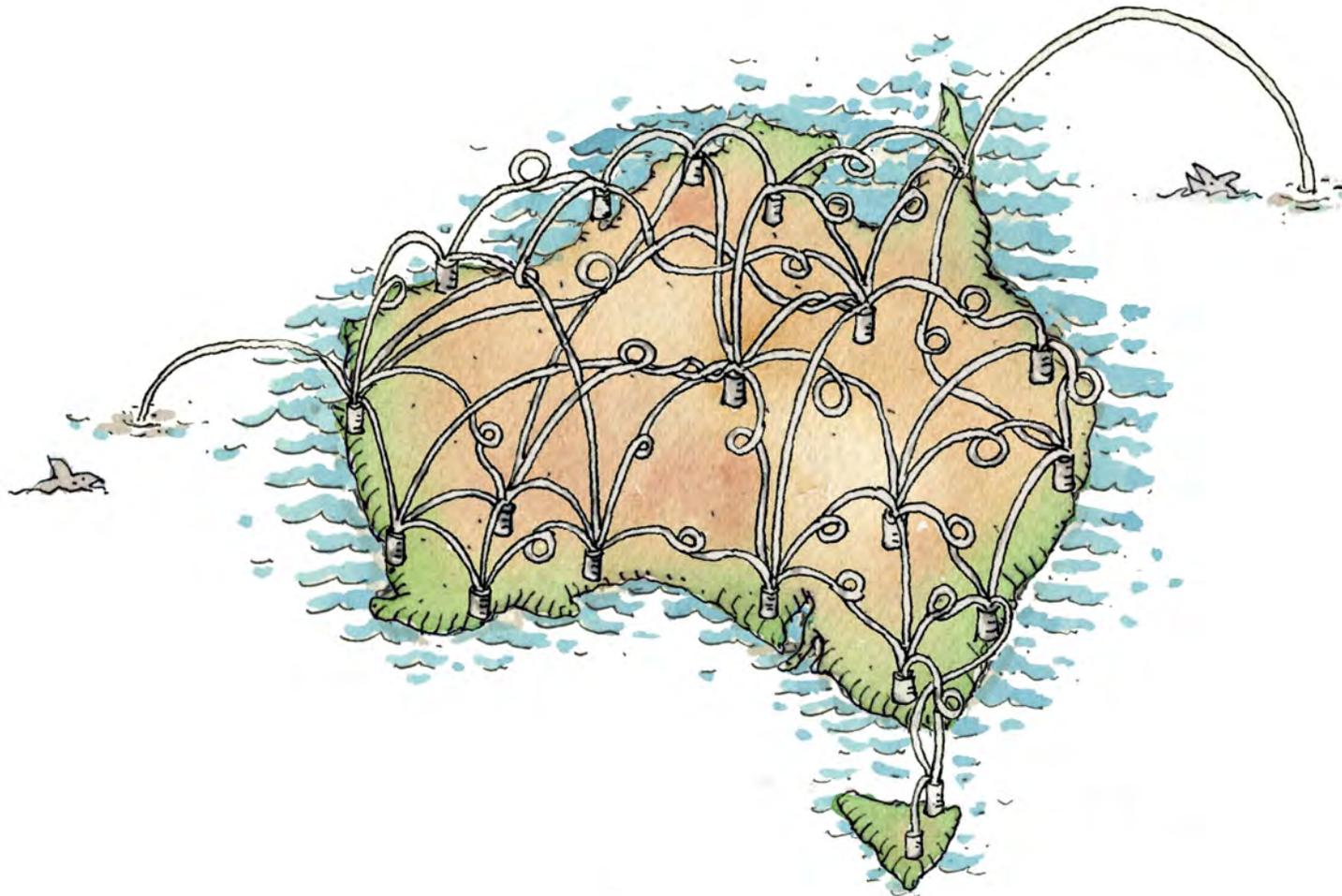


HOW THE INTERNET IS CONNECTING AUSTRALIANS

WITH EACH OTHER AND THE WORLD



What's the value of the Internet to the Australian economy? We wanted to answer this question and asked some economists to figure it out. This is the story of what they found. The Internet has transformed the Australian economy over the last ten years and is bound to play a greater role in business and our daily lives.

New technologies can have a big impact on any industry, but a few revolutionise every business and every aspect of our life. The Internet is one such phenomenon. It's like electricity. It has changed the way we work, consume, invent, learn, relax and interact.

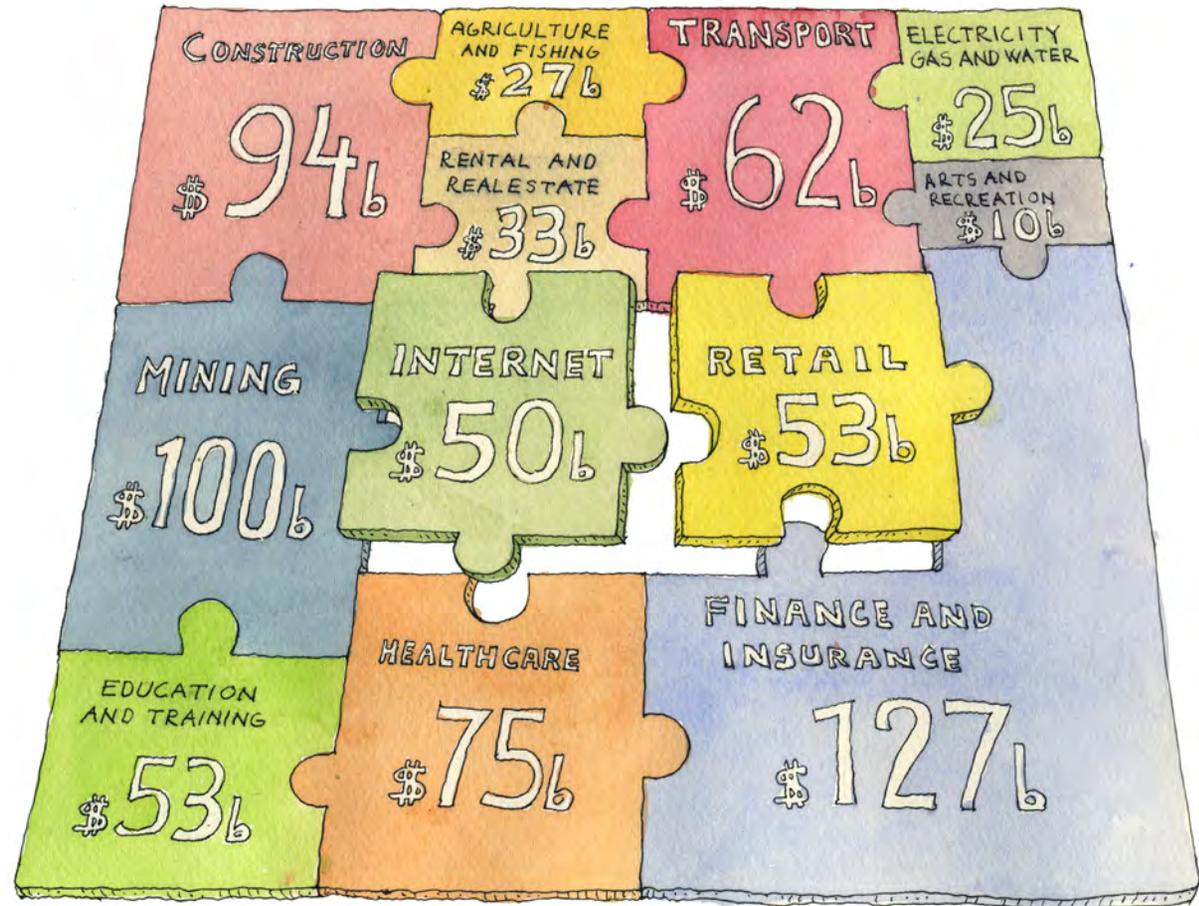
THE VALUE OF THE INTERNET IN THE AUSTRALIAN ECONOMY

How do you value the Internet? You can start by looking at its contribution to Australia's gross domestic product (GDP), which is the combined total value of all goods and services produced annually in Australia.

To measure the Internet's contribution to GDP, economists add up the amount spent by consumers, businesses, government and overseas residents on Internet-related goods and services that are produced in Australia. This values the Internet's annual contribution to GDP at \$50 billion.

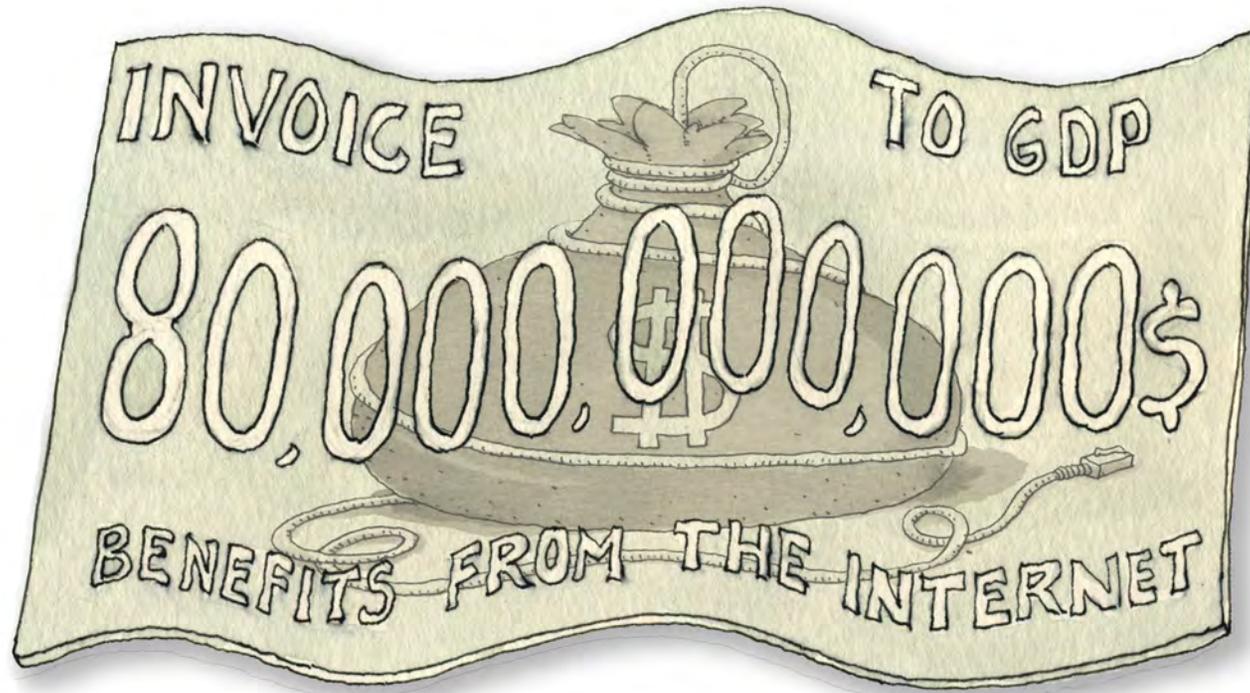
To put this contribution into context, the value of the Internet is comparable to major sectors such as retail, which makes a \$53 billion contribution to GDP. It's roughly equal to the value of Queensland's total annual exports of \$50 billion each year and to the total value of iron ores we export each year. It's more than double Tasmania's gross state product for the 2009/2010 financial year, which was just over \$22 billion.

But the Internet doesn't only make a contribution to the nation's goods and services. It's also an increasingly



important source of jobs. Today, there are 190,000 jobs that are directly related to the Internet such as web designers, online marketers, network engineers, and IT teachers. Many of these jobs didn't exist even fifteen years ago.

THE INVISIBLE INVOICE



A \$50 billion direct contribution to the Australian GDP sounds impressive but it doesn't fully take into account wider economic benefits to households facilitated by the use of Internet.

Looking first at businesses, the economists looked at a variety of factors to measure the Internet's contribution to their productivity. For example, they considered the reduced costs of using the Internet for key business activities such as finding and buying supplies, producing and delivering goods and services, and engaging with customers. All of this is worth around \$27 billion annually and it flows through to consumers in the form of lower prices and better products and services.

On the other hand, economists were also able to estimate the benefits to Australian households, which amounts to \$53 billion annually. This was calculated by assigning a monetary value to time saved thanks to the Internet for various activities such as paying bills online. Not only does the Internet help households through time saving tools, it also provides access to an increased variety of goods and services which translates into more competitive prices.

Putting the benefits of businesses and households together, the combined total economic benefit the Internet produces in Australia comes to \$80 billion.

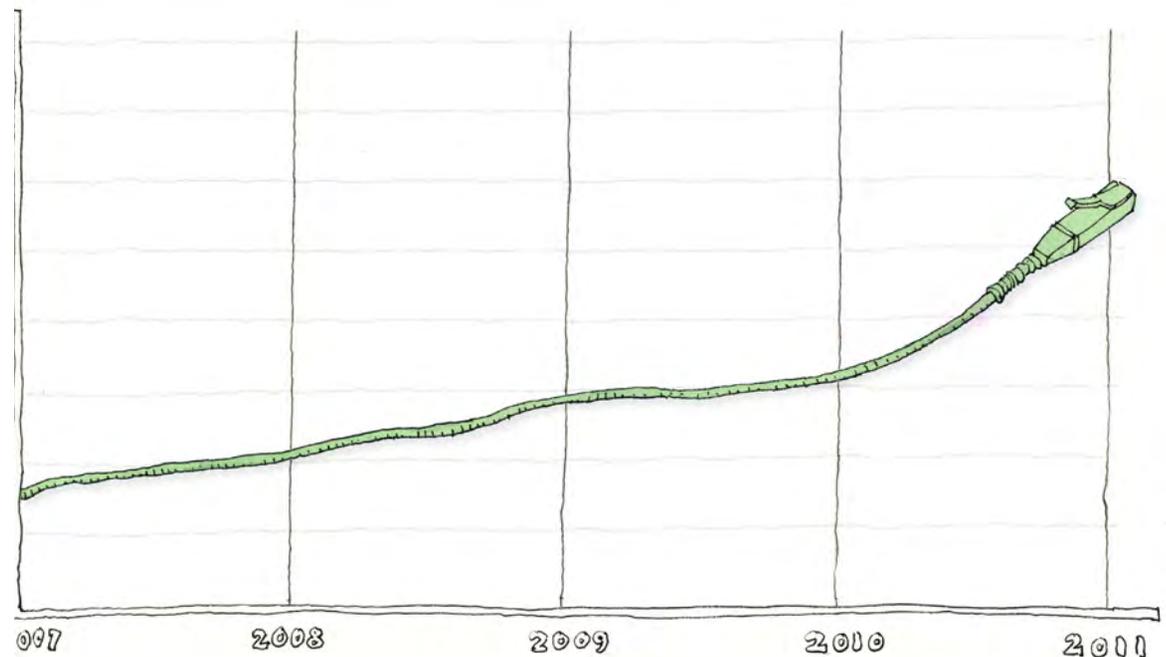
INTERNET GROWTH HELPING THE AUSTRALIAN ECONOMY

Economists predict that the Internet will keep growing twice as fast as the rest of the economy, which means that by 2016 the direct contribution of the Internet to Australia's GDP will increase from \$50 billion to \$70 billion. This is comparable to the contribution to GDP of the healthcare sector today.

Over the same period the growth of the Internet will also see approximately 80,000 more Australians employed in areas directly related to the Internet. Finally, Australia's use of the Internet is expected to expand more rapidly than other developed economies, which will progressively close the gap between Australia and the world's leading digital economies.

But where is this growth going to come from? Economists are basing their predictions on certain factors such as the investment in the infrastructure that supports the Internet, such as the continued rollout out of the National Broadband Network which will connect more Australians, governments and business at higher speeds, allowing them all to make better use of the Internet.

Other factors include the speed of uptake of new technologies that provide access to the Internet, the development of new applications such as social media sites, an increase in businesses and governments using the Internet to connect with the world, and households incorporating the Internet more into their daily lives and purchase behaviours.



HOW BUSINESSES ARE BENEFITING FROM THE INTERNET

Aussie Farmers Direct

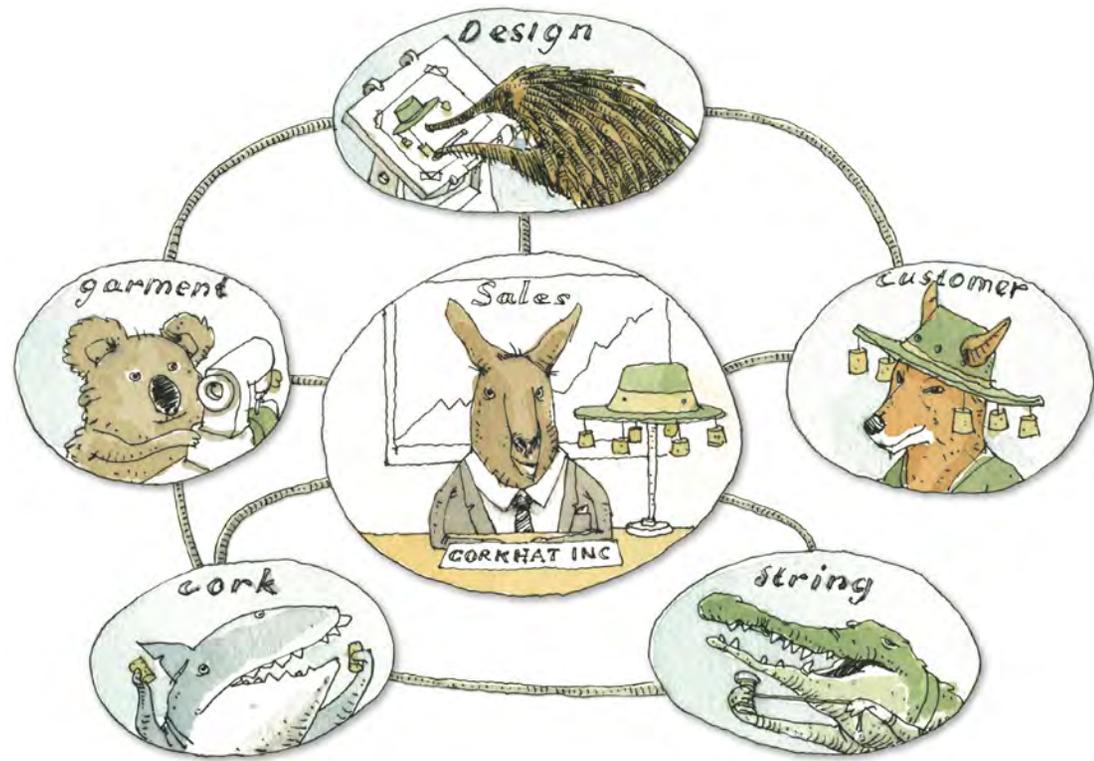
Using the internet to deliver specialised products on demand

Aussie Farmers Direct is using the Internet to build new markets for regional businesses. It delivers a broad range of produce fresh from the farm to households via an online ordering system within 24 hours. Building on these efficiencies, Aussie Farmers Direct has been able to grow their revenue by 157% year on year and has expanded to 175 franchises Australia-wide. Their Internet-based business model has set them apart from competitors and will facilitate their continued growth in the form of new franchises, more sales, an increased number of home delivery routes and access to international markets.

UBank

Using the Internet to provide a unique customer experience

UBank is a bank with no branches that functions solely through the Internet. Customers can open and manage their accounts online by themselves. If they need to



contact the bank, they can do so at any time of the day from anywhere in the world thanks to Skype or phone and always speak to a real customer service representative. This has streamlined the traditional banking model through lower operating costs, with savings passed on to the customer via highly competitive rates in savings, term deposits, superannuation and home loans. This model has allowed UBank to become Australia's 12th largest retail deposit bank with over 100,000 customers in just three years.

HOW BUSINESSES ARE BENEFITING FROM THE INTERNET

Ergon Energy

Using the Internet to visualise data for planning purposes

Ergon Energy is an electricity provider that covers almost all of Queensland, with power lines running through dense forests. They're currently building an interactive online map of their network populated with data on their power lines to help them manage the growth of surrounding trees and respond to natural disasters. This helps them provide safer and more reliable power for the community and save on operational costs, which are estimated to be \$44 million over the next five years.

Cakes by Nadia

Using the internet to have flexibility in communicating with customers

Cakes by Nadia is a home-based micro business that until recently did not have a website to showcase their cakes and cupcakes. Just like over half of businesses in Australia, they were her invisible to customers who searched online for delicious cakes and cupcakes. Nadia, the owner, set up a free website with Getting Aussie Business Online, an initiative from Google and MYOB, and started receiving inquiries by phone and email in the first week. She maintains it from home herself without any special training and likes the flexibility of answering customer queries when is convenient for her.

HOW THE INTERNET CAN HELP YOU



The Internet opens the door to myriad opportunities that improve our quality of life. So how can you benefit from all that it has to offer?

It's not just about researching online your next purchase to find the best price or paying your bills without having to queue up at the post office or bank. You can use the Internet to access millions of e-books (most much longer than this one), learn a new language, find and talk to people in community forums who share your interests, find how-to articles and videos for just about anything you want, store your digital files like music, movies and documents in the cloud and access them from any device connected to the Internet, find a house to share for your next holiday, join a fitness support group, browse through the world's best museums and galleries and, video conference with multiple people across different time zones...

The possibilities are endless.