



**AUSTRALIAN  
COMPUTER  
SOCIETY**

**SUBMISSION TO THE AUSTRALIA 2020 SUMMIT  
THE DIGITAL ECONOMY**

This submission puts forward the views of the ACS on the need to better develop Australia's Digital Economy to ensure our national prosperity beyond primary production and mining industry sectors.

**BACKGROUND**

Following the November 2007 Federal Election, the Department of Information and Communications Technology and the Arts was restructured and renamed to the Department of Broadband, Communications and the Digital Economy.

The new area of 'Digital Economy' within the portfolio gives recognition to the importance that information and communication technologies (ICTs) play in the economic development of the Nation. ICTs underpin almost all innovation in every segment of the economy, not only in the current, traditional economic sectors of agriculture, construction, manufacturing, retail and transport, but also in health, education, government services, entertainment and in overcoming social, economic and location disadvantage.

**WHAT IS THE DIGITAL ECONOMY?**

The ACS believes that to gain the maximum leverage from the Digital Economy, we must first clearly define what is encompassed within it.

A definition of the Australian Digital Economy, its value and nature, can be determined by looking at ICT products and services and their business and domestic supply and use, currently estimated to be around 6% of GDP.

**Supply and Use of ICTs**

The total supply of ICT products in the economy includes domestic production at basic prices, imports, transport, retail and wholesale trade margins, less tax subsidies on products.

The use of ICT products and services in the economy includes intermediate use of ICTs by industry feeding into the production process; final demand of products by households and governments that do not undergo further transformation; products that are capitalised and used in production more than once; as well as inventory changes and exports.

### **Economic indicators for the Value of Supply and Use of ICTs**

Based on the ABS, Australian National Accounts – Information and Communication Technology Satellite Account, output indicators for the supply and use of ICT products to help define the value of the Digital Economy include:

- estimates of total ICT value added at basic prices and share of GDP;
- estimates of value added of major ICT related industries resulting from ICT activity;
- estimates of ICT value added relating to industries' own use of ICT;
- domestic production of ICT products;
- imports of ICT products;
- use of ICT products by each industry;
- total household and government consumption of ICT by product type;
- exports of ICT products;
- salaries of employees in ICT industries; and
- gross operating surplus and gross mixed income in ICT industries.

Other ICT products and services that can also be included in determining the value of the Digital Economy are the ICT higher education degrees, courses and other ICT skills development and education products and services.

Key indicators of the use of ICTs in the Australian economy include business and household adoption of ICTs (computer use, internet use/penetration and web presence); use of and access to broadband and e-commerce (placing/receiving orders on the web and internet income).

Looking at the value of the supply and use of ICT products and services will allow quantification of the value and importance of the Digital Economy relative to other areas of the economy.

### **Definition of ICT Goods and Services**

In order to achieve this, it is also necessary to define what is meant by ICT goods and services, which are generally considered as those that allow information to be accessed, stored, processed, transformed, manipulated or disseminated including transmission across all forms of media.

ICT goods and services include:

- software products and software development services;
- computer and data processing services;
- facilities management;
- information storage and retrieval services;
- advisory and consulting services;
- network management;

- telecommunication services – telephony, internet services, leased lines etc.
- computer hardware;
- communications hardware;
- electronic equipment;
- computer and communications parts and components;
- computer and communications consumables;
- installation and cabling services; and
- hardware and software maintenance services.

The ACS believes that if given greater recognition, priority and incentives, the Digital Economy can be an even be a much bigger contributor to the Australian economy than it currently is, stimulating innovation, increasing productivity and forming the basis of a true knowledge based economy allowing Australia to overcome its current reliance on non renewable resources that will ultimately run out.

### **GREEN PAPER ON THE DIGITAL ECONOMY**

To develop a nationally agreed approach and strategy for the Digital Economy, the ACS considers that Government should prepare a Green Paper which has as its key outcomes a definition and parameters of the Digital Economy, its total value to the economy and the mechanisms by which the Government can give it priority by establishing a National Digital Economy Strategy for Australia providing direction for Government and business.

The National Digital Economy Strategy should:

- establish a vision to nurture and enhance Australia’s ICT sector, both within the ICT industry and in all other industries and organisations;
- unite the efforts of government at all levels into a consistent framework;
- encourage commercialisation and deliver as its outcome a vibrant Australian ICT sector that underpins future economic growth; and
- establish a set of key performance indicators against which to measure the growth and health of Australia’s Digital Economy.

The Green Paper should also develop a statistics reporting framework for the ABS and other Government agencies to collect information and report on the Digital Economy.

The Green Paper should be prepared with wide ranging industry, government and other stakeholder input. The ACS believes that it is ideally situated to play a leading co-ordinating role for the Government in bringing stakeholders together in a forum, on behalf of the Minister for Broadband, Communications and the Digital Economy, to discuss the Digital Economy and gather input for development of a Green Paper for the Government.

## **NATIONAL DIGITAL ECONOMY COUNCIL**

The Minister for Broadband, Communications and the Digital Economy should establish a National Digital Economy Council as a Ministerial advisory group to provide information, develop and oversight the National Digital Economy Strategy and its key performance indicators and to review and make recommendations on the Strategy as necessary or as requested by the Minister.

## **RECOMMENDATIONS**

The ACS recommends that the Government:

1. prepare a green paper on the Digital Economy which has as its key outcomes encompassing what is incorporated within the Digital Economy and the mechanisms by which the Government can give it greater priority;
2. develop a National Digital Economy Strategy to establish a vision to nurture and unite the efforts of Government and Industry within this sector;
3. give the Digital Economy greater recognition and priority as an economic sector by establishing an appropriate ABS statistical reporting framework (in line with statistical reporting in for other economic sectors); and
4. establish a National Digital Economy Council to provide advice to the Minister for Broadband, Communications and the Digital Economy on development and oversight of the National Digital Economy Strategy.