

# Whole-of-Government Benefits Framework — Standard Business Reporting Case Study

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This paper examines how national and international developments in benefits management and the integration of government Information and Communication Technology (ICT) services were applied to produce a new Benefits Framework for the Australian Government's Standard Business Reporting (SBR) program.

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## Introduction

In 2006 the Taskforce on Reducing Regulatory Burdens on Business delivered its report '*Rethinking Regulation*'. This report made 178 recommendations on actions to reduce 'red tape' across a wide range of policy areas. The SBR program was established in response to one of those recommendations, which included the development and adoption of a business reporting standard, to reduce burdens across government.

SBR simplifies business reporting to government through the use of harmonised definitions and standardised electronic reporting; it offers both a communication format and a way of re-engineering business processes to reduce compliance costs.

The key capabilities of SBR: include a national online gateway; a common dictionary of terms; a digital business credential (single secure log-on) and a standard set of technologies that enable business to government interactions.

Since the program's inception, there has been ongoing consideration given to defining and measuring the benefits of SBR. While the 2007 Business Case for SBR did provide an estimate of the benefits for business, as well as forecasting potential take-up rates; importantly it failed to recognise a range of other benefits from the use of the SBR capabilities. These benefits include those accruing to governments, the Australian public (citizens) in general, and the benefits generated through the partial use of the SBR solution, as well as the wider use of the capabilities, such as in business to business interactions.

As the program progressed through implementation, it was clear that the capabilities of SBR could be employed more widely to generate a range of additional benefits. This recognition led the SBR Board (chaired by the Secretary to the Treasury) to ask the program to re-examine the benefits profile of SBR.

In response to the Board's request, a new SBR benefits framework was developed, which was subsequently accepted by the SBR Board in April 2013.

## Red tape and the reporting burden

A long standing concern for both business and governments is the cost of complying with government regulation — often termed the 'red tape' problem. Reporting to government is a significant contributor to this regulatory burden. The obligation to provide accurate information to various levels of government using various methods, not only imposes significant compliance costs on business, but also more broadly impacts economy efficiency by restricting innovation and dampening productivity.

The Australian Government is committed to easing the red tape and compliance costs for business, with an announced goal of reducing red and green tape by \$1 billion per annum. The SBR program plays a significant role in this endeavour by decreasing business compliance costs and government

administration costs. The beneficial effect of these decreases mean that the overall ‘efficiency cost’<sup>2</sup> to the economy is reduced and productivity is increased.

The underlying objective to increase productivity is one of Australia’s key policy challenges going forward, as it is likely that improvements in productivity will be one of the main sources of increasing our incomes and standards of living into the future.<sup>3</sup> Regulatory reform, including reform or other initiatives to reduce the compliance burden on business, will be one of the key contributors to increasing productivity.<sup>4</sup>

## Government service integration and transformation

Since 2000 e-government (electronic government) programs around the world have rapidly moved from providing simple information and interactions on websites to more complex transactional exchanges. ICT is now integral to the way governments provide services and interact with citizens.

The next stage in e-government maturity is service transformation<sup>5</sup> — also described as ‘i-government’ (integrated government). I-government initiatives focus on developing cohesive services that provide cross-government, nationwide, data integration and seamless transactions. Integrated government ICT services are also characterised by their alignment with natural life (or business) events, such as the birth of a child or commencing a new business.

Governments globally are developing initiatives to move them towards i-government transformation. Examples can be seen in the establishment of the UK ‘Government Digital Service’, the creation of Republic of Korea’s ‘E-Government Roadmap’, and the European Commission’s ‘Digital Agenda for Europe’. Each of these initiatives is ongoing and includes multiple projects to improve the connectedness of governments and their constituencies.

In Australia, the *Australian Public Service Information and Communications Technology Strategy 2012-15*<sup>6</sup> clearly announces the desire for a coordinated approach to ICT. The Strategy also acknowledges the supporting role ICT plays in the Government’s productivity agenda and other related policies directed towards efficient and effective interactions with Government. SBR is referenced in the ICT Strategy as an example of an initiative designed to ‘*improve national productivity by increasing efficiency, streamlining processes, being innovative and enhancing interactions with government*’.

In September 2013 the Government (then in opposition) released their policy on e-government and the digital economy.<sup>7</sup> The policy established a number of goals, including to ‘*Designate the Internet as the default way to interact with users ... look to establish a Digital Service Standard ... Give people the option to elect to receive material from the government in digital form or in hard-copy ... by 2017*’. The increased use and expansion of SBR provides a further opportunity for the Government to advance these policy agendas.

2 2006, *An Agreement between the Governments of the Commonwealth of Australia, the States and the Territories to continue in existence and provide for the operation of the Australian Building Codes Board*, April, Australian Productivity Commission.

3 Gruen, D 2012, ‘*The importance of productivity*’, paper presented at the Productivity Commission-Australian Bureau of Statistics Productivity Perspectives Conference, Canberra, 20 November.

4 Banks, G 2010, ‘*Successful Reform: Past Lessons, Future Challenges*’, paper presented at the Annual Forecasting Conference of the Australian Business Economists, 8 December.

5 OECD 2003, *The e-Government Imperative*, August, Organisation for Economic Co-operation and Development.

6 Department of Finance and Deregulation 2012, *Australian Public Service information communications technology strategy 2012-15*, November, Australian Government Information Management Office.

7 2013, *The Coalitions Policy for E-government and the Digital Economy*, September, Australian Liberal Party.

SBR, as a set of capabilities, has the potential to be used in a multitude of ways beyond business to government information exchanges. In the future, SBR's capabilities could be increasingly used to enhance efficiency and productivity around business to business and government to government exchanges; as well as transforming government service delivery so that it is personalised, innovative and timely.

## The original SBR benefits profile

The original benefits for SBR considered the efficiencies generated for business by direct electronic lodgement of reports to government using SBR-enabled software, versus the existing practice of lodging paper forms (or rekeying data into portals) already processed using accounting or record-keeping software.

The 2007 SBR Business Case benefit calculations were conducted by an external service provider using a custom-made tool and methodology. They focused on the efficiency metric of 'time saved' by the business when using software enabled for SBR, and an ancillary need for less re-work required in reporting to government, to produce a financial benefit figure. The Business Case estimated the net cost savings (benefits) to business by 2013-14 to be \$795 million per annum.

In 2012, using a revised 'time saved' methodology, actual take-up rates to date and taking into account key future commitments to SBR by Australian government agencies, the Australian Productivity Commission (PC) provided a reforecasting of the SBR program benefits via their study on the *Impacts of COAG reforms: Business Regulation*. The PC study revised the potential benefits of SBR for business under the program's initial financial reporting scope of \$500 million per annum, including \$100 million for benefits not directly related to the efficient lodgement of reports.

Although the 2012 PC study once again estimated benefits based on 'time saved' and reduced rework effort by business, it also included an estimate of benefits to governments and identified additional benefits for future examination. Further as the program was now operational, the study was able to provide a more realistic estimate of 'time saved' by business.

The PC assumed the potential benefits for governments to be \$10 million per annum, which included the time saved by government agencies, resulting from the standardisation of information received, the timeliness of the information reported, and improved data analysis.

## Measuring the benefits of i-Government

As with the original SBR benefits study, the forecasting of benefits for early e-government projects focussed on measuring transactional type services with the cost/benefit ratio derived using traditional commercial methodologies. These methodologies were unable to take into account the now recognised broader impact of e-government services, for example in relation to national productivity, the economy, global competitiveness and social wellbeing.

In a review of the benefits of e-government initiatives, a UK government study suggests that as projects move from the informational to the integrated, transformational level, the 'payback period on e-government investments decline and net present values rise'.<sup>8</sup> Australian data also suggests that maximum value will be achieved as governments move to more complex informational exchange

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<sup>8</sup> OECD 2005, *E-government for better government*, November, Organisation for Economic Co-operation and Development.

e-government models.<sup>9</sup> However, research also shows that the expected benefits of i-government initiatives – better services and improved productivity – may take significant upfront investment and many years to materialise.

## A benefits model for SBR

In re-examining the benefits of the SBR program, numerous national and international examples of work to quantify, measure and manage e-government initiatives were reviewed.<sup>10</sup> There is a general consensus that further work needs to be done in this field to develop frameworks and methodologies to provide baseline data and greater comparability across nations. Although there is no universal framework or method, there are many examples to draw upon.

In reviewing the benefits framework, it was important to take account of the broader benefits of SBR which have been realised since the program's launch, as well as recognising the transformational nature of the capabilities as indicated by the experiences of international i-government initiatives like SBR, the PC study and the Government's ICT Strategy. Therefore, particular consideration was given to employing a new benefits model which could describe, categorise and assist in measuring the benefits of SBR to Australian economic productivity.

The OECD has conducted extensive work in the fields of benefits management, measurement and realisation. The model below is taken from an OECD E-Government project paper<sup>11</sup> which recommended it as a new 'outline' for identifying and assessing e-government benefits. It was selected as being the most applicable to the SBR program for use as the basis of the new SBR Benefits Framework (Attachment I).

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9 NOIE 2003, *E-government benefits study*, April, National Office of the Information Economy, Commonwealth of Australia.

10 See attachment III for examples of international e-government projects and benefits.

11 Mayer-Schönberger, V and Lazer, D 2007, *Governance and information technology: From electronic government to information government*, MIT Press, Cambridge.

The OECD E-Government project model:

Beneficiaries	Business	Citizens	Government
Type of benefit			
Financial	Reducing burden: Administrative simplification	Reducing burden: Administrative simplification	Efficiency savings to government: Freeing resources for public and private innovation
Public	<i>Improving trust in Government:</i> customer satisfaction and equity; achieving overall policy and program outcomes; meeting security and privacy expectations		
Economic	<i>Supporting Growth:</i> contributing to a sound business environment: promoting the information economy; creating new business opportunities		

## SBR Benefits Logic Map

Once the model for the new Framework was selected, a SBR Benefits Logic Map was developed (Attachment I – see footnote 11). The Map is designed to be read with the ‘Benefits’ in the centre as the focus. Leading inwards from either side are the ‘Problem’ (strategic drivers and objectives) and the ‘Solution’ (the capabilities of SBR and the intermediate benefits produced). The Logic Map is based on a previous version of the Investment Logic Map developed, and still used, by the Victorian Government.<sup>12</sup>

The SBR Benefits Logic Map clearly shows the linkages between the SBR capabilities and Australian Government policy, for example reducing the compliance burden to increase economic productivity. The alignment to a Strategic Driver (Increase Productivity) and three Strategic Objectives (Deregulation; Digital First; Service Innovation) is important in ensuring that future decisions made by the program will lead to the ultimately desired benefits, and that the most effort/resources are put into the activities (or enabling capabilities) which provide the most value in reducing the compliance burden on business and delivering innovative online services to support increased productivity.

Some difficulty arises when considering the numerous other initiatives contributing to these strategic outcomes. Consequently, describing the final Benefits (also known in the benefits field as ‘end’ benefits) in such over-arching terms makes allocating and measuring particular benefits for the SBR program problematic. Therefore, it is considered more effective to use the more easily measured

<sup>12</sup> 2008, *Benefit management framework, congestion and network improvements sub program*, June, Department of Treasury and Finance, State Government of Victoria.

Intermediate Benefits shown in the Logic Map, and then extrapolate them to calculate the 'end' benefits for SBR.

## Measuring the benefits of SBR

The next step for SBR benefits management is to produce a range of forecasts and measurements for each of the Intermediate Benefits using a combination of the original survey metrics, international proxy indicators, available statistical information on Australian business and actual SBR usage data.

As SBR is a mature program, the expense and complexity of establishing a new performance measurement regime is compounded, that is implementing new data collection activities at this business-as-usual stage would be considerably more difficult and expensive than during implementation. Additionally, the original benefits study only provides a partial baseline for the new Framework.

In this situation, the principles of benefits management encourage utilising information from similar government initiatives to establish the initial metrics. Fortunately, there is a wide range of statistics and studies available in relation to measuring the benefits of government ICT initiatives<sup>13</sup> as well as data in relation to Australian business and the ICT industry.

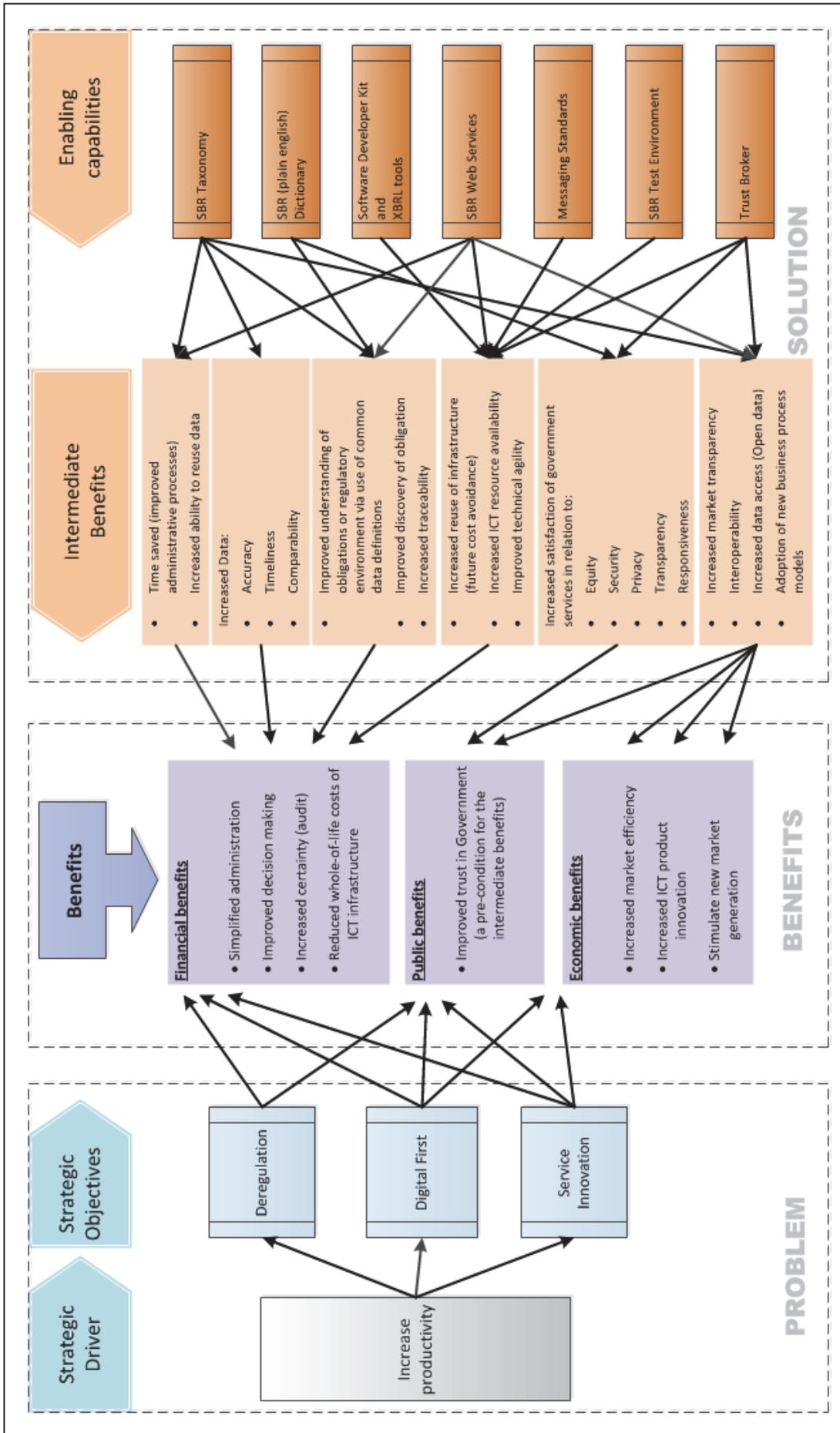
This work to quantify and forecast SBR benefits using the new Benefits Framework is underway and due for completion in mid-2014.

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<sup>13</sup> See attachment III for examples of international e-government projects and benefit.

Attachment I

SBR Benefits Logic Map



## The new SBR Benefits Framework

## Attachment II

## Utilising the OECD model and incorporating parts of the SBR Benefits Logic Map

Beneficiaries		Business	Citizens	Government
Type of benefit				
Financial	<ul style="list-style-type: none"> <li>Simplified administration</li> <li>Improved decision making</li> <li>Increased certainty (audit)</li> <li>Reduced whole-of-life cost of ICT infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Time saved (improved administrative processes)</li> <li>Increased ability to reuse data</li> <li>Increased data accuracy</li> <li>Increased timeliness of data transfer</li> <li>Increased data comparability</li> <li>Improved understanding of obligations via use of common data definitions</li> <li>Improved discovery of obligation</li> <li>Increased traceability</li> <li>Increased reuse of infrastructure</li> <li>Increased ICT resource availability</li> <li>Improved technical agility</li> </ul>	<ul style="list-style-type: none"> <li>Increased data accuracy</li> <li>Increased timeliness of data transfer</li> <li>Increased data comparability</li> <li>Increased traceability</li> <li>Increased ICT resource availability</li> </ul>	<ul style="list-style-type: none"> <li>Time saved (improved administrative processes)</li> <li>Increased ability to reuse data</li> <li>Increased data accuracy</li> <li>Increased timeliness of data transfer</li> <li>Increased data comparability</li> <li>Improved understanding of regulatory environment via use of common data definitions</li> <li>Increased traceability</li> <li>Increased reuse of infrastructure</li> <li>Increased ICT resource availability</li> <li>Improved technical agility</li> </ul>
Public	<ul style="list-style-type: none"> <li>Improved trust in Government (pre-condition for SBR intermediate benefits)</li> </ul>	<ul style="list-style-type: none"> <li>Increased satisfaction of government services in relation to equity, security, privacy, transparency and responsiveness</li> <li>Increased data access (Open data)</li> </ul>		

Beneficiaries	Business	Citizens	Government
<p><b>Type of benefit</b></p> <p>Economic</p> <ul style="list-style-type: none"> <li>• Increased market efficiency</li> <li>• Increased ICT product innovation</li> <li>• Stimulate new market generation</li> </ul>	<ul style="list-style-type: none"> <li>• Increased market transparency</li> <li>• Increased interoperability</li> <li>• Increased data access (Open data)</li> <li>• Adoption of new business process models</li> </ul>		

## Attachment III

## Examples of international e-government projects and benefits research

- Canada and the Information Society, Government of Canada, 2003.
- Delivering the Prize – A joint all-Ireland study on change leadership and benefits realisation, APM and CIMA (UK), 2012.
- Digital Agenda for Europe (A Europe 2020 Flagship Initiative), European Commission, 2012 (revised).
- *Related Projects*  
STORK (Secure Identity Across Borders Linked): electronic identity for access to public services; PEPPOL (Pan-European Public Procurement Online): cross border public e-procurement; SPOCS (Simple Procedures Online for Cross-border Services): points of single contact; and e-CODEX (e-Justice Communication via Online Data Exchange): accessible judicial information.
- E-Government Benefits Study, National Office for the Information Economy (Aust), 2003.
- E-Government for Better Government, Organisation for Economic Co-operation and Development (OECD), 2005.
- Government Digital Strategy, UK Cabinet Office, 2012.
- Kearns, Iain, Public Value and E-Government, Institute for Public Policy Research (UK), 2004.
- Measuring the Expected Benefits of e-Government, HM Treasury (UK), 2003.
- Progress Report on the Modernising Government Programme, Dutch Ministry of the Interior and Kingdom Relations, 2005.
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