# ACCANect 2018

**Session 10: 12:10 – 12:30pm**

**Living on-line research**

**Presenter: Lauren Solomon, CEO, Consumer Policy Research Centre**

**In this session Lauren Solomon will introduce the CPRC’s research agenda which is focused on keeping pace with the massive transformation of consumer markets driven by e-commerce and digital transformation.**

JULIE McCROSSIN: I ask Lauren Solomon to make her way to the

chat pit of fun. She's our final speaker before the lunch break. She's

the CEO of the Consumer Policy Research Centre, she's is going to

talk about the research agenda they're engaged in in this time of

great change. Please make her welcome. (APPLAUSE)

LAUREN SOLOMON: I'll try to make sure that I'm - the clicker's

not... Working.

JULIE McCROSSIN: Can we get off Midas touch. It's in motion.

LAUREN SOLOMON: No worry, I'll do an impromptu hello everybody.

I'm Lauren Solomon from the research centre in Melbourne. Thank

you for having me here today, it's a really important time I think for

Australia as we grapple with a lot of issues people have been talking

about today. For those who plight not be familiar the CPRC was

established in December 2016, we're a not for profit independent

research centre on researching consumer issues and our goal is to

ensure we have policy and practice reform that benefits consumers

and achieves fair outcomes our two key research areas in 2017-18

have been around consumer choice and decision making and

consumer data and the digital economy so what I'll focus on

obviously here today is our consumer data research and some

implications for policy reform that's going on at the moment. In

terms of our work in this space we've released our own research

report which you can find online, also been heavily engaged with the

ACCC's digital platforms inquiry and also the establishment of a

consumer data right, the other issue if we play is that we have a

grants program and we recently issued a $100,000 research grunt

to the University of Melbourne to explore consumer profiling

practices in Australia and the last way we work on these issues is

we're hosting the consumer data research network in Australia and

that's about something that Berin touched on about the importance

of different people coming together. That's where Australian

research is working across data ethics, privacy machine learning,

competition and consumer laws acknowledging that these issues are

new and we need people from all sectors looking at them closely. In

term of our report I'll just go through some of the headline findings.

It's a six month project that or the culmination of this research was

about six months, we looked at international developments and also

did some market research of Australia awn attitudes, knowledge and

awareness of data collection sharing and practices, I guess

something I really liked Ed Santow say recently at the human rights

technology conference was that we should be trying to pursue

innovation that reflects our value and our research looked into that

Australians do value their privacy but they don't really feel like they

have much control over it at the moment and you can see there,

people were quite uncomfortable about the sharing of their personal

information for secondary purposes particularly when that relates to

location data, browsing history, data birth, phone number, device ID

message and phone contacts yet we know that really what's going

on out there is quite a lot of sharing of that information and data

amalgamation. The second thing that our research really found was

that there wasn't a lot of comprehension and control being enabled

through privacy policies, if they're the primary source in Australia

through which we can become informed, our results really show that

94% of Australians aren't reading all of the privacy policies in a

given year and the example is that one US study said it would take

244 hours just to review the privacy policies for the websites that

you access in a year so obviously extrapolate that to all the other

products and services that consumers currently access it's just

possibly not physically possible to get all of those terms and

condition, read them all, comprehend them all and make an

informed choice, we need to get a lot smarter about how we present

those options to consumers and empower them to make informed

choices. Of those who did read a policy, 67% accepted the terms

even though they didn't feel comfortable with them and 73% did so

because it was the only way to access the service. It was that fee of

take it or leave it. The second thing as well was the concept that

Australians really do value fairness when it comes to how their data

is shared and used. A lot of practices overseas are data

amalgamation resulting in quite detailed profiles being developed of

individuals and that leading to potential exclusionary practice when

it comes to certain products a services, price discrimination

practices but also what products you're presented with through

advertising, it is influencing our consumer markets in what product

we're being presented with and potentially what products we're

eligible for. And Australians really are not supportive of that sort of

data being used to discriminate against different customers based

on that profile with different prices, to inform eligibility for things

like loan or insurance or also to include them from essential

products and services, so again our values here are really important

if we want to ensure we have a stable policy framework through

which we encourage innovation and technological advancement. The

next thing I want to touch on was that there is quite a lot of demand

for reform so a lot of reforms implemented in the EU and in

California aim to increase transparency, increase comprehension

and aid real choice. Australians consumers really do support those

reforms so 95% supported options being provided about what's

collected and who it's shared with, 91% wanted companies to only

collect data required for delivering the receive, 73% supported

Government mandating the provision of options and also 67%

supported Government developing greater protection for

exclusionary practices from essential services, so I want to be really

clear as well, from our perspective, this isn't about shutting down

data, at all, it's about opening it up in a way that puts consumers in

the driver's seat. It's about empowerment, about education, and it's

about genuine choice and control. The policy implications that flow

out of this, there are several steps that are on at the moment in

Australia which I think are quite positive so as Angelene mentioned

the establishment of the consumer data right that is flagged to give

consumers greater control over the porting of their banking energy

and telecommunications data but that's happening in Australia in an

environment where we don't have those economy-wide protections

that are afforded by the EU in the GDPR in the California consumer

privacy Act and a lot of those go to things like concept, but they also

go to concepts like the right to be forgotten or the right to be

deleted which we also don't have within an Australian environment.

So if you really think about consent and control and what that

means it's about giving people a right to make an informed choice

about the sorts of products and services that people want to

procure, so I think as an economist I look at markets we spend so

much time talking about the supply side, we don't spend an awful

lot of time talking about the demand side and I mean people's

experience with their interaction with information, markets,

companies, and the platforms through which we are all engaging

with consumer markets. I think in some ways if we're going to rely

on those markets within this new digital economy it's fundamental

that consumers being the demand side can make informed choices

about what product they're going to acquire and what sorts of

privacy expectations and preferences that plight have and that they

can acquire the products that suit their needs, the other thing I

want touch on briefly, something raised I think it's the Bank of

England chief economist about the difference between deductive and

inductive reasons when we're looking at data analysis and inferring

meaning from that data. What it highlights is that the data scientists

very much and I don't want to - single them out here - but the

techniques used there are very much ones of inductive reasoning

and what I mean by that is it is the bottom up correlation approach.

There might be a step indicator A correlates with indicator B and

then you're inferring some sort of causation out of that and a lot of

statistical psychological research will say you have to be very careful

about attaching causation to something which is just fundamentally

a correlation. The weakness there in that sort after approach is you

don't have subject matter experts able to tell you within which the

context or the theory or the theoretical frameworks within which

that data is being deployed. Deductive reasoning will have a

theoretical framework around it that people have been working on

for years and data is then used to test and correct and adjust that

framework based on the assumptions that we already have founded

within that space, so it really highlights the importance of

interdisciplinary teams cog together when working on dig data

analytics across a whole range of sector, you need the experts with

the knowledge and the theoretical framework knowledge informing

the data science as well so that we're not making improper

causation or inferring incorrect outcomes from the data which is

being analysed and used. I guess the last thing is just about

transparency and consumer profiling so as we have sort of heard a

bit more about today, algorithms are being used to develop quite

detailed profile of individuals the challenge with that as was

mentioned earlier is that in some cases the data being collected is

incorrect to be begin with so if people don't trust the system they're

going to provide incorrect data, if you're then going to use that data

upon which to perform analysis that raises significant risk, it also

raises quite big information asymmetries of consumers themselves

don't know what kind of profile is being used by a company to target

them with information, knowledge, products a informs services to

increasing the transparency of those things not only help consumers

to navigate and understand why they might be being presented with

certain products and services it also helps to level the power

imbalance potentially within a trade, if you have significant

information asymmetry where a company holds a lot of information

and consumer don't hold very much that raises quite significant

concerns there as well. That also comes down to the age of

regulators to get in and audit algorithms and the level of

transparency that they might have about company and the sort of

algorithms and inputs that have been put into developing that score

in the first place. These are all really challenging issue and I know it

sounds like I've put up a whole bunch of problems but I guess I'm

doing so coming from a place of the fact that I think we do all need

to be working together on these issues, and I do really echo that

team sport mentality that you do need different disciplines and

people from different sectors coming together because these are

complex problem and they're certainly not going away. The

fundamentals of our research are - is the Australian consumers do

value their privacy, they do want greater control and choice when it

comes to how their data is being collected, used and shared and

there is significant scope to reform our policies to ensure that

Australian consumers are put in the best position policy to engage

with markets and services going forward.

JULIE McCROSSIN: Thank you very much. Could you give Lauren a

round of applause. Before I come to questions, it just strike me that

all through history people have want to be remembered, you know if

you go to churches people have put little plaques down and often in

response to donations or when you go for walks there are benches

with where people have put their names, a lot of philanthropy is

based on the idea that the chair will be named after you and now

find fighting for the right to be forgotten and deleted. It's a really

significant sort of social change. Questions or comments please? I'll

try to come to people who haven't spoken yet if I may not to

exclude you. I'll just come to you any anyway.

>> Thank you Lauren for a fabulous presentation. You referred to

the consumer data right and then you listed a series of things which

seemed to be missing as things that should go with that, are you

optimistic that Government understands what's missing or do you

think we've still got a long way to go on that subject

LAUREN SOLOMON: I think we're all learning together. I'm really

heartened by the fact that the ACCC and the Treasury officials that

have all been working on this have been working quite closely and

with OIAC and that's critical. The broader response in a policy sense

from this, part of my view on this is that it has fallen between the

cracks because it fall between the portfolios, and the jurisdictions in

fact .

So I think there's been a bit of a journey over the last 12 months of

trying to bridge some of those gaps to some degree but I think

ultimately what we're going to require over the next five years is a

whole of Government response and we're not quite there yet.

>> Sorry. Two things - first of all, not enough is made of a privacy

principle called aminity we should be saying sorry but this is part of

the collection principle is you don't need it, you don't get it but the

other thing in telecommunications generally you have a thing called

the - now the CIS statement but it's a consumer stands, it says you

can get this information but it's got to be only dark I think it's A4

page, 12-point because most of us scroll through down about page

44, give up and sign, if you say the statement can only be X long

and it has have these things it might include - induce a lot more

people to sign, read and then sign a privacy statement.

LAUREN SOLOMON: I agree with you. The trend internationally - so

our other piece of research around consumer decision making and

choice went into this issue, that in a regulatory sense information

disclosure is an information disclosure for its sake, it's about

comprehension and understanding. I think with all of the

advancements marly in behavioral research and economics there's

now I've seen in the energy sector in the last 12 months projects

where they are conducting consumer research and testing as so

whether or not the information disclosure requirement changes aid

and actually enhance comprehension because if they don't why are

we doing it? It's probably the key question, so I think what we're

likely to see from regulators and policy-makers obviously hopefully

is a much greater shift towards consumer testing across the board

of regulatory interventions and absolutely I don't know what the

appropriate format will be, the other thing as well with information

disclosure it's really critical where that comes in the consumer

decision making journey from the point of accessing information and

comparing the product, switches all of those things have to work

together so analysing the decision-making process is really quite

critical and will be difficult for difficult industries, to understand

when is the right point to present that information in an appropriate

format at an appropriate length.

>> Just wondering what your organisation's feeling is about the

rollout of the My Health record?

LAUREN SOLOMON: We don't have an initial position on it. There

was an interesting conversation a couple of weeks ago on this. The

thing I will mention is that Cass Sunstein in his trip to Australia

talked about this concept of a bill of rights and it's where you use

nudges which are often a broader concept but a nudge would be

where you set up something as an out as opposed to an occupant in

and one of the his key principles is that when you're designing a

nudge it shouldn't take something away from somebody as in from

needs to be an active choice to engage and make a decision about it

because then it does reflect your needs and preferences so if you

apply that sort of lens to the use of nudges as they relate to opt-out

you probably want to think about how you design that, there's

obviously really good examples where they have done that for

things like organ donation where the public good is massive and you

don't want to rule them out but in this environment where we're

trying to understand what the community expectations are and the

legal of comfort and the preferences you want to be careful about

the use of opt-outs.

>> Amy from the NSW Council of Social Service. You spoke about

the inductive and I wonder if you could give a real world example of

the impact of misapplying correlation versus causation in situations?

LAUREN SOLOMON: There's a few doozies. I guess some of the

interesting stuff we've been looking at is where you might have

been inferring - don't want to go down the health path again, try

and use another example but I guess inferring potentially, using

electricity data. You can see when somebody is at home or not and

decided that the proxy for whether or not somebody is unemployed

might be that they're at home and then you'll run a whole bunch of

data through that system and see whether or not basically that is an

appropriate inference to make. Somebody may be at home because

they work from home, somebody may be at home because of a

whole bunch of other reasons and so people that are - probably not

a good example - but you want people to understand what might

mean that somebody is at home, the experts that understand that

space and then whether or not it's an appropriate proxy to use to

say, "I'm going to search for people who aren't employed by looking

at their energy data." You might do that but it might not be the

most appropriate policy to use if you're trying to infer that

information.

JULIE McCROSSIN: This is a thrilling conversation. The room is full

of brainiacs, the stage is full, please give Lauren Solomon a warm

round of applause. (APPLAUSE)

JULIE McCROSSIN: Just before you go to launch, if I could King Midas,

way on the keep

the classical education strand of this conference going, I'll get King

Midas, you will remember King Midas had this wish that he could

turn everything he touched to gold. Are we going to get this

because a joke hits the grown rather heavily if the imagery doesn't

turn up but I'll keep going because I'm irrepressible in this regard.

Unfortunately he starved to death because every time he touched

food it turned to gold. There's a bit of a moral to story. Are we able

to get up Midas because he touched something that was even more

important, his daughter. Hand up everyone who flew already the

King Midas story to that degree of detail. Isn't it good that I'm here

doing a useful process. Ladies and gentlemen we'll start promptly at

1:30 and I'm going to give away two prizes just to get you back

from lunch it will happen at 1:30 and I'll dingaling before it happens,

please enjoy your lunch. Thank you.

(Lunch)