



Australian Government

## Senator Nick Sherry's speeches

### TELSTRA DIGITAL BUSINESS LAUNCH

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**Telstra Headquarters  
Sydney, NSW**

#### **[Check against delivery]**

I would like to thank you for inviting me to be here for today's launch.

I congratulate Telstra on the launch of Digital Business.

It will be a great resource for Australia's small businesses, which are operating in an increasingly digital era.

I was interested to hear that adopting key components of Digital Business could save small businesses more than \$2,400 per year – equating to more than \$1 billion in annual savings across the economy.

This is a great productivity gain and directly helps small business.

I am sure that it will be a popular product.

#### **The digital era and small business**

Around the developed world the internet is changing the way small business operates.

There is no doubt that this change will continue and accelerate over the next few years.

Put simply, in an increasingly digital age the local store is no longer necessarily down the end of the street.

A business' regular customers no longer have to be local families. Innovative and entrepreneurial businesses are able to reach new markets and more people than would have been possible just a few years ago.

At the same time the internet has changed the way businesses interact with these customers,

changing conditions that offer up both amazing opportunities and challenges for Australia's small businesses.

The Australian Government is confident that our resourceful and innovative small business sector will be able to meet these challenges and capitalise on the opportunities.

We will certainly be right there for the journey.

The government has a vision for Australia to become a global digital leader.

We want to be one of the world's leading digital economies by 2020.

That is one of the reasons we are embarking on perhaps the most ambitious infrastructure investment in Australia's history.

## **The NBN**

The National Broadband Network – the NBN – will maximise opportunities for all Australians to benefit from the digital economy.

You may have noticed a little bit of media coverage of the NBN.

An awful lot has been said and attempts have been made to muddy the waters.

But make no mistake: the NBN, which will provide high speed broadband to all businesses, schools and homes, is critical to Australia's future prosperity.

That is not to say it is in itself an answer or solution to all challenges facing our businesses. On its own it will not make us one of the world's leading digital economies.

It is, however, an opportunity.

The digital age is upon us. Australia can either be at its forefront or behind the pack for decades to come.

We can invest in IT infrastructure or we can be left behind.

The NBN is a tool that will help our innovative businesses succeed in the digital age.

Just as historically the construction of railroads and highways opened nations and broke down the obstacles of distance, the NBN will allow our businesses to spread their products further and faster.

I have every confidence that, in the hands of our creative and innovative small business community, the NBN will lead to new ideas, new jobs and prosperity.

## **The current state of play**

Many Australian small businesses have already recognised that by getting online they can enjoy greater efficiencies, expand their customer base and increase revenue.

In fact, it is estimated that small businesses receive more than a quarter of all Australian internet income.

The Australian Bureau of Statistics put that income in the order of \$123 billion in 2008-09, a 52 per cent increase over the previous 12 months.

But we have a long way to go if we are to be among the world's best.

In 2008-09, only 53.3 per cent of small businesses had a web presence.

A similar percentage – 52.8 – placed orders online.

These numbers will grow as more businesses realise the benefits of participating in the digital economy.

The Access Economics' report *Household E-Commerce Activity and Trends in Australia* suggests that the NBN is likely to be a catalyst for the development of e-commerce in

Australia because of its increased speed, reliability and equality of access.

### **Government programs that assist**

While the opportunities posed by an increasingly digital economy are immense, the government recognises that for some small businesses, technology and the internet remains something of a mystery.

It is crucial that people have the skills to take advantage of the NBN. We want those numbers to rise from the 50s to a much higher mark.

That is why we have implemented initiatives like the *Small Business Online program* – to help small business owners go online, expand their e-business capabilities and engage in the digital economy.

The program offers free or low cost IT skills development, training and mentoring services to small business owners and managers.

A practical example of how the program works is Ross Franzi, an artist known for his vivid paintings of Australian wildlife and scenery.

Mr Franzi works at Bloomfield in Queensland's far north rainforest. You can only get there during the dry and only in a four-wheel drive.

If he relied only on passing trade, he'd be just another starving artist.

But a web presence opened his Black Cockatoo Gallery to the world.

With *Small Business Online program* assistance, he recently redeveloped and enhanced his website.

It's raised his international profile and he's exhibited in New York and is planning an exhibition in Florence.

The web presence has generated tourism traffic to the region from people inspired by his online gallery and Ross is marketing art master classes based on the Great Barrier Reef, the rainforest and the Australian bush, with interest in the classes coming from as far away as France and Italy.

This is just one example of the opportunities the digital age offers Australians.

## **Tourism**

These opportunities are not restricted to any one sector – all can benefit.

In addition to serving as Minister for Small Business, I also have the pleasure of being the Minister Assisting on Tourism.

Tourism is a good example of an industry for which adapting to the digital age is critical.

It's also an industry where the majority of businesses are small (around half of tourism businesses are non employing and 43 per cent employ less than 19 people).

This one example shows that as internet usage soars, it has had a profound impact on how tourism businesses market their products and do business. Consumers have more information to base their decisions on than ever before, and they are confident booking online.

With the rise of review sites like trip advisor, tourism and hospitality businesses are held under the microscope, and compared with one another.

According to Tourism Research Australia, the internet has been steadily increasing as an information source for international visitors and domestic visitors. In 2009, 44 per cent of international visitors and 36 per cent of domestic overnight visitors used the internet as information source for their trip.

To better support small business, the Australian Government is working with the tourism industry and state and territory governments to accelerate the uptake of on-line opportunities and enhance the capability of tourism businesses.

In tourism we also have a Digital Distribution Working Group which was established under the *National Long Term Tourism Strategy* with the aim of encouraging tourism businesses to increase their uptake of and enhance their capability with online content.

A recent benchmark survey commissioned by the working group highlighted that while the current level of online presence of tourism businesses was high (at 84 per cent), only one third (35 per cent) of operators have online booking and payment facilities.

In order to strengthen the online capability and facilitate improved tourism offering, the working group has developed a *National Online Strategy for Tourism* or *NOST*. *NOST* is a forward looking strategy for all government tourism authorities aimed at ensuring that Australia excels in promoting and distributing its tourism and hospitality products online.

We have also developed a complementary *Going Global Action Plan*, geared towards helping businesses utilise existing information and resources to enhance their product delivery and

increase their visibility.

Both documents were endorsed by Tourism Ministers at the 15 April Ministerial Council meeting and will be released shortly.

The working group is also examining ways to enhance the industry's online capabilities, through generic training on tourism-specific initiatives to better support small businesses.

One example is the Tourism E-kit which provides comprehensive tools (PDF, online, video) to assist tourism operators (predominantly small businesses) in all stages of online development - from establishing a website to commencing digital marketing through offering consumers globally the functionality to book online in real time (more information on the e-kit is available at [www.atdw.com](http://www.atdw.com))

## **Conclusion**

The NBN will enhance these initiatives.

As I said earlier, it's not an answer itself, but it will be a vital tool to help Australia's businesses continue their transformation into the digital age.

Our vision is for Australia to become a global digital leader.

The NBN is important to this vision.

But equally important is the capacity of our businesses to innovate and grow.

I congratulate Telstra on the launch of Digital Business – a product that will help our businesses innovate and grow.