

1 April 2022

Digital Policy Team, Digital, Communications, and Transformation Branch  
Building, Resources and Markets  
Ministry of Business, Innovation & Employment  
PO Box 1473  
Wellington 6140  
New Zealand

By email: [industrytransformationplans@mbie.govt.nz](mailto:industrytransformationplans@mbie.govt.nz)

Dear Sir / Madam,

### Submission on the Digital Technologies Draft Industry Transformation Plan 2022-2032

CPA Australia is Australia's leading professional accounting body and one of the largest in the world. We represent the diverse interests of more than 170,000 members in over 100 countries and regions, including over 2,700 members in New Zealand. We make this submission on behalf of our members and in the broader public interest.

While the draft industry transformation plan (ITP) is targeted to the right areas and is of sufficient scale to address the opportunities and challenges ahead, we emphasise the value of including small- and medium-sized entities (SMEs) and their advisers at each stage of the plan's implementation.

Our key recommendations are that the government should:

- incentivise workers and students to develop technology skills through targeted scholarships and traineeships
- ensure that Māori are provided with the relevant hardware and software to up- or re-skill
- establish a regulatory sandbox for artificial intelligence (AI) service providers and applications
- develop guidance or a code of conduct for AI that sets out what developers should do to protect the rights and safety of the people
- provide incentives and education to SMEs to encourage them to adopt technologies into their business.

CPA Australia's detailed perspectives on specific questions and proposals are provided in the attachment to this letter.

If you have any questions about this submission, please do not hesitate to contact Dr. Jana Schmitz, Digital Economy Policy Lead at CPA Australia on [jana.schmitz@cpaaustralia.com.au](mailto:jana.schmitz@cpaaustralia.com.au).

Yours sincerely



**Dr Gary Pflugrath FCPA**  
Executive General Manager, Policy and Advocacy

Encl.



**Mr Rick Jones**  
Country Head, New Zealand

# Attachment

## Skills

Increasing the digital literacy and capabilities of all New Zealanders is key to increasing the community's participation in the digital economy. Jobs across all sectors and tasks requiring interaction with government and business increasingly require some level of digital skills. New and emerging technologies will also shape and / or create new industries.

While attracting skilled migrants to address current talent shortages remains important, growing technology talent locally is also crucial. To increase the uptake of digital skills programs, students and workers should be incentivised to enroll in those programs.

Similar to the Australian government, the New Zealand government should offer scholarships and traineeships to help more locals acquire skills in emerging technologies such as AI, robotics, automation, cyber security, quantum computing, blockchain and other priority areas identified by the MBIE.<sup>1</sup>

By increasing the supply of job-ready technology specialists, SMEs will be better placed to adopt, adapt and deploy new and emerging technologies (see our comments on "SMEs"). Access to this pipeline of home-grown talent with digital skills will help improve the competitiveness of New Zealand businesses.

### Recommendation 1:

**Incentivise workers and students to develop technology skills through targeted scholarships and traineeships.**

Further, we support the MBIE's investments to improve the digital inclusion of Māori. We emphasise that such initiatives need to focus on access to and affordability of inclusion programs. The shift from in-class face-to-face training and education to a virtual and remote environment affects those who may not have IT hardware and software required for up- and re-skilling programs.

### Recommendation 2:

**Ensure that Māori are provided with the relevant hardware and software to up- or re-skill.**

## Artificial intelligence

To enhance trust in AI developers should have broad participation in the design, development and deployment of AI solutions. When considering vulnerable groups such as the elderly and indigenous citizens, we emphasise that unequal access to information and participation in AI can worsen existing biases and create greater inequality. Broad participation in AI development and applications should include technologists, policymakers, legal and accounting professionals, the business community and representatives of community groups who are affected by this technology.

To foster innovation while building trust in the community, the MBIE could establish a controlled environment to test AI, such as an AI regulatory sandbox. That way, SMEs and start-ups can test AI applications within the boundaries of a basic framework in terms of governance, supervision and liability. Such initiatives might enhance legal certainty for innovators and the competent authority's oversight and understanding of the opportunities, risks and the impacts of AI use. It may also accelerate access to markets.

### Recommendation 3:

**Establish a regulatory sandbox for AI service providers and applications.**

We support the MBIE's proposal to develop an ethically based AI strategy including a regulatory framework and standards.

Given the growing adoption of AI cross sectors, guidance or a code of conduct for AI developers should help mitigate the potential risks associated with AI.

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<sup>1</sup> The Australian Government is investing A\$22.6 million to establish the [Next Generation Emerging Technology Graduates Program](#) and A\$24.7 million for the Next Generation AI Graduates Program over the next six years. As part of these programs the Government will provide more than 400 competitive national scholarships in emerging technologies.

This suggested approach limits the risks of violation of people's rights, enhances their safety and builds trust in AI, while avoiding unnecessary slowing of the development and uptake of AI. We also suggest that the MBIE follows the development of harmonised rules for AI in the European Union.<sup>2</sup>

**Recommendation 4:**

**Develop guidance or a code of conduct for AI that sets out what developers should do to protect the rights and safety of the people.**

Further, we suggest that the MBIE commissions regular research, testing and evaluations of AI systems for the potential for bias, discrimination, other risks, accuracy, effectiveness and efficiency.

**Recommendation 5:**

**Commission regular research, testing and evaluation of AI systems for accuracy, effectiveness, efficiency and bias.**

## **SMEs**

Our 13th annual Asia Pacific Small Business Survey shows that New Zealand's small business sector lags the region in technology adoption. We believe that if the government does not allocate more support to SMEs to take advantage of existing and emerging technologies, including AI, a large digital underclass is likely to develop in the SME community. This will adversely impact SMEs' revenue-generating ability and business valuations.

The industry transformation plan needs to be inclusive and capture SMEs. Large players and technology-vendors should not be the dominant beneficiaries of the government's initiatives to digitalise New Zealand's economy and export digital technologies and software services.

While it's primarily the responsibility of businesses to make decisions on technology adoption, our research shows that many small businesses struggle to understand what technology is available, and if they do, how best to apply it in their business. Thus, we encourage the government to have a stronger focus on helping SMEs build their digital capability and capacity. This includes supporting them to take advantage of AI and other existing and emerging technologies.

When coordinating New Zealand's AI expertise and capabilities, the government should address barriers that SMEs face in adopting and developing existing and emerging technologies.

**Recommendation 6:**

**Provide incentives and education to SMEs to encourage them to adopt technologies into their business.**

In addition to incentives to invest in technology, potentially similar to the Australian Government's proposed Training Investment Boost and the Victorian State Government's Small Business Digital Adaptation Program, the government could also:

- connect SMEs to technology equipment, tools and experts/talent
- provide SMEs with access to advice and training to help them adopt existing and emerging technologies
- connect SMEs with each other to share best practice approaches and lessons learned from using existing and emerging technologies (see also our comment on "Tech stories")
- encourage entrepreneurs and founders to establish businesses that are "born digital", i.e., have a digital presence or are using digital technologies as crucial part of their business model.

Further measures are presented in our research on Strategies for Managing Barriers to Technology Adoption.

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<sup>2</sup> see European Commission (2022): Proposal for a Regulation of the European Parliament and of the Council - Laying Down Harmonised Rules on Artificial Intelligence (Artificial Intelligence Act) and Amending Certain Union Legislative Acts, available at: [https://eur-lex.europa.eu/resource.html?uri=cellar:e0649735-a372-11eb-9585-01aa75ed71a1.0001.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:e0649735-a372-11eb-9585-01aa75ed71a1.0001.02/DOC_1&format=PDF) (accessed on 23 March 2022).

## **Tech stories**

Delivering and showcasing positive technology applications will contribute to increasing public trust in AI and other emerging technologies, and may attract global tech talent and investment.

‘Tech stories’ should be told by entrepreneurs and businesses of all sizes. SMEs, in particular, should be given a platform to tell their stories about developing or adopting tech applications or implementing technologies to enhance their business capabilities. It’s important to choose stories that are applicable to other businesses and industries to encourage wider technology adoption among SMEs. As part of showcasing those stories, the government should develop step-by-step guides to enable other businesses to replicate the technology development/adoption process.

## **Cyber security**

We support New Zealand’s outlined approach to cyber security and emphasise the need for the ongoing implementation of the Cyber Security Strategy to be closely aligned and coordinated with this plan.

As part of both the Cyber Security Strategy and ITP, we encourage the government to consult on how to make New Zealand businesses, particularly SMEs, more resilient to cyber threats. It’s crucial to ensure that all businesses in the digital economy are cyber-resilient.