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Digital Economy Strategy team  
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Dear Sir/ Madam

### **The Digital Economy: Opening the Conversation**

CPA Australia represents the diverse interests of more than 160,000 members in 118 countries. We make this submission in consultation with and on behalf of our members and in the broader public interest.

Digital technologies are critical to the current and future prosperity of Australia. As noted in the discussion paper, “digital technologies have immense potential to drive competition, innovation and productivity.” Further, they are playing an increasingly important role in how the community interacts with business, government, civic society and each other.

There are however risks around the speed of adoption of digital technologies and consequences for workforce and societal disruption. For CPA Australia and the accounting profession more broadly, adapting to digital disruption has been a reality for many years. Digital technologies, advances in software, algorithms and machine learning and the rise of cloud computing have enabled the replacement of traditional work and work practices and driven increasing outsourcing of traditional accounting services. Understanding these forces of change and how to maximise opportunities while minimising negative impacts is the ongoing challenge for our members and the broader Australian economy - efforts which would be greatly assisted by an effective, overarching national digital economy strategy.

A well-argued, structured and implemented digital economy strategy should encourage widespread and equitable digital adoption across society and the economy to empower communities and business. Given that such a strategy should include short, medium and long-term objectives, we see bipartisan political commitment as critical to ensuring sustained success across electoral cycles. To that end, we note that the first National Digital Economy Strategy was released in 2011 and updated in 2013 under Labor governments, and was further refreshed in 2016 under a Coalition government.

It is important for a digital economy strategy to acknowledge that the sustainable adoption of technology by Australian businesses will ultimately be driven by sufficient returns on such investments, which in turn, is driven by the support for that technology by the market. For government, the focus of a digital economy strategy should be to:

- provide and maintain the required infrastructure (including security of data)
- provide clear and responsive regulation and regulators
- help build the capacity of workers, students, and business owners and management to better understand and apply digital technologies.
- ensure the economic benefits of digital technologies are appropriately distributed and those that are adversely impacted have the chance to access new opportunities

In consultation with CPA Australia members, we make the following suggestions for incorporation into a new digital economy strategy:

- ***Cost-effective delivery of a widely available, fast and reliable broadband network.***  
Whilst outside the scope of this consultation, it should be acknowledged that an effective broadband network provides the backbone for a digital economy and is the critical building block upon which this strategy relies.
- ***Broadband and mobile technologies must be accessible to as many Australians as possible.***  
This will help ensure that all Australians, no matter where they live, can overcome the tyranny of distance and have reliable access to services and markets (domestic and international).
- ***Regulations and regulators must be responsive to technological developments.***  
Australia's laws must, where necessary be updated to reflect changes in technology and should be written in such a way that they can easily apply to future technological developments. Further, the administrative practices of regulators must not unnecessarily encourage businesses to maintain old technologies or processes. Instead regulators should provide secure and reliable digital means to allow the community to interact with them and provide guidance to support those shifting to new technologies.
- ***Modernise the Commonwealth's scheme for Compensation for Detriment caused by Defective Administration (the CDDA Scheme).***  
As was shown in the ATOs systems outages in December 2016 and February 2017, an increasing number of businesses are reliant on government systems; however while the ATO administers the CDDA Scheme and the Department of Finance administers the government's act of grace payment system, our members have found these to be inadequate, with few businesses ever qualifying for compensation in circumstances where loss has been caused by a government agency IT failure.
- ***Give workers a greater share of the productivity benefits that come from applying digital technologies.***  
It is important for long-term economic growth and social cohesion that not only are digital technologies deployed far and wide, but that workers themselves directly benefit through higher wages from the productivity gains that should come from the deployment of such technologies. The government could lead by example through increasing public sector wages where an agency has met digital efficiency targets.
- ***Building the digital capability of current and future workers through education.***  
In addition to focusing on the next generation of workers and business owners through increasing the digital component within school curricula, the digital economy strategy should also consider education initiatives to build the digital capabilities of the current workforce. Empowering Australians to adapt to workforce changes, with new opportunities in vocational education and training and higher education, will help reduce the potential for people to be left behind by digital transformation.
- ***Building the digital capability of small business.***  
The digital economy strategy should include policies that focus on building the capability of small business to apply digital technologies to grow their businesses and make them more efficient and globally competitive. CPA Australia's annual Asia-Pacific Small Business Survey shows there is a significant digital divide, with Australian small businesses lagging well behind their Asia-Pacific competitors when it comes to innovation, e-commerce and social media. If Australian small businesses are to be 'the engine room' of the digital economy, then more must be done to increase their digital capabilities.
- ***Have a stronger focus on problem solving and creativity in education.***  
This could in part be achieved through a stronger focus on students gaining work experience, particularly university students, as part of their education. We understand that this may lead to courses running for longer periods; however it should improve the job readiness of graduates, which is particularly beneficial for SMEs, as we have found that many SMEs are reluctant to employ graduates.

- ***Review what works and does not work in other government industry support programs and apply those learnings to this strategy.***

This could also involve developing a standardised process to test the effectiveness of industry strategies, such the Entrepreneur's Programme.

- ***Promote the job producing benefits of digital technologies.***

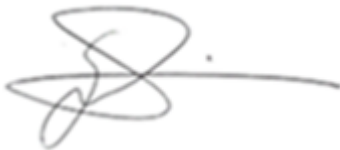
There may be reluctance on the part of some in the community to adopt or use certain technologies for fear that their support of that technology may contribute to someone losing their job in a disrupted industry. An explanation of the job-creating benefits of digital technologies and the support available for those adversely affected may help to remove some of the negative perceptions that may exist around certain digital technologies.

- ***Actively promote the broader benefits of digital technologies.***

While it is primarily the responsibility of technology businesses to promote the benefits of their particular product or service, the government could assist encourage consumers and small businesses to embrace and support digital technologies (and not fear it), which in turn will encourage broader digital adoption by Australian businesses.

If you require further information on the views expressed in this submission, please contact Gavan Ord, Manager – Business & Investment Policy, on +61 3 9606 9695 or at [gavan.ord@cpaaustralia.com.au](mailto:gavan.ord@cpaaustralia.com.au).

Yours sincerely

A handwritten signature in grey ink, consisting of a stylized 'S' followed by a horizontal line.

Stuart Dignam  
General Manager, Policy & Corporate Affairs