'Question: **BET 417**

Topic: **E-Record (ATO)**

Hansard Page: **Written**

Senator EGGLESTON asked:

1. When was e-Record introduced?

2. What is has been the annual cost of hosting and developing e-Record and the provision of subsequent updates to e-Record. (costs per year)

3. What savings will the discontinuation of e-Record deliver to the Government?

4. How many registered users does e-Record have? (per year)

5. What review was taken to come to the conclusion e-Record is no longer compatible with current commercial record-keeping systems? Who was on the review panel?

6. Why was the decision taken not to redevelop e-Record to 'keep up with technology and new business directions'?

7. What is the meaning of the 'business directions'?

8. Could the software still be kept online to allow small business operators to keep using it as a tool to compile information for the tax year?

9. How much will the purchase of commercial software be for small business operators, and what guarantee will small business have that the commercial software that is purchased will be compatible or suit the requirements of the ATO?

10. During the switch over to new commercially purchased accounting software, what assistance will be provided to small businesses by the ATO in this transition period?

Answer:

1. E-Record was made available to small businesses from March 2000.

2. Costs (salary and supplier) of developing, maintaining (including hosting) and supporting e-Record were:

1999-00 - $605,000	2005-06 - $793,000
2000-01 - $382,000	2006-07 - $782,000
2001-02 - $1,280,000	2007-08 - $696,000
2002-03 - $1,020,000	2008-09 - $684,000
2003-04 - $1,053,000	2009-10 - $499,000
2004-05 - $944,000	2010-11 - $40,000

    The redevelopment of e-Record in 2002 saw a cost increase with costs for depreciation/amortisation of around $250,000 per year included from 2002 to 2005.

    In addition to these costs, the earlier years of e-Record included costs for CD-ROM replication that decreased as downloading of e-Record from the ATO website became viable for an increasing number of people.

    Taxpayers were able to download the final version, e-Record v6.2, from the ATO website until 30 June 2010. User support will continue to be available until 30 September 2010. This will allow users to complete their reporting obligations for the 2009-10 financial year and allow time to transition to alternative record keeping systems. From 2011-12 there will be no costs associated with e-Record.

3. The discontinuation of e-Record will result in annual on-going cost savings to the ATO.

    In addition to the annual costs, if the redevelopment of e-Record had gone ahead, there would have been an additional redevelopment cost, of around $2 million.

4. The ATO currently has around 48,800 active registered users (registration is voluntary), this number fluctuates annually.

    The table below outlines the number of registered users since its introduction in early 2002.

1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
5,859	1,052	3,355	4,294	4,930	7,294	4,910	4,635	4,949	4,059	3,483

5. The ATO undertook a review of e-Record in the first half of 2009. It was determined that e-Record required redevelopment to keep pace with changes in technology, including new operating systems used by taxpayers and the software used by the ATO to develop e-Record.

   A further driver for redevelopment included the inability of e-Record to interact with the electronic services being developed as part of the Standard Business Reporting initiative. This is an Australian government initiative designed to reduce the reporting burden for businesses in Australia by allowing businesses to automatically create and securely send selected forms online directly from their financial, accounting or payroll software. The base software that e-Record is written in does not have the required functionality to support this approach, leading to the need to redevelop e-Record using different software to incorporate Standard Business Reporting outcomes. The review also noted the lack of compatibility between e-Record and current commercial record keeping systems.

   The review presented three options:

   1. Redevelop e-Record

   2. Maintain e-Record in its current state, and

   3. Decommission e-Record.

   The ATO decided that, given the cost to redevelop the product, the relatively small number of registered users and concerns over the sustainability of the existing product, e-Record would be decommissioned.

6. As part of the review of e-Record, analysis was undertaken to determine an indicative cost for its redevelopment. When the estimated cost of redevelopment, in excess of $2 million, was considered in light of the ATO's significant information technology commitments across a range of activities (including the Change Program), it was decided that e-Record would not be redeveloped.

7. This primarily covers the introduction of electronic services being developed as part of the Government's Standard Business Reporting initiative. The base software that e-Record is written in is not able to support this initiative.

8. As support for e-Record will cease on 30 September 2010, it is not appropriate to keep the software on the website.

9. The price of commercial software varies significantly depending on the level of functionality included in a product. Information regarding commercially available software has been provided on the ATO website to help taxpayers understand the range of products available and their functionality.

10. Small business taxpayers can meet their tax reporting obligations through a number of channels including the Business Portal and via paper lodgment. There

is also a range of free online tools available on www.ato.gov.au to support business such as self-help calculators and information products. The ATO provides telephone support for business taxpayers to assist them with their ongoing tax obligations. We also offer Record Keeping Seminars and 'one on one' visits to taxpayers to assist them with their tax obligations.

Where a taxpayer has purchased commercial software, the provider of that software will normally have a support service for users of their products.