role of government in achieving that vision?

Government plays a central role in achieving the vision of a connected, inclusive and empowering digital economy through the following avenues:

- providing common standards and regulations for digital interoperability, strong guidance on security, and in some cases by kick-starting particular digital innovations by supporting nascent technology;

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[1] *Shaping the Future of Retail for Consumer Industries*, World Economic Forum in collaboration with Accenture – January 2017

[2] *The journey to government's digital transformation.* Deloitte – 2015

- investing in digital skills and education, so that future generations of workers and innovators are adequately prepared with digital skills to interact and lead in a global economy;

- ensuring fair taxation regimes operate;

- support and encourage investment models that facilitate onshore R&D in digital solutions; and

- provide regulation in newer technologies to avoid early exploitation by organised crime for malicious intent, such as Blockchain or machine-learning.

Citizens want to see Government providing high quality, convenient services online that enable them to interact quickly and easily.

What key disruptive technologies or business models do you see? What do you predict is on the horizon in five, 10, 20 years' time?

The nature of the digital revolution is that unplanned disruption is at its core.

Predicting the disruptive technologies or business models which will fundamentally change industries, economic sectors or employment practices in five, 10 or 20 years' time is often a highly problematic activity; it is a truism that we often overestimate the impact of technological change in the short term, but underestimate it in the long term.

Given events in the economy in recent decades however, clear trends have been established that show security is likely to become increasingly important, as crime increasingly moves online and the numbers of online transactions and interactions steadily increase.

A key disruptive business model that has emerged in the past decade is the increasing move to casual and on demand work, facilitated by digital marketplaces and platform businesses, such as Airtasker.

Government will need to be increasingly involved in helping create a secure digital environment, both through providing public safety guidance, but also through policing. Some estimates (e.g. UK National Crime Agency 2016 Cyber Crime Assessment) believe that online criminal activity is already the majority of current criminal activity, however it receives only a fraction of police attention.[3]

With the increasing inter-connectedness of internet-dependent products, utilities and services through the 'Internet of Things' (IoT), identity verification will become central in online security. Machines will need to be identified, verified, and possibly licenced, to do certain tasks just as humans are today.

Biometrics will also become further utilised throughout interactions and may eliminate the need for physical licences. An individual's face may provide the verification and authorisation required that currently requires individuals to have a physical license, permit or qualification.

In addition to the above, the key technologies that will change our future over the next two decades include artificial intelligence and machine learning, robotics, Blockchain, new mobile networks (including 5G), and quantum computing.

The examples and trends provided above support a more central role for secure identity verification, and increased use of biometrics as part of that. .

Businesses such as Australia Post, that utilise the digital economy and engage in secure products, can help provide the door locks and alarms, but Government will need to provide the law enforcement response.

Our Digital iD™ case study highlights Australia Post's response to the digital economy's growing need for a secure online identification tool through our development of this industry-leading product.

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[3] National Crime Agency and the Strategic Cyber Industry Group, Cyber Crime Assessment 2016, at http://www.nationalcrimeagency.gov.uk/publications/709-cyber-crime-assessment-2016/file

Case Study – Digital iD™

Australia Post has developed a consumer-facing identity verification solution, called Digital iD™.

For over 200 years, Australians have been trusting Australia Post to securely deliver the sensitive information their letters and parcels contain. We also conduct over 6 million identity checks each year through our Post Office network.

With Digital iD™, Australia Post offers a secure digital alternative to prove your identity and manage your personal information, across channels and across Government and business.

Often when asked to provide personal details, you end up sharing more information than is necessary, but with Digital iD™, you decide what information to share, and with whom to share it.

Leading encryption technology securely guards your personal data, and the app's PIN or Touch ID protection ensures that your data stays safe even if your phone is lost or stolen. Digital iD™ complies with Government regulation and certification requirements, including the Digital Transformation Agencies' draft *Trusted Digital Identity Framework*.

Digital iD™ takes the repetition out of verifying your identity. Once you've been verified, it will be fast and easy to prove who you are when you need to again.

Fast Facts

Australia Post's Digital iD™ identity verification solution:

- allows individuals to verify their information once and then easily prove who they are online and in person through the smartphone app;
- gives users full control of what personal and identity details they share, when and with whom;
- complies with Government regulation and certification requirements; and
- offers the digital equivalent of over-the-counter verification elements at the same time as providing security and privacy.

The Digital Economy is the economy
Key takeaways:

- Australia Post has felt the impacts of digital disruption at a scale that has eclipsed most other organisations in our country. Our digital transformation has evolved rapidly and is forged by the community expectations of a diverse Australia.

- Building on the three themes, Australia Post sees a digital economy in five, 10 or 20 years as connected, inclusive and empowering for citizens, business and government.

- Given events in the economy in recent decades however, clear trends have been established that show security is likely to become increasingly important, as crime increasingly moves online and the numbers of online transactions and interactions steadily increase.

3 Every business is 'born global' and every citizen must be included

Today's citizens are constantly connected to a global infrastructure of information, services, solutions and choice – all of which are available at our fingertips in an instant.

For local businesses, this presents a challenge, but an even greater opportunity.

Businesses of all sizes are now born global – the smallest business or venture in a distant corner of Australia has the ability to connect and grow with consumers and markets across the globe.

In this way the future of work is enabled by the capacity for every Australian to be "part" entrepreneur and leverage their talent, creativity and the tools of the digital age.

Our challenge is to build on our areas of competitive strength and create new strengths, industries and entrepreneurs.

We want to see every Australian business provided the support required to explore their online and global opportunities.

As the Consultation Paper notes:

> 80% of small and medium businesses are delaying the adoption of technology that could offer long-term benefits.

What would help Australian businesses to embrace digital technologies?

There are a number of different initiatives that would help Australian businesses, particularly small and medium-sized enterprises, to brace digital technologies.

One key prohibitive factor for many small businesses is the cost of adoption – with tight margins and competing priorities, small businesses often have to make tough decisions about where to allocate limited capital expenditure.

A role for Government to assist with this problem could include taxable deduction rules and allowances to further incentivise small businesses to invest in online and digital solutions.

Further initiatives could include boosting availability and accessibility to digital literacy skills, including through tax deductable courses or training materials for small business owners, to further boost small businesses' appreciation of the benefits of digital interactions.

The 'Good Spender' case study is an example of a mechanism small businesses and social enterprises could benefit by exploring new markets and online customers, utilising digital skills and technologies.

Case Study – Good Spender

Australia Post has partnered with Social Traders to deliver an online marketplace connecting consumers who want to make a difference with social enterprises, called 'Good Spender'.

Good Spender is the place to discover the broad range of fantastic products sold by Australian social enterprises, allowing consumers to interact with Australian social enterprises and support their mission by buying from them.

Social enterprises are businesses that sell goods and services in order to generate community benefit. Buying from a social enterprise means you are directly supporting the social purpose of that organisation. All sellers on Good Spender have been certified by Social Traders as a social enterprise.

Good Spender is an example of industry partnerships which support small businesses and social enterprises to interact with online customers through eCommerce solutions in an included, involved and connected way.

What opportunities do small and medium-sized businesses have to embrace digital innovation to drive customer value, improve their services and unlock their potential?

At Australia Post, in making a successful shift to the digital world, we focus on connecting citizens to business and Government using a range of channels – both digital and in-person. We create a unique relevance through our network by co-designing solutions that are accessible to Australians across all abilities, ages, socio-economic groups and regions.

We develop creative people, foster innovation and accelerate our product offerings to create and deliver the next wave in eCommerce services to customers, business and Government.

Small and medium-sized enterprises are the engine room of Australia's economy so it is crucial that we enable these businesses to innovate and compete in local and global markets.

The opportunities for these businesses to embrace digital innovation can be fostered by providing business owners with the tools to easily take their business online.

This can include utilising social media to drive customer interactions and brand awareness, exploring online marketplaces, linking with wholesalers and retailers in new markets through online connections, and partnering with network organisations that can use existing global connections and insights to sell and send products and services overseas.

The Boroughs case study is an example of a retail business opening up to new digital opportunities through an online store.

Case study – 'The Boroughs' online store

Adding an online store to your bricks and mortar shop is about more than increasing sales – it's also a way to keep customers loyal and coming back to the shop.

Crucially, it also opens up a world of new markets with the growth in online shopping becoming increasingly important for all retailers.

'The Boroughs' in Melbourne's Brunswick East is a great example of the benefits of expanding to sell online. The Boroughs sells everything from soap to furniture and draws most of its products from designers and makers within a 10km radius, and so gets a lot of shoppers from overseas or who are going overseas and want something special from Melbourne.

Owner Alasdair MacKinnon says "the online space is informed by the bricks and mortar space." and "online gives us the ability to continue the relationship with someone who is from somewhere else and is returning there."

Australians spent over $20 billion on online purchases in the year to June 2016, with that figure set to dramatically increase in coming years.

(Source: https://auspost.com.au/business/small-business/stories/online-store-bricks-mortar-selling)

Every business is 'born global' and every citizen must be included
Key takeaways:

- Businesses of all sizes are now born global – the smallest business or venture in a distant corner of Australia has the ability to connect and grow with consumers and markets across the globe.

- In this way the future of work is enabled by the capacity for every Australian to be "part" entrepreneur and leverage their talent, creativity and the tools of the digital age.

- Small and medium-sized enterprises are the engine room of Australia's economy so it is crucial that we enable these businesses to innovate and compete in local and global markets.

4 Government engagement and service delivery to citizens can be transformed

For the digital economy to flourish, it needs to be supported and encouraged by Government.

A key component of this support and encouragement rests with ensuring the digital infrastructure, clear standards and regulations, and common principles of trust, confidence and security all exist throughout Australia to support citizens, business and government to embrace the opportunities of a digital economy.

Governments can continue to play a key role through:

1. building on existing rules, regulations, standards and legislation to further ensure they support citizens and business to engage in the global economy;

2. continuing to act as an early adopter of digital innovation and demonstrating to industry and citizens the direct benefits of enhanced digital Government service delivery; and

3. further facilitate the inclusion of all Australians in the benefits of the global digital economy, by continuing to provide the skills and training required for interaction in an increasingly globalised economy.

Through Governments at all levels ensuring they deliver in each of these three roles, Australia can be truly competitive and lead the world through innovation.

What opportunities do we have to accelerate the development of technologies that will underpin Australia's digital economy?

There are a number of opportunities to accelerate the development of technologies to underpin our digital economy, including:

- Encourage common standards for digital identity, and align the use of digital identity across Government
    - Ensuring one digital identity framework exists allows citizens to reuse their checks across Government, like a 'digital passport', and ensures interoperability between Government and private industry.

- Use the digital identity standards to improve standards for digital signatures, electronic licences, electronic contracts and similar digital tools
    - Ensuring these high standards would boost confidence, security and privacy across services and products requiring sensitive personal data.

- Implement structural changes (some of which are already underway) to encourage entrepreneurs, ease the barriers for start-ups (e.g. by enabling options schemes, improving tax incentives and encouraging venture capital markets), and prevent large incumbents from unfair competition
    - Jurisdictions around the world have embraced these reforms to enable widespread benefits to local communities and national economies.

- Providing high quality infrastructure, in particular internet connectivity, is key
    - In the same way that Government has historically subsidised highways, ports and railways, continuing to work to provide access to very fast internet is key to digital innovation.

- Opening up key ecosystems with open data and application programming interfaces
    - An example is OpenBanking and the standards that have been applied in Europe. Open data provides customers with greater flexibility and choice in the market.

4.1   Digital Infrastructure

What communication services, and underlying data, platforms and protocols, does Australia need to maximise the opportunities of the digital economy?

The foundation elements of the digital economy, as for the 'traditional' economy, must be security and reliability.

If people cannot rely on digital transactions they will be left behind as the economy increasingly becomes digital in nature. Trust is the key enabler of the digital economy.

This implies strong cyber security, strong identity security, and strong financial security – and the accompanying services, platforms and protocols to support these three things. Australia Post is working in all three of these areas, to provide secure identity and payment platforms for all Australians.

But whilst industry and organisations such as Australia Post can innovate and invest in these areas, Government can act as an early adopter of digital innovation to show industry and citizens the direct benefits of digitally enhance Government service delivery.

Government must also ensure the digital infrastructure (through the above elements) exists to allow industry to compete in the global digital economy.

4.2   Standards and regulation

What opportunities do we have in standards development and regulation to:
- enable digital entrepreneurship, innovation and trade?
- mitigate the risks associated with digital disruption?

Encouraging interoperability is the key.

Individual companies have strong incentives to create monopoly platforms, but the overall digital economy benefits from open competition and interoperability. The Government can assist by providing standards and supporting interoperability.

Australia Post notes that there are already significant Government initiatives along these lines in the financial sector.

Similar initiatives should be readily developed for the digital economy to encourage open competition and interoperability. By delivering open competition and interoperability, each of the three themes is met and interaction between citizens, business and Government is greatly enhanced.

What digital standards do we need to enable Australian businesses to participate in global supply chains and maximise the opportunities of the digital economy?

There are a wide range of digital standards required to maximise opportunities for participation in the digital economy, including:

- security;
- personal Identity;
- business Identity.

- financial Interoperability; and
- legal and regulatory standards.

Consider a future digital citizen attempting to transfer an asset (such as selling a water allocation). The transaction requires the identity of the buyer and seller to be established (for anti-Fraud and AML/KYC purposes). The asset is registered on a Shared Ledger, while a corresponding payment is made (possibly via another Shared Ledger).

To enable this, both parties must have faith in the security of the system, that the parties are who they say they are, that the transaction is legal and binding, that the payment is safely made, and that there is legal recourse if something goes wrong.

This implies Government regulation or guidance around Cyber Security, Identity Security, Asset Management on Shared Ledgers, Financial Management on Shared Ledgers, and an enforcement and legal system capable of dealing with criminal and civil crime.

Standards also allow for innovation and make monopolies more difficult.

In the above example, a common standard (and possibly regulation) for asset management Shared Ledgers would enable multiple registries – otherwise network effects and a lack of interoperability would encourage the creation of a single Shared Ledger provider who would be likely to dominate a particular asset class.

4.3   Trust, confidence and security

Trust, confidence, and security concerns (including privacy) are some of the biggest hurdles for Australian society to overcome on our path to achieving the potential economic and social benefits of the digital economy.

What opportunities do we have to build trust and community confidence through resilience to cyber threats, online safety and privacy?

There are many things that Government can do to aid in combatting threats to cyber security. It may be useful to think in terms of other community wide threats; one metaphor that springs to mind is disease:

> Government can help educate people about cyber safety, starting at schools, and in the same way that we teach basic hygiene. Government can encourage and possibly subsidise preventative methods, in a way similar to vaccinations. Finally, Government can respond to outbreaks by encouraging adequate responses, possibly by certifying 'first responders' and 'practitioners' to help users and businesses clean up and recover from security breaches. As the danger becomes greater, it is possible that other public health elements will come into play, such as enforced quarantine by ISPs of compromised systems that are actively spreading malware.

By protecting and respecting the personal information in our collective possession, business, Government and organisations are able to create and foster an environment of trust and transparency in the provision of commercial or community services.

Big data, the IoT and the prevalence of biometric information all reflect emerging information trends which have the potential to provide wide-ranging commercial benefits.

To this end, these opportunities also carry a heightened privacy and information security risk should such information not be properly secured or misused.

The Office of the Australian Information Commissioner (OAIC) recently undertook a survey into the Australian community's attitudes towards privacy:[4]

> 58% of surveyed participants advised that they would not deal with some businesses where a security concern existed.

It is therefore integral that any organisation, business or Government entity continues to foster and build upon the trust which has been obtained from their customers or users in the course of carrying out their business or community services.

All entities entrusted with an individual's personal information continue to have a clear obligation to ensure that the information they handle remains secure, protected and used in an appropriate manner.

The adoption of such practices ensures that customers continue to feel comfortable sharing their personal details with entities, and conversely, organisations will continue to build trust and confidence in their own brand and reputation.

While many Australians are using online platforms and services already to make their lives more convenient, there is opportunity to encourage further digital adoption and help specific groups realise the value of online engagement by addressing users trust, confidence and security concerns.

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[4] Office of the Australian Information Commissioner, *Australian Community Attitudes to Privacy Survey 2017* (https://www.oaic.gov.au/engage-with-us/community-attitudes/australian-community-attitudes-to-privacy-survey-2017)

Trust in payments

Fintech is rapidly changing the way we pay for both our physical and online transactions.

In store, customers are increasingly adopting newer payment techniques such as mobile payments and contactless mobile 'tapping' systems (for example, PayPass). However, security issues are still a concern.

Given the need for online retailers to build confidence in the security of their sites, maintaining trust in payment platforms is a major issue.

Australia Post offers a consolidated eCommerce hub that links merchants with multiple services – including payments, fraud and risk management, loyalty and analytics. By enabling multiple payment options across online and offline channels (including alternative payments, and embedding fraud and security functionality), friction and uncertainty could be removed from the customer experience.

Given the continual rise in digital payments, and subsequent decline in cash transactions and cash withdrawals from banks, ensuring business continues to develop digital payments technology that builds and sustains trust in the payment platform will be central to a digital economy and help deliver on all three themes.

4.3.1 Trust

The Productivity Commission's 2016 Digital Disruption white paper highlighted "digital technologies allow for more pervasive collection of data on individuals and firms and can be a medium for harassment and security breaches."[5]

The Australian Information and Industry Association (AIIA) responded by calling for "robust and resilient privacy and security frameworks that protect individuals, business/organisations and Government in a connected digital economy."[6]

Achieving this without restricting the free flow and use of information will require behavioural change; at an organisational, Government and individual level.

What roles should government, business and individuals play in protecting the community in a digital economy?

We all share a responsibility for protecting privacy and security – from individuals understanding the impact of our behaviour online, to business implementing organisational risk management protocols to keep pace with increasingly sophisticated cyber-attacks, and Government ensuring laws, regulation and enforcement mechanism are effective.

This means that societal attitudes towards the manner in which personal information is collected, used and disclosed should be considered accordingly.

A clear independency exists between Government, business and individuals to ensure that personal information is handled in accordance with community expectations, as well as compliance obligations.

A) **Government**

Government has the role of providing the legislative and enforcement framework that allows for the foundation protection of users online activity.

An example of a challenge is where a police force that would never allow an individual to be robbed on the street may not have the knowledge or resources to help a user who has lost control of their laptop and is in danger of identity theft.

B) **Business**

Businesses have a responsibility both to act ethically, and in protecting both their users and their users' data.

An example of a challenge is a business that would never think of defrauding their customers may keep their details in an insecure database that allows cyber criminals to defraud those same customers.

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[5] Australian Government Productivity Commission, *Digital Disruption: What do governments need to do?* Research Paper, June 2016: https://www.pc.gov.au/research/completed/digital-disruption/digital-disruption-research-paper.pdf

[6] Australian Information Industry Association, *Digital Disruption: What do governments need to do? AIIA response to the Productivity Commission White Paper,* September 2016: https://www.aiia.com.au/__data/assets/pdf_file/0007/69514/AIIA-response-PC-white-paper-on-digital-disruption-Final.pdf

C) Individuals

Individuals need to be aware of their safety online, and take reasonable precautions to protect themselves online.

An example of a challenge is consumers who carefully lock their houses every day and spend thousands on insurance may have unpatched computers running obsolete software with known flaws.

A significant challenge is education, however education may not be enough and should be backed by a degree of enforcement.

Government agencies can be encouraged to act correctly through mandatory reporting, while legislative penalties should be considered against organisations that take insufficient care of customer data (the recent data breach legislation case study is below).

With consumers, education is the most practical approach to improving cyber-safety, however allowing consumers to have their systems checked (in the same way as we might go for a regular check up to the dentist) would be useful, and the Government could assist by making tools available to do this.

Case study – Mandatory Data Breach Reporting laws

Australia's new mandatory data breach notification scheme is the first step in making sure organisations respond quickly data loss or unauthorised access or disclosure that has the potential to cause serious harm.

From 22 February 2018, organisations will need to report incidents to the Privacy Commissioner, and notify affected customers as soon as they become aware of a breach that is likely to result in serious harm to individuals, such as a loss of personal details or credit-reporting information.

Organisations have a significant role in ensuring that they not only adhere to such obligations, but also role model appropriate behaviours surrounding data breach transparency and openness for other entities to follow.

4.3.2   Confidence

What integrity and privacy measures do we need to ensure consumers can protect their data?

The manner in which a consumer's personal information can be compromised is varied and continually evolving. Fraudsters, hackers and other parties with malicious intent are continually endeavouring to access data maintained by both Government and business.

There should be strong protection for user data, and where possible users should be given control over who sees their data and how it used.

In general, user data should be treated as sensitively as credit card information, with an equivalent to the PCI-DSS standards being created. Australia Post has made significant investments in this area, and our new 'Digital iD' product is a world leader in this space – the user's data is held encrypted in such a way that it can only be unlocked with the direct input of the user.

All entities should adopt a robust and agile approach to the manner in which information is protected, utilised and maintained whilst in their possession (including where shared with 3rd and 4th party vendors or contracted service providers).

A strong risk culture is also paramount to ensure that internal stakeholders are aware of relevant privacy, information security and assurance issues which may arise in the event of data breach.

Similarly, effective policies and guidelines (which are accessible to the public) should be made available to assist individuals take proactive steps to safeguard their own information. This form of guidance includes, but may not be limited to, an entities privacy policy or an agencies standard around how information is handled and protected.

4.3.3 Security

The OAIC's latest research into privacy attitudes found 58% of Australians decided not to deal with an organisation because of concerns about privacy. Interestingly, they were most reluctant to share their financial status information, whether with Government or business.[7]

There is a line in the sand when it comes to sharing personal information; organisations should only collect the data they need at that moment.

This highlights the need to see data collection as more than a compliance issue. Being transparent, and helping the customer feel informed and in control is another layer of complexity for managing the trade-off. To help all users move further along the digital pathway, it's important to help them to understand their rights, to make smarter security choices and to take control of their privacy in the digital age.

What are barriers for business, particularly small business, in adopting cyber security and privacy practices?

A lack of awareness around the risks associated with cyber incidents and data breaches often results in many entities, particularly small and medium businesses, failing to adopt appropriate cyber security and privacy practices. There are a number of challenges for companies adopting good security and privacy practices:

A) Technical

Many smaller businesses are running on older IT systems that are very difficult to secure. Additionally, the 'defence in depth' layered architectures used by larger businesses may not be practical for small businesses. Fortunately, many businesses are making more use of cloud computing services, most of which are very secure. However, even such inherently secure technical platforms may still suffer because of people and process issues.

B) People

Many small businesses (and a number of larger ones) lack the technical skills to implement good security, or believe that "it won't happen to them". Cyber security training is not yet common, and many businesses are running at risk through not undertaking such training. Further, small business may share computing resources between business and personal use, exposing business systems to the risky environment of personal computing.

C) Process

Some businesses have no real security processes at all, while others have inconvenient security that leads to shortcuts or security features being turned off.

Business and Government both have a leading role to promote the significance of embracing positive practices that ensure personal information is safeguarded, as well as used, in a manner reasonably expected by the individual.

By leading in this area, best practice around information security and maintenance of an individual's privacy is more likely to trickle down to smaller businesses to adopt and apply in an effective and pragmatic manner.

What integrity measures do the Australian Government and the private sector need to take to ensure business-consumer transactions are secure?

It is crucial that consistent and affirmative behaviours are adopted by Government and business alike to ensure that interaction practices remain secure and trusted. There are a number of measures Government and business could take to help ensure transactions are secure:

A) Technical

It could be useful to develop and implement a security rating system. Purchasers of business systems, especially in the small business space, have almost no opportunity to evaluate the security of the systems they are buying, and are more likely to know the energy rating of their monitor than they are its security posture.

B) People

The key integrity measure for any entity to adopt should be a robust and informative education campaign, targeting those with access to an organisations most valuable asset – the information it safeguards.

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[7] Office of the Australian Information Commissioner, *Australian Community Attitudes to Privacy Survey 2017* (https://www.oaic.gov.au/engage-with-us/community-attitudes/australian-community-attitudes-to-privacy-survey-2017)

By building awareness around the significance of security and privacy within an organisation, we enable positive discussions to occur around what is considered best practice, to challenge common misconceptions and to align customer's own expectations around how their information will be securely handled.

Businesses that cause damage by not exercising basic care should be brought to account.

C) Process

The process aspect could be improved through greater use of standards. Strong security should not be onerous, and the increased use of cloud computing (when the cloud service has strong security measures) combined with strong online identity should signfiicantly improve the security of small business.

Australia Post also notes that uniformity in any approach is critical to ensuring that all sectors adhere to a consistent set of rules and obligations around the security of information they remain custodians for.

The proliferation of appropriate guidance, through the form of regulator and industry updates and information sharing opportunities, assists in this regard and enables greater awareness of obligations, risks and expectations from all stakeholders, including end-consumers.

Government engagement and service delivery to citizens can be transformed
Key takeaways:

Digital Infrastructure:

- Providing high quality infrastructure, in particular internet connectivity, is key. In the same way that the Government has historically subsidised highways, ports and railways, continuing to work to provide access to very fast internet is key to digital innovation.

- The foundation elements of the digital economy, as for the traditional economy, must be security and reliability. If people cannot rely on digital transactions they will be left behind. Trust is the key enabler of the digital economy's infrastructure.

Standards and regulations:

- Individual companies have strong incentives to create monopoly platforms, but the overall digital economy benefits from open competition and interoperability. The Government can assist by providing standards and supporting interoperability.

- Digital standards required to maximise opportunities for participation in the digital economy include security, personal identity, business identity, financial interoperability, and legal and regulatory standards.

Trust, confidence and security:

- There should be strong protection for user data, and where possible users should be given control over who sees their data and how it used.

- To help all users move further along the digital pathway, it's important to help them to understand their rights, to make smarter security choices and to take control of their privacy in the digital age.

- With respect to technical challenges, it could be useful to develop and implement a security rating system. Purchasers of business systems, especially in the small business space, have almost no opportunity to evaluate the security of the systems they are buying.

- Australia Post also notes that uniformity in any approach is critical to ensuring that all sectors adhere to a consistent set of rules and obligations around the security of information they hold.

5 Empower local communities to leverage their competitive strengths

5.1 Local community is our competitive strength

Australia is often called the 'lucky country' – a nation where opportunities exist for all Australians to try to create the lives they wish to lead, and for business to take a risk with new ventures.

We have enjoyed 26 years of consecutive annual economic growth in a global economy which has undergone significant shocks and corrections.

With the digital revolution in full swing, the existing opportunities in Australia are further expanded, with the world's information, markets and cultures only a touch of a button away.

The future of our communities throughout Australia is dependent on their entrepreneurial capability to create work and businesses that compete globally and leverage the tools and opportunities of a digital age. We see the Post Office as the enabler of such capability.

To continue our consecutive annual economic growth, we need to harness the three themes across our economy.

As a key to our third theme to empower local communities, the digital revolution presents a world of opportunities, but to access those opportunities, individuals and business must be included and enabled with the skills to access a digital world.

Put simply, our local community is our competitive strength. We need to empower our local communities.

Our digital economy allows for every Australian individual's and business' creative potential to be realised, in every community across the country.

Every local community has the opportunity and structure to compete in a digital world and access our digital economy. This includes the business, Government and individuals that make up that community.

Surrounding the community are four key principles that underpin a community-based model for ensuring individuals, business and Government are all best placed to benefit from digital inclusion.

1) *Helping the activators*, including local business chambers, entrepreneurs, business and councils through enablers such as co-working spaces and accelerator programs, helps to empower the entire community to build towards digital enablement. Local Post Offices are uniquely positioned to act as community hubs and enablers.

2) *Enabling e-commerce* supports work to lift the activators, by providing the tools for business and entrepreneurs to explore start-up opportunities, going online and selling globally.

3) *Navigating essential (e)services* ensures Government, across all levels, ensures ease of online access to streamlined and simple Government services (such as financial, health and education), and calls on Government to lead by example in the digital economy.

4) *Including everyone* supports our third theme of 'empower local communities' by ensuring all Australians, regardless of background or any other factor, are empowered to fully benefit from the opportunities presented in a digital economy.

Placing the local community at the heart of a digital inclusion model supports the three themes and helps to ensure all Australians, businesses and Governments, work together at the community level to support the growth in the digital economy.

Working together, our local community model ensures an inclusive, empowering and prosperous digital economy.

At Australia Post, our work in eCommerce is all about accelerating the digitisation of the economy of goods and services. But we also, because of our purpose, act to ensure everyone everywhere is included in the opportunities that a digitising world can create. The future of our communities throughout Australia is dependent on their entrepreneurial capability to create work and businesses that compete globally and leverage the tools and opportunities of a digital age.

Our work in the future of work and community space is focussed on the ideas that can enable everyone everywhere to start a business, have work and be included in communities. We see the Post Office as the enabler of such capability

The Australia Post Regional Pitchfest is an example of how industry can work collaboratively to support local entrepreneurs and small businesses at the community to take advantage of the opportunities of a digital economy.

Some of the key learnings from our Regional Pitchfest include:

- the local Post Office has key role to play enabling communities and developing e-commerce;

- regional community activators are at the heart of local entrepreneurial rejuvenation, e-commerce growth and job creation; and

- there is a strong appetite for entrepreneurial capability building programs in regional communities.

5.2   How business can harness our strength

What is holding Australian businesses back in terms of benefiting from digital technologies?

There are a number of specific issues relating to digital technologies which hold business, particularly small business, from fully embracing and benefiting from the digital economy.

As the Consultation Paper notes;

"The 2.1 million small businesses in Australia represent 97 per cent of businesses, employ more than 40 per cent of Australia's workforce and contribute 33 per cent of Australia's GDP. But many small businesses are not realising the full potential of digital technologies."

Case Study – Regional Pitchfest

The Australia Post Regional Pitchfest is a national business incubator for regional communities. It is designed to grow the entrepreneurial capability of (regional) communities through a program of business growth events, connecting communities with the opportunities of ecommerce; supporting small business and entrepreneurs no matter where they live.

The outcome is to help local startups and businesses compete globally and leverage the tools and opportunities of a digital age.

The 2017 Australia Post Regional Pitchfest competition element featured 40 regional business or startups from 34 regional communities giving their best business or sales 'pitch' live on stage to a panel of judges in front of a live audience. Through the same platform over 60 additional business growth and networking initiatives were delivered into regional communities in every state and territory.

A key example of a networking event, as part of Regional Pitchfest, is the Tall Poppies Breakfast. This is a free networking event for anyone interested in hearing more about female business success stories in rural and regional Australia, in a friendly and supportive environment.

Fast Facts

Australia Post has been able to partner with regional councils, business organisations and start-up communities to deliver the following through the Regional Pitchfest program:

- a national incubator for 40 regional entrepreneurs;
- an engagement and partnership program with over 100 business activators in regional communities; and
- delivery of commerce enablement and connection content to over 2,500 people in regional communities.

Some of the key challenges encountered by business daily relate to identity issues, authority issues and licencing, including:

- Business Identity
    - o Proving that an online account can act for a particular identity.

- Officeholder Identity
    - o Proving the current user's legal identity, and that that holds a particular position of responsibility within the business.

- Delegation of Authority
    - o Proving that the current user is acting with the appropriate authority for an office holder of the business (e.g. an Accountant filing a tax return, or a secretary updating a health record for a doctor).

- Certificates and Licences
    - o Proving that a particular user, acting for a business, has the legal authority to act (this may be anything from showing that an accountant is licenced to proving that an employee has a current fork lift licence).

The particular challenges for small business can be greatly improved through Government supported standards, and having Government act as a 'first adopter' and lead by example. .

Another key issue holding back business is the perception that breaking in to the online market is 'too hard'. As established by the first theme, every business is born global, and therefore the vast majority of businesses already interact with the online global market directly or indirectly.

What opportunities do we have to use digital technologies to improve linkages into export markets and global supply chains?

In a digital economy, the tyranny of distance is eliminated, and business should be encouraged by Government to explore every opportunity to engage in the global digital market.

Government has a role to play in providing any assistance to encourage business and individuals to expand their enterprise online to new customers and markets.

Industry also has a role to play, by supporting their business partners to access online markets. Australia Post's Farmhouse Direct online marketplace is a successful example of connecting local business and producers to new consumers across Australia through online channels.

Case Study – Farmhouse Direct

Farmhouse Direct, established in 2012, is an online marketplace that connects local business and producers to consumers across Australia.

The online eMarketplace works by enabling the consumer to buy direct from the producer via the Farmhouse Direct portal. The eMarketplace allows the producer to receive the order personally and ship the products directly to the doorstep of the customer.

As a one-stop-shop for both producers and consumers, Farmhouse Direct levels the playing field between small and large produce sellers by enabling them to compete on the one virtual marketplace. Because all sellers are aggregated, consumers can search and compare products, giving them choice in a competitive marketplace.

To participate as a seller on Farmhouse Direct, producers set up their online storefront with a dedicated URL enabling them to list as many products as they wish, with no upfront costs, and only a transaction fee which is charged at sale.

Fast Facts

The online marketplace of Farmhouse Direct:

- caters for over 4,000 products online with over 400 producers;
- averages over 35,000 unique visitors per month; and
- supports all the e-commerce and administration elements of selling online and facilitates a secure payment system without a need for merchant bank accounts.

5.3 Digital skills and inclusion

As a business that's had to go through a digital transformation of our own to remain relevant, we know first-hand the importance of not being left behind.

It's why we believe one of the most important goals of a digital economy is to help all Australians become equipped with the skills and confidence to participate in the digital world.

It's about making sure everyone has the opportunity to take part in Australia's future prosperity, so collectively we can deliver a better future. After all, everyone prospers when we're better connected.

This is why we focused our third theme of this paper on local communities, which by definition is made up by a community of individuals.

What opportunities do we have to equip Australians with the skills they need for the digital economy, today's jobs, and jobs of the future?

For most Australians, using the internet to socialise, shop, work and do everyday tasks is something we now take for granted.

Yet some figures suggest one in seven (around 3 million) Australians are not internet users. In many cases, that is by choice.

But for some it is due to a lack of access or a lack of skill and knowledge that is holding them back.

As digitisation continues to reshape our country and our economy, people who never or rarely use the internet are at risk of being left behind.

The primary mechanism that we can collectively ensure Australians are equipped with the skills they need for the digital economy is through increasing digital literacy education.

The importance of STEM subjects throughout early childhood and secondary schools cannot be under-emphasised.

In addition to STEM skills being central to digital literacy education, entrepreneurialism and globalisation are key areas to invest in to help shape our digital economy.

For Australians finished with schooling, encouraging further study or education for digital skills is also important, with education tax deductions for digital skills one mechanism to encourage investment by individuals and business.

Another important problem for the digital economy is providing coverage for all Australians, not just those living in the 'digital divide'.

Australia Post is uniquely positioned to help bridge the 'digital divide' by supporting the community, those who are more risk adverse and less adoptive of technology, to commence using digital interfaces in their day to day lives.

At Australia Post, digital literacy, as an obligation to our community and our workforce, has been at the forefront of our strategy for several years and since 2009, we have invested in capability, systems, and tools aimed at bridging the gap between the digitally capable, and those who are missing out from not being engaged in the online world.

To support our own workforce we initiated Future Skills, a $20 million training and development program introducing a range of initiatives to improve our frontline employees' English language skills and computer literacy. This involved establishing computer learning kiosks in some of our facilities to help with learning and providing computer basics training courses for our people, at work and at home.

Following the success of the program, we have gone on to develop an online portal, MyLearningHub, where our people can access books, courseware, interactive modules, and videos.

Our Go Digi program is a perfect example of business taking the lead to assist deliver increased digital literacy to the community.

What opportunities do we have to bridge the 'digital divide' and make the most of the benefits that digital technologies present for social inclusion?

It is important to provide mechanisms for disadvantaged and marginalised groups to maintain access to the digital world – and doing so can also greatly boost their economic and social opportunities. It is notable that many disadvantaged Australians use the computing facilities of public libraries and find this very helpful.

Case Study – Go Digi Program

Go Digi is a national digital literacy program delivered in partnership by Australia Post and Infoxchange.

We're living in a digital age, but 1 in 5 Australians are not online. That's almost 3.5 million people who are being left behind and are missing out on educational, social, economic and health benefits of being connected.

Go Digi aims to support more than 300,000 Australians to improve their digital skills and realise their online potential. Go Digi works around Australia with ageing, regional and remote, culturally and linguistically diverse (CALD) and Indigenous communities.

Go Digi provides a learning website with lots of easy-to-read learning material to build online skills and confidence. We also provide a mentoring program, fostering one-on-one learning for a peer or mentor to improve digital skills.

Speaking about the Go Digi Program, Susan – 55 from Bundaberg – said "this site has helped me help my mum to use the internet for the first time. Now she's online everyday - it's given her a new lease of life!"

Fast Facts

Australia Post has been able to partner with Infoxchange and our Network Partners to deliver:

- over 2,000 face-to-face digital learning events;
- more than 70 online learning guides; and
- the word on digital inclusion spread far and wide.

Australia Post can also play a role in ensuring marginalised citizens can access digital services both by providing help in getting online, and through providing 'kiosk' services, for example to remote communities.

Mobile devices have become almost ubiquitous, and many services can now be provided via smart phone, however this brings a number of security and usability challenges. Emerging technologies such as facial verification can help provide security, as can the intrinsic security features of the phones themselves.

Australia Post knows that the future will be more heavily focused on digital interfaces, however sees that it will be a journey of adoption, understanding and trust to bring all on board. The 'digital divide' can be embraced and overcome through the trust, accessibility and knowledge, attributes that Australia Post established over 200 years servicing the community.

By ensuring Government, business and individuals tackle every opportunity to bridge the digital divide, we can deliver on the third theme to 'empower local communities to leverage their competitive strengths'.

Case Study – The Hive

The Australia Post Small Business Hive in Geelong, Victoria, was purposefully designed to foster collaboration between small businesses and the broader community through high-quality shared working spaces, educational workshops and business mentoring.

The Small Business Hive has become an important and valued part of the small business ecosystem in Geelong.

A popular and expanding events program appealed to hundreds of small businesses during the last financial year and an increasing number of members regularly use this space.

Members and visitors appreciate the services on offer at the Small Business Hive with 96 per cent likely or very likely to continue to attend events and recommend the Small Business Hive to friends and 90 per cent satisfied or very satisfied with their overall experience during their visit.

The Hive is an example of industry supporting small businesses at the local community level, to connect and leverage each other, including boosting interactions in the digital economy.

Empower local communities to leverage their competitive strengths
Key takeaways:

- Every local community has the opportunity and structure to compete in a digital world and access our digital economy. This includes the business, Government and individuals that make up that community.

- In a digital economy, the tyranny of distance is eliminated, and business should be encouraged by Government to explore every opportunity to engage in the global digital market.

- Government has a role to play in providing any assistance to encourage business and individuals to expand their enterprise online to new customers and markets.

- The primary mechanism that we can collectively ensure Australians are equipped with the skills they need for the digital economy is through increasing digital literacy education. This includes STEM, entrepreneurialism and globalisation skills.

- For Australians finished with schooling, encouraging further study or education for digital skills is also important, with education tax deductions for digital skills one mechanism to encourage investment by individuals and business.

- By ensuring Government, business and individuals tackle every opportunity to bridge the digital divide, we can empower local communities to leverage their competitive strengths.

6 Conclusion

As one of Australia's most trusted brands and service providers for over 200 years, Australia Post is excited to contribute to the development of a new Digital Economy Strategy for Australia.

Just like the broader Australian economy, Australia Post as an organisation touches the lives of every single Australian.

We understand, likely more than any other organisation in Australia, the challenge of a new digital economy.

In response to disruption in our traditional mail services, we've developed digital expertise and new identity and payment platforms. We are constantly exploring new opportunities and ways of innovating.

In short, we are adapting and innovating in a new digital economy. These principles of adaptation and innovation are not only fundamental to Australia Post's success in a digital economy, but fundamental to Australia's continued global success in a digital world.

We believe there are three key themes that underpin an inclusive, empowering and prosperous digital economy in Australia:

1. Every business is 'born global' and every citizen must be included;
2. Government engagement and service delivery to citizens can be transformed; and
3. Empower local communities to leverage their competitive strengths.

In our first theme of 'every business is 'born global' and every citizen must be included', the tyranny of distance is eliminated.

In our second theme of 'government engagement and service delivery to citizens can be transformed', business and citizens are supported to truly compete globally through uniform standards and regulation, with Government leading as the first adopter and model example.

By taking those first two themes, our challenge in the third theme of 'empower local communities to leverage their competitive strengths' is to ensure that in our digital economy, no Australian is left behind.

Placing the local community at the heart of a digital inclusion model supports the three themes and helps to ensure all Australians, businesses and Governments work together at the community level to support the growth in the digital economy.

We must support the activators in every community that are driving revitalisation and growth of business, as well as ensuring that no Australian is left behind.

Our vision of Australia's digital economy allows for every Australian's creative potential to be realised, in every single community.

Australia Post looks forward to working with Government, industry, business, consumers and citizens on the path ahead to an inclusive, empowering and prosperous digital economy.