



Standard Business Reporting — improving business reporting now and into the future

By Geoff Miller, SBR Program Manager, Treasury

- Standard Business Reporting (SBR) is a red-tape reduction initiative of the Australian Government
- SBR's focus has been on financial reporting but is being expanded to non-financial reporting to further reduce the regulatory burden on business
- SBR is suitable for both financial and non-financial reporting and can increase the effectiveness of a business's reporting to government or other stakeholders

Governments require businesses to report for many different purposes. One type of reporting, financial reporting, is required to support information sharing that is useful and relevant to stakeholders, such as investors or creditors, in their investment decisions.

Aside from this mandatory reporting, businesses often voluntarily report non-financial information to stakeholders. This non-financial information is often quite quantitative rather than qualitative. For a number of reasons, including volume and complexity, business face many challenges in reporting to stakeholders a complete picture of their organisation in a concise and comparable way.

Standard Business Reporting program (SBR), a red-tape reduction initiative of the Australian Government, can help to improve the effectiveness of a business's reporting.

For financial reporting, these benefits include greater efficiency in the preparation of reports, while also providing greater transparency for users of financial reports.

SBR could also effectively support other non-financial reporting. This can range from reporting on employees to the Department of Human Services or the increasing trend for business to voluntarily

report non-financial information to better inform their stakeholders, such as in the case of sustainability reporting.

While the benefits of using SBR for business reporting will be discussed in more detail, let's first set the scene with some background on SBR.

What is SBR?

SBR has been available for business use since 1 July 2010 and was delivered as part of the Council of Australian Governments' (COAG) partnership to Deliver a Seamless National Economy. The initial focus of SBR has been on financial and payroll reporting from business to government.

SBR simplifies the business-to-government reporting process by standardising reporting information across forms and government agencies. It is based on the idea that information will be 'recorded once, reported to many' to enhance business efficiency.

Three core capabilities make up the SBR system; the SBR taxonomy (a harmonised dictionary); SBR Web/Core Services (the SBR online gateway); and the AUSkey credential (a single secure logon for business).

The SBR taxonomy is a common language for reporting to government. The taxonomy is a collection of reportable terms, much like a dictionary. By going



Standard Business Reporting

Standard Business Reporting (SBR) offers business a quicker and simpler way to report to government, saving time, minimising compliance costs and providing greater certainty.

SBR-enabled software works by using data in accounting and payroll systems to auto-fill forms, as well as information stored in government agency systems to pre-fill forms with the required information; verifying the assembled information;

and then by delivering the required information to the relevant agency through a safe, secure online channel.

Examples of the many government reports that business can lodge using SBR include:

- business activity statements and company tax returns submitted to the Australian Taxation Office (ATO) and
- financial reports submitted to the Australian Securities & Investments Commission (ASIC).

through a process to harmonise or rationalise the definitions of these terms, government was able to remove unnecessary or duplicated data in the reporting obligations. Further, as the taxonomy is then mapped to information in a business system, this simplifies and automates much of the reporting process to government. This means that report information can be automatically filled by using data in a firm's accounting and payroll systems. The SBR taxonomy can be expressed in any number of computer languages. For the types of reports currently being lodged through SBR (mostly financial and payroll in nature), the SBR Taxonomy uses an international business reporting language (called eXtensible Business Reporting Language or XBRL).

The SBR Web/Core Services allows business to prepare and lodge key government reports directly from their business computer to the government agency computer using their SBR-enabled software.

The other capability, AUSkey, authenticates businesses accessing government online services, such as SBR, using a single credential. The use of AUSkey provides the convenience of a single authentication system across government, removing the frustration for businesses of logging on to agencies' online services using multiple IDs and passwords.

Businesses have been realising SBR's benefits in sharply increasing numbers. In particular, there have been large increases in the lodgment of taxation-related reports, including business activity statements, tax-file number declarations and payment summary (PAYG) statements. This follows the increase in the availability of SBR-enabled software for taxation-related reporting.

More than 100,000 lodgments have been received through the SBR system in the last six months of 2012; which is more than eight times the number of lodgments for the same period in 2011. More than 387,000 businesses have been issued with an AUSkey, which is being used up to 4.3

million times per month. Currently 28 online services (managed by 17 agencies) accept AUSkey.

SBR will be increasingly used for superannuation and taxation reporting, following two key initiatives. First, SBR is being progressively rolled out between 2013 and 2015 as the standard platform for superannuation industry transactions as part of the Government's Stronger Super reforms. Although the ATO already has many of its forms in SBR, it has committed to rationalise its online reporting channels by moving all of its business reporting into SBR by 2015–2016.

The expansion of SBR

While the main focus of SBR to date has been on financial and payroll reporting to government, it is being expanded beyond its original scope to further reduce the business regulatory reporting burden. As noted earlier, SBR will be the primary channel for electronic business reporting to the ATO. SBR is also being expanded to cover employer

Key Issues Company Secretary

Use of a common reporting language

SBR uses eXtensible Business Reporting Language (XBRL), an internationally recognised data standard for the electronic communication of business and financial data.

XBRL is increasingly being used around the world, including by a number of international regulators such as the Securities and Exchange Commission in the United States and Her Majesty's Revenue and Customs in the United Kingdom.

Businesses can also use XBRL as a mechanism to aggregate and unify financial reporting across disparate accounting systems of a business, where the costs of aligning those systems would otherwise be prohibitive.

reporting obligations to the Department of Human Services; reporting to the Insolvency and Trustee Service Australia and to the new Australian Charities and Not-for-profits Commission (ACNC).

These particular expansions of SBR are being progressed under the banner of the COAG *Red Tape Challenge*. They were originally recommended to COAG as part of the competition and regulatory reforms progressed at the Business Advisory Forum (BAF).

The SBR Program is also examining a wider expansion vision which not only includes the above COAG measures but also considers how to include more forms into SBR by agencies with existing SBR capabilities, how to include into SBR a much wider set of government agencies (including those from state and territory governments) which interact with business, how to include most government-to-government data exchanges within SBR, as well as how we might best facilitate business to business data exchanges using the SBR standards.

Use of SBR for financial report lodgment

While businesses have been using SBR in sharply increasing numbers for taxation-related reporting, very few businesses are using SBR to lodge financial reports with ASIC. There are a few reasons for this, including the limited availability of SBR-enabled software in the market for the lodgment of financial reports, particularly for use by larger business, and also the voluntary nature of the SBR program.

Because of the potential benefits to business of using SBR, the government is currently considering options to facilitate the greater use of SBR for the lodgment of

financial reports. In November 2012, the government released a paper canvassing options on the use of SBR for financial report lodgment, including whether its use should be mandatory.¹

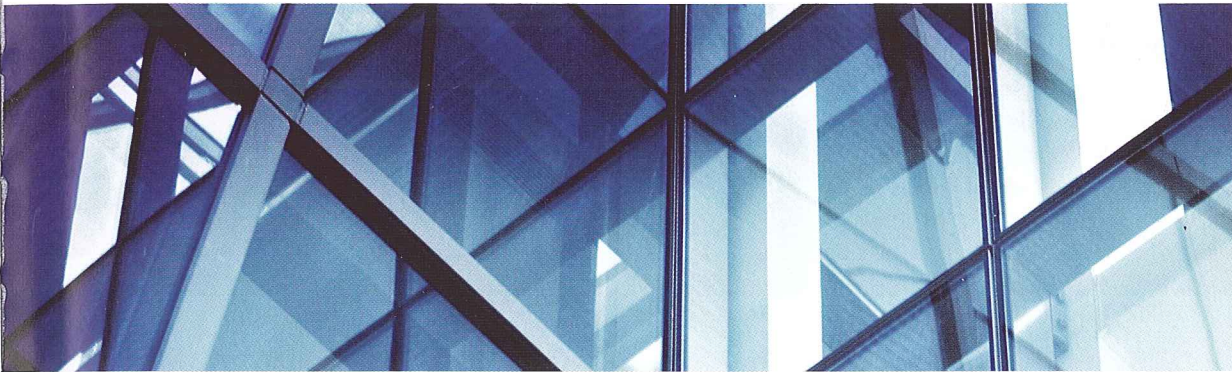
There are a number of reasons why the government is thinking about taking action to increase the use of SBR for financial report lodgment.

First, current methods of lodging financial reports using paper or Portable Document Format (PDF) files are not the most effective way to share the business's financial information with stakeholders. For example, there are limitations on how quickly the information in the report can be analysed and used. Earlier we noted that, for financial information, SBR uses XBRL, an international reporting language. Here, XBRL can be used to aid the effectiveness and transparency of financial reporting.

In very simple terms, XBRL is a machine-readable interactive reporting language. It works by tagging each item of data, which is understood by computer systems; meaning that the data can be read, analysed or compared.

Through the use of XBRL, financial reporting information is more accurate and useful to users, particularly analysts, who are better able to undertake comparisons across firms and reporting periods. Analysts also do not have to manually re-key information for financial analysis, reducing cost and errors while increasing the speed and efficiency of analysis. Overall the use of XBRL means that information can be provided to stakeholders in a quicker and more efficient manner.

There are also benefits for businesses which prepare financial reports. Businesses



which integrate XBRL into their systems can improve internal reporting and processing. It is possible to reduce costs through the automation of financial reporting, while at the same time enhancing the speed and consistency of reporting.

Businesses can also use XBRL as a mechanism to aggregate and unify financial reporting across disparate accounting systems of a business, where the costs of aligning those systems would otherwise be prohibitive.

Businesses can benefit from the broader reuse of SBR to make other business-to-government reporting easier, as well as possible reuse of the same system in business to business communications.

The use of XBRL within Australia also ensures businesses keep pace with international trends. A number of

key international jurisdictions have mandated the use of XBRL to increase the transparency and effectiveness of financial reporting.

Various agencies or regulators in the United States, United Kingdom, Japan, Italy, Netherlands, Belgium, Denmark, Spain, Singapore, India and China all mandate the use of XBRL (or iXBRL, a human-readable variant of XBRL) for the lodgment of financial reports.

Keeping pace with these international developments is important to ensuring Australian businesses are more transparent, and attractive to investors, and therefore maintaining capital flows into Australia. Businesses and capital markets can share information in a more meaningful and comparable way, building on the harmonisation of global financial reporting and the use of XBRL internationally.

Broader applications of SBR

As discussed earlier, the SBR Program is currently considering how SBR could usefully be expanded, including into areas beyond financial reporting. Some consider that SBR is only useful for financial reporting, a misconception that may arise because some also believe XBRL (the current language being used by SBR) is only being applied to financial reporting.

However, SBR and XBRL can be effectively employed for many domains of interest that need to be reported. Other computing languages can also be used in SBR, where those languages are the most appropriate for that type of reporting. The important point here is, for consistency, only one language should be used for any particular type of reporting.

While the expansions contemplated for SBR are, in the main, in the area of government reporting requirements, the

The benefits of using SBR for financial reporting

For business

- XBRL can automate data collection, reducing costs and enhancing the speed and consistency of reporting
- XBRL can unify financial reporting across different accounting systems of a business, allowing data to be obtained more quickly, efficiently and at less cost
- Use of XBRL is consistent with moves of significant international regulators, ensuring Australian business are more transparent and attractive to investors
- More broadly, the reuse of SBR can simplify other business-to-government reporting requirements

For users of financial reports

- XBRL eliminates manually rekeying of information; saving time, reducing cost and increasing data accuracy
- Information in financial reports is electronically tagged, which means the information can be more readily discovered, analysed and compared
- It allows for greater focus on analysis, review, reporting and decision-making
- Financial reports are more usable, as analysts and investors can more effectively compare financial and business performance across companies

Dispelling the myth — 'XBRL is only for financial reporting'

While the initial focus of XBRL has been on financial reporting, it can also be effectively used for non-financial reporting. XBRL has the potential to represent any domain of interest, facilitating data comparability, consistency, faster collection and aggregation in that domain.

XBRL today is being increasingly used for non-financial reporting. For example, an XBRL taxonomy has been developed for sustainability reporting, under the Global Reporting Initiative (GRI).

SBR standards could be used for other voluntary reporting purposes, particularly where those reports are quantitative in nature.

As noted earlier, some businesses are increasingly voluntarily reporting non-financial information to give a more complete organisational picture to their stakeholders. This is generally reflected in environmental, sustainability or corporate governance reporting.

A 2011 International Survey of Corporate Responsibility Reporting by KPMG found that 95 per cent of the 250 largest companies in the world now report on their corporate responsibility activities.² Eighty per cent of those 250 follow the Sustainability Reporting Guidelines, developed by the GRI.³

In line with the ASX Corporate Governance Council's Principle 7, voluntary sustainability reporting is becoming increasingly common amongst major Australian companies, with over 97 per cent of ASX 100 companies reporting on sustainability to some extent.⁴

In March 2012, the GRI released an XBRL taxonomy for sustainability reporting.⁵ Also, an XBRL climate change reporting taxonomy has also been jointly developed by the Climate Disclosure Standards Board and Carbon Disclosure Project, released in November 2012.⁶

In September 2012, Deloitte, using the GRI taxonomy, published its 2011–2012 sustainability report, as both a traditional report and as an XBRL instance file.

Deloitte Netherlands Sustainability Manager, Mark van Rijn, says there were three main reasons why Deloitte used the GRI Taxonomy in its reporting cycle:

Firstly, because we see it as the way forward in sustainability reporting. It offers advantages that traditional sustainability reporting doesn't, it facilitates data comparability, and will be a tremendous asset in the future for stakeholders if the GRI Taxonomy is used widely.

Secondly, we felt that it provides an opportunity to link up our reports. In the GRI Reference Table of our traditional sustainability report, we reference other documents, such as the Annual Report. By using XBRL, we can include the actual data rather than just a reference. This means stakeholders can be presented with all the information they need in one document, the XBRL instance file. For transparency reasons, this is a great way forward.

Finally, if you look at the kind of information companies need to publish, taking into account the new integrated reporting developments, we should ideally be seeing high-level, short reports with solid data underpinning them. XBRL fits this picture.⁷

Conclusion

SBR has the capacity to increase the effectiveness of a business's financial reporting to government. This includes through the greater efficiency in the preparation of reports, while also providing greater transparency for users of financial reports.

SBR also can offer similar benefits to non-financial reporting, whether that is in the case of government reporting

requirements, or in relation to evolving voluntary forms of corporate reporting, for example, to non-government stakeholders.

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Notes

- 1 Details of this consultation can be found at www.treasury.gov.au/ConsultationsandReviews/Submissions/2012/SBR-Options-Paper [22 January 2013]
- 2 KPMG, 2011, *International Corporate Responsibility Reporting Survey 2011*, p 6, www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/corporate-responsibility/Documents/2011-survey.pdf [22 January 2013]
- 3 *ibid*, p 20
- 4 Australian Council of Super Investors, 2012, *Sustainability Reporting Practices of S&P/ASX 200 Companies*
- 5 Global Reporting Initiative, 2012, 'Sustainability reporting in the digital age: first XBRL reports released using the GRI Taxonomy', 7 November, <https://www.globalreporting.org/information/news-and-press-center/Pages/Sustainability-reporting-in-the-digital-age-first-XBRL-reports-released-using-the-GRI-Taxonomy.aspx> [22 January 2013]
- 6 Carbon Disclosure Standards Board, 2012, 'New technology for climate change reporting now available to trial', 12 November, www.cdsb.net/news/news-new-technology-for-climate-change-reporting-now-available-to-trial/ [22 January 2013]
- 7 GRI, *op cit* ■