

DIGITAL ECONOMY FUTURE DIRECTIONS RESPONSE TO DRAFT PAPER

FROM CONNECTING UP AUSTRALIA

Summary Statement

The Digital Economy Directions Paper, as a minimum, must:

1. Recognise the importance of the charitable and nonprofit sector in the Australian economy generally and in the digital economy specifically.
2. Ensure their effective representation at all advisory and decision-making forums on digital economy matters.
3. Outline plans to provide specific and practical support towards upgrading the ICT capacity of the Australian nonprofit sector that at least matches the level of investment in other sectors of the economy.

Background

CISA Inc, trading as Connecting Up Australia (CUA) www.connectingup.org, is a nonprofit organisation focused on information and communication technologies (ICT) and their use in the nonprofit sector. We operate the DonorTec www.donortec.com.au technology donations channel to Australian nonprofits from companies such as Microsoft and Cisco, which in the past two years has delivered over \$30m in technology savings to Australian charities and nonprofits. We conduct Australia's only national conference on ICT in the nonprofit sector Connecting Up www.connectingup.org/conference and we conduct the annual Australian Community ICT Awards <http://www.donortec.com.au/Community-ict-award-09>. We are currently in receipt of a Clever Networks program grant to increase the use of broadband technologies by rural and remote community organisations in South Australia. <http://www.nfpbroadband.com.au/>

Affiliations

We are members of ATUG, and the Internet Industry Association (IIA), where our Board Chairperson is a Board member.

Policy Development Background

In 2006 we led a successful consortium bid for a project funded by the then Dept of Communications, IT and the Arts (DCITA), to investigate the options for developing a National Nonprofit ICT Coalition (NNIC). The subsequent report http://www.connectingup.org/documents/NNIC_published_report.PDF was launched by then Minister Coonan at the Connecting Up 07 conference and its referral to the Online Ministers Council was endorsed by Senator Conroy, now the Minister. The current Government has declined to implement any of its recommendations or to offer any tangible support specific to the charities and nonprofit sector. Further, it has disbanded its Community Connectivity program and has now withdrawn funding from the sector's national conference on these issues.

In 2008, CUA used its own resources to commission Digital Business Insights to conduct a national survey of the current use of ICT in nonprofit organisations, using a similar format to the survey used in 2006 for the NNIC report, and generated valid responses from some 930 organisations nation-wide. <http://www.connectingup.org/NFPtechnologysurvey2008>

The Australian Nonprofit Sector – Some fast facts about why the Government should care

Source: Prof Mark Lyons, UNSW

- There are as many as 700,000 nonprofit organisations in Australia, most of which are small and entirely dependent on the voluntary commitment of members
- **About 35,000 nonprofit organisations employ staff**

In 1999/2000, nonprofit organizations that employed staff:

- **Employed 604,000 people, 6.8% of Australians in employment**
- Had an income of \$33.5 billion (and, contrary to common belief, two-thirds of this is generated outside government)
- Contributed \$21 billion, or 3.3%, to GDP
- Made an economic contribution larger than the communications industry and about equal to that of the agriculture industry; a contribution almost twice as large as the entire economic contribution of the state of Tasmania

In terms of its contribution to employment, Australia's nonprofit sector:

- Is of a similar size to that of the United States
- Is larger than that in the United Kingdom and most other European countries

Organisations in the following fields account for the following percentages of nonprofit sector employment:

- Social Services - 26%
- Education and Research - 24%
- Culture and Recreation (including registered clubs) - 21%
- Health - 15%
- Business and Professional Associations and Unions - 2.5%
- Other - 11.5%
- In 2004, Australians donated \$10.2 billion to nonprofit organisations
- During 2004, 6.3 million Australians, 41% of adults, volunteered a total of 750 million hours of labour for non-profit organisations of all sizes. This voluntary contribution was equivalent to an additional \$13.3 billion donated to the non-profit sector
- In 1999-2000, when the contribution of volunteers (then estimated at \$8.9 billion) is added to the financial data, **Australia's nonprofit sector contributed \$42 billion to the national economy. This was equivalent to the contribution of the mining industry**
- In 2003, over 13 million Australians (86% of adults) belonged to at least one nonprofit association and just under 1 million held office in a nonprofit organisation

The Draft DE Future Directions paper

Our specific responses in relation to the issues raised in the Paper are set out below.

B. What does success look like?

According to our November 2008 national survey of 930 nonprofit organisations:

- 99% are using at least one computer.
- 95% are connected to the internet at work.
- 81% have a website.
- 46% of websites are interactive in some way i.e. visitors can communicate with the organisation via the site.
- 95% have a broadband connection to the Internet.
- All organisations surveyed can access the internet, either at home or at work. Most organisations are connected to the Internet by broadband (96%) with ADSL being the most popular connection (75%). Modems are used mostly by smaller services.
- Problems with internet connection reliability were experienced by 28% of respondents.
- Email (99.9%) and online banking (90%) are the two primary reasons specified for using the Internet. Research is next (83%), followed by buying products and services, recruiting and delivering services.
- 26% rate themselves as early adopters or fast followers for technology adoption.
- 23% rated themselves as Lagging Behind or In Trouble.
- Most organisations get advice on new technology and best practice from other not-for-profits or through workshops and seminars, and newspaper articles.
- Federal and State government sites are not viewed as sources of advice on new technology and best practice e.g. the former DCITA, now Dept of Broadband, Communications and Digital Economy (DBCDE) was used by only 32 organisations (3%).

Comparison with 2006 survey

- Telecommunication use is similar for both surveys for phone (91%), internet (88%), fax (77%) and mobile (73%). However there is an increased use of VoIP - Voice over Internet Protocol of since the last study – up from 11% to 16%..
- There has been an increase of 15% in the use of fundraising tools or telemarketing systems, since the last survey.
- Broadband internet connection up 10% to 96% since the last survey. ADSL is the primary connection at 75% (up 9%) and wireless internet use has increased by 16%.
- Email is still the primary use of the internet – no change since the last survey at 99%. Online banking use has increased by nearly 30%, buying goods and services on the internet by 15%, recruitment by 10%, delivering services by 10%, fundraising by 10%, VoIP by 6%.
- Pod-casting, Weblogs and videoconferencing percentages have remained the same.
- Problems with internet connection have dropped from 40% to 28%.
- No increase in security measures taken but almost all have some form of protection. Whether these are adequate to the type of data held was not covered in this survey.
- There's been a 10% drop in the percentage of organisations that rate themselves leading edge or fast followers, which is of concern, although ironically this may be because they now have a better perception of the potential available.
- 5% drop in the percentage of organisations with websites, and in the percentage using their website to collect information or use it for selling services or goods – 3%. Again a concern when it would be expected that these figures would rise.

- There is a drop of 14% in organisations saying they can get technical support and advice, down from 90%.
- There has been a drop of 24% in organisations using consultants and a 16% drop in organisations using their IT supplier for advice.
- There are a similar percentage of organisations in both surveys (54%) that have informal discussions with other NFP organisations for advice on ICT.
- There has been a drop of 26% in organisations using State government websites for advice, 28% drop in organisations using other Federal government websites for advice and a 32% drop in organisations using the DCITA (now Department of Broadband, Communication & Digital Economy) website for advice – down from 35% to only 3%.

Apparent trends between the surveys

Moving

- Online banking up 30% and purchasing 15%
- Use of cheaper VoIP phone technologies beginning to rise
- Significant upgrades in operating systems
- Increase in use of online fundraising
- Increased broadband access
- Decrease in internet connection problems

Standing Still

- Static internet usage and web presence overall
- Static low-level use of Web 2.0 or ‘social web’ technologies e.g. podcasts, blogs etc
- Significant drop in those reporting local access to technology support
- Significant drop in use of government sites for relevant information

Questions for industry and other stakeholders

What markers of success can government, industry and other stakeholders establish?

- 100% access to high-speed broadband connection Australia-wide at an affordable price for small and medium nonprofits.

How will we know when we have maximised the potential of Australia’s participation in the digital economy?

- When at least 50% of organisations are conducting at least 50% of their business online.
- When less than 10% of organisations can be benchmarked as ‘Lagging Behind’.

C. Consultation topics

1. Open Access to Public Sector Information

Questions for industry and other stakeholders

What categories of Public Sector Information (PSI) are most useful to industry and other stakeholders to enable innovation and promote the digital economy?

- Directories and databases, including contact details, of organisations in specific industry areas
- Mapping tools

What are priority issues that will facilitate the use of PSI?

- Over-riding privacy provisions when data has been collected at public expense and/or is part of any regulatory or funding regime.

If PSI is made open access, what are the best formats to enable and promote use and reuse?

- Both web-based (accessible by high-speed broadband) and hard copy formats.
- Adhering to common open data standards to allow direct access by authorised external applications (e.g. for data mining or re-purposing on external sites). Any proprietary formats will be a barrier to access.
- The availability of raw data is important but also access to online analysis tools that help people make appropriate use of the data (Google Analytics is a good example of an application that uses specific raw data, presents it in a simple to use manner, allows effective drill down, and places specific data in a benchmark environment.)

If PSI is made open access, what licensing terms would best facilitate and promote its use and reuse?

- Creative Commons Licensing provisions http://en.wikipedia.org/wiki/Creative_Commons

Should licensing terms distinguish between commercial uses and non-commercial uses and reuses?

- Yes, and this can be achieved through the Creative Commons system

Are there other examples of innovative, online uses of PSI?

- In the UK, New Zealand and the US there are publicly searchable registers of charities and nonprofits and such a move is being considered as part of the recent Senate Inquiry into disclosure regimes for charities.

http://www.aph.gov.au/SENATE/COMMITTEE/economics_ctte/charities_08/index.htm

Is there any additional economic modelling or other evidence to show the benefit to Australia from open access of PSI?

- One example is the NSW Natural Resource Atlas <http://www.nratlas.nsw.gov.au/> which combines natural resource information from government agencies.

2. Digital confidence

Questions for industry and other stakeholders

What more can industry and other stakeholders do to address concerns about consumer privacy and online safety?

What more can be done to increase trust and confidence in online transactions?

- Education and training for not-for-profits in these areas.

What is needed to address the SME concerns identified above?

Are there possible barriers preventing a strong online retail experience in Australia? What can industry and other stakeholders do to address these?

What is the experience of business-to-business e-commerce in Australian supply chains?

- Our experience through our Donortec and TechSoupNZ technology donation programs demonstrates that:
 - a) Contacting customers, marketing, registration, verification and order fulfilment are all vastly quicker with a web-based system, allowing us to serve a high volume of customers with a small staff. (That said, these programs have allowed us to create four new jobs.)
 - b) From an initial preferred payment method where electronic transactions were in the minority, the vast majority of our customers now have the confidence to use either credit cards or direct debit through our PayPal transaction gateway. This is also in line with our research (see earlier) which indicates a 30% increase in the use of online banking by nonprofits in the past two years.

Are companies (large and small) saving money because they are now making electronic transactions?

- We have been able to reduce our level of 'paper shuffling' in financial administration by around 50% without any loss of accountability. These kinds of savings make a significant difference to many non-profit organisations.

What are the barriers to take-up?

- Our systems require readily available support from internal tech staff and external contractors and these services can be expensive for small operators.
- The fees charged by financial institutions for small volumes of transactions when organisations are just starting out can be prohibitive e.g. our bank has recently doubled its international cheque processing fees.
- Agility from funding bodies. Software as a service and cloud computing are growing areas of technology that should greatly benefit the not-for-profit sector. As these are generally subscription based or monthly fee based there is a resistance in the sector. It is more common for funding grants to provide for one-off hardware or software purchases rather than a 3 year subscription to software as a service. Funding organisations must adjust their funding methods to permit organisations to use new forms of technology.

Are international companies benefiting from e-commerce transactions with consumers and with other businesses?

- The TechSoup Global nonprofit consortium www.techsoupglobal.org , of which we are a member and which now comprises affiliates in 20 countries and will soon expand to 35, is totally reliant on electronic registration, transactions and fulfilments for its programs that save nonprofits hundreds of millions of dollars worldwide.
- While still in its relative infancy in Australia, the fastest growing component in fundraising for charities and nonprofits worldwide is the online sector.

What evidence shows the possible barriers preventing greater online content offerings? What can be done to address these?

- Australian telecommunications companies represent a major barrier to fundraising via mobile technologies. (This involves a code number being sent via SMS to donate, say, \$10 to a given charity, which then appears on the person's next phone bill and the full amount transferred by the telco to the nominated charity. This has proven highly successful at major events, such as SMS donations to Hurricane Katrina victims at the Super Bowl game in the US.) However Australian telcos currently refuse to waive their transaction fees when processing donations to charities via SMS, which means that half of a \$5 donation could end up in the telco's hands, which is not an attractive proposition for charities or givers. This is in sharp contrast to the US experience through the Mobile Giving Foundation <http://www.mobilegiving.org/> , where very major US telco waives fees for these purposes.

3. Developing Australia's knowledge and skills base

Questions for industry and other stakeholders

What can industry and other stakeholders do to assist the Government's existing efforts to develop the digital and media literacy skills of Australians?

The key issues facing charities and nonprofits in this area include:

- Aging Boards of Management and executive staff who have a limited understanding of the importance of technology and its related skills and therefore do not commit sufficient funds in these areas. In our recent national survey we found that 60% of nonprofits spend absolutely nothing on ICT training and skills development. While some of this appalling situation is cost-driven, it is clearly not seen as a strategic priority by significant parts of the sector.
- Most organisations can't afford (and indeed often don't need) full-time tech support but even part-time, contract or episodic support can be expensive (or at least seen to be for those who under-estimate its importance). Even where full-time support workers are employed, the nonprofit sector cannot match the salaries and/or the employment security offered by government and the private sector, and after the 'feel-good' factor wears off, the turnover of personnel is high.

Would specific offline measures to inform business and local industry groups about online offerings assist in developing e-business?

- Yes, but they would need to be maintained and a commitment made to ongoing funding to support the development of new content and research. From our survey, it seems that DBCDE has abandoned this role and yet has not funded anyone else to do this work. This is in stark contrast to the British Government's multi-million pound investment in the UK ICT Hub <http://www.ictHub.org.uk/> and its off-shoot programs e.g. the UK ICT KnowledgeBase <http://www.ictknowledgebase.org.uk/> . These strategies have now developed into Capacity Builders <http://www.capacitybuilders.org.uk/> , which is taking a holistic view of sector

capacity development, including technology, and making appropriate investments. Our own organisation, along with Infoxchange <http://www.infoxchange.net.au/>, does its best on limited unfunded resources but both the quality and quantity of information and support that could be available with even modest investments from government and business sponsors would make a significant difference to the ICT capacity of the sector.

How can industry assist in promoting the attractiveness of ICT related degrees?

What core set of digital economy skills can be incorporated into non ICT-related degrees?

Will industry work with Government through the Productivity Places Program and Innovation and Business Skills Australia to improve the curriculum of current training courses?

How can we better match supply and demand for skilled ICT workers?

What measures did industry find successful in boosting staff, ICT and e-business skills?

- In 2005-06, the SA State Government provided funds for a pilot program to provide ICT Healthchecks to over 20 nonprofits and small businesses. Participating organisations paid half of a modest fee to have an independent comprehensive analysis done by fully qualified technicians of their existing technology infrastructure and to receive recommendations on future technology investment consistent with their strategic direction. The program was universally considered of great benefit by the participants. Perhaps more importantly however, it was estimated that if the cost-saving measures recommended in these reports had been implemented it would have represented a 2700% return (yes, that figure is correct) on the Government's investment in improving the technology capacity of the participants. Despite this, funds for an ongoing program were never made available.

- A common model for sharing the costs of ICT analysis, staff development and technology support is the e-rider (US) or circuit rider (UK) model. Briefly this involves a tech worker having a 'caseload' of organisations. With each organisation they develop a technology plan, increase the staff skills, monitor the implementation and then move on. They do not become the permanent tech support worker; part of the plan is to build that support into the costs of their ongoing operations. Like the ICT Healthcheck model, this could be usefully applied in small and medium business as well. The core is the independent advice and education before steering the organisation into the reality of choosing and paying for ICT goods and services in the future.

4. Ensuring Australia's regulatory framework enables the digital economy

Questions for industry and other stakeholders

Should the existing copyright safe harbour scheme for carriage service providers be broadened?

Does Australia's copyright law unreasonably inhibit the operation of basic and important internet services? If so, what are the nature of such problems and practical consequences? How should these be overcome?

Is there non-copyright legislation that is directly relevant to digital economy businesses that create uncertainty or barriers?

5. Digital economy and the environment

Questions for industry and other stakeholders

What, steps, if any, should Government take to promote the greater adoption of teleworking and videoconferencing? What impact do Operational Health and Safety laws have on the uptake of teleworking and videoconferencing in your industry?

- Under current OH&S laws, employers are required to ensure that where approved work is being undertaken at home that the home workplace is compliant with the law. Laudable as this may be, it is impossible to implement on an ongoing basis.
- Care must be taken that employers do not cost-shift to remote employees without adequate compensation for costs incurred e.g. electricity, phone costs etc

The Government has already committed to review and propose regulation for e-waste and has taken steps to promote smart technology to manage scarce resources. Are there additional steps Government can take on these issues? What additional steps can industry take in relation to these issues?

- The core outcome needs to be an industry standard, backed by the law, that manufacturers take 'cradle to the grave' responsibility for the responsible lifetime management of their products.

6. Measuring the digital economy and its Impacts

Questions for industry and other stakeholder

What, if any, additional datasets should government collect to improve the benchmarking of Australia's digital economy?

What do you consider are the key digital economy indicators?

What additional industry sources of data exist which provide background on digital economy metrics?

- Both with the NNIC project survey and with our recent national survey, we have worked with John Sheridan and his team at Brisbane-based Digital Business Insights (dBI). John has developed a five stage bench-marking model for where businesses are on the ICT journey and he has used this tool across several industries around Australia. Part of his process also involves collecting specific case studies which outline the process businesses have gone through in making major ICT changes in their organisation. One of the great advantages of his model is that the benchmarks move in line with the changes in technology and it allows businesses to compare like with like for organisations of their size within their industry. CUA is working with dBI to have an ongoing online version of this tool for the nonprofit sector, called 'Are We There Yet?', which will not only allow organisations to benchmark themselves continuously but it will also point them to resources that match their level of development and point towards technical support in their geographical area.

What additional research and data work could industry or data collection organisations undertake to assist in measuring Australia's digital economy?

- At a minimum, research and data collection needs to acknowledge and measure the nonprofit sector and its components with the same degree of seriousness and rigour as applied to other 'industries'.

Do you have views on the adequacy of the existing data sets or suggestions as to how they might be improved?