



Extract from the report to the
Public Accounts Committee on
the savings potential of approx.
DKK 1 billion annually associated
with the transition to the mandatory
public digital mailbox *Digital Post*

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1. Introduction and conclusion

1.1. Purpose and conclusion

1. This report concerns the prospects of public-sector savings of approximately DKK 1 billion annually as a result of the transition which made it mandatory for citizens and businesses to receive Digital Post from Danish public authorities. In this context, the term public authorities refers to ministries, municipalities and regions, and underlying authorities and institutions such as the police, municipal administrations and hospitals.

2. Digital Post is a digital mail mailbox designed to replace the majority of paper-based letters sent by the public sector to citizens and businesses. The Danish Ministry of Finance is responsible for Public Digital Post bill, which was passed by the Danish parliament in 2012. The act makes it mandatory for citizens and businesses to receive mail from public authorities in their Digital Post mailbox. The introduction of Public Digital Post is part of the Danish eGovernment strategy for the years 2011 to 2015. In terms of savings potential, the mailbox is the most important initiative in the strategy.

3. Following the passing of the Public Digital Post Act, the Danish Agency for Digitisation under the Ministry of Finance set out to qualify the potential for savings from Digital Post. For instance, the agency measured how much time the employees spent sending paper-based and digital mail, respectively. The agency estimated that with lower expenses for postage and stationery, salaries and overhead, the potential for public-sector savings from the transition to Digital Post would be approximately DKK 1 billion annually.

4. The savings potential was one of the main reasons for the introduction of Digital Post. When the Danish parliament discussed the bill on Digital Post the then Minister of Finance stated that the main purpose of implementing digital communication between the citizens and the public sector was to save money and provide good and flexible services. In 2014, the minister reiterated that the savings potential of Digital Post was approximately DKK 1 billion annually.

5. It is against this backdrop that the study assesses the probability that the introduction of Digital Post will lead to public-sector savings of approximately DKK 1 billion annually.

In the study, we have examined what the Danish Police, SKAT (Danish Customs and Tax Administration) and the Ministry of Defence have done to realise the savings associated with Digital Post.

*Act no. 528 of 11 June 2012
on Public Digital Post.*

*The eGovernment strategy is
the result of a collaboration be-
tween the government, Local
Government Denmark, which
represents the Danish munici-
palities, and the five Danish re-
gions.*

*Overhead is indirect expenses,
such as rent, administration,
support functions, including
management, and IT and of-
fice supplies.*

CONCLUSION

It is Rigsrevisionen's assessment that it is unlikely that the transition to Digital Post will generate annual savings of approximately DKK 1 billion for the public authorities.

So far, the Ministry of Finance has only to a limited extent managed to realise the savings potential estimated for the area of central government. Rigsrevisionen's review shows that government appropriations have only been reduced by approximately DKK 48 million in 2015, which corresponds to approximately one fifth of the estimated potential of DKK 244 million. Moreover, savings have been realised very unevenly across the government bodies, and only the appropriations for SKAT and the Police have been reduced. The introduction of Digital Post has not resulted in reductions in the appropriations for any of the other government authorities, and no other agreements have been made requiring the authorities, for instance, to spend savings achieved on other tasks.

The financial implications of the transition to Digital Post have been discussed as part of the government's annual financial negotiations with the municipalities and regions and the agreements that followed the negotiations largely reflected the estimated savings potential. Block grants have been reduced by almost half the agreed savings amount, whereas the other half of the savings will be used by the municipalities and regions for welfare purposes.

Secondly, the Danish Agency for Digitisation has not rendered it probable that the full savings potential of Digital Post can be achieved. The agency has employed a commonly used method to estimate the potential, which, however, does not reflect the considerable uncertainty that is associated with the possibilities of actually realising the savings. It is Rigsrevisionen's assessment that the transition to Digital Post will automatically result in savings in postage and stationery, whereas it will be difficult for the authorities to realise the full estimated savings potential for salaries and overhead expenses, because the estimate is based on the assumption that the individual staff members only send out a few letters daily and therefore save only a few minutes each. As a result, savings in salaries and overhead will emerge scattered across the individual authorities. These savings account for more than half of the total estimated savings potential. The Danish Agency for Digitisation is of the opinion that largely any savings in time can be re-allocated and used to carry out other tasks, as provided in the estimate of the savings potential. The agency recognizes that it will be a demanding task for the individual authorities to achieve the savings potential.

Rigsrevisionen's study also shows that neither the Police, SKAT nor the Ministry of Defence expects to realise the estimated potential for savings in salaries and overhead. As the only one of the three authorities, SKAT has indicated that it expects to achieve the full savings potential in the longer term, but only because it will be able to send more letters digitally than originally anticipated. SKAT expects the increased savings in postage and stationery to compensate for the missing savings in salaries and overhead. The Police and Ministry of Defence expect the transition to Digital Post to generate considerably lower savings than estimated by the Danish Agency for Digitisation. Lastly, SKAT and the Police have informed Rigsrevisionen that they have found it necessary to find savings in other areas, because the actual savings achieved through the transition to Digital Post have not sufficed to offset the reductions in their appropriations.

Time studies have shown that sending a digital letter takes two minutes less than sending a paper-based letter.

The estimated savings potential is based on the assumption that the expenses of the authorities for salaries and overhead are directly proportionate to the number of letters that are converted to a digital format. This means that each time a paper-based letter is converted into a digital format, the two minutes saved should translate into a financial saving of DKK 15, which can be re-allocated or used to reduce the budgets.

Digital Post is one of the initiatives in the eGovernment strategy, from which it appears that the economic benefits generated by implementing the initiatives must be documented. The Danish Agency for Digitisation has informed Rigsrevisionen that it will follow up on the 80 per cent goal set for the transition from paper-based to digital correspondence by obtaining information on the authorities' expenses for postage. This will enable the agency to assess whether the authorities achieve savings in postage, but not whether savings are achieved in salaries and overhead. Of the three government authorities in the study, only SKAT has indicated that it will monitor both postage savings and savings in salaries and overhead. Rigsrevisionen finds that the authorities will gain valuable information on the amount of savings that is actually realised, if they monitor the development in savings in all the affected cost areas. Particularly because the full potential of savings has yet to be provided and because it will be difficult for the authorities to fully achieve the estimated savings in salaries and overhead.

*The joint eGovernment strategy for 2011-2015 prescribes that **80 per cent** of all correspondence from the public authorities to the citizens must be in digital form.*