6th December 2013

Queensland Digital Economy Strategy consultation

Department of Science, Information Technology, Innovation and the Arts

GPO Box 5078

Brisbane QLD 4001

Submitted via email: [godigital@innovation.dsitia.qld.gov.au](mailto:godigital@innovation.dsitia.qld.gov.au)

To Whom It May Concern,

**Re: CCIQ’s feedback on the Draft Queensland Digital Economy Strategy**

The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide feedback into the Department of Science, Information Technology, Innovation and the Arts’ consultation paper *Queensland Digital: Draft Queensland Digital Economy Strategy* (the draft strategy). CCIQ is strongly supportive of the State Government developing a Digital Economy Strategy to ensure Queensland’s economy remains competitive and that small and medium businesses are well positioned to compete in the digital marketplace.

CCIQ would like to provide the following feedback for consideration during finalisation of the draft strategy. In particular, CCIQ stresses the importance of placing increased priority on ensuring businesses in all regions have access to internationally competitive communications infrastructure, and subsequently assisting in enhancing the digital readiness of the Queensland business community. CCIQ’s submission builds on our Queensland Digital Readiness Study released earlier this year (attached for consideration).

**Enabling infrastructure**

The vision outlined in the draft strategy is “*Queensland to be Australia’s most digitally interactive state and recognised globally as a digital innovation hub*”. CCIQ believes this is perhaps overly optimistic and not reflective of the true state of play in Queensland. In order to deliver on this vision and increase Queenslanders’ confidence in and use of digital content and digital technologies, it is ***first essential to ensure all Queensland regions have reliable access to internationally competitive communications infrastructure.*** It is CCIQ’s view that this critical aspect of a digital economy strategy has not received sufficient attention in the draft strategy.

Queensland’s communications infrastructure is lagging behind other developed countries in terms of the speed, access to and reliability of broadband services. Many businesses, particularly in regional areas, raise concerns regarding coverage and reliability which reduces their capacity to utilise online and digital technologies. Businesses have generally expressed support for the NBN rollout, believing it will help them compete globally, work faster and reduce costs by bringing Australia’s communications infrastructure more in line with our competitors in other developed countries.

Although supportive of the project, Queensland businesses remain concerned about when the NBN will be delivered and be available in their region. Under the previous Federal Labor Government, only five Queensland regions (including SEQ, Darling Downs, Mackay, North and Far North Queensland regions) achieved limited connection to the NBN (with low adoption rates in these areas also experienced). Furthermore, work has not even commenced in several Queensland regions including Fitzroy (Rockhampton), North West, Central West, South West or Wide Bay Burnett. Considering the new Coalition Government is overhauling the existing broadband policy and NBN Co, questions are being raised about what will happen with the current NBN rollout and when/if businesses in all Queensland regions will achieve access to improved broadband coverage and reliability.

Greater priority is required in the strategy on ensuring all Queensland regions receive reliable and affordable access to internationally competitive communications infrastructure. Increased certainty around when infrastructure will be delivered and be available for business use is essential for effective planning and investment decisions. ***CCIQ believes a forth strategic objective is required to reflect the importance of delivering critical enabling infrastructure, such as “internationally competitive communications infrastructure is accessible and reliable in all Queensland regions”.*** The first dot point associated with the Queensland Government’s role should also be extended to read “provide leadership in setting direction on digital economy matters including communications infrastructure”.

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| Coolum Business & Tourism believes the region’s poor internet access is discouraging investors. The organisation claims that the Coolum Business Park off Quanda Road has the potential to be a key economic driver in the Coolum area but needs better technological infrastructure. Internet access and reliability in the surrounding area is classified as well below the most basic broadband coverage, much to the dismay of businesses who had established themselves within the Business Park. One business has already left the area, with remaining businesses experiencing significant difficulty with extremely poor internet coverage. Coolum Business & Tourism is calling on the Federal Government to speed up the NBN rollout on the Sunshine Coast before further economic opportunities are lost. |

**Digital Readiness: Key results of CCIQ Study**

The draft strategy identifies that industries and businesses that operate in traditional ways are likely to struggle to compete in the increasingly global marketplace. A key focus of the strategy must be on enhancing the capabilities of small and medium business owners/managers to embrace the digital economy and successfully capitalise on new opportunities and markets. In order to do this, it is essential to understand the digital readiness of businesses and how they are using digital technology.

CCIQ released its first State-wide Digital Readiness Study in February 2013, which highlighted the gap between those businesses relying on traditional methods, and those able to adapt and respond to digital innovation. The survey found that over 60 per cent of businesses believe that internet speed and coverage is a key barrier preventing them from embracing the digital economy. This further highlights the importance of placing increased priority on ensuring all Queensland businesses have access to internationally competitive communications infrastructure.

Currently, businesses are primarily engaging in the digital economy by increasing their online presence. The majority of businesses that participated in CCIQ’s survey (89 per cent) had a website, with most (61 per cent) maintaining that online presence for over 5 years. However, despite the majority of businesses having an online presence through their websites, 67 per cent reported that less than 10 per cent of their revenue was generated via this avenue. Some industries were also highlighted as being significantly unprepared to transition into the digital economy including manufacturing; construction; professional, scientific and technical services; health care and social assistance; retail trade; and transport.

One of the key concerns for businesses is that upgrading technology involves a significant investment of time and resources, which are not in abundance for small and medium business owners/managers. Businesses require these resources to build new systems and processes, re-create branding and communication platforms and familiarise themselves with a new marketplace for competing with competitors. Reasons identified by businesses for not having an online presence included a lack of relevant knowledge, skills, time and resources; the cost of setting up, hosting and maintaining a website; and a belief that their business did not require a website.

Other key findings of the survey include:

* Over 70 per cent of businesses used their website to communicate with clients and for marketing;
* Although websites were the key online channel for the majority of businesses, 76 per cent had yet to adopt a mobile version of their website;
* Businesses are slow in their uptake of social media and remain cautious about the risks it might entail. Businesses that are using social media, primarily use it to communicate with clients and facilitate marketing efforts.

The findings of CCIQ’s Digital Readiness Study highlight that small and medium businesses have a long way to go before they are successfully engaging within the digital economy. A key challenge in delivering on the strategy will be how to stimulate business investment and the uptake of new digital opportunities. The full findings of CCIQ’s digital readiness study are attached for further information.

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| CCIQ recently spoke with a small coffee shop owner in the Brisbane CBD area who highlighted the difficulties for small businesses in managing their web space and social media profiles. The business owner recognised the opportunities available within the digital economy and wanted to embrace this opportunity by developing a mobile app. As the business owner or his staff did not have the required technology expertise, they engaged several external providers for a quote on developing this product for them. The business owner received quotes as high as $12,000. Due to uncertainties around what the business would actually receive for the relatively high output cost, no further action was taken. |

**Focus Area: Business and Industry**

High speed broadband promises to open up a world of opportunity for businesses and individuals alike. For business and industry, there is the prospect of better productivity, increased efficiency and cost savings; more flexible service delivery and employment practices; and an improved ability to take advantage of opportunities in intrastate, interstate and international markets. For individuals, there are a range of potential benefits, including better communications, a more diverse range of products and services and improved service delivery. The NBN will also play an important role in encouraging the growth and development of Queensland’s regions and businesses by enhancing both government and private sector service delivery and by providing a mechanism to overcome the vast distances that make up the state of Queensland.

To accomplish these benefits in Queensland and increase the use of digital technologies and services by businesses, it will first be essential to ensure all businesses have access to reliable and affordable internationally competitive communications infrastructure. This includes regional businesses being able to use this infrastructure at the same/similar speed, cost and reliability as businesses in Brisbane.

Secondly, it will be vital to implement a range of strategies and actions to enhance the digital readiness of small and medium businesses and subsequently assist in facilitating their involvement in the digital economy to ensure they are as digitally engaged as our international competitors.

Currently, the majority of Queensland businesses do not have a digital business plan. Furthermore, although many businesses recognise the importance of having an online presence, they lack a strategy to drive their web presence in building sales revenue and obtaining new opportunities. Many businesses also lack awareness and understanding of the opportunities created through effective social media engagement with customers. Overall, it is important that business owners/managers’ have an increased awareness and understanding of the digital economy and the opportunities that it presents, and are provided with the skills and resources to allow them to successfully engage. Subsequently, CCIQ is supportive of the desired outcomes identified in the draft strategy that would enhance the digital confidence of businesses.

In terms of action ideas, CCIQ is supportive of the government, in partnership with peak bodies, undertaking the following activities (in addition to those already identified in the draft strategy):

* Actively educating businesses, particularly small and medium businesses, on the benefits of embracing the digital economy, such as through free information forums around the state;
* Developing a range of promotional materials/fact sheets aimed at enhancing the understanding and awareness of what the NBN can do for businesses. These should be developed on a wide variety of relevant topics, such as e-commerce, delivery of government services and flexible employment practices, and include real-life case studies from various regions and industries;
* Regular stakeholder roundtables that bring together the State Government, industry organisations and other key stakeholders to discuss and analyse information including the progress of roll-out in Queensland, adoption rates and associated barriers to adoption, success stories, new applications/devices and so on. This will help increase awareness and potentially drive the desired change;
* Evaluating the network in those regions where the NBN has been established and put strategies in place to rectify any issues that have arisen for businesses in those areas;
* Establishing funding programs that allow businesses (particularly small businesses) to apply for funding to assist in the development of new and innovative products or services that utilise the updated technology.

**Additional Feedback**

CCIQ would like to provide the additional feedback for consideration:

* ***Queensland Government:*** CCIQ is supportive of the desired outcomes identified under the Queensland Government focus area. In particular, CCIQ is supportive of the State Government leading by example, adopting digital technologies and digital content to enhance public services and delivery, and promoting the benefits and achievements. Although CCIQ is supportive of taking actions that allow the government to operate in a more efficient and cost effective manner, it is essential that these actions do not reduce the accessibility of government for time poor business owners, or for those businesses in areas where communications infrastructure is lacking. Queensland Government digital content and services must be straightforward and convenient, and encourage innovation in the private sector. In developing and implementing a Digital Government strategy, the State Government should also review the strategies undertaken by other jurisdictions and around the world to incorporate best practice outcomes in Queensland.
* ***People and Communities:*** Ensuring all Queenslanders in all regions have affordable access to digital content and services, and be able to digitally access urban quality education, health and community services is seen by CCIQ as a positive move. Action must also focus on enhancing the capability of people and communities to participate in the digital economy, further supporting Queensland small and medium businesses.
* A key concern raised by businesses and the community is information security. Strategies aimed at enhancing online security are greatly supported.
* The draft strategy highlights a current lack of funding approval. The final strategy should include funding commitments from government and timeframes for delivery in order to enhance the importance of the final strategy and ensure it can be achieved.

If you have any questions regarding this correspondence, please do not hesitate to contact CCIQ Senior Policy Analyst Leanne Connell on (07) 3842 2227. CCIQ looks forward to working with the State Government to deliver on Queensland’s Digital Economy Strategy.

Yours sincerely,

**Nick Behrens**

General Manager - Policy

Encl. CCIQ Queensland Digital Readiness Study: February 2013