

TERMS OF REFERENCE

Purpose of the Taskforce

Improving digital engagement could significantly improve small business productivity in Australia, and help create an economy that is strong, dynamic and digitally sophisticated.

The purpose of the Taskforce is to accelerate the rate of small business digital adoption by increasing awareness of key digital economy opportunities, drawing on advice from business, and building on and informing existing government initiatives.

Terms of reference

The Taskforce will examine and identify the opportunities to small businesses from engaging and increasing their participation with the digital economy. The Taskforce will provide examples of small businesses that are taking advantage of digital technologies and demonstrate the benefits that these businesses have achieved. These examples should consider how digital technologies are improving:

- relationships with customers;
- management and performance of businesses;
- interactions with government at the Commonwealth, State and local levels; and
- the productivity and innovation within businesses.

The Taskforce should also identify the key risks to small businesses of not engaging in the digital economy.

The Taskforce should identify regulatory or other impediments (such as cultural/behavioural barriers) to small businesses adopting new digital technologies to support their business and improve their productivity. It will also make recommendations on the most effective way to provide information to small business on the benefits of the digital economy.

- The Taskforce will consult with relevant Government departments such as the Department of Industry, Innovation and Science on how its work can inform the development of the Government's national Digital Economy Strategy and complement the work being done on the National Business Simplification Initiative.
 - In doing so, the Taskforce should consider the findings from existing research that has been undertaken on business digitisation, such as the Department of Industry, Innovation and Science's research on small and medium enterprise digital capability, and work by the Australian Taxation Office regarding Single Touch Payroll.

Process

The Taskforce will report its findings to the Treasurer and the Minister for Industry, Innovation and Science by 28 February 2018.

A key role of the Taskforce will be to engage with small businesses, including through online and innovative communications methods and industry associations, to share its findings and to educate businesses on the benefits of digitisation.

Membership of the Taskforce

The Taskforce will be led by an independent expert panel, chaired by Mr Mark Bouris AM. Mr Bouris will be supported by Ms Pip Marlow, Ms Su McCluskey, Mr Spiro Pappas and Mr Gerd Schenkel. The Hon Craig Laundy MP, Assistant Minister for Industry, Innovation and Science and Mr David Coleman MP will be the Government's representatives on the Taskforce.

Frequency of meetings

The Taskforce will meet as required. Meetings will be held via teleconference or in person.

Secretariat

The Commonwealth Treasury and Department of Industry, Innovation and Science will provide secretariat support for the Taskforce. This will include any required administrative functions.

Background

There are around 3.2 million small businesses in Australia. While they are known collectively as small businesses there is significant diversity in what they do, how they engage with their customers, the markets they work in and their motivations for operating.

One thing which they all share is that they will need to make a choice on how they adapt to and engage with the digital economy. Digital technologies are rapidly transforming jobs, business models and markets with profound effects on the operating environment for businesses and government and on the preferences of consumers. Almost all businesses will be affected by these changes in some way.

Technology can provide significant benefits to businesses through various avenues. It can allow a business to reach more customers domestically and internationally and improve the customer experience. This is particularly important as consumers become more accustomed to digital interactions with businesses, including expecting non-cash payment options and more ways to interact online. This trend has been reflected in research which has estimated that Australian online retail sales rose from an estimated \$14.1 billion (over the 12 months to July 2013) to \$23.06 billion (over the 12 months to July 2017). Reserve Bank of Australia research shows similarly changing trends in consumer behaviour with Australians increasingly using payment cards (and alternatives such as PayPal) instead of cash or cheques. The use of cash as method of payment has been estimated to decline from 69 per cent of all payments in 2007 to 37 per cent in 2016, whilst the share of card payments has risen from 26 per cent (2007) to 52 per cent (2016).

Adapting to these trends and adopting digital technologies can allow a business to monitor its financial health in real time, save time, improve profitability and grow. As technology becomes more prevalent the costs of being left behind will increase to the point of businesses becoming less competitive and potentially unsustainable.

Deloitte's 2016 Connected Small Business report found that Australian small businesses that have advanced levels of digital engagement are 1.5 times more likely to be growing revenue, eight times more likely to be creating jobs and 14 times more likely to be innovating. Small businesses are at particular risk of missing out on these benefits, and can undervalue and underutilise digital technologies.

By international standards, Australian businesses are not fast adopters of technology. On a number of digital engagement indicators, Australia ranks in the middle of the pack of advanced economies, rather than at the forefront. Improving digital engagement could significantly improve small business productivity in Australia, and help create an economy that is strong, dynamic and digitally sophisticated.

The Sensis Social Media Report 2017 found that only 47 per cent of small and medium businesses are on social media compared to 60 per cent of large businesses and 79 per cent of consumers.