EXECUTIVE SUMMARY

In exploiting the capabilities of online technologies, governments have developed policies and launched projects to conduct transactions and deliver their services through the Internet. The motivations for this include cost cutting, efficiency improvements, service enhancements, and leadership in business transformation. However, these diverse goals are not necessarily consistent, especially in the early stages of implementation. The e-government initiative discussed in this case study (E-Tax) provided an additional service to individual Australian taxpayers by enabling them to file their tax returns online. This case study provides an analysis of the E-Tax implementation in the first three years of its operation. Data on E-Tax use compared to other filing methods show that the package worked well technically, was favorably received by users, and was consistent with policy on e-government. However, adoption levels in the early stages did not meet government targets. The analysis suggests that impediments to a greater level of E-Tax use included entrenched patterns of filing, the nature of the taxation system, and political sensitivities. The E-Tax case demonstrates how complex e-government projects can be and the need to take contextual factors into account in planning and evaluating e-government implementation.

Keywords: e-commerce implementation; e-government; electronic service delivery; government online; government to citizen e-commerce; governmental IS; Internet taxation

SETTING THE STAGE

Paying personal income tax is one of those melancholy, although necessary, duties that most adults have to perform. But think for a moment about those whose job it is to manage the system that facilitates this (usually annual) process. Surely technology can come to the rescue, making the process easier and more successful for the taxpayer and more efficient and less costly for the taxation office. Such a project would be a good example of e-government, especially consistent with governments’ goals to transact with their citizens online, making their lives more convenient and, in the process, saving money for the taxpaying public. But what might be involved in such an implementation?
What factors should be considered in mounting a project to file tax returns or other government documents online?

In this study, we report a case of a government using electronic service delivery for just such a purpose. We outline the experience of the Australian Taxation Office (ATO) in developing a simple, free system that allows taxpayers to submit their annual returns online. The system, known as E-Tax, was designed to reduce the ponderous inefficiencies and delays that are an unavoidable part of systems based on paper returns. It is a case that demonstrates the issues surrounding e-government initiatives as a form of electronic business or electronic government. It highlights the complexities in balancing gains in efficiencies for individual transactions, efficiency, and coherence across the whole system of service delivery with access for the diverse population of end users whose needs must be met. It also emphasizes the lengthy implementation period that such initiatives may require in order to achieve success.

We begin by describing the Australian government's policy framework for online services and e-business development. Like many other governments the world over (La Porte et al., 2001; McCartney & Wilson, 2001), Australia has sought to utilize information and communication technologies to improve government business processes (ANAO, 2000; Thibodeau, 2000) for the convenience of its clients (Power, 2001; Symonds, 2000; Tillet, 2000) and to provide an example of effective use of these technologies (Government On-line, 2000) for business and community. We then outline the E-Tax project and describe the early implementation period of this initiative. The discussion that follows points out the lessons this case holds, both for electronic government initiatives and for other service organizations embarking on similar ventures.

CONTEXT OF GOVERNMENT PROVISION OF SERVICE ONLINE

Governments as Managers and Providers

There are two main goals underlying initiatives for government online service delivery: increased government openness, including better provision of citizen services; and business process improvement (Chamberlain & Castleman, 2001). The prevailing motivation for electronic government initiatives appears to be their potential to improve business processes. They are seen to maximize business efficiency and effectiveness. Such improvements relate primarily to the delivery of services to the public and information dissemination, typical transactions performed by governments every day (Public Management, 2000). Business efficiency and effectiveness can be measured principally against the reduced costs of administering citizen transactions. Reduced transaction costs are presented as major arguments by governments in justifying business cases for implementation of online innovations. In this way, governments also exercise their accountabilities to the public by demonstrating the effective allocation of public funds (Al-Kibsi et al., 2001; Colecchia, 1999; Girishankar, 1997).

Contemporary governments must legitimise themselves both as good managers of public resources and as providers of appropriate services to the population. It is in the best interest of governments to demonstrate that, by their online activities, they use
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