

15 November 2019

Department of Foreign Affairs and Trade

Via email: digitaltrade@dfat.gov.au

Dear Sir or Madam,

Australia and Singapore Digital Economy Agreement

We welcome the opportunity to provide a submission to the Department of Foreign Affairs and Trade (DFAT) on the Australia and Singapore Digital Economy Agreement (ASDEA).

We have focused our feedback on the key areas where we consider we can add the most value. Appendix A provides our detailed submission and Appendix B provides more information about Chartered Accountants Australia and New Zealand (CA ANZ).

Key Points:

- The Government should consider practical support for small to medium entities (SMEs) as they adapt their business infrastructure to the changing nature of payment practices through digital technologies.
- We suggest DFAT considers the inclusion of provisions safeguarding consumer and SME access to internet communications and minimising the risk of anti-competitive behaviour by dominant players. This could be achieved through a commitment to net neutrality.
- We consider privacy and data protection safeguards that balance privacy rights and encourage innovation in the use of data sets are important and should be considered. We recommend that ASDEA ensures there are appropriate privacy and data protection standards in Australia and Singapore.
- We suggest the eight AI Ethics Principles from the Department of Industry, Innovation and Science for AI use and development are considered as part of ASDEA.

Should you have any questions about the matters discussed in this submission or wish to discuss them further, please contact Karen McWilliams via email at karen.mcwilliams@charteredaccountantsanz.com or phone (612) 8078 5451.

Yours sincerely



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General comments

Chartered Accountants ANZ supports the ASDEA negotiations and DFAT's openness to including the views of the public as the initiative progresses. Once established, we encourage Government to consider clear communication of ASDEA, in particular to Australian businesses, to encourage confidence in the digitalisation of the economy.

In 2017, we released [Quest for Prosperity – Shaping the future of our regions](#) and [The quest for Prosperity: Shaping Australia's Future](#). These publications outline opportunities and challenges in economic quality, business environments governance, education, health, safety and security, personal freedom, social capital and natural environment. The publications examine Australia and Singapore's rankings in the global prosperity index and include the strengths and weaknesses of each country as well as inclusion of suggested areas of focus to ensure a prosperous future for all.

We also published, [The Future of Trade- Are we ready to embrace the opportunities?](#) (2017) where we examine how trade will continue to be critical for the future prosperity of Australia and New Zealand. In this paper we outline the importance of reducing business costs and increasing efficiency and how digitising customs (in agencies such as customs authorities, quarantine authorities and meat producers) could present opportunities by reducing shipment times and providing an increased incentive to buy and sell overseas. We also outline the key factors in determining the future rate of growth in international trade will be globalisation, technology and policy.

DFAT may wish to consider the publications mentioned above as a part of the ASDEA initiative.

Small to Medium business

Some of our members, who either own or work within small to medium businesses, have continued to note that late payments, and other adverse payment practices, are critical issues. As digital trade increases in popularity, many small to medium sized businesses may not have the resources to adapt their businesses' infrastructure to the changing nature of payment practices. We recommend that Government considers practical support, in particular to those transitioning to the use of digital technologies for the first time.

E-invoicing

E-invoicing has the potential to make billing and payments processes faster, more accurate, and more efficient through the exchange of invoice data between suppliers' and buyers' financial systems. This can assist cash flow management, as often the timing of payments will have a significant impact on the day to day operation of a small business and is also a major factor between the success and failure of businesses in this sector.

The Australian Tax Office is now the registered Australian Public Procurement Online (PEPPOL) Authority and is working with the software and business community to adopt standards in Australia. We

recommend that the PEPPOL framework is considered as a part of the ASDEA as it is a framework already in use in Singapore and in other countries across Europe, Asia and North America.

A level playing field online

Access to fast and high-quality internet communications is critical in a thriving digital economy. We recommend that the Government consider including net neutrality requirements as a part of ASDEA. Net neutrality, in essence, is the principle that internet service providers (ISPs) treat access to data equally irrespective of the content (so long as it is legal), platform, application, or method of communication. Where ISPs are able to discriminate, for example by throttling data or charging more for data for certain platforms or websites, there is a risk of anti-competitive behaviour by dominant players. Those most affected are likely to be non-market dominant SMEs and consumers.

We understand that Singapore has some form of legal protections for net neutrality / internet access. We recommend that the Australian government ensures through ASDEA that Australian companies and consumers are protected and that unencumbered access to internet communications services in Singapore is assured on the same basis as for local companies and consumers.

Privacy safeguards and data protection

Consumers are increasingly concerned with protection of their personal data, particularly in the age of big data and social media. At the same time, big data sets and an open global information economy provide commercial opportunities. It is important that our trading partners have appropriate safeguards for personal data and that there are clear and easy to follow rules for businesses. We recommend that ASDEA ensures there are appropriate privacy and data protection standards in Australia and Singapore.

We suggest DFAT considers cybersecurity issues (including countermeasures) as it relates to data breaches including pathways if data is compromised and how Singapore and Australia would work together in such instances (and who would be responsible).

Open data

We commend the Government for its commitment to open data in Australia; improving accessibility to public data can promote transparency, confidence in institutions, and provide opportunities for commercial and public sector innovation. Australia has adopted the International Open Data Charter, which contains the principle that government data should be open by default. Singapore however has not adopted the charter. We support ASDEA including provisions on reciprocal open data access in Australia and Singapore.

Artificial intelligence

There is the potential for significant commercial opportunities through artificial intelligence (AI) technology but these come with risks, for example privacy impacts and the ethical implications of automated decision-making on consumers and workers. We have previously considered some of these issues in our discussion paper [*Machines can learn, but what will we teach them?*](#)

We note that the Department of Industry, Innovation and Science has recently released their eight principles for designing, developing, integrating or using AI systems. We suggest that these principles are considered as part of ASDEA for AI use and development across the two countries.

Appendix B

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand is a professional body comprised of over 125,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents 788,000 current and next generation professional accountants across 181 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications to students and business.