Australian Government
Australian Taxation Office

Key outcomes

Title:	Combined ABSIA Board Strategic Working Group meeting
Issue date:	3 July 2019
Venue:	ATO Office Moonee Ponds 6 Gladstone St, Moonee Ponds Murnong conference room

Event date:	19 June 2019	**Start:** 9:00am	**Finish:** 4:00pm

Chair:	Martin Mane	**Facilitator:**	Martin Mane
Contact	Sonia Lark	**Contact phone:**	02 47257460

Attendees: names/section	John Dardo - Chief Digital Officer, Deputy Commissioner, Digital Delivery Matthew Bambrick - AC, Policy, Analysis and Legislation (dial-in) Steve Dardo - AC, Strategy and Support Michael Rowell - AC, Digital Wholesale Services (DWIS) Larissa Evans - AC, Fund Services and Engagement Martin Mane - Director, Digital Partnership Office Kylie Johnston - Director, Digital Partnership Office Mark Stockwell - Director, e-Invoicing Sonia Lark - Digital Partnership Office Chris Howard - ABSIA, President Karen Lay-Brew - ABSIA Jack Wee - Catsoft Koustubh Bandyopadhyay - Commonwealth Bank of Australia Mike Behling - MYOB Helena Bone - MessageXchange Mike Denniss - Class Limited Simon Foster - Squirrel Street Kevin Johnson - Reckon Elaine Cheng - Attaché Software Anthony Migliardi - Xero Michael Wright - Sage Mike Roberts - TaxLab

	Matthew Prouse - ABSIA Michael Ross - ABSIA
Apologies: **name/section**	Ian Gibson - ABSIA Marjukka Maki-Hokken –ABSIA Jason Lucchese – AC, Fund Services and Engagement Brett Reed - e-PayDay Michelle Leavers – Attaché Software

Next meeting	23 October 2019

Agenda item: 1 – Welcome and introduction

Martin Mane welcomed the group and new members were introduced.

Agenda item: 2 – Priority work for 2020

John Dardo gave some general updates on work to upgrade the SBR platforms and the resilience of systems. The intent of improving resilience is to enable components to run 24/7 without reliance on 24/7 availability of core systems.

John highlighted three main areas of focus to improve the integrity of the systems so 'tax and stuff just happens':

- Identity

    - Changes we need to make to validate identities e.g.: associates of trusts

    - Matching data against other government agency data e.g.: Medicare held data including FIDs

- Data – routinely access data, rather than once a year by exception, and enable bidirectional flow of information (e.g. if we identify an issue with data from land registry where the same entity is recorded multiple times)

- Risk – detecting and managing risk, reducing ability of entities to 'play outside the system'. E.g.: Medicare providers who receive Medicare payments, but do not lodge and pay tax

M2M space

There is working being done to manage the resilience of the core components, but some are just not where they need to be.

Identity

myGovID is now available for iPhones in the App Store – there was a soft launch, and continual upgrades are occurring – we are now receiving feedback from a broader user-base than we were able to in testing. Once we are able to address some of the bugs, an Android version will be

released. It will not be the solution for 99% of the population, but we are aiming for 90%.

myGovID will be mandatory for business portal and ABR by March 2020 as a replacement for AUSkey.

Agenda item: 3 – e-Invoicing

Mark advised there was a great deal of ministerial interest in e-Invoicing and it is increasing exponentially.

Kous commented that although e-Invoicing is a nice idea, with no mandate and no incentive to on board, there is limited return on investment.

Karen Lay-Brew reminded the group that there was 12 years' worth of experience from Europe to help expedite the road to faster adoption in Australia and New Zealand. The successful measures have included government incentives and mandates.

John suggested that reinforcing behaviour such as with STP rollout is getting traction. The government may look to similar approaches for e-Invoicing, such as they may require those companies doing business with Government to use e-invoicing.

Mark Stockwell explained that since the federal election we were still waiting on a ministerial announcement before a legal position is established. He went on to say that the teams were well-positioned in terms of readiness and preparation and are ready to commence building and testing as soon as there is an announcement. It is anticipated that consultation will be occurring in July.

The PEPPOL model is well-tested, robust, and well-used, with low numbers of irritants. DHS is setting up an access point to support federal government, and they are looking for agencies that can come on board quickly. Eg: those with a centralised accounts payable section, or interoperable software. There is also talk with NSW agencies – the new minister is keen for NSW to come on board quickly.

DSPs can help support and drive e-invoicing adoption, and can influence larger entities to come on-board.

Matt Prouse queried whether the ATO would be producing a white paper on how to implement e-Invoicing. Mark responded by explaining that this was difficult as business interact differently and have varying models.

Kous Bandyopadhyay queried whether PEPPOL will have different requirements to those of the Operational Framework (OPF). It was confirmed it wold have an equivalent, with some modifications.

Agenda item: 4 – Strategic Initiative: Shaping the tax and superannuation system

Matthew Bambrick introduced his discussion by advising Policy Assurance and Law (PAL) were designing for the digital world, looking at wider improvements, not just fixing the things that are going wrong. Some examples he gave were:

- Tailoring systems around different experiences eg: black economy
- Statement of tax record as a pre-requisite for government procurement – this could be a standard for other things
- Expansion of TPAR, which is currently annual – needs to be digital to be more regular and more effective

He went on to say that although they were not designing anything specifically at the moment, they wanted to think about the design of the system itself. They are keen to be a part of consultations occurring around real time reporting and payments.

Matthew Prouse added in that with the need to create five million jobs in the next 11 years, some radical thinking of the future of the tax system is required – how are we going to design a system that will cater for the explosion of employment and how can software support this.

Matthew Bambrick commented that the ATO needed to get out of the way of small business, and if we can allow the software to do everything for them, there would be massive productivity gains.

Karen Lay-Brew suggested including ABSIA and external industry representatives in conversations when considering policy changes.

Martin Mane advised to explore options to bring together DSPs and PAL to work on future thinking. Karen Lay-Brew and Martin Mane will collate ideas offliine and then touch base with Matthew Bambrick on the way forward.

Chris Howard suggested taking a 'blue ocean approach' – think about what you would like, then work backwards to determine the steps required to get there.

Kevin Johnson suggested ensuring DSPs are involved early in the consultation process when new policies are tabled. For example, the deductions schedule granular data was a great idea, but the implementation was terrible because consultation did not occur early enough on how the data was collected. Karen Lay-Brew added that early involvement upfront will avoid problems and challenges in subsequent implementation.

Action item:	Due date:	Responsibility:
20190619_01	**Wednesday 23 October 2019**	Karen Lay-brew

Martin Mane advised to explore options to bring together DSPs and PAL to work on future thinking. Karen Lay-Brew and Martin Mane will collate ideas offliine and then touch base with Matthew Bambrick on the way forward.

Agenda item: 5 – Strategic initiative: Channel experience

Steve Dardo presented the Channel Suitability Framework as an introduction to discussion around optimising interactions and limiting those made in incorrect channels. He described the three phases for channel optimisation:

1. Work out what the right channels are
2. Optimise each channel
3. Get people to use the right channel

Currently there is not enough guidance on channel selection for the decision-makers, and as a consequence, there is still too much paper going out. When considering channel suitability, consideration needs to be given to which is a priority and which is more appropriate.

Action item:	Due date:	Responsibility:
20190619_02	**Friday 5 July 2019**	Steve Dardo

Steve Dardo will provide more detail around the types of interactions that are included in each of the channels in the suitability framework table.

Channel selection discussion:
At the last SWG there was discussion around provision of ATO services and the issue where there is not always a wholesale service provided for every retail service. We have developed guiding questions and principles to assist internal ATO decision-makers with a channel approach strategy to make sure they consider the right questions.

The question was raised about the amount of effort required on behalf of the ATO to provide a wholesale service if a retail has already been built. Mick Rowell advised it is not a simple, straight-forward or one-step process and there is a lot of work involved in providing both. He advised that ideally, in the future, architecture would be changed so wholesale and retail are the same, but there is no timeframe for this.

Kous raised an issue related to the messaging layer which frequently impacts business. He advised that once the ATO receives and acknowledges receipt of transactions, the information in the

messaging layer is lost. Mark Stockwell responded, saying the information is not actually lost, we lose the ability to recover it.

There was open discussion on the validity of the points in the 'Guiding principles for channel approach' document (see presentation pack).

Matt Prouse raised the issue of monetisation – developers find it difficult to replicate services which are available for free in the retail offering without being able to recoup their development costs as users expect them in software also for free. This means there is no real commercial advantage for providing additional services.

Action item: 20190619_03	Due date: **Wednesday 23 October 2019**	Responsibility: DSPs
DSPs will provide feedback/comments on the guiding questions and principles.		

Agenda item: 6 – Transition to XML

Michael Rowell advised it was the ATO's intention to shift services from XBRL to XML. This will not, however, happen for next tax time. It will be a phased approach. They will start to go through the data, looking at what needs to be done, and what issues are likely to occur and how they will be dealt with (eg: parent/child forms).

Matt Prouse commented that there is a need for a white paper from the ATO explaining why the ATO is making the change from XBRL to XML as it will cost DSPs collectively millions of dollars but will be invisible to users. The ATO also needs to provide a timeframe so developers can plan transition.

Kevin Johnson commented that one source of truth was needed as currently there is no alignment of specifications across different documents.

Michael Rowell advised they were hoping to take the conversation to the DARG (Digital Architecture Reference Group) with a view to producing a white paper for the transition principles.

Agenda item: 7 – Strategic initiative: Supporting the superannuation system

Larissa Evans introduced the possibility of applying event-base reporting to Self-Managed Super Funds (SMSFs) in a similar way to the MAAS MATS reporting for APRA funds. The increased frequency of data we now get through MAAS MATS is better for administration of APRA funds, but there is a gap when we look at SMSFs. The journey for APRA funds started with agreement from industry, and now the benefits of real-time reporting need to be articulated to the SMSF sector.

Mike Denniss commented that there were some segments of the SMSF sector for which real-time or digital reporting will be very difficult as some do not have any digital capability whatsoever.

Some SMSFs do daily processing, some do annual TBAR (Total Balance Annual Report), and some do not have any software. Some SMSFS have no TBAR reporting obligation. Industry is in favour of mandating digital reporting where suitable.

There are three ways to lodge TBAR – Bulk data exchange (BDE) of a batch file, via the portal, or by paper.

Mike Denniss commented that there should not really be an issue for those lodging via BDE to transition to digital/real-time reporting, so there would be no need to support TBAR by BDE moving forward.

Looking at event-based reporting for SMSFs, it makes sense for it to occur in the same format as the current MAAS MATS.

Something which needs to be considered is whether the reporting requirements of an SMSF align more closely with APRA funds or with partnerships and trusts.

Mike Behling commented that we would be forcing the cost of using an agent on SMSFs when they only report once a year, and even if this is digital, it still will not be real-time.

Martin Mane asked the non-super DSPs in the group if there was any super information which they would like to see or start consuming:
- Contribution amounts so they can see if someone has gone over their cap
- Transfer cap position
- Total super balance – across APRA and SMSF funds

Martin Mane advised that we could theoretically provide a view of total super balance for APRA funds, but we are missing SMSF data. There would not be a need to see daily transactions, just an up to date, cap balance position, and date of last transaction.

Agenda item: 8 – Recap on outcomes from last SWG

Metrics
The group was given a generic view of the transaction errors received across the SBR platforms. The DSPs agreed receiving regular error reports would be valuable as a diagnostic tool. Additional details the group would like to see include:
- product ID
- service year
- total number of errors for each service, and
- number of DSPs affected.

The DPO will consider the best way to provide these reports to those DSPs who would like to receive them.

Shifts in work and income
Sonia Lark advised the group that up to this point, only limited information had been supplied. She asked the group whether they were able to provide any further insights into shifts in work and income.

Security and risk management
Sonia Lark gave an overview of where discussions are up to in regard to the joint industry and ATO approach to sharing security information to build a broader awareness of risks. The next steps for this group are:
- The ABSIA Security lead will consult with industry to identify what information would be valuable to DSPs
- The ATO Director of Security will consult with Cyber Security Operations Centre (CSOC) to determine the type and level of information the ATO is able to provide.
- The next meeting is scheduled for 22 July.

Securing the broader ecosystem
Matt Prouse gave an overview of the discussions taking place in this focus group. He advised there was definite appetite for a consistent, standardised approach. He has had a meeting with Amazon and they have agreed to share what they are doing.

Now that the 'front door' has been secured – as a result of conforming to the OPF, the next big risk is that APIs are potentially a 'back door' which will need to also be secured, or at least we need to consider the risks of exposure through APIs.
'Securing the broader ecosystem' is not about the DSP interacting with the ATO it's about the DSPs interacting with third parties or other DSP's with APIs.

Payment thinking
Sonia Lark provided an overview of discussions which took place in the most recent payment thinking focus group meeting. The next steps for this group are for the ATO to determine the type of data analytics that are able to be shared, and for DSPs to advise what type of services they would like to be available in the future.

Martin Mane advised that as a part of the New Payments Platform piece, they are working on a replacement for direct debit. The design phase is just beginning, and it will probably take approximately 18 months before it hits the ATO. It will improve many of the irritants of the direct debit system.

Morning tea, lunch and afternoon tea were provided