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# Media Release

## ***National first: new study says spatial industry worth billions to GDP*** According to leading economic consultants, ACIL Tasman

**Canberra, 31 October 2007**

A new economic report, *Spatially Enabling Australia*<sup>1</sup>, the first of its kind for the spatial information sector, delivers proof that the spatial information industry is worth billions to the Australian economy, according to leading economic consultancy, ACIL Tasman.

“Spatial information and technology has a clear and verifiable impact on just about every industry and government activity in the country,” says Alan Smart, ACIL Tasman’s Marketing Director.

The Australian Spatial Information Business Association (ASIBA), who commissioned ACIL Tasman to conduct the study into spatial information and technologies (SI&T), released the report today.

“One of the study’s most important findings is that SI&T has increased the Gross Domestic Product by some \$6 to \$12 billion,” said ASIBA’s chairman, Michael Easton. “It’s clear that this industry improves productivity across nearly all of the nation’s business,” he said.

According to Easton, the Report is a powerful statement that supports the industry’s push for investment in the SI&T sector and specifically in education and skills formation.

“It also recommends that governments invest in an Australian Spatial Data Infrastructure (ASDI) and adopt nationally consistent standards and interoperability mechanisms,” he said.

The ASIBA-commissioned Report explores a range of sector-specific case studies demonstrating SI&T’s impact on the national economy. It also identifies constraints on the industry, such as skills shortage, privacy, data pricing and property rights, as well as a general unawareness about SI&T’s diverse potential.

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<sup>1</sup> Proceeds from the sale of the report **Spatially Enabling Australia** will go towards providing ASIBA with the financial resources to continue providing its invaluable services to the industry. ASIBA members: \$2200.00. Non-members: \$5,500.00.

The long-awaited Report argues that “Australia’s progress towards being a modern spatially enabled economy has been hampered by a lack of coherent national focus and a [lack of] process for developing and executing whole of government solutions to inefficiencies in the spatial information supply chain”.

The Report also notes that some government agencies either do not have the appropriation or are unaware of the need to fund the capture of spatial information, even when it will generate considerable net public benefit. The Report says this has led to ‘market failure’.

“Put another way, this means that government agencies often use their limited funds to collect, manage and distribute the data. This drives some agencies to adopt pricing policies that ‘over-recover’ the cost of producing this information,” said ASIBA CEO, David Hocking.

“The Report also makes it clear that when the government competes with the private sector for SI&T business it generates a negative economic impact,” he said.

“It’s a message to all governments that investment in SI&T **will** return considerable gains to the economy and, just as importantly, a failure to invest will have a negative impact on GDP,” said Hocking.

The Report says that challenges such as water management and climate change will affect the nation’s economic well-being and that the impact on the economy and the environment is likely to be significant if these are not managed well. It states unequivocally that SI&T is integral to that management.

The global opportunities created for innovative Australian companies to develop new SI&T products and applications from Australian research and development are also likely to be very significant.

The Report states that “*The success of the spatial information industry is likely to be critical to maintaining international competitiveness for Australia in most sectors.*”

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***For a precis of the Report and its principal recommendations, see following pages***

#end media release#

## **Spatially Enabling Australia: A vision for the future of the spatial information industry**

### **Economic impacts of the spatial industry**

Almost all industries and governments at all levels benefit from spatial information. The case studies presented discuss a wide range of important economic benefits to government and industry from the use and application of spatial information systems. Key net benefits derive from:

- faster discovery of minerals and petroleum resources in the more difficult areas for mineral exploration
- faster provision of land and infrastructure which is highly important to provision of housing, urban development
- faster provision of new infrastructure to the resources sector
- improved transport planning and management
- safer air and sea transport
- vastly improved systems for asset management
- more efficient management of utilities and infrastructure
- better environmental and natural resources management
- more efficient production in agriculture fisheries and forestry
- more efficient management of threats from pests and disease in agriculture
- higher levels of security from terrorism
- more efficient and timely emergency management systems
- more effective marketing and retail planning
- better decision making and policy formulation and implementation.

### **Macro economic impacts**

The impact on GDP in 2006-07 of the spatial information industry is estimated to range between \$6.43 billion and \$12.57 billion for the quantifiable lower bound and estimated realistic scenario respectively.

- Of these amounts, productivity improvements are responsible for \$5.31 billion and \$10.31 billion respectively.

The results also show:

- household consumption increased by between \$3.57 billion and \$6.78 billion
- investment increased by between \$1.73 billion and \$3.39 billion.

The impact of spatial information has a positive impact on the trade balance with:

- exports increased by between \$1.26 billion and \$2.30 billion
- imports increased by \$1.18 billion \$2.23 billion.

Under the labour market conditions that applied in 2006-07 it has had to be assumed that total employment would have remained at its natural rate. However, real wages are estimated to have increased by between 0.60% and 1.12% as a result of the impact of spatial information systems on the economy.

### **Biosecurity and environmental benefits**

The results do not include the impacts of spatial information on biosecurity, environment and social benefits.

Drawing on case studies, it was estimated that *spatial information's contribution* to avoiding and/or minimising the negative impacts of incursions of pests and diseases to agriculture could be of the order of \$0.5 billion per year.

The value of spatial information systems in natural resource management, water trading and climate trading markets was not assessed in the economic modelling. However, given the imperatives in these areas, it is likely to be large both in economic terms as well as in terms of sustainable systems and conservation values.

### **Future potential**

Important future developments in spatial information are likely to further enhance its economic impacts, primarily in relation to the following:

- the falling cost of acquiring data
- the continuing developments of computing power making more applications and richer data analysis possible
- the arrival of spatial information applications in the consumer mainstream.

This potential is tempered by several threats, including those noted as constraints elsewhere in this report such as inappropriate data pricing policies and a lack of awareness of potential spatial applications, as well as emerging problems of data property rights and privacy issues.

These threats could easily extinguish valuable options for future economic prosperity, growth and industry development. Most critical is the threat to Australia's competitive advantage over the longer term if it falls behind in this area.

### **Policy issues and recommendations**

The Australian Spatial Information Business Association (ASIBA) advocates a national reform agenda in which government, business and the community can act in concert to promote and achieve the greater spatial enablement of the economy and society.

A national reform agenda for spatial information needs to be considered at the highest national level, by the Council of Australian Governments (COAG).

Australia's progress towards being a modern spatially enabled economy has been hampered by lack of a coherent national focus, and the lack of a process for developing and executing whole-of-government solutions to inefficiencies in the spatial information supply chain.

International competitors such as Canada and the European Union have implemented models that harness the resources of both industry and government, both financial and in-kind; and actively engage the community as to its needs.

### **Recommendation 1**

Action should be taken under the auspices of COAG to ensure that the initiatives the Spatial Education Advisory Committee is developing on education training and skills demands can be realised.

These actions should be coordinated with industry development activities referred to in the following sections of this report. As a minimum, governments should provide financial support for a joint industry/government programme to:

- establish a research programme to explore skill shortages and skill gaps in the industry and to develop projections of future skill needs and expected shortfalls

- address the adequacy of the content of technical and higher education courses in terms of future skill needs and career paths in spatial information
- measure the size of the spatial industry workforce, identify emerging skills shortfalls and implement action to address the shortfalls.

### **Recommendation 2**

The Australian Government should establish a Spatial Information Innovation Development Initiative for a period of five years (using innovation grants administered by AusIndustry) to accelerate commercialising spatial information research and development, taking into account the emerging opportunities in global markets. The initiative should be linked with Austrade's trade development programmes.

### **Recommendation 3**

Governments should maximise opportunities for the spatial information industry to bid for spatial information projects by establishing a government/industry partnership programme with ASIBA.

### **Recommendation 4**

COAG should develop and implement policies to expand the quality and quantity of available fundamental spatial information as well as maintain its currency and accuracy. Consultation with key stakeholders, including ASIBA, should be undertaken as a key element of the policy so that priorities are user driven, not "producer" driven.

### **Recommendation 5**

The Australian Government should fund the next stage of the development of the spatial data infrastructure at a cost of \$200 million over ten years.

### **Recommendation 6**

Business should be actively engaged in constructing the spatial data infrastructure through a partnership programme with government – with funding to be matched with in-kind contributions coordinated through ASIBA.

### **Recommendation 7**

Industry and governments should collaborate on developing digital rights management architectures appropriate for Australia and publish guidelines on the standards to be adopted.

### **Recommendation 8**

The Australian Government should fund a programme to address constraints on information sharing, such as the lack of a whole-of-government approach to licensing.

### **Recommendation 9**

The Productivity Commission should review the pricing policies for spatial information as they apply to each jurisdiction and, once the findings have been considered, each jurisdiction should address any policy inconsistencies.

### **Recommendation 10**

Value-added services should, as a general principle, be the province of the private sector unless public interest considerations dictate otherwise, such as in certain public safety or security matters.

### **Recommendation 11**

The ABS should be funded to commission the necessary surveys and population data on which to base an annual satellite account for spatial information within the national accounts framework.

**Recommendation 12**

The Online and Communication Council should be the forum for coordinating and implementing the national reform agenda for the spatial industry. A central agency within the portfolio responsibility of the Commonwealth Minister on the Council should be responsible for administering the reform programme and implementing policy at the Commonwealth level.