

Title: Response to ACCC's Inquiry into Digital Platform Services

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To: Market Conduct Division, Treasury, Langton Cres, Parkes ACT 2600

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1. Introduction.

Congratulations to the Australian Government and ACCC for starting this tremendously important initiative in 2020. Congratulations also on Australia's recent and current initiatives to draft tentative regulation for the cryptoverse. Thank you for your invitation to respond.

Definition – Governance: The act or process of governing or overseeing the control and direction of a country or an organisation (Webster). NB: Some key-players in the international Governance-game may be writing their own definitions, rules, Uni-courses, job-application-forms and even books.

NB: Modern Australia could perhaps be doing even better. Evidence: Countries such as Saudi Arabia have sold enormous quantities of natural resources for a profit. Australia has built up a 'trillion' dollars of federal debt after selling an equivalent quantity of natural resources.

My general recommendation would be to follow approaches that have been tested by B I S and I L F in countries such as The Netherlands and Switzerland. B I S people are exceptionally responsive to feedback that is based on decades of international experience.

"ACC finds the current regulatory settings inadequate".

This is True as Regulation falls further behind the reality of ultra-fast A I Bots. However, *it is possible for Regulation to be adequate and for ICT functionality to be secure in 2023*, thus improving economic performance. **This is the objective of this submission.**

2. Comments and questions from the 11th I L F / B I S, (A W S) conference in Frankfurt, January 2023.

I L F C1: While it is difficult to defend against Known-Unknowns, there is no defence against Unknown-Unknowns.

I L F C2: Hire the smartest talent that is available. Regulators need to be as nimble as the bad guys. Make the path to Success the easiest path for the smartest talent.

I L F C3: Many cyber experts believe an ICT catastrophe is likely within the next 5 years.

I L F C4: Plan to make systems recover themselves rather than making paper procedures. (?)

I L F C5: Use A I to self-defend, otherwise it is literally impossible to prevent an A I attack. (?)

I L F C6: Quantum computing is becoming a bigger issue and could perhaps crack encryption. (?)

I L F C7: If a company does not deliver, switch to a company that does. (?)

NB: Some of these comments may reflect the marketing strategies of international IT organisations.

I L F Question1: Will A I computers, which excel at rule-based games such as Chess, ever pass an intelligence test?

I L F Question2: Can the integrity of gigantic A I databases be controlled? NB: A I bots find it difficult to know when to **HALT** (Roger Penrose's books etc).

A recording of this international conference is available. The above notes may provide a key to formulating a possible strategy to questions in this important initiative.

3 A1. New Regime Consultation Objectives and Comments.

Congratulations to ACCC for proposing a new regime.

Comment1: The new regime is unlikely to *fully* address the identified harm to Consumers, Business, Workers and Government. Long Term success is possible as it is an excellent initiative.

Comment2: The new regime is unlikely to minimise compliance costs immediately.

Comment3: Mathematically-oriented analysis may be necessary to reduce costs and improve service quality. A general approach that has worked well in Europe and Australia is to:

1. Define the scope and key objectives, noting that they may change rather quickly
2. Agree the business objectives with representatives from the key stakeholders
3. Develop a prototype to ensure that lines of communication are functioning efficiently
4. Document the most efficient Regulatory Infrastructure. The result may be quite different from what we have today – the RBA, APRA, ACCC, AUSTRAC, ABS etc
5. Assign key responsibilities and communication-channels to the most appropriate bodies
6. Specify the roles and responsibilities of the expert Governors who will be responsible.
7. Maximize the Benefit-to-Cost ratios.
8. Hire the smartest workers with the requisite international experience

Concepts behind a Matrix Approach to mapping and automating Workflow Management Processes (WFMs) in Sydney in 2001 may have provided the inspiration to develop WFM-oriented Regulation in several countries. The underlying technology is sound.

4 A2. New Regime Consultation Questions.

Question1, 2, 3. It is possible to enhance existing regulatory framework AND to utilise them in a more effective way. Alternative regulatory or non-regulatory options may be better suited for Australia. It may be better to rely less on computer-generated processes and computer-controlled workflows. International bodies such as B I S and I L F may be looking at such an approach.

Solution: It is possible to use the above concept to control the quality and accuracy of Big IT's processes using Mathematics and the same WFM Work Flow Management technology.

NB: A suggestion at a 2023 Uni meeting to implement Maths-oriented technology to reduce *copying* received 3 ThankYou's from university lecturers.

5 B. Coordination with other government policies and processes.

Question4. Conflicts I: Yes, potential conflicts exist with other Government recommendations. They should be resolved using Mathematical techniques.

Q5. Conflicts II: Yes, potential conflicts exist between ACCC's proposed recommendations and existing Government policy. Governments are in daily contact with local and international experts and with representatives of international organisations. They are also in contact with Marketing folk from the big IT companies. Maths is the key to resolve potential conflicts.

A decade ago it was possible to pop into Government offices and have important conversations with intelligent people. They even sent letters in reply way back then. Phishing from competing vendors is

one cause of communication-inefficiency and the number of phishing-ICONS has increased recently. NB: Most phishing ICONS are banned from official Government servers in many countries.

Q6. Coherence: European countries may rely on good, old-fashioned dialogue in a structured setting to ensure coherence between competing Regulatory policies that relate to digital platforms.

Some of the recommendations may be better addressed through Government's Education-reform processes as a recent Productivity report found that Australian Maths standards have plummeted. In today's fast-moving world of complex deals, more Maths and more IT-Skills are needed. It may be possible for a person who has very little Governance-knowledge to graduate from high-school and Uni, pass a job interview and work in an important Governance organisation. At times, computer Process Flow techniques can be just too helpful.

Governance Maths needs to be True. Building Government policy on tenuous probabilities that rely on False Positives has seldom worked for Government, although commercial enterprises may have built large empires on such concepts.

6 C. Scams, harmful apps and fake reviews.

Q7 to Q12.

Perhaps Australian Regulators may consider 'robust' international findings when considering these questions. As an example, the Dutch had a RoboDebt problem about 2 years ago. Their Government resigned and the problem was fixed quite quickly. The Objectives of such systems need to be carefully analysed and a complete security-focussed redesign might be advisable. It is not possible to add Security and Governance to poorly designed ICT systems.

Several ICT organisations may have built much of their fortunes on tenuous promises that cannot be delivered, declaring 'But the next ICT-generation will fix it'. *I first heard this line in Sydney in 1973.*

7 D. Dispute Resolution.

Q13 –24.

Your Dispute Resolution suggestions are excellent. Australia could seek to align our procedures with those of reputable overseas bodies such as B I S and I L F. This comment also applies to all preceding questions.

In 2021, great French Mathematician Villiani praised the (short-term) benefits of the US approach to Governance. Long-term statistics indicate that a European approach may be more successful.

8. Personal Introduction

I did Maths and IT (Turing) during my 1960's degree. I made my first contribution to 'Governance' in 1970. An ex-President's statistics were internationally significant for a decade. In Europe I did ICT Governance and Security work while I was developing ICT solutions for Business and Government clients. My 1975 quote in London "In the computer, positives are negatives and negatives are positive" still resonates today – people are bamboozled by numbers which suddenly appear in computers. I made my first data-driven Matrix-program in 1974 and made my first evaluation of an AI-program in 1990. I made my first Matrix 'Work Flow Management' program in Sydney in 2001. I continue to comment about Governance-topics in Aus, NI, D and Sch.

Yours Sincerely, David Allen, Bsc Hons (Maths, Stats), MA (Business Administration), Grad Dip Maths