Standard Business Reporting

Enabling digital business services

SBR Program update – March 2015

Introduction

This SBR Program update covers:

- Information about the ABR and SBR Programs

- The reporting burden

- Achievements

- Addressing irritants

- Current work

- Future focus

The ABR Program

Our work in the Australian Business Register (ABR) Program is all about enhancing productivity for business:

- Reducing the administrative cost to business of complying with government regulation

- Advocating use of our enabling digital business services (SBR, AUSkey, ABR data)

- Encouraging adoption of new practices by business to reduce operating costs

The SBR Program

Standard Business Reporting (SBR) is key to reducing the government reporting burden on business.
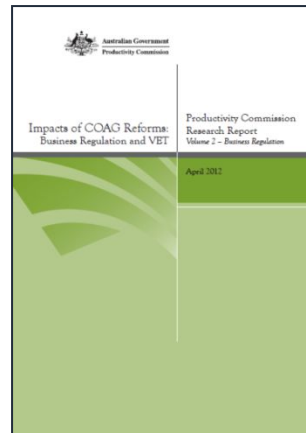
The original intent for SBR has always broader than the initial scope defined in Treasury's 2007 SBR business case which:

- was limited to businesses reporting to General Ledger (GL) agencies

- acknowledged the GL cluster scope was only a small component of the burden

- acknowledged the GL solution provided the first step towards whole-of-government SBR

The reporting burden

Productivity Commission
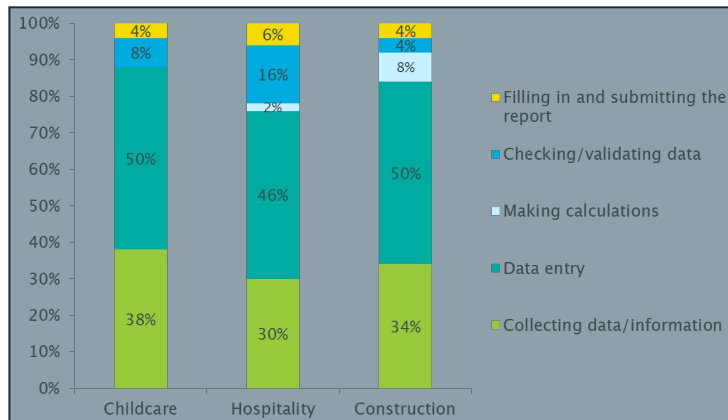
Cost of regulatory compliance (2012)

Australian Government
Productivity Commission

Impacts of COAG Reforms:
Business Regulation and VET

Productivity Commission
Research Report
Volume 2 – Business Regulation

April 2012

Costs of business regulation:

4% of GDP

Compliance costs from all regulation could be up to 4% of GDP (approx. $61b).

Hall & Partners Open Mind SBR Product Research

Breakdown of steps involved in regulatory compliance (2014)

	Childcare	Hospitality	Construction
Filling in and submitting the report	4%	6%	4%
Checking/validating data	8%	16%	4%
Making calculations		2%	8%
Data entry	50%	46%	50%
Collecting data/information	38%	30%	34%

> 80% of compliance time spent on data collection / entry

High cost of collecting data and data entry for compliance purposes, as opposed to submission time .
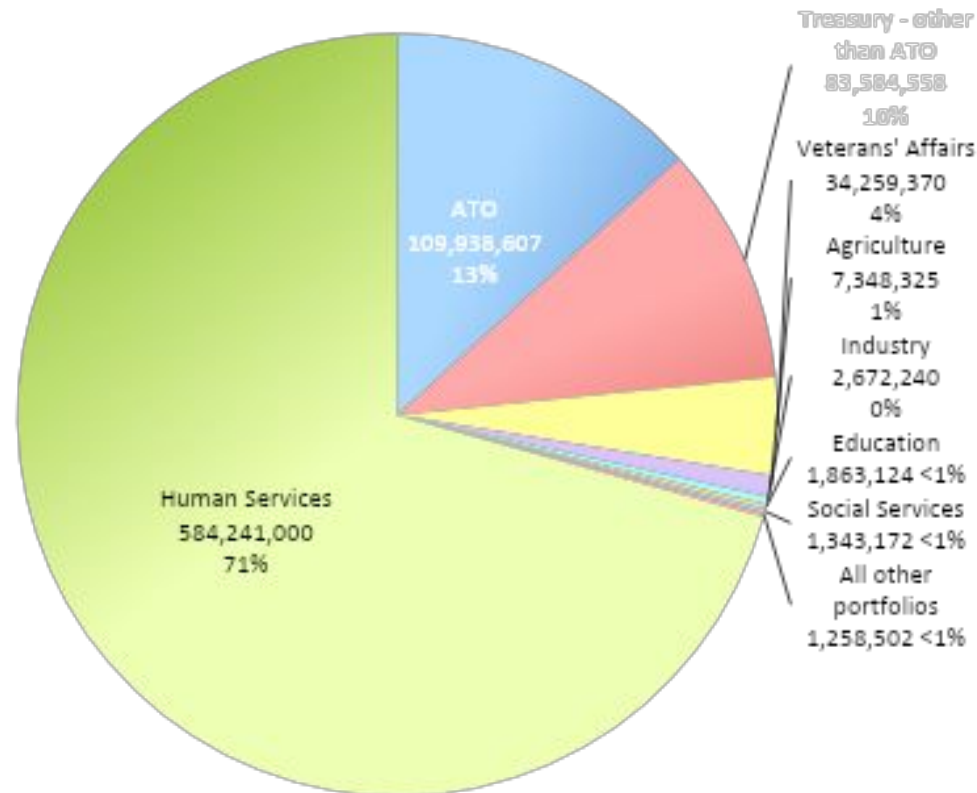
The reporting burden – where is the impost?

Figure 1: Business transactions with Australian Government

Source: Portfolio responses to
SBR program requests
August-October 2014.

Annual data, and estimates
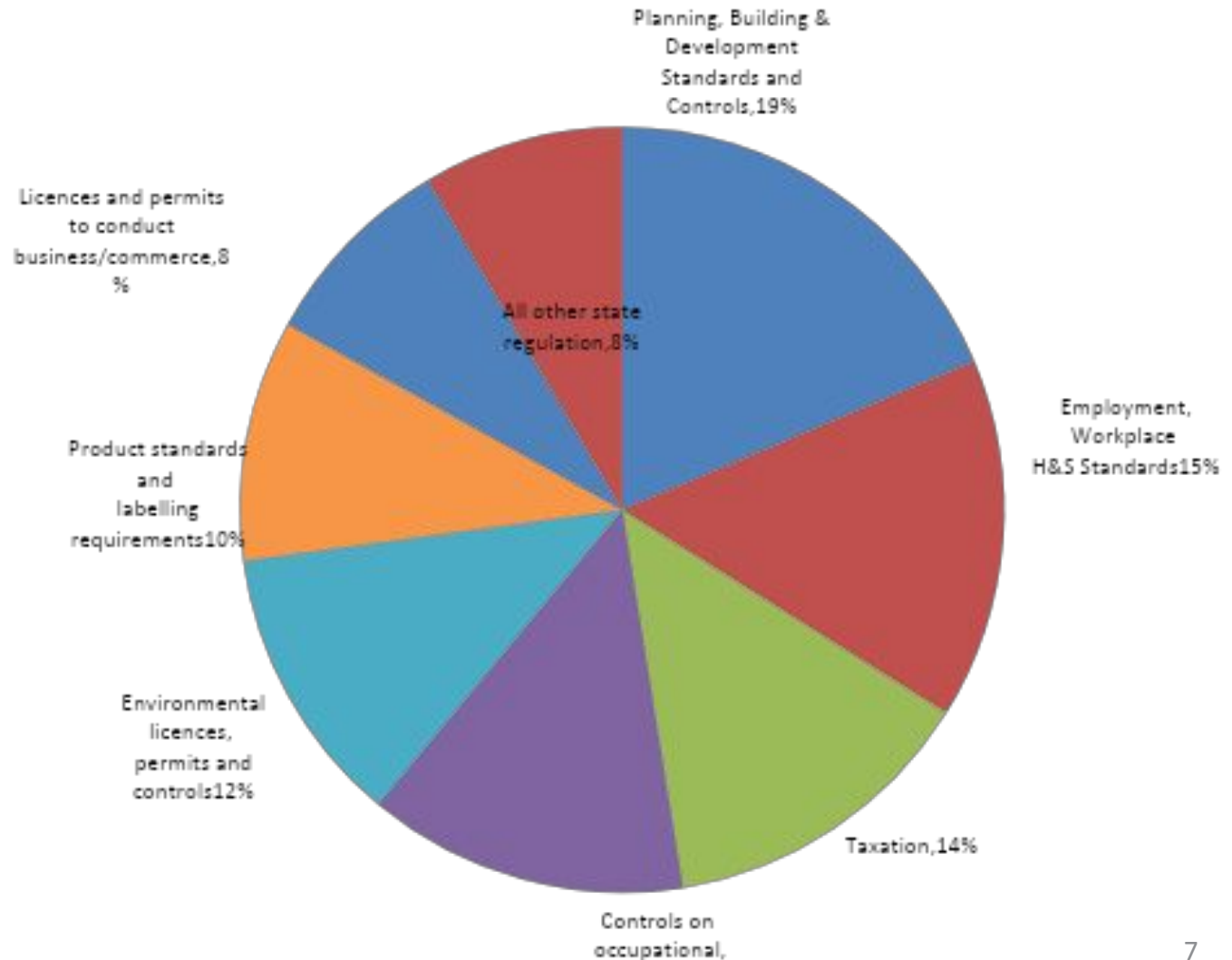from agencies, generally
based on 2013-14.

Total annual transactions
= approximately 826 million.

Treasury - other
than ATO
83,584,558
10%

Veterans' Affairs
34,259,370
4%

Agriculture
7,348,325
1%

Industry
2,672,240
0%

Education
1,863,124 <1%

Social Services
1,343,172 <1%

All other
portfolios
1,258,502 <1%

ATO
109,938,607
13%

Human Services
584,241,000
71%

The reporting burden – where is the impost?

Figure 2: Areas of state-based regulatory burden on business

Source: Measuring Red Tape: Understanding the compliance burden on Tasmanian businesses, Stenning & Associates in conjunction with KPMG (for the Tasmanian Department of Economic Development, Tourism and the Arts), January 2013.
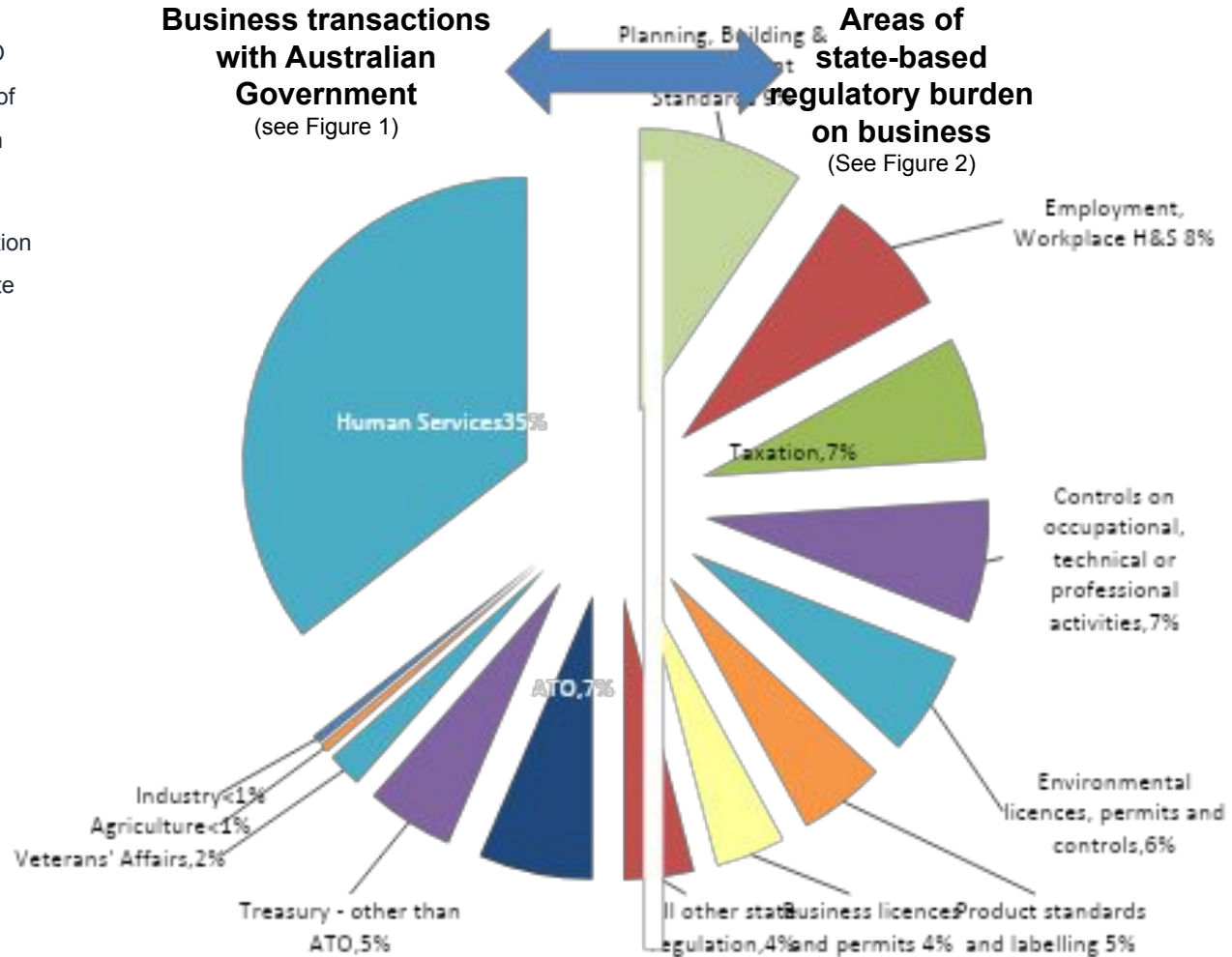

Planning, Building & Development Standards and Controls,19%

Employment, Workplace H&S Standards15%

Taxation,14%

Controls on occupational,

Environmental licences, permits and controls12%

Product standards and labelling requirements10%

Licences and permits to conduct business/commerce,8%

All other state regulation,8%

The reporting burden – where is the impost?

Figure 3: ATO transactions vs all business transactions

An indicative estimate of ATO transactions as a proportion of all business transactions with governments.

Based on a working assumption of 50/50 Commonwealth/State split of regulatory burden.

Business transactions with Australian Government (see Figure 1)

Areas of state-based regulatory burden on business (See Figure 2)

Planning, Building & ... Standards ...

Human Services 35%

Taxation, 7%

Employment, Workplace H&S 8%

Controls on occupational, technical or professional activities, 7%

ATO, 7%

Environmental licences, permits and controls, 6%

Industry<1%
Agriculture<1%
Veterans' Affairs, 2%

Treasury - other than ATO, 5%

All other state regulation, 4%
Business licences and permits 4%
Product standards and labelling 5%

Achievements – existing agencies

- The original scope of focus for SBR was limited to financial reporting from businesses to an initial set of key agencies

- Electronic Lodgement System (ELS) to SBR commencing on 1 July 2015 → SBR lodgements to the ATO increasing

- Our other key agencies are also becoming increasingly engaged

- All of the key agencies in the Treasury portfolio have either implemented or are rapidly implementing SBR more broadly

Achievements – software developers

- Updated SBR enabled practice management software for tax agents / accountants / bookkeepers being built to support ELS to SBR

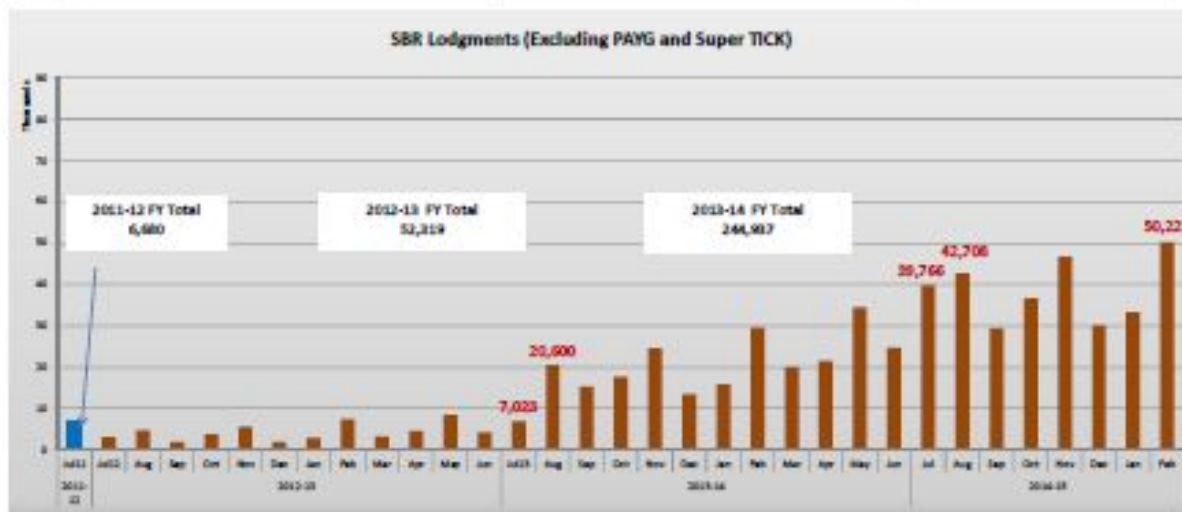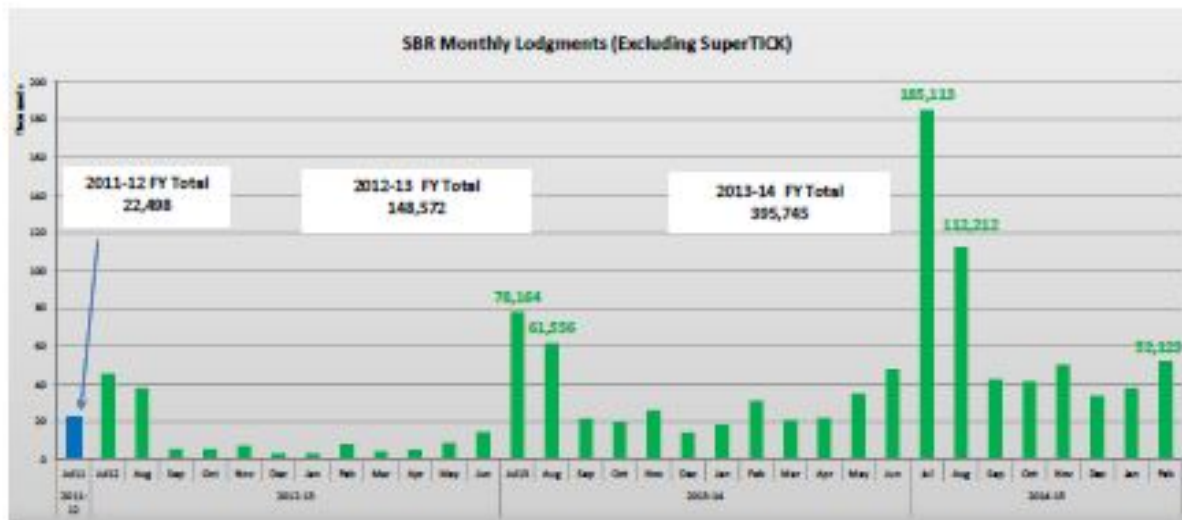- Increasing numbers of software developers engaged in SBR testing:

Software Developer Levels of engagement	June 2010	June 2011	June 2012	June 2013	June 2014	Feb 2015
Commenced testing	12	26	33	66	91	95

- Take-up rates will start to climb as new government gateways are opened and SBR enabled software is made available to more agents and businesses
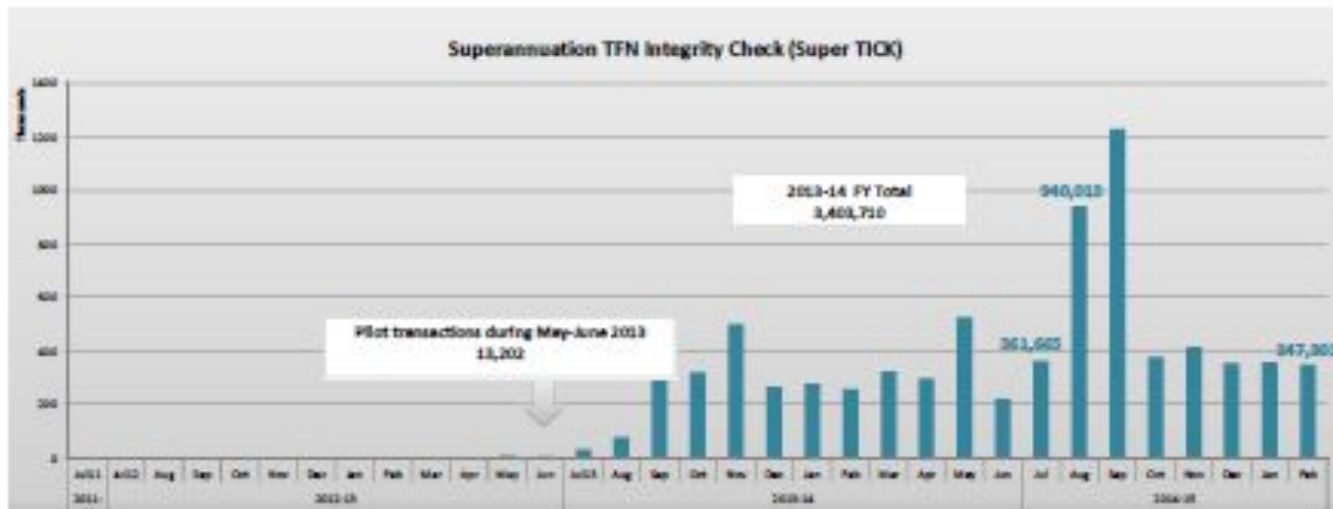
Achievements – take-up rates

- SBR take-up rates have been slow, but are now increasing:

Achievements – Super Reform

- The Super Reform program is an added SBR highlight, as it was not part of the original scope

- Industry estimated that the SBR enabled SuperTICK service achieved savings of $48 million per annum (based on 1.2m million transactions) - transactions are now around 4.2m per year

Addressing irritants

- The design of SBR in its current state will not support all the Government's Digital Transformation Agenda

- Proposed use of consultancy services to deliver a design and implementation plan to transform SBR so that it is capable of supporting the Agenda

- The urgency of this work is driven by the need for SBR to be capable of supporting Digital Transformation outcomes expected to be needed as early as June 2015 (and required to support Single Touch Payroll).

Current work

Four key research pieces, and what we expect them to deliver are:

- Update the SBR dictionary – extension beyond financial reporting

- Expand and extend the design of SBR – address limitations in the existing SBR data format and exchange standards

- Make it easier to access and use the standards – the updated and extended standards will be openly available, e.g. developing government application program interfaces (APIs)

- Implement e-Invoicing using the transformed SBR

Future focus areas

- The intent of the SBR Program has always been to expand to areas beyond the financial reporting scope of the original business case

- Seven key recommendations were endorsed by the SBR Board at the end of October 2014 (discussed further on slide 16) - the focus of the recommendations was on:
  - what needs to occur to drive the broader adoption of SBR
  - achieving successful take-up across not only government agencies but also the Australian business community

- More agencies are engaging with SBR (discussed further on slide 17)

Future focus – SBR Board

The recommendations endorsed by the SBR Board were:

1. Government commitment to SBR

2. SBR required for new policy proposals and ICT redevelopment

3. Gateway conversion package for agencies

4. Review the definitional taxonomy to identify more candidates

5. Whole of government policy for e-invoicing, e-grants, financial reports

6. SBR services to include ABS, Education, Health and large business

7. Enable SBR services for agriculture and trade

Future focus – agencies engaging

Interest from agencies has grown over the last year – some highlights:

- Department of Human Services – Child Support Program reporting
- Aged Care Sector – annual reporting requirements
- Department of Environment – Clean Energy Regulator
- ACT Government Shared Services – iConnect & Revenue System Replacement
- NSW Accelerating Digital Government Taskforce – potentially NSW WorkCover
- SA Government – engaging re digital future
- *Excise – petroleum reporting*
- *Department of Education – non-public schools financial reporting requirements*
- *Customs – Trusted Trader Programme*

- A consultant will work with three specific areas to 'fast-track' implementation, currently intended to be those highlighted in *red italics*.

- We will soon be looking for software developers with interest in these areas to work with these agencies

To be successful…

The successful implementation of SBR requires three elements to work in unison:

- Government agencies to make SBR reports available and open a SBR gateway to receive messaging

- Software developers to build the new offerings into their packages

- Businesses to want to update their software

We hope to engage with you as early as possible, as announcements are made

Any questions from the Forum?