

Response to Productivity Commission Draft Report, October 2009

From Infoxchange Australia

November 2009

The Commonwealth Government's request to the Productivity Commission to 'undertake a research study on the contributions of the not for profit sector' included 'a focus on removing obstacles to maximising its contributions to society'.

Among other things, two of the items that the Commonwealth Government specified as part of the scope of the review were concerned with the efficient and effective operation of community organisations.

Item 3

'identify unnecessary burdens or impediments to the efficient and effective operation of community organisations generally, ...'

Item 4

'consider options for improving the efficient and effective delivery of government funded services by community organisations, ...'

One of the remarkable features of the report is that it does not consider information communication technology (ICT) or digital proficiency as a profound means of removing impediments and improving the efficient and effective delivery of government funded services.

The Draft Report mentions 'ICT' once in the whole document (13.20), in a brief mention of a project by one organisation, and mentions 'information communication technology' not at all.

The Report considers Drivers of innovation (9.3), but focuses on social innovation only and makes no mention of technological innovation.

In a comment on the particular disadvantage experienced by small organisations (12.25), the Report mentions the lack of information technology systems, which it claims are *necessary* to meet contractual and reporting requirements.

In the section, Other operational grants (12.45), the Report notes the importance of special grants for service delivery in rural and remote locations, and further notes the importance of grants for information technology systems 'in order to comply with the requirements of revised service standards'.

It is the basis of this submission that the application of information communication technology (ICT) is of such significance that consideration of its importance and recommendations for its use should be included in the Final Productivity Commission Report.

The Draft Report emphasises, among others, the following needs relating to not-for-profit organisations (NFPs).

- Facilitate the collection of data to measure the NFP sector's contribution to society.
- Provide NFPs greater access to information about sources of funding and support.
- Develop communication networks across NFPs and between NFPs, governments and business.
- Increase the efficiency of NFPs in their capacity to develop more effective funding submissions.
- Increase the efficiency of NFPs in meeting reporting requirements.

It is the submission of Infoxchange Australia that ICT is central to meeting these needs, because ICT is not only the communication technology of the present, but is also the medium that has the capacity to define and develop the communication functions of organisations.

Every development in communication technology changes the way organisations function, and no development has been more profound than the present transformation of information communication technology (ICT).

Business has responded quickly and positively and is reaping the benefits; community NFPs have been slower to move.

We now know that ICT improves the capacity, effectiveness and financial efficiency of organisations. NFPs must join the revolution. They must get smarter.

It was never more important than now.

1. The global financial crisis has placed unprecedented demands on NFPs.
At the very time that government must exercise increasing budgetary control, the number of people who are unemployed, homeless and needing community support increases.
2. Projected population growth will increase future demand.
Higher birth rates and a developing migrant intake will ensure that demand for community support will continue to grow despite any improvement in the world economy.

Responding to these challenges means moving beyond email, the present universal internet tool. It means employing the full suite of communication technologies now available for administration and service delivery.

We must move beyond seeing communication technology as a tool, and recognise it as a strategic asset, an asset that underpins our effectiveness and defines how we function. ICT is a path to efficiency; it helps to shape our client services and ensures participation in our professional networks.

The Commonwealth Government has acknowledged that ICT is a prime resource by committing to a national broadband network as part of its social inclusion strategy. The Commonwealth has therefore recognised the interdependence of digital inclusion and social inclusion.

At the same time, the Victorian Government has also made a major commitment to social inclusion.

Aware of the need to increase efficiency in the community sector, Victoria has established the Office for the Community Sector to develop an action plan for strengthening community sector organisations and has set out five themes to achieve this.

- reducing the regulatory burden and streamlining interaction with government;
- building the capacity of community organisations;
- supporting innovation and growth;
- enhancing the role of not-for-profit organisations in local community life;
- recognising community organisations and coordinating effort across government.

Information communication technology provides a key strategy for fulfilling these themes in ways not available before the digital revolution. ICT provides digital inclusion to support social inclusion.

The Victorian Office for the Community Sector is noted in the Productivity Commission Draft Report as one of the complementary developments for addressing the needs on which the Draft Report focuses.

Digital proficiency will reduce the regulatory burden; streamline interaction with government, clients and professional networks; increase the capacity of community organisations; encourage innovation and growth; enhance the NFP role in the community; and facilitate coordination across government and the community sector.

The digitally proficient NFP has

- effective and efficient administration and business processes;
- open and engaged knowledge systems;
- effective investment in business systems;
- flexible workplaces;
- increased likelihood of continuous improvement and evolution;
- increased engagement with new ideas;
- the ability to support clients and stakeholders to improve digital proficiency and contribute to digital inclusion.

Here are the features required by NFPs if they are to meet the challenge of the Productivity Commission Report.

A full suite of managed services that provide the ICT solutions needed by NFPs may be summarised as follows.

Managed Services

Applications

- Service coordination
- Business productivity
- Business systems

Support for

- Network infrastructure
- On-site servers and applications
- Desktop and end users

Training

- Self-paced online learning
- Virtual classrooms

It is apparent from this that we are not speaking of a tool, but a strategy for meeting the needs of NFPS.

The Final Productivity Report would be enhanced by addressing the need of NFPs for full digital proficiency as a prerequisite for achieving their aims. It is hard to imagine what could have greater effect in increasing the efficiency and effectiveness of NFPs than improvement in digital proficiency.

Infoxchange Australia recently completed a report on a project called Measure IT that conducted the following three pieces of research involving 412 NFPs.

1. Hardware, software and technical proficiency.
2. The use made of web and internet tools.
3. Telecommunications budgets.

The outcome of these pieces of research follow.

1. Only two NFPs had an ICT plan; 84% admitted to not having an ICT plan.
2. Most respondents admitted ICT competence that had not moved beyond email use.
3. The benefits of moving to bulk cooperative purchasing of telecommunication services was identified as an important aspect of economic efficiency.
4. The average ICT budget in NFPs is only \$6,400 per year.
5. Less than 5% of NFPs use Web 2.0 tools for communication and collaboration.
6. NFPs don't know how to find the right application for their needs.

Infoxchange Australia would be happy to provide the Productivity Commission with full details of these research projects.

It is the submission of Infoxchange Australia that the Final Report of the Productivity Commission should endorse the central importance of digital proficiency in any attempt to address NFP effectiveness.

The Final Report should therefore include a strong recommendation for government funding to support the development of full digital proficiency in NFPs.

Infoxchange Australia would welcome the opportunity to provide more information if that were required by the Productivity Commission.

For further information.

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