



24 February, 2012
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Ms Patricia Scott
Commissioner
Impacts and Benefits of COAG Reforms
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Patricia

Dear Ms Scott,

SUBJECT COAG REPORTING STUDY – RESPONSE ON DISCUSSION DRAFT

The discussion draft for the study on the impacts of the Council of Australian Governments Reforms: Business Regulation and Vocational Education and Training, includes a good summary of the Standard Business Reporting (SBR) program and the many opportunities it presents for the economy.

The SBR program supports the Commission's preliminary assessment of the potential benefit of SBR. It also acknowledges the suggested actions for Government and is preparing recommendations along those lines for consideration by the SBR governance board.

The discussion draft also outlined a number of the challenges facing SBR and this submission seeks to update the Commission on recent progress.

As others have commented, introduction of new technologies into a mature marketplace do take time to gain acceptance. It also requires courage by early adopters who are investing the risk capital, as they do not know with any certainty whether the technology will achieve the critical mass for it to become mainstream. SBR sought to partially mitigate these start-up risks by supplying tools and adapters to software providers and by supplying testing environments and sample data. Additional resources are being provided to better support commercial software developers, including the system integrators who support the in-house solutions used by large business.

To increase investor confidence and emphasise the role of SBR within the future fabric of government reporting there have been a number of recent announcements from government. The adoption of SBR as the standards base for some of the stronger super reforms has generated greater interest amongst the payroll suppliers. This has flowed through to an increase in companies actively enabling their products for use with SBR.

The Commissioner of Taxation has recently announced his future direction for taxation reporting which includes the retirement of some existing channels and rationalisation to two principle modes of interaction - portal and SBR. As indicated in the discussion draft, this announcement has already had a significant impact upon software developers who provide the majority of accounting related solutions. SBR has seen an immediate increase in enquires from a number of the major software providers. The software providers actively enabling their products and those already with enabled products, together now represent more than 80% of the marketplace for business and accounting software.

Comments were made in the discussion draft about a lack of differentiation against other lodgement methods, and the need to increase the number of forms that are supported by SBR. The business reporting obligations vary significantly across the business community, so SBR is using detailed segment analysis to identify the important reporting bundles and target the forms needed to complete the package. Our focus is on the right forms and not just the total number of forms.

The introduction of broadband technologies has seen an increase in the range of business applications that are provided via the internet instead of a desktop computer. The availability of faster wired and wireless technologies such as the NBN and 4G will further accelerate the shift towards a business having continual access to its key processes and information, no matter what device it chooses to use. This future scenario involves machines connecting to other machines and intelligently exchanging information; whether it relates to an integrated supply chain, credit oversight for lenders, comparative performance information for advisors, investor information, or regulatory reporting to Government.

The technology used by SBR relies upon machine to machine interactions and is therefore perfectly suited to this future. SBR is also more than just a reporting channel and is capable of providing many of the information services that online service providers and aggregators will need. It is therefore expected that business will take the technologies and standards that SBR has introduced and extend their use more broadly to deliver greater productivity gains for Australian businesses.

Yours sincerely

Geoff Miller
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Standard Business Reporting Division