

Ms Patricia Scott
Commissioner
Productivity Commission
GPO Box 1428
Canberra City ACT 2601.

23rd April 2012

Dear Ms Patricia Scott,

RE : Impacts of COAG Reforms Discussion Paper Submission

We discussed briefly in a teleconference late last year with regards to Standard Business Reporting (SBR) part of Impacts of COAG Reforms discussion paper. We would like to present a formal submission to be included as part of the report to the Government.

1. Introduction and Overview

Impact Management Group (Impact) is a market leader in SBR software development. With a long-standing support for SBR we have built two innovative products – Interactive Accounts Manager the only SBR integrated full featured online accounting software and GovReports, Australia's first cloud lodgement solution.

2. Achievements

Although we are a small company, what we have achieved with SBR technologies is as follows:

- Largest number of SBR forms commercially available.
- Nearly 60% of total production lodgements come through Impact technology (SBR Feb 2012 statistics.)
- Nearly 100% of 2011 PAYG Payment Summary Annual Report was lodged through GovReports. (SBR Feb 2012 statistics.)
- Nearly 53% of Tax File Number Declarations and close to 70% of Business Activity Statements production lodgements were completed through GovReports and IAM. (SBR Feb 2012 statistics.)
- GovReports cloud SBR lodgement product is supported and endorsed by Institute of Certified Bookkeepers, our strategic partner.

Additionally through lodging PAYG Payment Summary Annual Report through GovReports, more than 1000 CDs, countless printing paper and an estimated 20,000 hours were saved. The number of business hours saved alone is estimated to be around \$1 million.

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3. User Feedback

Our users love what GovReports can do for them:

- “GovReports is BAS Agent Portal on steroids” – Deborah Thompson, BAS Agent.
- “I just signed up and love what you are doing. The modern cloud accounting practice just found the last piece in the puzzle.” – Paul Meissner, Tax Agent.
- “We processed and lodged probably around 2-3 times as many PAYG Annual Payment Summaries as we normally do” – Charles Ficarra, Tax Agent
- “GovReports is a simple efficient system saving businesses and professionals significant time and effort. Payment summaries lodged and ATO acknowledged in 10% of the time” – Matthew Addison, Executive Director, Institute of Certified Bookkeepers.

We found a significant portion of the tax practitioner market were open to what Impact had to offer in terms of SBR lodgement facility. Factors that excited the market were often simplicity, speed and immediate response from SBR end agencies.

4. User Demand

Although user responses have been greatly positive, these are the user suggestions obtained, separated by SBR end agencies:

ATO –

- Users have to go to the ATO portal to set up their businesses first and have to return there to make any amendments. SBR channel does not provide this facility, even for simple tasks like updating email addresses.
- Company Tax Return (CTR) forms are released without Individual Tax Returns. Generally this package is purchased together via ELS. Releasing CTR alone under SBR makes it commercially unviable.
- Existing channels ELS, ECI, ATO Portals seem to suggest that SBR is not the way forward. Most agents are perfectly happy with existing portals and will be with ATO Online.
- Functionalities that are readily available on the portals are missing in SBR such as Running Balance Account and Client Update.

ASIC –

- The forms that ASIC released are not the forms majority of the users want to use. ASIC agents want the simpler, more frequently used forms to be made available via SBR.

State Revenue Offices –

- Existing ROs have the ability to report and pay payroll taxes, the SBR channel has only reporting facility, negating the need to lodge it via SBR.

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5. Challenges

As a small software developer innovating SBR products these are the challenges we faced:

- SBR promotion and marketing is non-existent. Impact has to educate businesses, tax practitioners and large organisations on the benefits of SBR. Large businesses including tax practitioners are unwilling to move towards SBR and generally have not heard about it.
- SBR forms are often released without marketplace study – CTR and ASIC forms are a prime example. These forms must be grouped and common forms made available to attract the consumers to the SBR channel. The most common Individual Tax Returns have yet to appear on ATO forms list.
- Over-reliance by SBR agencies on larger software vendors to be SBR ready, when these giants collectively have estimated 60 million dollar revenue per year from ELS market. Pilot programs are often done with larger software vendors who have not been able to produce significant returns of investment while ignoring market leaders such as Impact.
- SBR Product Register lists commercial and yet to be available products together. This often confuses potential adopters to ending up with vendors who are yet to be market ready.
- Software developers are asked to commit millions of dollars of technology investment only to be told that we will now compete with ATO Online – a free SBR portal.

However, Impact is able to deliver market leading innovative SBR products by attaching great customer service, refining quick to market processes and great industry alliances. While SBR seems to be generally designed for desktop based systems – the bulk of the interest seems to come from cloud aware consumers who readily look for time saving products.

6. Conclusion and Recommendation

The SBR business case is sound – that is to deliver time and money saving solution to consumers. However, the market has to be primed to completely benefit from such solution. Consumers need to see clear value in adopting any new technology and SBR is no different – and this cannot be achieved by asking users to adopt SBR and ATO portals simultaneously.

Impact recommends:

- Introduce high volume forms first – ATO printed on 675 TONS of paper for tax packs alone. Switching these forms over to SBR would immediately raise benefits.
- Individual Tax Returns release date has to be brought forward. Currently this is scheduled for 2014 to make ELS viable until 2015.

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- Utility facilities such as payments, client update, account information should always be made available in SBR without turning users away from the SBR channel. Having to go to ATO portal just to change an email address is not time saving.

We would like to thank the Productivity Commission for allowing us share our SBR experiences. We believe SBR is the future of electronic lodgement in Australia and we are committed in achieving this.

Kind regards,

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Director

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