



**AN ADVERTISING INDUSTRY PERSPECTIVE
ON
THE FUTURE DIRECTIONS
OF
AUSTRALIA'S DIGITAL ECONOMY**

An invited submission to

The Department of Broadband Communication & Digital Economy

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Overview:

This submission provides an advertising industry perspective on aspects of digital developments for consideration in the preparation of the Department of Broadband Communication & Digital Economy's 2009 paper: *Digital Economy Future Direction*.

With the advertising industry investing more than \$30 billion a year in communication channels currently being converted and extended as a consequence of developments in digital technology, the companies comprising the Australian advertising industry are major stakeholders in Australia's digital future.

Represented by the Australian Association of National Advertisers, these companies recognise that their investments are essential to the full communication benefits of the digital revolution being enjoyed by the broader community.

Given that the future direction of Australia's digital economy and the future wellbeing of Australia's advertisers are inextricably intertwined, this submission is purposefully limited to responses to those Question Sets [QS] raised in the DBCDE discussion paper where the AANA and its membership have relevant experience and/or expertise.

Limitation of this submission to the Question Sets of the DBCDE discussion paper does not indicate a lack of AANA interest and/or concern in the wider regulatory framework or factors influencing Australia's digital advancement, and the Association remains ready to engage the DBCDE and other government agencies on these matters as they may from time to time become the focus of policy consideration.

Background:

Formed in 1928, the Australian Association of National Advertisers has been the peak body of the Australian advertising industry for the past 80 years.

Over that period, AANA has promoted and protected the interests of the Australian advertiser community, and its membership has grown to include media, agencies and other service providers, making it a thoroughly representative industry association.

Among its many milestones, AANA is responsible for the establishment of the advertising industry self-regulation system now managed by the Advertising Standards Bureau in Canberra, and administered through the Advertising Standards Board and Advertising Claims Board.

Internationally recognised for its leadership in the setting and maintaining of advertising standards, the AANA is represented on the Board and Executive Committee of the Brussels-based World Federation of Advertisers, where it contributes to discussion on digital developments in European Community and United States forums.

AANA believes the advertising industry self-regulation system can assist Government measures to promote and protect consumer confidence and security in the on-line environment.

Responses:

In response to specific questions raised in the DBCDE discussion paper, AANA offers the following comments from an advertising industry perspective.

Question Set 1:

Questions for industry and other stakeholders

1.1 What markers of success can government, industry and other stakeholders establish?

1.2 How will we know when we have maximised the potential of Australia's participation in the digital economy?

The domestic economy of Australia is being impacted by a combination of technological, evolutionary and revolutionary events and trends taking place globally.

While many areas of digital economic development are based on conversion from analogue equivalents—which might be regarded as 'evolution'—technological advances are opening up new frontiers—more properly regarded as 'revolution'.

For advertisers, and the advertising, marketing & media industry they drive, the most appropriate local markers of success have to be international comparisons, and it is suggested that this must equally apply to other sectors of the economy and government itself.

It is the view of AANA that the Federal Government could best encourage as well as measure success in the development of Australia's digital economy by establishing infrastructure supporting international benchmarking across all economic sectors where industry demonstrated an interest in matching or bettering global trends.

While the nature of the new order based on digital developments may prohibit any final determination of maximized potential, international benchmarking affords the best means of ensuring recognition and understanding of Australia's relative position in the global economic environment, and allowing governments to determine policies appropriate to Australia being a digital economy leader rather than follower into the future.

Question Set 2:

Questions for industry and other stakeholders

2.1 What categories of Public Sector Information (PSI) are most useful to industry and other stakeholders to enable innovation and promote the digital economy?

2.2 What are priority issues that will facilitate the use of PSI?

2.3 If PSI is made open access, what are the best formats to enable and promote use and reuse?

2.4 If PSI is made open access, what licensing terms would best facilitate and promote its use and reuse?

2.5 Should licensing terms distinguish between commercial uses and non-commercial uses and reuses?

2.6 Are there other examples of innovative, online uses of PSI?

2.7 Is there any additional economic modelling or other evidence to show the benefit to Australia from open access of PSI?

In the AANA view, the interests of maximising the benefits from Australia's digital economy will best be served by Federal and State Governments taking a liberal approach to the provision of public sector information [PSI].

All public sector information should be automatically available where it does not have the potential to infringe Australian national security and legal requirements in relation to privacy, and/or confidentiality.

Such is the potential scope of digital developments into the future that maximum advantage to both the private and public sectors will require ready access to information where and when it is required, rather than by application and negotiation of normal bureaucratic processes.

To this end it is suggested that rather than seeking to determine what PSI should be made available, governments and their public services should determine what information they require to be reserved from an open access system.

An ombudsman or equivalent could be appointed to determine complaints against undue restriction to information that might otherwise be provided under a free-of-cost registered user licensing system open to all Australian Business Number holders [ABN].

For maximum uptake of the open access information opportunity, the Federal Government might consider establishing a dedicated online resource facilitating registration and recording of data retrievals.

In the opinion of AANA, potential benefits to the Australian economy should be sufficient justification for free access of commercial as well as non-commercial usage of such an online open-access PSI system.

Question Set 3:

Questions for industry and other stakeholders

3.1 What more can industry and other stakeholders do to address concerns about consumer privacy and online safety?

3.2 What more can be done to increase trust and confidence in online transactions?

3.3 What is needed to address the SME concerns identified above?

3.4 Are there possible barriers preventing a strong online retail experience in Australia? What can industry and other stakeholders do to address these?

3.5 What is the experience of business-to-business e-commerce in Australian supply chains? Are companies (large and small) saving money because they are now making electronic transactions? What are the barriers to take-up? Are international companies benefiting from e-commerce transactions with consumers and with other businesses?

3.6 What evidence shows the possible barriers preventing greater online content offerings? What can be done to address these?

Consumer privacy and online safety are major concerns of AANA which continues to work with the World Federation of Advertisers and related bodies in seeking to promote and protect the interests of consumers and their confidence in advertising and marketing communications.

In the online environment major national and international brands face considerable downside risk to their reputation if they use personal information in ways that are not consistent with community privacy standards. Australian governments can be assured that commercial interests have a strong incentive ensure the protection of consumer privacy and online safety.

With the AANA already committed to promoting and protecting consumer confidence in advertising and marketing communications, the Association is well-placed to advise and assist governmental measures to promote and protect consumer security.

For the immediate future, the AANA is in a position to extend the current self-regulatory regime applying to all forms of Australian advertising & marketing communication—including that using online channels—to meet current concerns in relation to consumer privacy and online safety.

Affording a more flexible and immediate reflection of prevailing community standards than legislative instruments, self-regulation can provide a more efficient and effective balance of encouragement and control.

The AANA is willing to enter into discussions with DBCDE on a possible linkage between agreement to abide by self-regulatory rules and licensing for the recommended open-access PSI facility.

Believing the strongest barrier to expansion of the online retailing experience in Australia being consumer confidence in the security of internet transactions, the AANA believes the Federal Government could assist the situation by working with the banking and finance sectors to achieve some form of transaction guarantee.

In the AANA view this might reasonably include some funding contribution from the commercial sector currently benefiting from transactional cost savings from online compared to traditional trading. The Association stands ready, through its Financial Services Forum, to engage with the Federal Government and other stakeholders over an appropriate framework for self-regulation in online retailing and prevention of cyber-crime.

Question Set 4:

Questions for industry and other stakeholders

4.1 What can industry and other stakeholders do to assist the Government's existing efforts to develop the digital and media literacy skills of Australians?

4.2 Would specific offline measures to inform business and local industry groups about online offerings assist in developing e-business?

4.3 How can industry assist in promoting the attractiveness of ICT related degrees?

4.4 What core set of digital economy skills can be incorporated into non ICT-related degrees?

4.5 Will industry work with Government through the Productivity Places Program and Innovation and Business Skills Australia to improve the curriculum of current training courses?

4.6 How can we better match supply and demand for skilled ICT workers?

4.7 What measures did industry find successful in boosting staff, ICT and e-business skills?

Already in discussion over Australian adoption and adaptation of a media literacy program for schools with the Australian Broadcasting & Media Authority, the AANA believes it might be possible—and advantageous—to combine digital and media literacy skilling through a broader-based program involving Government and industry.

The AANA is also willing to become involved with government agencies in the promotion of online business development and a business case for ICT-related degrees to business and industry groups beyond its existing advertiser, media, agency and support service provider membership.

The AANA has already been involved with development of university courses relevant to the changing needs of the advertising, marketing & media industry, and—by request—has recently broadened its service provider membership criteria to include universities.

In the AANA view, the suggestions in this section of the DBCDE discussion paper could prove instrumental in assisting the Australian academic and business sectors to a competitive edge in exploring and exploiting digital economy benefits, at least in the short term.

Question Set 5:

Questions for industry and other stakeholders

5.1 Should the existing copyright safe harbour scheme for carriage service providers be broadened?

5.2 Does Australia's copyright law unreasonably inhibit the operation of basic and important internet services? If so, what are the nature of such problems and practical consequences? How should these be overcome?

5.3 Is there non-copyright legislation that is directly relevant to digital economy businesses that create uncertainty or barriers?

In principle, the AANA supports a broadening of the existing copyright safe harbor scheme for carriage service providers, but believes considerable consultation is required to ensure that established rights and responsibilities of copyright ownership are not unnecessarily or unreasonably sacrificed in the process of seeking to maximise as yet unrealised advantages afforded by development of the digital economy.

The advertising industry is highly experienced in the complexities of copyright and related intellectual property issues, and would be willing to participate in consultation with the DBCDE and other properly interested parties regarding changes to existing copyright and intellectual property standards to assist online business.

Question Set 6:

Questions for industry and other stakeholders

6.1 What, steps, if any, should Government take to promote the greater adoption of teleworking and videoconferencing? What impact do Operational Health and Safety laws have on the uptake of teleworking and videoconferencing in your industry?

6.2 The Government has already committed to review and propose regulation for e-waste and has taken steps to promote smart technology to manage scarce resources. Are there additional steps Government can take on these issues? What additional steps can industry take in relation to these issues?

The AANA believes that commercial imperatives will drive the adoption of teleworking and videoconferencing at a pace appropriate to the development of Australia's digital economy.

While OH&S factors apply across the Australian advertising industry equally to any other business sector, they have not been noted by the AANA as an unreasonable or unwarranted impediment.

A more significant influence continues to be a communications-based industry preference for face-to-face meetings wherever possible, a factor not currently considered likely to experience rapid change where discussions often involve a high degree of confidentiality and trust.

Taking a broader view, development of the digital economy requires recognition that it is continuing to evolve and that maximum advantage will flow to those traditional economies investing in education and training in the public as well as private sectors.

The broad range of advanced knowledge and skills necessary to taking a leading rather than following role in the global digital economy go beyond technical digital literacy or digital media literacy and encompass skills and knowledge in a wide range of fields including psychology (e.g. consumer behaviour, product usability), the law (e.g. copyright, defamation on social networks, the legalities of mash-ups), and human capital management (managing digital relationships in a business

environment), as well as building on established business practices in such areas as marketing, business modelling, pricing and project management.

A digital perspective will need to be incorporated in all forms of advanced education, while the policy practice of regarding digital developments simply as digitised extensions of pre-existing knowledge and understanding will need to change in recognition that it should be more accurately (and potentially more advantageously) viewed as creating a new economic paradigm requiring new forms of education and skills development.

Question Set 7:

Questions for industry and other stakeholder

7.1 What, if any, additional datasets should government collect to improve the benchmarking of Australia's digital economy?

7.2 What do you consider are the key digital economy indicators?

7.3 What additional industry sources of data exist which provide background on digital economy metrics?

7.4 What additional research and data work could industry or data collection organisations undertake to assist in measuring Australia's digital economy?

7.5 Do you have views on the adequacy of the existing data sets or suggestions as to how they might be improved?

The AANA is of the view that a national business survey is necessary to the question of what additional datasets might improve the benchmarking of Australia's digital economy, but believes that international comparisons will provide the most reliable guide to the overall progress of digital development.

The key digital economy indicators can only be comparative measures against other similar economies, which for advertisers mainly mean those of the US, UK and broader European Community.

The industry data most important to the domestic development of the advertising industry is generally available from commercial providers, but the AANA is willing to use its influence to extend such availability—enhanced by surveys of its own members—to a government agency or dedicated facility for the purposes of assisting digital economy development.

Meantime, official data, such as that provided through the Australian Bureau of Statistics, could be improved in breadth, depth and—most importantly—speed to market.

Summary:

The Australian Association of National Advertisers believes:

- 1: the move to a digital economy should be regarded as revolutionary more than evolutionary;
- 2: the best measurement of Australia's developing digital economy will involve benchmarking against global developments;
- 3: The required balance of encouragement and control of on-line commerce might be more successfully obtained from building on existing industry self-regulation rather than attempting to prescribe new government regulation.

Scott McClellan
Chief Executive Officer, AANA, February 25 2009.