



Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

28 February 2023

RE: Inquiry into international digital platforms operated by Big Tech companies– AIIA Response

The AIIA provides the following comment to the Senate Standing Committees on Economics in respect of the '*Inquiry into international digital platforms operated by Big Tech companies*'.

About the AIIA

The Australian Information Industry Association (AIIA) is Australia's peak representative body and advocacy group for those in the digital ecosystem. We are a not-for-profit organisation to benefit members. Since 1978, the AIIA has pursued activities to stimulate and grow the digital ecosystem, to create a favourable business environment for our members and to contribute to Australia's economic prosperity.

We do this by delivering outstanding member value by:

- providing a strong voice of influence
- building a sense of community through events and education
- enabling a network for collaboration and inspiration; and
- developing compelling content and relevant and interesting information.

We are unique in that we represent the diversity of the tech ecosystem from small and medium businesses, start-ups, universities and digital incubators through to large Australian companies, multinational software and hardware companies, data centres, telecommunications companies and technology consulting companies.

Benefits of technology

Technology companies of all sizes lie at the heart of the future productivity, employment and innovative advancements of the Australian economy. Technology plays an instrumental and transformative role across the economy. Practical applications of digital technology include enabling secure communications and media-sharing between Australians, establishing secure and convenient payment platforms, opening up an infinite pool of knowledge through search engines and online educational resources, facilitating access to emergency services and uplifting data security and best-practice through cloud computing.

The contribution of the technology sector to the Australian economy and labour market should not be underestimated. The [ACS Australia's Digital Pulse 2022 Report](#) found that by 2024 there will be more than 1 million technology workers in Australia, growing to 1.2 million by 2027; an annual growth rate of 5.5%. This will mean the proportion of the Australian workforce in technology roles will rise to 8.5% by 2027, outpacing broader employment growth. Contrary to a narrow interpretation of the term 'big tech', some of the biggest employers of tech workers in Australia are in tech-enabled sectors such as banking. In the 2021 financial year, Austrade estimated the digital technology sector to be worth A\$167bn,



equivalent to 8.5% of GDP, and referenced the Government's intention for technology to contribute A\$250bn in GDP by 2030.¹

The Australian Government's Digital Economy Strategy posits:

Australia's technology sector is an important enabler for a modern and digital economy. The sector helps to build Australia's skills base by delivering well-paid, highly skilled jobs, and supports innovation and productivity in almost every other sector through the development and adoption of tailored technology solutions. It also delivers value to Australians by improving the quality of service delivery in a range of applications from online banking, contactless payments and online entertainment through to accessing government services.²

Many of the companies identified in the inquiry's Issues Paper are deeply committed to their Australian operations and the nation-building that technology can achieve. Large technology players in Australia have a significant role to play in inward investment and building local digital capability. As one example, in late 2021, Google through its Digital Future Initiative [announced](#) a \$1bn investment in research, infrastructure and partnerships, including in Quantum and AI technologies in Australia to mark their 20th anniversary of operations in Australia. Similarly, Apple marked its 40th anniversary in Australia with a massive investment in clean energy in Australia developing new sources of renewable energy, expanding coding education programs, and forging partnerships with Indigenous-led non-profits. Microsoft has operated in Australia for 40 years and has research hubs in major Australian universities such as RMIT and the University of Sydney. IBM's Quantum Hub at the University of Melbourne has decades of combined expertise in quantum computing research and projects on near-term applications.³

In addition to its Sydney Region launched in 2012, Amazon Web Services also plans to invest A\$6.8 billion in the AWS Asia Pacific (Melbourne) Region from 2022-2037, contributing an estimated A\$15.9 billion to Australia's total GDP from 2022-2037. AWS investment from 2022-2037 will support an estimated annual average of more than 2,500 full-time equivalent (FTE) jobs at local vendors in the data centre supply chain. Large technology companies are also playing a pivotal role driving the reduction of carbon emissions through the provision of their respective cloud platforms to both enterprises and government.

AIIA Response to Inquiry

The technology sector should not be seen as a zero-sum game. Large multinational companies, for example, have brought benefits to the Australian economy and local capability, as noted above. They have contributed to a thriving technology sector which, in turn, stimulates innovation and opportunities for emerging and more established domestic technology companies. The AIIA considers there are further opportunities for partnerships between a range of technology companies, as well as opportunities for government and industry to work together to realise innovation and technology outcomes that align with Australia's economic interests.

The Australian economy is on the cusp of another step change in digital transformation and becoming a genuinely digital economy by 2030. We should be concerned to ensure that Australia is at the forefront, reaping the benefits a digital economy will yield, not confusing

¹ <https://www.globalaustralia.gov.au/industries/digitech>

² <https://digitaleconomy.pmc.gov.au/strategy/priorities/emerging-tech-sector.html>

³ <https://www.hpcwire.com/off-the-wire/ibm-announces-725m-quantum-computing-deal-with-australian-government/>



progress through overregulation or uncoordinated regulation. There are different ways that businesses can leverage the same technology. Cloud computing provides a fitting example, with an important role for all different sizes of cloud providers in a multi-cloud model. We should strive for an open environment in which business of all sizes are able to differentiate and compete. Many segments of the technology market are young, with players determining their market scope and ideal position. This maturing context is not the time for heavy-handed regulatory intervention.

The AIIA is a proudly Australian industry association and as such our priority is the growth of the ecosystem in Australia, for the benefit of Australians. The AIIA is in support of the *Buy Australian* plan and the role of the Future Made in Australia Office and believe the tech sector is at its best when supply chains are diverse, with small and large companies, Australian and global, working together, with retention and growth of top talent and a strong environment for companies to scale up and export innovative Australian products overseas.

As stated in the AIIA's Domestic Capability Policy, published in June 2021:

The full participation of MNCs as direct and indirect investors into Australia's information industry is important to deliver these drivers of domestic capability. Direct and indirect participation refers to the involvement of MNCs in Australian and global supply chains and employers and contributors of and to Australian talent. Major global software and technology platforms are available in Australia and support a local ecosystem of SMEs and partners that build of and support these ecosystems. Building domestic capabilities should not be allowed to become a default protectionist device. Partnerships with international allies, including MNCs, are essential to ensure the Information industries in Australia remain competitive and at the leading edge of technology. The integration of these international capabilities with indigenous industries and skills to ensure domestic resilience must be the objective.

Building digital and domestic capability as an inclusive, partnership-based prospect, should be a policy priority. Growing jobs, growing skills, and ultimately growing Australia's potential is the commitment of the global technology sector operating on our shores, many of whom are headquartered in close allies of Australia with strong, locally-operated Australian imprints.

One example of partnerships is the partner ecosystem inherent in enterprise software. The partner networks of global technology companies is extensive, with software implementation a proposition involving thriving partnerships between global and local companies and large and small entities. The creation of a piece of software does not lead to a winner-takes-all landscape but is rather an expansive and value-creating factor throughout the supply chain.

Many technological tools are by nature collaborative, innovative and progressive. Any constraints on technologists' ability to collaborate, innovate and progress as a result of government regulatory impost will naturally be at odds with the tech sector's ultimate purpose and role in the economy.

The AIIA refers to its existing recommendation to establish a **Council of Tech Regulators**. This Council would work to a similar model as the Council of Financial Service Regulators and be comprised of authorities such as the eSafety Commissioner, the Australian Information Commissioner, the Digital Transformation Agency, the Department of Home Affairs, Treasury, the Attorney General's Department and the Australian Cyber Security Centre. The Council would ensure that, as far as possible, regulation is streamlined and rationalised to mitigate overregulation, red tape, duplicative reporting requirements and parallel consultation timeframes. Breaking down silos and ensuring that in respect of



technology – the all-pervasive, innovative and value-creating engine at the heart of the economy – the left hand of government knows what the right is doing as far as regulation and reporting is concerned, and regulatory impost is contained as far as possible.

The AIIA notes that the ANU's Tech Policy Design Centre, an independent research organisation at the Australian National University, in its recent publication *Cultivating Coordination* similarly proposes a Tech Regulators Forum as a peak regulator coordination body in the Australian tech-ecosystem whose objective is to improve coordination among tech regulators.⁴

Comments against Individual Terms of Reference

the market shares of such international digital platforms across the provision of hardware and software services.

Government policies ensure that world class so-called hyper-scaler cloud providers are investing capability and resources in Australia such as Google Cloud, AWS and Microsoft. Other regulations such as the Critical Infrastructure / Systems of National Significance regime and the Hosting Certification Framework are placing rules and regulations that are driving on-shore investments for the localisation of data. The AIIA supports the ability of both multinational companies to continue to invest in Australia as well as creating the environment for Australian companies to grow and prosper.

It is important that regulatory settings are created to facilitate:

- 1) continued international capital and investment into Australia to drive global and world-class solutions for the Australian economy;
- 2) a supportive environment for local SMEs and Australian tech companies;
- 3) export settings to enable Australian companies to export and compete in other markets.

the collection and processing of children's data, particularly for the purposes of profiling, behavioural advertising, or other uses;

The AIIA and its members support privacy and cyber security laws that protect personal information and the integrity of data, while also ensuring the measures are proportionate to identified harms and enable innovation. These issues are not limited to a small number of large technology companies, and must be considered in a broader context. AIIA notes issues relating to data security, privacy and children's safety are being considered through separate processes such as the *Privacy Act* Review Report, *Online Safety Act* codes, the Cyber Security Strategy development process and the national digital identity system.

Conclusion

The AIIA is pleased to have been able to provide comment to the Inquiry.

Yours sincerely

⁴ https://techpolicydesign.au/wp-content/uploads/2023/02/TPDC_Cultivating_Coordination_2_20230221.pdf



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