Day 2, 2015 Conference – Debate

Delia Rickard: OK! Are we ready to get going? So, 3-D printing, delivery by drones, mobile banking, Uber taxis, robots replacing workers, robots doing the housework. Online newspapers and digital books. Fridges that do the grocery shopping for you. Refugee apps which tell you where the border police are. Streaming. Online shopping. Digital cameras leading to the demise of Kodak Film. Online dating. And now even online affairs. Yep, it seems that there's absolutely no aspect of our lives that isn't becoming digitally disrupted. So, welcome to the closing session of the debate, and the great debate on whether digital disruption is in the best interests of consumers. I'm really pleased to be the moderator. I think it's a really interesting topic, and I think either side has got plenty of arguments up their sleeve. We've got two excellent teams for you. I just say some quick, boring ACCC stuff before we get into the good stuff. You would have all seen earlier this year the Harper competition review panel handed down its final report and identified digital disruption as one of the persistent forces shaping the Australian economy today. The report said new technologies are digitally disrupting the way markets operate, the way business is done, and the way consumers engage with markets. At the ACCC, digital disruption pops up in almost every aspect of our work - in our consumer protection work, in our merger and authorisation analysis when we think about what the counterfactuals will be, and in our regulatory role of all our telco work and other aspects.

We work hard to take a balanced view in what we see as sometimes the good sides, and sometimes the not-so-good sides. On the consumer side, one of the things I can think of there with both the good and bad wrapped up in it is online reviews and comparative websites. On the plus side, online reviews and social media provide us with this enormous pool of views to help us make purchasing decisions, whether it's a holiday, a steam mop, consumers can inspect reviews and really get a sense of what others have used the product, been to the place, et cetera, thought of them. However, on the negative side, some reviews are less than impartial, and in some cases downright misleading. That's particularly an issue in the shared economy, I think, where the whole system and a lot of the arguments for not being within regulation is based on the fact that the consumers are reviewed and providers are reviewed, and there's an argument that goes that that's sufficient in terms of regulation, but I suspect it's only sufficient if there's really good policing of the platforms and really good self-regulation that manages to identify the fake reviews, get rid of them, stop phoenixing, et cetera. It's a similar story with comparative websites. They can facilitate fantastic competition, choice, convenience, quality, and offer time and cost savings. However, poor conduct and lack of transparency by some industry participants - and possibly some are biased in the way results for presented - can undermine the effectiveness and trust.

It's not only service industries that the pervasiveness of the digital platform is now providing opportunities. In many traditional sectors, the use of digital technologies has the potential to drive reforms in the sectors, including roads and shippings, from GPS or other tracking devices on trucks or shipping containers, energy with smart grid applications, health with remote monitoring to head off emergencies. The competition review panel's final report laid down the gauntlet - for policymakers and regulators. I think the challenge they lay down could equally apply to our panellists today. It's the challenge for policymakers, regulators and panellists to capture the benefits of digital disruption by ensuring that competition policy laws and institutions do not unduly obstruct its impact, yet still preserve expected safeguards for consumers. Indeed, this work has been looked at internationally. We're doing work overseas with the OECD in this area, and with the International Competition Network. At the ACCC, our focus is always "What's in the long-term interests of consumers?" I look forward to hearing everybody's arguments. I'll be scribbling them all down to plagiarise at some stage. On my right-hand side - I don't know if that's appropriate or not - it's their left, so whichever way they want to look at it - it's the affirmative. They look sharp. A task rabbit has

ironed their shirts. They're powered by 3-D printer sandwiches and, they probably have crowdsourced their arguments. You don't have to tell. First of all, the first speaker, Daniel Duggan, head of mobile at Yatango. Yatango is aiming to disrupt the telecommunications sector by offering customers the control to build their own personalised plans. Next we have Brad Kitschke, from Uber. I think you all know who Uber is, so I won't say any more about them. Last, Brendan Coady from the well-known law firm Maddocks.

On the left, we have the negatives - the naysayers. Forget about your smart TV and your smart sniper rifle - this tip team is ready to tip the dumb button, flush the start toilet on behalf of consumers. So, please welcome Katina Michael from the University of Wollongong. Katina researches the social implications of emerging technologies with a particular emphasis on national security. David Vaile, who I think you all know - I've seen him at these conferences before, from the cyberspace law and policy centre at UNSW. And last of all, Stilgherrian? Are you Swedish? You sound like you should be writing great detective novels. Stilgherrian is a freelance journalist who writes and speaks about the mobility of revolution transforming the social and power relationships of our society. A quick thing about the rules. Each person's got seven minutes to speak. We're going to start with the affirmative - Daniel Dane - then we'll move to the negative, David. At six minutes, I'm going to ring a bell, or trial the stopwatch on my phone and see how that goes. I've been told I must cut you all off religiously at seven minutes because you're all known for talking quite a lot.

(LAUGHTER)

When David's finished, we'll move to Brad, and so forth, until you get the last word, Stilgherrian. So, welcome, and please make everybody feel welcome. No, one last thing! At the end, you all get to vote. Now you've got square paper with a cross on it for the negatives, and you've got pink paper in the shape of a triangle with a tick on it for the affirmative. Listen carefully, and you'll get a chance to... (Inaudible)... Party lines... Daniel, give me a chance... I'm going to use the technology to monitor my time, so there we go.

Daniel Duggan: Good afternoon. Digital disruption is in the best interests of the consumer. Definitely. Um, but first of all, let's, ah, let me go through definitions. As Claire pointed out to us yesterday morning, it's very important to get your definitions right. What is digital disruption? "Disruption" itself, I take offence to, to a degree. It has a negative connotation. To break apart. It implies there are businesses, industries, ways of life that are being disrupted. But there actually is the positive side to it - that is the democratisation of the digital ecosystem. What I was going to talk about, or define as the digital ecosystem, is that it's not an app, it's not a device, a fancy new smartphone - it's not the latest 4G, even 5G, mobile networks. It's not fibre to the home or fibre to the node. It's none of those things individually. It is all of those things. We include the cloud in that. We include beacons, smart watches - all of these things, these coming technologies - individually, they're arguably disruptive. But together, they form this digital disruption and this digital democratisation. Who are the consumers? Obviously there are the end consumers - those people who are consuming the services and products being provided by the disrupters. The disrupters themselves are also consumers of this digital ecosystem. It is through, the um, availability of cheap storage, cheap processing, um, the availability of handsets, of devices in people's hands, the um... I've lost my point here. I do apologise. (Inaudible). Thank you very much! Interjections, as well!

So, basically, yes, we can pull together the disrupters are able to pull together components of the ecosystem and cobble them together in such a way that they can provide these services and products to consumers. ..in a much more accessible and - I'll get to it - affordable way. So, best interests - I'm going to take a slant on the telecommunications view of disruption, of course. Brad and Brendan will pick up, I guess, specifically on other areas of the industry. Telecommunications, or communications in general, is still the number one use of the internet, of the ecosystem, of the

digital ecosystem. At the heart of it is people. People talking. Again, we heard from Claire yesterday, who showed us the telegram that her parents sent of her birth. At that time, that was disruptive! They could have sent a letter, but no, they chose to take the more appropriate, or modern, technology in order to get that message across. That continues to today. I guess, as an argument around whether it is good for consumers, we just look at the consumers. I'll look at some numbers here, and I'm sure you've all heard them before. Facebook - 1.2 billion users. I think they had 1 billion people active on Facebook in one day recently. What's app - 500 million users. Skype - 300 million users. Instagram - 300 million users. Snapchat - 100 million users a day. The people are telling us that this disruption, that these new things, are good. Globally, 3.2 billion people connected to the internet. Obviously these numbers will continue to grow.

This wave is being driven not just by the people producing these things - this is the democratisation. These products, these services, can be produced, but ultimately, if no-one's consuming them, they go away and we can see that people are consuming them. So from - now, I guess there's an argument there - are the people always right? There would be plenty of debate around that this afternoon, I guess. But what we can say is there is definitely one tick in the box around the weight of public opinion. Affordability - there's digital democratisation, which has essentially increased the level of accessibility - I mentioned devices are available, internet connectivity is available, applications are available, systems are available... What this means is it allows businesses to achieve greater economies of scale. The fact that they can do it a lot more quickly than in the past is also, you know, an added bonus. But essentially, the ability to get to scale quickly, but get to scale fundamentally, essentially means that unit costs per widget - whatever the product is - comes down significantly. Obviously that translates directly into end-user pricing. Looking at ABS reports from last year up till 2014, the effective rate of voice calls has fallen by 50% since 2000. The effective price per gigabyte in 2007 was around $30 a gigabyte. It's now - well, the report said less than $1 a gigabyte. I'm sure it's less than that even now, eight months later.

(DING!)

Nice little tune. That was a joke. So, to that end, prices are coming down. The average selling price for smartphones is coming down as well. This is availability to the end user. Currently, under $250 on average around the world. That's US dollars. That will fall to - well, you can already get devices for less than $100. But on an average, that will fall to under $100 by 2020. It's there, it's available, people are consuming it. It's affordable. It's accessible. It's a beautiful thing. Is it perfect? No, it's not. Delia touched on that. It's new. We haven't done this before. There are going to be speed humps and challenges along the way. People are going to get hurt. We need regulation. We need tools and systems in place to minimise those risks, to minimise those impacts. But ultimately, we're on this ride, and we should ride this wave to its fullest. Thank you very much.

(APPLAUSE)

Delia Rickard: Very well timed! Four seconds to go.

Daniel Duggan: Do I get a bonus point for that?

David Vaile: Thanks to ACCAN and to everyone who's made this possible, including the original owners of the country. My name's David Vaile. I am speaking for the negative. I wear several hats, as well as in cyberspace law. I'm a former taxidriver and taxi washer - I have no love for that industry, but I know a bit about it. Consumer protection advocate and litigator. A fan of the Credit Act and regulation up to the job, including kneecapping wreckers like the Unchained Disrupters and bozos like the former state bank, if that's all they understand. I'm a privacy advocate. I'm on the privacy foundation's board, and part of research organisations. I'm conscious of interests between some

governments in the online space to destroy the fundamental rights to online privacy with weaker laws in Australia than in most Western countries. A low-grade software developer and innovator. I was a former producer at a multimedia centre. I like innovative, hacking, entrepreneurs. I'm also a risk management advocate - focusing on risk-making software is the only way it does not suck. I've recently poked the auditors-general of Australasia to try and protect individual data and interests as if it was as important as money or financial data. Uber's in the room.

The key example will get some coverage. In one sense, it's not personal, so it's not just about them. What I'd like to start off with is, again, looking at the topic - we've got digital disruption and consumers - I'd like to talk to both of those issues. Firstly, disruption as a means - better called the Cult of Disruption - with the cultish deception and spin at the core of it. The cult is borne of Neo-Con market and individualist fundamentalism meets Beach Boys cool and tropical utopianism. Again, innovation is good. Software needs a space to play, to trial things. Tired old business needs a poke. I'm not criticising a better mouse trap or cheaper mouse trap. Grace Hopper, the mother of the ancient cobalt software language, coined the phrase which has now mutated into the cult slogan, "Seek forgiveness, not permission." In her context, a massive US Navy bureaucracy. It was necessary - it has metastasised into Facebook's slogan, "Now abandoning in "Move fast and break things," which sometimes seems like "Move fast and take things." It's now been taken to ignore people's rights and rules, see what you can get away with.

This all might be very well and good as the ethic of a speed-addled kid trying to sneak through your house and steal your stuff. Disposable prototyping - release before it's ready and let users find the bugs, then throw away the code. It's a great mod. That's the sort of move fast that we actually want, except for one thing. People are not disposable. Personal information is not disposable. It can be forever. So, the Ashley Madison hack has demonstrated that information, freed from constraints, can actually have a death rate attached. Now heading towards about five suicides due to revelations of sexual information. Also note that Uber's traffic data, which is one of their core business assets and tools, has been used to detect and work out where the brothels are in New York. Many of these digital disrupting businesses are built on information, built on the monetisation and the harnessing of BigData tools, and that's one of the core areas of problem. The point I want to make is that there are many things where the Cult of Disruption slogan, forgiveness not permission, translates into abusive disrespect and denial of responsibility and liability for your actions, and for the projection of risk onto others. I suspect a key problem is that the cultists do not want to recognise that you can't fix some things by acting cute and saying sorry if you get caught. In particular, whilst software code is disposable, information about people - and indeed, people's lives and livelihoods - are not actually disposable. I was going to make a point about consumer, how consumer is a very narrow, crippled concept from free-market fetishists that reduces real people and citizens to fractions of their full role.

I also want to talk about how consumers are also producers, they're also people who need a job and to pay the bills and to do that sort of thing. I don't have time to go further into that, but I encourage you to, um, investigate the actual basis of employment in some of these industries. Another aspect of the Cult of Disruption is how little of it actually depends on really useful and healthy innovation and business models and software. The sort of good disruption, good innovation, and how much depends on what is actually a tawdry, old-fashioned vice of bludging and avoidance of your responsibilities. Rip-off motives are at the core of the business model. For instance, a feature of most Cult of Disruption businesses is the attempt to avoid all sorts of unpleasant but necessary consequences of modern life in a mixed, vibrant and safe economy like Australia's. Unlike the US, here the bridges are not falling down, governments and cities are not insolvent, and most people have healthcare. So the avoidance is of things like taxes, proper wages and super and related benefits for workers, licence fees, rent, insurance, and other contributions to risk-sharing and distribution of costs. If one major participant enters a market and gets away with saying "We don't

have to pay tax, we don't have to pay necessary insurance," then it destroys the basis for everyone else acting in a responsible manner. This is really part of the challenge. There are some benefits - they get some cost issue that's based on, um, lower costs or better product.

(DING!)

David Vaile: There's a lot of the apparent consumer benefit of particularly low-cost that's based on cutting corners., and essentially inviting every other participant to either do the same thing and see if they can get away with that, or get out of the business. Um, another issue... That's the lack of acceptance of costs. Another issue is allergy to the responsibility and liability for the outcomes of their actions. Again, this is an unwanted burden for the business model. They want to persuade people, and a lot of it is about spin and hype and advertising and marketing of the highest order - they want to persuade people to accept having risk projected onto them without any form of remedy or re-dress to tie responsibility back. One final point I'd note is that, in terms of consumer benefit, you often get the question of free or cheap. It's worthwhile noting that this is, in many cases, a setting up scheme of foreign-controlled peace work for casualising and atomising the work of others.

(BUZZER)

David Vaile: Thank you! But, for instance, it also potentially increases costs...

(DING!)

David Vaile: ..when you really need it, and excludes disability access if they really need it. Thank you very much. I'm caught by the bell. Thank you.

(APPLAUSE)

Delia Rickard: I'll just set the timer...

Brad Kitsche: Interestingly, I'm assuming that most of the people over on this side walked here today, or in a horse and cart, perhaps...

(LAUGHTER)

Brad Kitsche: ..the last time they used any communication technology was on using a carrier pigeon. I thought it was really interesting to be referred to as "techno-cool." I don't think anyone who knows me would refer to me as "techno-cool", and I'm not going to touch on the Tony Abbott analogy about seeking forgiveness rather than permission - that would require another seven minutes alone. This here is the most disruptive thing in our lives, and none of us could live without it. As consumers, as workers, as people in society, if all of a sudden someone came and took our mobile phones away from us, took our smart technology away from us, we would not be able to function. And so, the very nature of our reliance on this piece of technology is an example of just how good it is for consumers. I don't like the term "disruption" as it relates to this particular industry, and particularly as it relates to the business that I'm in. It makes us sound like we are sort of naughty schoolkids pulling their T-shirts over their head heads and running around the classroom throwing books and being disruptive and causing a problem. ..rather than actually solving a problem. Disruption really is just consumers calling the shots. Giving the power back to consumers.

Disruption really is just change. If markets were regulated properly, if markets were regulated to deliver the outcomes that they're supposed to deliver, rather than delivering market failure, then these new disruptive industries would just be called "new", and they'd be called "a change" - they

wouldn't be called "disruptive". But because markets are regulated in such a way to deliver monopolistic outcomes which strangle change, which strangle incubation, and prevent people from being able to receive what they want, prevent the consumer from getting the end product that they want - that's why we're called "disruptive". I'm happy, for the purposes of this discussion, to nail and say, "Yes, we are disruptive." The key question really is, why do things need to be disruptive? They wouldn't need to be disruptive if the market was delivering. If the market wasn't failing, if the market was delivering for consumers, if there was incubation of new ideas, if the rules and regulations - as they stood - started to spit out and incubate new ideas, then people wouldn't need to come in over the top and ignore the rules or bend them or twist them and do things in a different way. Therefore, consumers actually play a really intrinsic role in disruption. Because they encourage disruption. Disruption and consumers are intrinsically linked. They are the driver for the desire for better products and services. They are the reason - consumers are the reason - why disruptive forces come in and move aside artificially constrained markets, because consumers are the fuel for disruption. I'm going to touch on Uber because it's been touched on without really being touched on.

(LAUGHTER)

Brad Kitsche: I want to talk about what happens when you actually have someone move into a market and disrupt. In New York City, before - not just Uber, but other applications like it - moved into the marketplace, before GoCatch in Australia entered the marketplace, you couldn't pay in some taxis with a credit card. Until such time as someone moved in and said, "Sorry, not having that, just gonna do it this way" because the market was constructed in such a rigid way, and until such time as someone ignored those rigidities, then consumers didn't get a benefit. So without disruption, there is no consumer benefit. In Australia, the incumbent taxi industry is categorised by low-incomes for drivers who are not employees - who are bailies under a 19th-century industrial arrangement. Much worse off than someone who's a contractor. High prices for passengers. High returns for rent-seeking plate earners. Poor quality and services for consumers. It's a system where the market design itself created the market failure, and the only way that it could deliver a better outcome for consumers is if someone disrupted it. Without disruptions, status quo would have continued to not serve consumers. Disruption has delivered choice, and it's been key in overcoming some significant market failure. When competition is constrained, when the market structure prevents competition, then the consumer benefit is constrained. Let's be clear about the transport regulatory framework. Despite what some would like you to believe, with reference to safety or consumer protection, the regulations have nothing to do with those things.

The regulations, in many markets, are constructed in such a way as to prevent and protect incumbent monopolies. When you do that, you get no consumer benefit. The disruption in the transport space has delivered 30% to 50% cheaper fares, pick-up times in 4.5 minutes in most capital cities, drivers who are getting paid $30 an hour compared to $7.55 in NSW. A larger market. And a rising tide that floats all boats. ..and cheaper and more reliable transport. So disruption in the transport space has been fantastic for consumers. And its applicability to other areas - and if I could be the person that knew the next biggest thing, then I wouldn't have a job at Uber, I'd be doing something else - disruption pushes aside the artificial constructs and constraints that have been imposed by regulators that want to stifle incubation of new ideas, stifle innovation, and prevent people from getting access to services. Two quick comments. I think our moderator led with some, um, perhaps arguments for the negative around ratings. One negative rating on one site isn't going to trash your reputation; 50 that are quite comparable will. That gives power back to the consumer. And just on the point in relation to accessibility services - one thing that I'm quite proud of at the company that I work for is there are no regulations in place for us to provide accessibility services, and yet we do so because we believe accessibility transport is actually a market failure. On the whole, where you have disruptive services, where you have disruptive technology entering markets,

pushing aside rules that are not there in the consumer interest, then you get immense consumer benefit.

Katina Michael: Resistance is not futile. "Resistance is futile" is a catchphrase that has become synonymous with the adoption of new technologies. The idea was popularised in Star Trek: The Next Generation, where the Borg - a cybernetically enhanced drone - has a role to play in forcing other species to join to the collective hive mind. The Borg's singular goal is the consumption of technology. The phrase is "Resistance is useless and your struggles are futile". But one needs to ask, resistance to what? To the creature? Perhaps the resistance to the status quo or the collective or mass surveillance or targeted uberveillance or to privacy invading or unrelenting advertising and apps on our phones. Nowadays, anyone who is perceived to be resistant to technological process is believed to be an obstacle to its adoption. The business aims of mega-corporates is to ensure that consumers are in a constant mode of upgrades. It is for consumers to be locked in to not only high-tech gadgetry, but one appliance after another after another after another... albeit in the home, in the workshop or outdoors. In a telling children's cartoon tale, Robots, an entrepreneur robot tells his frontline 'bot managers the following, "Now let's get down to the business of sucking every loose penny out of Mr and Mrs Average Knucklehead. What's our big ticket item? Upgrades, people, upgrades!

That's how we're going to make the dough. If we're telling robots no matter what they're made of they're fine, how do we expect them to feel crummy about themselves, to buy our upgrades and make themselves look better? Therefore, I've come up with a new slogan - why be you when you can be new"?! It will give rise to new and novel underlying dangers, but the truth is that struggles are not wasted, opposition is not useless and resistance is not futile - the worker unions which rose from the industrial revolution are proof enough that power bases can be challenged and can be defeated. Over the last ten years especially, there has been a backlash against researchers who ponder on the conceivable harms of new technologies. It might well be easy to be positive about absolutely everything that's ever invented, optimistic about its use in society and even to be seen as 'with it' and progressive about something that is showcased to be convenient and efficient. But, how many are paying attention to the trajectory of implications of our future tech, which is becoming increasingly irreversible, and the long-term fallout of these technologies on our humanity? Or our freedoms? Our individual rights? We've been led to believe by the trans-national puppeteers that we have unlimited choices, but the reality is the infinite choices have, in the main, to do with the most immaterial of things, from an endless selection of television channels and lifestyle magazines right through to typically redundant application software and the limitless supply of brand name mobile phones to keep the illusion of choice operating.

One of Marshall McLuhan's classic quotes hits the mark, "If it works, it's already obsolete". Bruce Springsteen's clever song, 57 Channels (And Nothin' On) also sums up this condition very well. On things that truly matter we have no choice, or limited choice. On those who will govern us, the accountability of the corporates, on sending our children to war, the distribution of wealth. The choices we can make as consumers are often more than not meaningless. Save for voting with our hard-earned dollars, do we truly resist? Then opt out, seek alternatives. Lots of different choices mean amusement and distraction, it's a type of zombification process, this was always a way to dumb down the masses when things were not going very well. Quote, Hannah Arendt, 1951, "Only the mob and the elite can be attracted by the momentum of totalitarianism itself - the masses have to be won by propaganda". It's not only the bright lights that can engage us, but non-stop messages as well as, wearable step counters, exercise machines, email after email, social media app after app, likes and selfie filters, photoshopping and a zillion other things. We are drowning in it all at the cost of our human relationships, our physical relationships. At the cost of our private space in our brains. As an earnest process of dehumanisation. Said in another way, "Resistance is futile" confirms the message that this is inevitable, whatever the "this" happens to be. It says no matter what I say to

you, no matter the red flags I identify and no matter the harms I reveal in my investigations, that this is inevitable. I become powerless to choose and I am told what will happen before it happens. Who holds this iron fist control over the future? They have us duped if we believe their claims. Marketeers want us to believe our stance is normally contradictory to the majority.

That something is wrong with us, that our position is not unimportant but warped. They try to convince us that the vocal minority will soon stop speaking out because they simply don't have the resources to keep going. This is shameful trickery. Thus, conscientious members of large corporations who have glimpsed behind the veil are the first to admit the future they are selling is a terrible one and they are glad to be not a part of it. Bill Joy wrote in a magazine, "We are propelled into this new century with no plan, no control, no brakes. Have we already gone down the path too far to alter course"? 'Resistance is futile' has snuck into every pocket of life. It is our responsibilities as researchers and investigators to speak out and point to the alternatives. We need consumer advocates who have at heart the representation of consumers and the everyday people. We need to have a balance that verbalises, "Because you can, it doesn't mean it is the right thing to do". We need people marching on the streets. The paradox more often than not is that the resistance is futile reprise comes from the very few who allegedly represent the many. They are not everyday consumers, they are not school teachers, the elderly, or the disabled. In this world nothing can be said to be inevitable except death and taxes, so I'm here to tell you resistance is not futile, do not despair, you can end this endless adoption of technology. Start voting with your wallets and start thinking, think of what's happening to us in the game-ification of conveniences and think about what we're teaching our younger generation. I call it addiction by disruption. What flows from this is distraction that disassociates and desensitises and disconnects us. We are not Borgs - yet! We're not yet walking around with chip implants in our bodies or strapped to our ankles or wrists - well, some of us are! Uberveillance was entered into the Macquarie dictionary in 2008, a year before Uber Cab Company became an entity. It is a type of Big Brother looking from the inside out, exaggerated in all its forms. Thank you.

(APPLAUSE)

Brendan Coady: Wow, talk about a hard act to follow!

(LAUGHTER)

Brendan Coady: I'm a bit shell-shocked by that. Thanks for the opportunity. I'm using the low-tech device to time my speech! And if I can just talk a little bit about both of the speakers from the negative, they've talked about innovation as something that's driven by big business. But Clayton Christensen, who is probably the lead thinker on this, has characterised disruption as the anticipation of future needs. In fact, he is leading work on this - his leading work on this topic is subtitled "Why good businesses fail". To me, disruptive innovation is all about new businesses coming up that challenge the dominant business, or the big business, which is in control of industry at the moment. And his thesis is that disruptive innovation usually occurs at the bottom of the market and in fact is driven by consumers who are not serviced properly by the current business paradigms and that the history of disruptive innovation is a history of new products and services coming in at the under-served low end of the market, gradually taking over the market and driving the incumbent players out of the market. So I think the idea that disruptive innovation is being foisted on us by big business is quite incorrect and in fact the opposite is what's happening.

I think the negative are focusing on this idea that innovation is being foisted on us and in fact they're under-selling the power of consumers and the fact that disruptive innovation almost by definition has to be good for consumers, because consumers will not adopt it if they don't at least perceive that it is producing a benefit for them. We're getting a somewhat nanny state view, I think, from the

negative that consumers don't know what's good for them or people are being forced to adopt these things they don't want to adopt. I think that's quite disingenuous and it was interesting to hear yesterday from Matthew Wright from the Australian Federation of Disability Organisations, who was talking on the affordability panel. One of the key messages he said was what a boon many of the recent innovations have been for people with disabilities. Certainly, yes, there are problems of affordability and there are problems of is the regulation and law up to date, is it able to cope with new innovations? But these are things on the fringes. There are always issues with the adoption of new technology, but who is going to be exaggerating those difficulties and playing up those difficulties? Usually it's going to be incumbent businesses that are being disrupted by the innovation and, in fact, you know, there was talk again from the negative about the conspiracy between big business and government to foist innovation upon us.

In fact, quite the opposite is the case. Much more often, the interests of big business are able to, you know, very much have the ear of government and will do their very best to maintain their own position in the market and delay innovation as much as possible, and you would think, you know, examples here could be the film industry or the music industry resisting the digital - innovations in that space, for as long as possible, because it's disrupting their existing business model. So, in fact, innovation, disruptive innovation, generally is driven by consumers. And it's the interests of consumers, I think, that are usually served by innovation, not the interests of big business. Daniel, our first speaker, spoke about the democratisation potential of disruptive innovation and I think that just emphasises this idea that consumers are taking up and are actively adopting disruptive innovation. Obviously people have a choice, you know, I agree, resistance is not futile, it's possible to resist the adoption of disruptive innovation. Dyson Heydon, obviously, a prime example! Who has resisted manfully the infringements of new technology into our lives!

(LAUGHTER)

Brendan Coady: And, look, part of my work is as an IP lawyer and I've worked with lots of people who have come up with great innovations and great ideas. It's very difficult to get innovations to market and if your innovation has got buy-in in the market, then it can only happen because consumers take it up and because consumers find that there is a benefit to it. See I think the idea that it's foisted on us by big business is just not correct. You know, I thought David spoke persuasively in some ways but I think is really setting up a straw man of this innovation again being foisted on us by the innovation industry, which is manipulating how we do things. Again, I think that is a disrespect for consumers. You know, consumers do have the power not to take up innovation if it is not beneficial to them. And I think that they do. Again, just to reinforce the points that Brad made you know, innovations that have happened over the last ten years or so have really transformed people's lives. People have got access to information in a way that they never had before. As I mentioned, people with disabilities have got...

(DING!)

Brendan Coady: ..access to really powerful enabling technologies that have been able to enhance their ability to participate in a whole range of activities. And, again, I think Brad's point, that disruption arises as a result of market failure is a very valid one. And that what we're seeing with disruptive innovation is the market and the - the market refreshing itself, new innovations coming into the market and creating beneficial outcomes for consumers. Yes, there are sometimes teething problems with these innovations, but overall, the trajectory is to deliver consumer benefit over the long-term. Thank you.

(APPLAUSE)

Stilgherrian: Good afternoon, everyone. Right. Disruption. Disruption. It's an interesting word. You may be surprised to hear that some of my school reports said that I was disruptive. I don't know that that was necessarily a compliment. My colleague, David Vaile, has always pointed out that the disrupters are a cult. He is quite right. I would like to expand upon that point by saying it is a dangerous privileged cult. If you hear someone talking about disruption, you are listening to a person who's fallen victim to that kind of cliché-driven, feel-good, buzzword business pap talk you will hear at TEDtalks. Just stand in front of the slides while I list all the buzzwords that I've learned and no, there won't be discussion afterwards, how dare you question the narrative?! Or the public relations droid who has managed to learn how to copy and paste this crap into a press release. Now, this is important to understand, because if we're going to live in a world that's created by the disrupters and by their vision of the world, we need to know who these people are. We're talking about the people of Silicon Valley, in start-up land, who don't know something has happened in the world unless it appear on their iPhone. The people inflating this second dot com bubble - let's pick Uber, the Dalek - sorry, I mean darling! But Dalek - I mean, exterminate is their policy to the taxi industry. And I'm with them on that. Laser work on the taxi industry would be a benefit, but I don't want if I want these people holding the lasers when it comes down to the crunch!

But start-up land. The second dot com bubble. These are already some of the wealthiest people on the world. Software developers get paid pretty well thank you very much. Salaries of software start-up engineers are 40% above average for the industry. A typical software engineer in Silicon Valley earns about $200,000 a year US, that's about $280,000 Australian. Students can expect to get $100,000. Even an intern gets pay two and a half times the average salary of San Francisco. So they're not necessarily going to have the kind of experience and world view that will create a future for everyone - for all of us. Many of them went to places like Stanford and Harvard. I mean, great universities, sure, but again, it's not a balanced cohort. And, to put it bluntly, it's a young, white male cohort. There are Hispanics in Silicon Valley, I've seen them - they handed me my drinks. It's true. It's less diverse than anything you will see in Australia. Now, the collaborative economy, as it's called now - we don't say "Sharing economy" anymore, because I think they've woken up to the fact that most of us don't think of sharing as charging for it on your credit card. We share toys as kids and a pint at the pub when we get a bit older. That's what you do. You don't hand around the invoice at the end of it, do you? But this collaborative economy. I want to talk about the words of Rachel Botsman, the guru and chief spokesperson of this idea of the collaborative economy.

Things like Airbnb where there are all these good rooms you could put to good use and in a city like Sydney where we have terrible real estate pricing problems and affordability problems, sure, why not? Her whole shtick is based around the idea that this new economy will be based on trust. The vendors are rating the customers, the customers rate the vendors, you all see that even though you have not personally met each other before, that this global community of smartphone app-enabled people can confirm, oh, yeah, you are someone we can do business with. I find it interesting, therefore, that when she gives her, kind of, stump speech, she uses the examples of how she lets her father borrow her Uber account because he doesn't have any rating in the system yet. Or she lets her husband borrow her Airbnb account because he can't get a booking accepted because no-one knows who he is. So she is willing to commit identity fraud to fraudulently represent members of her own family. Now if that is not an indictment of this system, if that's not actually proof that it doesn't work, I don't know what is! We've also seen some problems, as this comes out. I mean, if any Uber driver can reject a customer on the basis of their photograph and a star rating, guess what? Blacks and Hispanics have slightly more problems picking up - getting picked up.

Now, I'm sure Uber is working hard to fix that. But it's something that you can kind of almost see would happen from the beginning. When there isn't a process for saying, "Why was this person rejected"? If you are actually offering a public service, the whole public has to be able to use it. No, "Oh, yeah, I can see that's a young woman and child, she has got a pram and a noisy kid, that will

take too long, no, no, oh, she looks pretty I will pick her up". How do you stop that? It is an interesting question. There has been some research done Bihar award business school on Airbnb listings. Same kind of property, same amenities, same location in the city. If the owner is black they can only get 12% less than the white folk renting out the same sort of properties. Now, I put to Rachel Botsman when she spoke in Sydney recently, I said, "Look, this is a problem, how do we build into these new systems, if this is the inevitable new thing, how do we build in the fairness? How do we prevent discrimination happening" and she said, "We have to figure out how because it's one of those things that isn't going to go back", ie, this is inevitable, resistance is futile in her mind. But I think about it a lot and it is interesting because I was teaching this MBA and I had people around the world and the numbers they challenged my bias because I was a middle aged western woman is absolutely fascinating. This isn't a system of power, it is a system of discrimination. "Fascinating" she said. But for the number of people discriminated against, it is not an academic problem and fascinating is not the word they would use. I address briefly the people on my right and some of their comments. Daniel points out all of this technology represents a democratisation of these services.

Democracy happens when we all have an equal input into it. It is not necessarily proving to be the case. And he equated the popularity of someone using a service because it is good for them. In which case I will start handing out cocaine in the foyer after this speech. There were some very good arguments, actually. I will say the folks from Uber have some excellently well-rehearsed arguments, and they have a thriving business that might make a profit one day! But pointing to the taxi industry is a valid one. And my colleague has handed me something so defamatory about the taxi company that I can't read it, except to say I agree with every word on it! But we do have the danger for falling for a logical trap. Something must be done about these terrible legacy industries, this is something, therefore this must be done. And, oh, yes, Christensen, I'm glad somebody mentioned the man who started talking about disruption. I'd just let it be said that not everyone in this industry seems to know what it means. He also said, "Do we imagine that consumers don't know what's good for them"? Have you met consumers?

(LAUGHTER)

Stilgherrian: Now, we are in a revolution. I think that word has been mentioned before. And, yes, this whole digital internet mobile communications thing is a revolution. By definition things are going to be different after the revolution. Some things we used to have won't be there anymore. They will be replaced by different things. Sometimes those things are better. Sometimes. But right now, we're in the revolution and even though we have had the commercial internet for, what, 20 years now? And small change. ..we've got a long way to go. While you are in the revolution, things get broken and people get hurt. And we're going to see a lot of breaking and hurting before we reach the other side of the revolution. But right now, the majority of the disrupters are just spoiled rich kids. They're drunk with power as they go around disrupting stuff, breaking stuff, yeah, disrupt that inefficient legacy industry, smash that regulated marketplace! But really, they're like that fat kid at the party - they're smashing the piñata of public services and scooping up the shiniest and most profitable parts for themselves and damn the rest of it because it's not cool. What happens when they've smashed those industries that were there before? Which certainly needed change. But times change - what happens when there isn't a taxi industry, anymore, for example, that will pick up anyone? Has to pick up anyone? Will this disruption create new markets, choice, drive down the prices and so on?

(DING!)

Stilgherrian: Maybe. But is maybe good enough? Thank you.

(APPLAUSE)

Delia Rickard: OK, well, I've been asked to quickly go over the arguments and sum up before you vote. So depending upon how well I can read my handwriting, here we go. Daniel used terms like democratisation, accessibility, affordability. Pointed to prices falling. And a few quite good things about this. I can't read that bit! So we'll move straight on to David! David raised the point about privacy and the disappearance of privacy in this new era. He talked about Californian ideology meeting the Beach Boy cool. He raised serious points about workers' rights, attempts to avoid tax, workers' wages, benefits, contributions to risk sharing and finished up talking about an algae to responsibility for the consequences of their actions. Brad, liked being called "techno cool" so he has had a positive today whether they win or not! But notes that the phone is the most disruptive thing in our life and that most of us can't live without it.

And, like a number of people on the affirmative, didn't like the term "Disruption" they felt it implied a problem and made the point that disruption is nothing more than change and that you don't get change unless you have market failure and something to respond to. So, that point ran through your talk for a while. But market failure is what gives rise to disruptions and it's consumers who encourage disruption. And it's delivering choice. That's what I can read of my writing there. Katina that was a wonderful presentation, I liked them all but that was wonderful. Resistance is not futile. I like that. You raised the pervasiveness of modern technology, the unrelenting advertising, the constant upgrades, and you made us feel good again saying power bases can be challenged. And then a deeper point that, you know, we've got infinite choice about immaterial things, things which really don't matter, but on the things that really do matter - such as sending your kids to war - we have very limited choice. I'm not entirely sure how that fitted into new technology but I thought it was a good point!

(LAUGHTER)

Delia Rickard: It takes up space in our brain and that's very true. She finished with some inspirational messages that nothing is inevitable and we are addicted by disruption. OK, Brendan, coming in at the end.

Wonderful presentation. Again, not liking the term "disruption" - it thought about future needs. I'm thinking of his name - Steve...iPhones? Jobs! When asked about market researching his computers, he said, "Why would I do that? They don't know what they need yet." I thought that was a wonderful line. Developing technology is the current business paradigm, and it's driven by consumers. We don't want to live in a nanny state. The naysayers are, I'm afraid - that's what he's saying - and, you know, consumers do know what's good for them. They don't need to be told. Usually, the disrupted incumbent is business, and they are the ones who are playing up the negative aspects, because their vested interests are threatened. So resistance is not futile, according to the affirmative, and we only need to look at Dyson Heydon to know that it's possible. I think that will do for Brendan! Stig - sorry, I've shortened it...That's OK! OK. The disrupters are a dangerous cult. Start-up land - some of the wealthiest people in the land, so they won't have a clue what mere mortals know and think. And they're really all basically young, white males. It's an idea that is built on trust, identity fraud needed to participate, um... And it ended with what I thought StarTrack was an important and pertinent question for the day - how do we build in fairness and prevent discrimination? Because it is here, and we do need to think about these. And I'll forget about the last point you made about "just spoilt rich kids". That is a fairly inarticulate summary of both sides!

(APPLAUSE)

Delia Rickard: But, can we have the pink triangles with the ticks for those of you who feel the affirmative have won the day and that digital disruption is a good thing and here to stay? We've got digital evidence, I'll just say, of this. So if there's any sort of corruption of the vote, it's all on film. Not allowed to use it for the negative.

(LAUGHTER)

Delia Rickard: I don't think I'll need to! Have we counted? Got it? OK. And the yellow squares for with the cross on them for the negative...Oh, it's close. Very close. I think some people are voting twice! Una, do you want to come and announce the winner? Xavier? You've done all the hard work organising it...

Xavier O'Halloran: Whoa, that was disruptive! OK, the negatives have it by 55% to 45%, if my maths is right.

(APPLAUSE)

Delia Rickard: Teresa, did you want to come up and close and introduce the final session?

Teresa Corbin: Well, that was potentially the most disruptive end session we've ever had. OK. So, thank you very much for that, because that was highly enjoyable. I noticed a few people said they were only voting on the basis of the debate rather than the topic. But anyway! I think a few people might still be not declaring their hand there. OK, so this is a time to sum up quickly. We've had a great day and a half, or day and a bit, more than a half. We've got an enormous amount of energy and motivation to continue on our work with affordability now, and lots of great new ideas and suggestions - and in fact, we were talking in the corridor just before the session saying how there's so much work that will come out of this conference. So we have lots of good new ideas. You'll be hearing more from us, particularly our members initially, because obviously we'll come back to you talking a bit more about the next steps. I want to thank all of you for all your contributions, but I also want to thank our sponsors - Google, Telstra, amaysim, Optus, Conexu, NBN, the ACMA, Ericsson, Infoxchange, Maddocks, the National Relay Service, and Vodafone, 'cause without their help, we can't hold these events. I also want to thank the captioners and interpreters, 'cause I actually think they broke records in that last session.

(APPLAUSE)

Teresa Corbin: I think I've never actually seen such speed work done by this...

(LAUGHTER)

Teresa Corbin: It's all the practise I've given you over the years by talking far too fast! I apologise for that, but it was in preparation for that session. Hopefully your hands recover! ..sooner rather than later. And thanks to everybody in the ACCAN team. Everybody on our staff has worked for months really hard to make this event a useful one to you, and so if you could just put your hands together for yourselves and also for our team...

(APPLAUSE)