Strong digital leadership needed

To advance Australia’s digital capability, improve government services and realise social and economic benefits.
State of play
Call to action

Australia is one of the most digitally connected places on earth, yet our nation is lagging in terms of our digital maturity. At the same time, consumers rate their digital experience with governments as the worst across all sectors surveyed.

According to both consumers and ‘digital opinion leaders’ surveyed by EY, governments at all levels have much work to do to advance digital. This extends across a number of key areas: investing in broadband infrastructure, supporting digital innovation and improving the way they deliver their own services. Without a committed focus on these areas, the nation’s ability to gain competitive advantage through innovative use of digital technology will quickly be eroded. Compared to other nations, we have stalled.

This is a view reinforced by Australia’s fall in ranking as a digital economy as reported by organisations including the OECD and World Economic Forum. Recently the Digital Evolution Index (DEI), created by the Fletcher School at Tufts University¹, rated Australia as a ‘Stall Out’ nation in terms of digital evolution, meaning that we are losing momentum and at significant risk of falling further behind. It is critical that Australia reverses this situation. To address this, government must provide the leadership, commitment and investment required to empower Australia to develop into a truly digital economy.

¹ https://hbr.org/2015/02/where-the-digital-economy-is-moving-the-fastest

Note: The “stall out” category describes countries that have achieved a high level of evolution in the past but are losing momentum and risk falling behind. The focus of stall out nations should be on innovation and continue to seek markets beyond domestic borders.
EY believes that government has two broad roles in advancing digital in Australia:

1. **To foster digital innovation across all sectors** — this includes driving investment in the innovation and infrastructure that underpins a strong digital economy, while promoting the safeguards required to assist business to defend against cyber-threats and protect consumer security and privacy without placing undue burden on business innovation.

2. **To act as a role model in its own adoption of digital** — setting a bold ambition to provide an open, participatory and innovative government that uses digital to achieve improved social and economic outcomes through citizen centric service delivery and agile policy design.

Success requires:

- **Setting the nation’s digital ambition and leading by example** through committed investment and consistent digital development, integration and adoption across all jurisdictions and the broader economy.

- **Policy and regulatory design that supports digital innovation** by removing barriers, such as those in relation to privacy and data, but still providing protection from cyber risk and threats while supporting economic growth and innovation in business.

- **An end-to-end multi-channel view** that harnesses the power of data and analytics to obtain real insight into current and future business and citizen needs.

- **A highly visible, transparent and pragmatic approach to achieve the digital ambition** through greater centralised guidance; agile, incremental development of digital solutions and delivery infrastructure that realises early benefits; and strong marketing and communication to the public in relation to the progress and benefits that an advanced digital economy brings to the nation.
“And its job (The New Digital Transformation Office’s), my goal, is to ensure that by 2017 all major transactions between citizens and Government can be completed digitally online end to end. This is going to ensure that government services are vastly more compelling, vastly more attractive to citizens, and of course it will save them time and money.”

Malcolm Turnbull MP, Federal Minister for Communications

Recent statements have provided positive indications that the Government is taking steps to address our decline in digital advancement, in particular the announcement of the new Digital Transformation Office within the Department of Communications to drive the digitisation of service provision and “better serve the needs of citizens and businesses”.

This initiative is certainly a welcome step from both a consumer and business perspective, but to achieve this goal in two years will be ambitious. Digital, by its very nature and thereby the services envisaged by the Minister for Communications must be accessible, relevant and easy to use. This requires deep insight and an appropriately segmented view into the government customer, which not only includes citizens but business, community, NGOs and other government bodies. To achieve the depth of insight to design and deliver the experience that customers expect of the public sector will require agencies to make much more sophisticated use of their data.
There is a significant opportunity to harness data and analytics to drive responsive policy and service design based on evidence and an ability to anticipate life time need. It is imperative that government leverages the country’s significant advantage in terms of internet penetration and propensity for digital adoption through much better use of data, customer insight, and innovative technology. Together, this will create a strong, connected capability that can deliver economic growth, competitive advantage and improved social outcomes for the country.

81% World’s seventh highest internet penetration

62% of Australians are daily FB users

3 in 4 Australians aged 13 and above have a smartphone

deliver economic growth, competitive advantage and improved social outcomes
Despite some agencies reporting impressive take-up volumes of their online services, Australians remain highly critical of their digital experience with government. Almost a third of citizens nominated the public sector as providing their worst digital experience, putting it at the bottom of our national rankings.

Australians rate their digital experience with government very poorly. People aged 18-24 are most critical of government digital services, with 43% in this age range ranking it as Australia's worst performing sector. Notably, 46% of digital opinion leaders agree with them.

While there is clearly work to be done to meet rising consumer digital expectations, government service delivery agencies have made substantial progress in recent years in the development of digital offerings. An example of this are the free Express Plus mobile apps for Medicare, Centrelink and Child Support which enable citizens to authenticate through the Government's myGov portal and then commence a transaction or claim, e.g. to report income as required to receive a welfare payment.

Of course, more is required to meet citizen expectations by improving the digital experience for users accessing government services. With citizens increasingly expecting to see value for taxpayer dollars through an anytime, anyhow digital experience, there is a need for government to provide innovative points of engagement.

There is a balance to be met however, in meeting customer expectations and the significant investment required to modernise the critical back end systems and processes. This represents a major opportunity for government to re-think the way they will interact with citizens in the future.

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2 http://www.humanservices.gov.au/customer/services/express-plus-
Improving the digital experience requires more than just moving information, payments or services from traditional delivery channels to online channels. Digital services need to be optimised across the front and back end to provide a positive, personalised and streamlined interaction between the customer and one (or more) government organisations. It means looking from the outside in, through the eyes of the customer, not just focusing on the technology.

Currently, this appears to be the exception rather than the rule. In theory, with 81% of Australians online and becoming increasingly comfortable using online self-service, the provision of digital government services should push demand away from intensive, higher cost channels such as face to face or call centres. These channels are an increasingly resource and cost intensive channel for many departments and agencies and a source of great dissatisfaction for customers due to lengthy, wait times.

Yet, in practice, this has not always been the case. The failure to design a multi channel end-to-end service or interaction that can be fulfilled in a digital channel often results in leakage into more costly channels. With poor digital execution, the burden on the economy and the cost of government service delivery will increase. For example, customers start online but have to contact a call centre or go into a shopfront to have a claim/enquiry resolved. This is not only extremely irritating for service users, it's also highly inefficient.

As a starting point, governments need to get the basics right, such as making web-based information easy to find, being responsive to online queries and making sure users can complete transactions or processes online. Our consumer survey backs this up with 74% of respondents indicating ease of website navigation as an important factor in providing a high quality digital experience across all sectors.
Some 62% rate responsiveness to online customer queries as ‘very important’; while 58% of respondents maintain that an easy process to buy goods and services is also ‘very important’. Based on slick experiences with consumer brands, citizens now expect to identify themselves or provide information only once. An agency should have a 360 degree view of a citizen – no matter what channel they use.

The public sector is making some progress in this area. The Federal Government’s myGov portal allows citizens to create a secure account that they can use to access a range of government services. The range of services and agency access is still limited, but there is enormous potential to develop a whole of government capability across federal, state and local governments. We believe that this capability needs to be developed at a much faster pace if government wants to harness whole of efficiencies through digital innovation.

At the same time, a number of Commonwealth agencies, such as the newly consolidated Department of Immigration and Border Protection are making significant progress in digitising and making greater use of data and insights to support the movement of people and goods. The Australian Electoral Commission has transitioned a significant portion of its citizen-facing operations to an online option and Australians can lodge their tax returns online to align with the ATO’s eTax function.

Some states and territories are also transitioning to digital – albeit in siloed areas. The Queensland Police Service (QPS) used social media platforms to communicate with citizens during the natural disasters that started in December 2010. Over three days in January 2011, the number of people following the Queensland Police Facebook page grew from 20,000 to 160,000, with QPS tweets appearing in national TV networks news tickers and radio station announcements.

Respondents rate as very important:

- 62% Responsiveness to online customer queries
- 58% Easy process to buy goods and services

Australians can lodge their taxes online via the ATO’s eTax function
In the second half of 2015, the ACT Government will start a trial of smart-parking. This will use ground sensors and mobile applications to alert drivers to available spaces in busy areas and provide the best routes to avoid traffic. The data generated from the technology can also be used to improve services such as introducing demand responsive pricing. The smart parking will reduce municipal parking enforcement costs. Authorities in Nice, France reported 30% savings in parking operation costs through introducing similar smart parking.

But, beyond improvements like this in individual service requirements, citizens want to see a return on government investment in digital transformation. They don’t just want better service, but better public outcomes: including long-term improvements in health, aged care and unemployment. Digital services offer agencies opportunities to drive cost efficiencies and improve policy effectiveness - if they make better use of their data and citizen engagement.

In the second half of 2015, the ACT Government will start a trial of smart parking.

Top 5 worst sector digital experiences

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<th>Sector</th>
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<th>Opinion leaders</th>
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<td>Government</td>
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Consumers worried about personal data

Citizens continue to be concerned about the security of their transactions and the privacy of their personal information. An overwhelming 80% of Australians also believe government should force organisations to become more transparent in how they use consumers’ personal data.

Recent debate around data analytics and privacy has reignited consumer fears, as have high profile global incidents, such as the cyber-attack on Sony Pictures Entertainment reported in November 2014, in which data about the organisation and personally identifiable information about employees and their families was compromised. Hackers claimed that they had some 100 terabytes of data and installed malware onto Sony systems to erase data from the organisation's servers. JP Morgan Chase & Co also reported a massive cyber-attack earlier in 2014, where customer contact information was compromised impacting “approximately 76 million households and seven million small businesses”.

Consumers are well aware that their personal data is a highly valuable and often vulnerable commodity. With identity thieves becoming more sophisticated, the concern about security of personal data is well founded. Indeed, our survey found that respondents rank online security as the most important factor in a high quality digital experience.

Consumers are also deeply concerned about other aspects of security and privacy. More than 61% of Australians worry about what information organisations can access about their digital behaviour and a similar number (65%) are concerned about what personal data organisations can access when interacting with them online.

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5 Cook, James. Business Insider Australia “The Sony Hackers Still have a massive amount of data that hasn't been hacked yet”. 17 December 2014
Interestingly, concern about online information security varies by demographic. The older (65 to 69 years) and younger (18-24) groups are most worried about online security. This contrasts with those in other age bands – particularly those 25-34 who expressed the least concern.

Data privacy concerns resurgent among the latest generation of digital natives. % Disagree/Agree.

![Graph showing data privacy concerns across different age groups.](source)

Governments should force organisations to be more transparent or upfront about how they use the consumer information they capture

% Disagree/Agree.
Australia lags other countries in digital

Four out of ten consumers and six out of ten digital opinion leaders believe the Australian digital economy is less advanced than other leading countries. The World Economic Forum ranks Australia 18th in terms of overall network readiness.

Australia’s poor digital performance may be attributed to a combination of factors including slow internet speeds and a lack of robust, digital infrastructure. Mediocre standards, poor delivery of e-commerce and a lack of innovation were also cited as reasons for Australia potentially falling behind. While Australia has a larger land base and smaller economy, relative to nations such as the US and Canada which poses obvious challenges in the provision of infrastructure, the public mandate for progress is clear.

This is not just local opinion. In the World Economic Forum’s 2014 Network Readiness assessment – a broad index of digital advancement – Australia was ranked 18th, well behind leaders Finland and Singapore. This lower readiness ranking is due largely to the high average cost of accessing digital technology across the country. In 2014, Australia ranked 7th globally for internet penetration⁷, yet the affordability of our digital access was ranked 49th – more expensive than in the vast majority of developing economies.

As consumers and opinion leaders suspect, Australia’s internet speeds are also well behind international leaders, which is headed by South Korea, Hong Kong and Japan. A recent study on broadband quality and access indicates that many Australians can’t access high quality internet⁸. In 2014, the State of the Internet Report from cloud service provider, Akamai, ranked Australia 44th globally for average connection speeds – dropping a couple of places from the previous quarter’s report. This relative decline was attributed to other countries adopting new, and upgrading networks⁹.

The cost of accessing digital technology in Australia is high

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⁷ US Census Bureau, Internet World Stats, CNNIC—January 2014
⁸ Broadband Availability and Quality Report – December 2013, Department of Communications
International jurisdictions ahead of Australia in digital government

There are an increasing number of global examples where governments have implemented strategies resulting in significant advances in digital maturity. These exemplars provide some common themes in relation to digital maturity and include:

High quality access and connectivity

In Singapore, the government has recognised the critical role of high quality digital access and connectivity. In late 2014, Singapore's Prime Minister Lee Hsien Loong launched the government’s ‘Smart Nation’ initiative which leverages the country’s high smartphone and broadband penetration – “85% of people have smartphones… 9 out of 10 Singapore homes have broadband”10. This is a core enabler of Singapore's overarching goal to be “…the world’s first smart nation that taps on ICT to better serve citizens, which will set it apart from the many smart cities that are already developing globally”11.

The Singapore government has implemented many eGovernment initiatives including being one of the first governments to develop and provide a single point of access to cross agency, citizen centric services. This capability has evolved in to Singapore’s eCitizen portal which provides secure access to more than 400 government eServices and is now available on mobile devices through its eCitizen Mobile app12.

In Belgium, Crossroads Bank of Social Security (CBSS) was established to manage secure information sharing across 2,000 social security authorities. This interoperability approach has improved service delivery, reduced citizen wait and travel times, eliminated hundreds of paper certificates and reduced many declaration forms. By accessing information at the source, Belgian employers have saved some 1.7 billion Euros per year.

Singapore’s eCitizen portal provides secure access to more than 400 government eServices and is now available on mobile devices through its eCitizen Mobile app.
Extensive use of data and metrics to measure and improve services

An important element of the UK’s approach is to provide government departments and agencies with the tools to make better use of data to improve services. The GDS’ Transactions Explorer enables government to track progress on its key performance indicators for the first time. A sample of central government services provided on GOV.UK showed a 10% reduction in cost per transaction since April 2011.

10% reduction in cost per transaction since April 2011

Citizen engagement and service excellence

Digitally progressive governments recognise the importance of providing a positive customer experience. Singapore’s Government Chief Information Office (GCIO) aims to support the government’s position as a leader in digital not only through adoption of new technologies but through development of services that will “…delight customers and connect citizens”15. It recognises that there is now an expectation that government goes beyond just providing a service but providing an exceedingly positive experience – an approach traditionally used and expected by commercial enterprises in the private sector.

Engagement of citizens in the design of public services is recognised as a critical factor in “getting it right” for public sector service delivery models. Indeed, we now see an extension of citizen centric design and engagement through innovative use of digital to increase participation in democracy. A recent example is Iceland’s use of crowdsourcing citizen participation to rewrite the country’s constitution using social platforms such as Facebook and Twitter.

In the US, in his FY 2015 federal budget, President Obama made “world-class customer service” a priority for the American Administration during the next two years. The government also launched Challenge.gov – an online platform that promotes collaboration between the public and the government. It allows federal agencies to manage and run public prize and crowdsourcing contests where citizens are able to contribute ideas to the Federal Government’s issues. The government is able to tap into the collective knowledge and expertise of the public and empowers citizens by enabling them to contribute to the development of better solutions. This includes providing access to government data sources as part of the open data initiative promoted by the Obama Government.

15 http://ida.gov.sg
Australia is at risk of falling behind these leading international jurisdictions, unless it can provide the foundational level of access and connectivity required to support the roll out of progressive technologies and new digital government service models.

Nearly two thirds of Australians have broadband speeds of less than 24 Mbps.
Government at all levels must develop the digital capabilities to provide the same quality of customer service that citizens encounter in the private sector. Better and more transparent use of data can provide both a richer understanding of citizens’ needs and help to inform policy.

1. **Using digital to drive service transformation**

Every day, Australians are having positive digital experiences in other sectors – where services are becoming ever more engaging, customised and intuitive. Now citizens expect an equivalent experience from their government. In 2015, digital will be key to developing the high-quality, efficient customer service that Australian tax payers see as a signature of a well-performing government.

This starts with the review and reduction or redesign of remaining inefficient or outdated government services into digital services where appropriate. It does not mean merely digitising what was there before, but to make the new service as good as, if not better than, the digital services and experiences provided by the private sector. That means first, understanding what people actually want and how they prefer to interact with government, whether it’s via a tablet, social media channels or face to face.

Second, reviewing the service, product, information as well as the processes and technology that are required to deliver them and constantly testing.

- Are all the steps necessary?
- Is it truly providing a self-service, straight through process?
- Is all the information really needed?
- What is the optimal way for the organisation to operate and deliver outcomes?
- What multi-channel end to end business process changes are necessary to deliver improved services to quantifiably reduce burden and service delivery cost?

**In 2015, digital will be key** in developing the high-quality, efficient customer service that Australian tax payers see as a signature of a well-performing government.
In Australia, digital government services must continue to adapt to meet the needs of Australia’s growing population of mobile internet user, optimising web sites for mobile use and developing apps to support service delivery, using social to gauge sentiment and crowd source ideas or feedback — a practice already started by some agencies, but still in its early days.

The digital transformation will also enable the government to optimise and reduce its physical infrastructure and property.

Agencies can also use analytics to segment users into customer groups to better target resources by identifying the groups that need more services and assistance than others. They can then develop new programs to reach vulnerable populations, while streamlining services for customers who need less assistance or intensive servicing. There is much more that could be done to enhance citizen experience and improve social and economic outcomes across jurisdictions and the different systems that touch citizens at different times over their lives.

In addition to simplified, multichannel processes, there is a further opportunity for low risk/low complexity decisions to embrace mature banking and insurance risk models, allowing government and citizens to fast track these interactions with minimal amount of departmental contact or review. This would allow freed up resources to be directed to issues requiring greater attention.

It is essential to both analyse existing data and reach out to citizens to identify their needs, preferences and expectations. For example, acting on the preferences expressed by its graduate customers, the US Office of Federal Student Financial Aid has expanded its outreach to smartphones and tablets, integrated multiple websites into one and substantially increased its social media presence.

The US Office of Federal Student Financial Aid has expanded its outreach to smartphones and tablets, integrated multiple websites into one and substantially increased its social media presence.
Such changes will fundamentally disrupt and shift the way agencies operate. They will require agencies to develop new digital capabilities, bring in new talent or re-train teams, create new ways of looking at their services and establish new measures of success. This may include rethinking the purpose and ambition of an agency or department: service provider, payment processor, revenue collector, policy maker or a combination of these roles?

“For government, digital means better management for every single program. It means better understanding citizens, their propensities and their future needs. A great example is in transport – rechargeable cards and providing travel and disruption information via digital is really working to change that customer experience.”

Jenny Young, EY Customer Leader

Between June 2008 and June 2013 the number of Australians accessing the internet via their phones increased by 510%.

16 ACMA Communications Report 2012-13
2. Balancing data sharing and privacy

Countries that have excelled at digital innovation have uncovered the real reasons for resistance. Often ‘legislation’ is used as the ‘scape goat’, but this is rarely the only reason that cross agency data sharing is lagging. A significant barrier appears to stem from internal resistance to collaboration. This was demonstrated at Belgium’s Cross Roads Bank for Social Security and at Service Canada, which both used citizen opt-in, consent-based models. Both found bureaucrats were responsible for resisting cross-agency data collaboration.

True digital optimisation across government will require inter and intra-agency data sharing – a practice currently hindered by privacy and other legislation. Some agencies are attempting to address this issue through an ‘opt-in’ consent model that enables data sharing across programs which have many common customers.

However, more powerful and innovative solutions are required. For example, the myGov portal could become the broker for digital government service identities, with the potential to link to state and local agencies – if government at all levels can find the organisational ‘will’ to support this.

Agencies also need to prepare for expanded definitions of metadata, creating new data storage requirements and the potential to further raise citizens’ awareness of privacy issues. For example, as smart card technology takes over from ticketing in public transit, transport authorities may find themselves responsible for storing metadata from journeys.
3. Strengthening cyber security

Government is well aware that public infrastructure is vulnerable to cyber-attack from many sources including terrorists, cyber activists, disgruntled employees and so on. In April 2000, a former contractor took control of the sewage and water treatment system at Queensland’s Maroochy Shire. Using a wireless connection and a stolen computer, millions of gallons of raw sewage were released into creeks and parks. There is a real need for owners and operators of critical infrastructure to work closely with government to ensure that best practice cyber-security, alerts, and vulnerabilities are shared.

But all agencies need to consider what data they should be protecting. In education, public schools are moving to digital administration, requiring new cyber security controls. With permission forms, student data and parent correspondence going online, hackers have the potential to build frighteningly detailed profiles of children, including their hobbies, parental details and where they live.

Public infrastructure is vulnerable to cyber-attack

The risks are not just in customer data and identity theft. Details of infrastructure contracts and other commercially sensitive documents have a high value to criminals and competitors. Agencies need to know what they need to protect, so they can create a comprehensive set of defensive data security measures. This foundation must be able to adapt to keep pace with new technologies and changing organisational models. Agencies must develop tactics to prevent, detect, contain and respond to cyber-attacks. This includes comprehensive rehearsing of appropriate responses to likely attack/incident scenarios.

The Australian Signals Directorate (ASD) should be encouraged to continue its vital work of informing organisations about the most effective strategies to mitigate cyber intrusions. At least 85% of the cyber intrusions ASD responds to involve adversaries using unsophisticated techniques, which would have been avoided by implementing the Top 4 recommended mitigation strategies as a package. This type of information and advice is critical to supporting Australian businesses in their continuing efforts to defend themselves, their employees and their customers against increasingly sophisticated hackers.
4. Developing policy based on data

Whilst digital adoption is critical in service transformation to reduce the burden on the economy and government administrative spend, there is a critical link between an investment in service and resultant program outlay effectiveness. Adoption of digital must concurrently address both these areas.

Governments have significant opportunities to use data and predictive modelling to better inform policy. For example, with decades of data, and the potential to get a view of a citizen across their entire life, government could identify the factors most likely to push people into long-term unemployment – and intervene to help them before they need to claim income support.

New Zealand provides just one model where predictive modelling has been used to develop interventions that will deliver real social benefits. The NZ Government reformed its social benefit system as a result of data analytics and actuarial modelling17, including at a whole-of-government and whole-of-citizen lifecycle level. The actuarial approach assessed different welfare segments and identified the projected lifetime costs of welfare dependency. This has enabled an ‘investment approach’, focusing resources where returns were likely to be greatest. This will result in early intervention for youth and more support for people capable of working, reducing future benefit expenses.

Analytics could also be used to refine policies to improve outcomes, identifying iterative service provision changes that drive continual improvement. Eventually, this would mean policy being grounded in data – with the potential to increase bipartisan decision making for outcomes that both sides of politics agree on.

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5. Improving digital productivity

Just as digital can transform the customer experience, it can equally transform people performance through an enhanced employee experience. We believe government can significantly improve productivity by leveraging digital’s connectivity, mobility and flexibility, and lead by example in this important area for digital. For example:

- In the health sector, modern hospitals will better predict demand for emergency services, reducing waiting times. Surgery will be assisted by video supervision from world expert surgeons; cancer diagnostics will be assisted by analytics.
- In law enforcement, police in the field will receive critical information about someone they are interacting with on their mobile devices, protecting them and making law enforcement more effective in real time.
- In immigration, current risk assessment capabilities will be expanded by video analytics as passengers move through the airport, reducing wait times for eligible travellers to Australia, reducing service delivery costs – while improving security.
- Using digital, employees can be better deployed, better informed and better supported. Smart devices can connect people and systems – and allow managers to actively monitor and manage virtual teams. For example, smartphones can be used to alert virtual team members of team performance, targets or changes in work arrangements, policies, learning opportunities or to connect them to new products, processes and tools.
- Digital will also help HR departments to manage and shape the workforce more accurately and efficiently. Existing digital tools can be used to track individual performance, offering insights into how people are interacting with customers and what staff behaviours translate into value – offering hard productivity measures.

Using digital employees can be better deployed, better informed and better supported
Creating the environment to advance digital Australia

More than two-thirds of digital opinion leaders and 48% of consumers think Australia is in danger of being left behind due to government digital policies. Government should do more to improve digital infrastructure and create policies to support the digital economy.

Governments, especially the Federal Government, control policy levers that can improve Australia’s digital status. To put Australia in the running to be a leading digital nation, it is critical to lower the cost and improve the speed of internet access — and create a policy environment that monitors and educates around cyber security as well as protecting customer privacy.

![Bar chart showing opinions on Australia being left behind](chart.png)

Australia in danger of being left behind

- Strongly agree: 24% (Consumers), 31% (Opinion leaders)
- Agree: 24% (Consumers), 37% (Opinion leaders)
- Neither agree nor disagree: 28% (Consumers), 22% (Opinion leaders)
- Disagree: 10% (Consumers), 8% (Opinion leaders)
- Strongly disagree: 3% (Consumers), 1% (Opinion leaders)
- Don’t know: 2% (Consumers), 1% (Opinion leaders)

Investing in the NBN

As both citizens and business people, Australians are big fans of the NBN. Our research shows that 60% of digital opinion leaders and 50% of consumers believe the NBN will help to ensure Australia has a world class digital economy. However, 52% of digital opinion leaders surveyed see its slow rollout as a major concern.

The NBN is not yet widely available, but those consumers who have connected report being very satisfied. Just 11% of consumers surveyed say the NBN is available at their home, but of those a majority (64%) have already connected, representing 7% of the Australian population. Among those with NBN access, 89% report it is meeting or exceeding expectations.

Slow internet speeds hinder all aspects of business, government and the community. Until all Australians have access to quality, high-speed broadband, the digital economy will suffer — and government will be unable to provide cost effective services to regional and remote locations, where digital delivery would both benefit citizens and massively reduce tax payer costs.

Given the public and industry support for the NBN, the Federal Government should continue to make its rapid rollout a priority. To maximise take-up and capitalise on the positive community sentiment, government should also ensure residents are aware in advance when the NBN will be available in their area.

Support for NBN

Modernising privacy regulation

Australians are worried about the type of information organisations collect from them and how this might be used. They want organisations to be upfront about the data they will keep, why they need it and who they will share it with. Consumers can be persuaded of the benefits of sharing their information to support a more convenient or personalised service – but they want to be asked first.

We believe the Privacy Act could be strengthened to include a requirement for breach notifications, compelling organisations to inform their customers if their data is hacked. We also see important opportunities for the Privacy Commission to be better supported in taking a strong approach to companies ignoring their legislative responsibilities. The Commission needs to be shifted up in the machinery of government and be given appropriate funding and backing.

“I have asked the Privacy Commissioner... to ensure that the Privacy Principles will be administered with a light-touch approach to regulation.”

George Brandis, QC Attorney-General, 14 March 2014, 2GB Alan Jones
Conclusion

Government at all levels needs to make greater headway to improve both digital government services and our national digital infrastructure. If Australia is to evolve its digital economy, government must be the pace setter – leading by example. This includes innovation in policy design, as well as connecting better across government to improve service delivery.

In line with the four high level success factors highlighted up front in this paper, EY believes there are a number of critical steps for government to consider in order to advance Australia as a digital economy. They include:

1. **Defining digital success correctly** – change will not come from simply developing apps – it will take real channel shift that changes operating models and transforms the way government currently does its business.

2. **Starting small, thinking BIG** – Governments that have led by example started with a big idea, then carefully selected the first, second and third implementations carefully. Nothing supports momentum more than early success. Agile and incremental approaches deliver early benefits but require a culture of trial and acceptance of failure.

3. **Selling the benefits of a digital experience to the public** – the failed roll out of the Australian Card may be partially attributed to the lack of good PR. Australians already interact digitally and share their data every day on apps such as Facebook, with retailers and with banks – because they believe they have something to gain.

4. **Finding the real reason for resistance** – understand that the legislation is rarely the real blockage and that cultural resistance must be recognised and addressed.

5. **Trusting technology advancements to resolve many challenges** – Many of the issues acting as stumbling blocks, such as the need for unique identifiers, the need to centralise data, the need to clean data before extracting insights – no longer exist. Technology has already found solutions to these issues. Advances in analytics now mean that data can be quickly integrated in-memory, although the need for robust data quality and governance for data warehousing, accurate enterprise reporting and decision-making has not been superseded.

6. **Giving greater central guidance** – is needed to ensure cross-departmental and cross-government collaboration. We believe there is still too much investment going to siloed solutions.
7 Extending digital beyond service delivery to policy design — the real benefits arise where we can apply digital innovation to predict risk before it occurs, designing cheaper and more effective interventions to improve outcomes for people, savings millions in health and welfare outlays later.

8 Adopting mature solutions — many government services can make use of solutions that have been at the centre of commercial digital services for decades. For example, the automated risk assessment that underpins online banking. These systems use data to inform service delivery decisions in real time. This uses insight from data and mature business rules engines to focus attention on transactions that matter, allowing true straight through end to end self-service of those that are simpler and low in risk. Service Canada, and the US social security administration have already deployed these solutions, as has the Australian Department of Immigration Office.

The long-term benefits of moving to a digital government, investing in digital infrastructure and supporting digital innovation cannot be overestimated. However, without committed focus and significant investment, the nation’s ability to gain competitive advantage through innovative use of digital technology will continue to erode. Government must take up the call to action to provide the leadership, commitment and investment required to position Australia as a leading digital economy.
Research approach

*Digital Australia: The State of the Nation* is a wide-ranging report that is based on three types of research.

- **Extensive Quantitative Research** – A representative survey of 1500 Australians (16-69 years) and 167 ‘digital opinion leaders’ drawn from the commercial and government sectors.

- **Deep Dive Qualitative Research** – A series of in-depth interviews with some of Australia’s top digital decision-makers and industry thinkers.

- **Comprehensive Desk Research** – Analysis and aggregation of existing data on digital behaviour and trends.

EY commissioned Sweeney Research\(^\text{18}\) to conduct this research program. EY would also like to acknowledge AIMIA (The Digital Industry Association of Australia) for their support on this research.

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\(^\text{18}\) EY acquired Sweeney Research in October 2014.

Research coverage

7 key areas

- Digital devices usage
  - Device ownership and usage
  - Operating platforms
  - Internet activities
  - App usage

- Digital productivity
  - Digital device work use
  - Impact of mobile digital devices on productivity
  - Employer restrictions
  - Online study

- Social network and media
  - Social media usage
  - Social media movers and shakers
  - Reasons for using social media

- The digital future
  - Emerging consumer technology
  - Appeal of wearable digital devices
  - In-store commerce

24 specific topics

- Attitudes to digital
  - Role of digital devices
  - Digital attitudes
  - Impact of mobile digital devices on life aspects
  - Digital channel importance

- Digital experience
  - Australian digital economy strengths and weaknesses
  - Digital experiences of different industry sectors and organisations
  - Digital experience needs
  - Digital experience problems

- Government and the digital economy
  - Attitudes to government and the digital economy
  - Attitudes to and experience of the NBN
  - Aggregate research report
  - Publically available data from a diverse range of sources
EY’s team of digital consultants deliver world-class business transformation globally and locally. Our digital capability is embedded across all of our services enabling a whole-of-business solution. Our data-driven insights along with our global experience and networks enable us to deliver results in digital business transformation.

EY can help unlock the full potential of digital by making it deliver commercial value through a whole-of-business approach to strategy and practical implementation.

Digital at EY is about more than technology, it is the levers that businesses can use to drive business transformation, elevate customer experience and engagement, and identify demand for and test new products and services.

Understanding the intersection of business, risk and digital is fundamental to EY’s digital experience and capability.

EY’s digital solution includes:

- Business and IT strategy, business model optimisation
- Business and IT transformation
- Branded customer experience design and channel strategy
- Customer experience and engagement
- Customer insight – customer analytics, customer data management
- Personalisation and real time marketing
- Multi-channel change management
- Governance, risk and compliance management of digital channels
- Security and privacy frameworks assessment
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