



## Key outcomes

UNCLASSIFIED External

Title:	Strategic Working Group meeting		
Issue date:	20 April 2020		
Venue:	ATO Moonee Ponds Office 6-20 Gladstone Street Moonee Ponds, VIC Murnong Conference room L6.708		
Event date:	5 March 2020	Start: 9:00am	Finish: 4:30pm

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

Attendees: names/section	ATO: Martin Mane - Co-chair– AC, Digital Partnership Office & e-invoicing Ben Foster- AC, Digital Communication & Identity Services Natalie Ross – AC, ABR Platforms Michael Rowell - AC, Digital Wholesale Integration Services Angela Lehmann – Director, Single Touch Payroll Claire Miller – Director, Digital Communication & Identity Services Mark Stockwell – Director, e-invoicing Sonia Lark - Digital Partnership Office  Industry: Karen Lay-Brew - Co-chair- ABSIA Christinique Chapman - MYOB Max Ciereszko - FastTrack Tim Covark – Cashflow Manager Mike Denniss – Class Limited Grant Doherty - Qvalent Simeon Duncan - Intuit Simon Foster - Storecove Ian Gibson - ABSIA Matthew Prouse - Xero Michael Wright – Sage
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Guest:  
John Shepherd – Australian Bureau of Statistics (Industry statistics Div)

Apologies:  
name/section Jason Lucchese – AC, Single Touch Payroll  
Mike Behling - MYOB  
Helena Bone - MessageXchange  
Chris Howard – ABSIA  
Cian O’Reilly - MessageXchange  
Michael Roberts - TaxLab

Next meeting 16 June 2020

**Agenda item: 1 – Welcome and introduction**

Martin Mane welcomed the group and new members were introduced.

**Agenda item: 2 – Modernising our Business Register Platform for the future**

Natalie Ross began by giving some background on the Modernising Business Registers (MBR) program. The scope of the program is to provide:

- A modern, whole-of-government business register platform to provide a high level of reliability, accessibility and security
- A new registry service by consolidating ASIC registries and the ABR at the ATO, and providing a digital user interface and APIs for the full business registry lifecycle.
- A Director Identity Number (Director ID) regime for 2.7 million company directors.

ASIC would retain its regulatory function, but the ABR will become the Registrar.

As it is currently difficult to trace directors due to the relaxed identification requirements, it is intended that the Director ID will incorporate myGovID to ensure accurate and complete information is captured and identification of directors is assured.

The Director ID will issue from the new platform, and there will be a transition period of approximately 15 months to transition the existing 2.7 million directors across and assign Director IDs.

Martin Mane will invite membership from other service providers into the SWG and DARG (DSP Architecture Reference Group) for MBR consultation.

Martin confirmed that some functions, services and information would always be free.

Martin advised it was not certain when Know Your Client (KYC) would be legislated, however there were a couple of different options available; that it really came down to the fact we want good data and how do we facilitate this. He said that if software has the ability

## Agenda item: 2 – Modernising our Business Register Platform for the future

to consume/provide this, then that was a good thing. Grant echoed this, saying that even though the myGovID for a director will be verified, the KYC component will bring surety that the user is who they say they are.

Simon Foster added that currently even verifying ABNs in real-time can be problematic due to scheduled system downtime during business hours.

John Shepherd added that the Australian Bureau of Statistics (ABS) also runs a business register as a frame for its surveys which takes data from the ABR. The ABS is very interested in leveraging the new combined register, especially in regard to business location details.

Martin summarised by saying the MBR program will provide better quality data which will mean new APIs will be able to expose better data in software. The DSP community will also change as new providers who currently only interact with ASIC will need to consume our APIs.

Michael Wright asked about the current mechanisms for software to send data to ASIC, including Edge and Direct Taxi. Natalie advised these would be decommissioned with the move to the new register. Michael Rowell interjected that some of this work aligns with the DWIS space.

## Agenda item: 3 – Sharing business data

John Shepherd is General Manager at the Australian Bureau of Statistics (ABS) responsible for industry statistics and his area is responsible for most of the business surveys. John joined ABS last year from the ATO, and previously led the STP program so is known to most of the committee.

John explained to the group that the requirement to complete up to 40 surveys for ABS per year, with each taking up to 90 minutes was a major pain point for business. It is acknowledged the process has very little integration with software, it was agreed there could be an opportunity for some automation using information already in software. Some larger businesses have a dedicated person or people who look after reporting obligations including ABS surveys. Response rates are, in general, reducing or costing more in follow up calls to maintain even though businesses are required by law to complete the surveys.

The survey data is generally keyed into an ABS online portal by businesses, and in some large annual surveys it can take two to three months to perform quality checks and data cleansing.

The ABS recognises the need to reduce the government reporting burden for business as well as:

- Improving the quality of the data
- Reducing the time spent on completing the surveys
- Increasing automation where possible, and

- Improving the timeliness i.e.: reducing the lag time when data becomes available

John covered the main areas of initial focus:

- Leveraging STP data e.g. to produce average weekly earnings – this could give timely and current insight into the economic impact of the recent bushfires and ABS would not have to use surveys as much.
- Exploring solutions for larger businesses, some of which are required to complete over 100 surveys per year e.g. a level of automation, or a single monthly report to cover a number of surveys
- Engage industry stakeholders, including DSPs, to understand opportunities and challenges.
- Opportunities exist to provide information back to business. For example, benchmarks, expected sales, and customer demographics for someone starting a new business – and this could be provided when they register for an ABN.

Matt Prouse commented that sovereignty of data needs to be explored to govern its usage. Also that industry needed to offset low-cost solutions against the cost of software which can provide the type of data everyone wants. John agreed that any solution needs to be cost-effective for all involved, including government, business and DSPs.

Martin asked how many of the 40+ surveys would be removed if processes could be automated to be leveraged from software. John advised he thought it would be as much as 60- 70%, however it wasn't fully mapped yet. He went on to say that they were hoping to enable a two-way exchange of data rather than just collecting data.

Feedback from industry members:

- A few thousand questions per year such as 'what is this?' and 'Why can't my software do it?'
- Also, the fact that some look similar to a company ITR means there is a risk they are filled in incorrectly.
- Agreement that feedback heard from business is ABS surveys are a real pain point for business.

John Shepherd thanked the group, advising the ABS was looking at the next steps and would engage with DSPs in the future, including at a future meeting of this group.

#### **Agenda item: 4 – E-invoicing – Industry update and adoption**

Mark Stockwell provided the group an overview of government readiness. On a positive we have had strong interest from providers wanting to provide Access Point services. We anticipate having 25-30 accredited access points by mid year. He was confident that there was now the basis of a network to go forward. Of the larger 90 government agencies, we are establishing what their capability looks like, what their capacity to transition is, and whether they have a relationship with an access point. We are pushing government agencies to onboard to e-invoicing to meet the policy to pay suppliers within five days. Mark advised that

by June 2020, they were expecting 30% of government invoices to be capable of receiving an e-invoice.

Commonwealth agency onboarding is dependent on the agency's IT department program of work, available funding and executive approval of the business cases. The aim is to have 75% of government agencies ready by December 2020. We are also aiming to have the State level at 50%.

In regard to business, there has been a huge variation in response. Matt Prouse commented that they were reluctant to promote e-invoicing to small business clients as there is no established network operating yet. Mark advised that it will also take time for large business to get their solutions ready, but that once government and large business were onboard, there would be enough of a network available to start bringing in small business.

The Operational Framework has meant that our network is more secure than that prescribed by Peppol, and our influence in this space is on now a global level.

The next phase will include e-procurement (P2P) documents which large business require as part of their supply chain. Peppol have agreed that it makes sense to change the existing Peppol messages through their change management process than create unique A-NZ requirements for these documents. Global specifications for some e-procurement documents are expected to be released in May including:

- Purchase orders
- Dispatch advice
- Goods received
- Invoice response
- Shipping notices etc

Mark advised this was a pathway to support more interoperability for documents in Australia and world-wide. Simon Foster added that suppliers are required to implement upgrades within seven days when changes are made to documents. Peppol has a set of compliance documents which set expectations around when a message can be rejected, and when it should be accepted. (i.e. meets KYC and compliance rules)

Work on the Peppol 'Testbed 2.0' is being finalised now to allow AS4 interoperability testing. In Australia we still want to continue with AP interoperability testing between network participants.

There will be an initial focus upon Know Your Client (KYC) and how the service can be matured moving forward to ensure more confidence around KYC. E.g. ABN look-up.

Simon Foster advised a new problem has arisen recently in relation to ABN branch validation and instances when the ABN may not be the identifier.

Martin mentioned an Australian company which has been transacting with Europe using peppol for three years, and the fact he would be interested in reaching out to them.

Karen Lay-Brew posed a question to the group for discussion: If everyone is interested in e-invoicing, but the government is not going to mandate it, how do we bring onboard the private sector? Matt Prouse commented that there are many experiences by the different business segments, and that in order to make e-invoicing work, we need to reduce the burden for small business and shift the balance to large business. There were other comments around:

- Make getting paid seamless, so it is easy
- Leverage off other government payments e.g. Medicare, grants
- Productivity and efficiency gains – some large business still use faxes
- New reporting requirements waiver where e-invoicing in place

**Agenda item: 5 – Single Touch Payroll – Phase 2**

Angela Lehman touched on the communication which has recently been occurring in the DSP space including webinars and face-to-face sessions, advising there was a lot more to come.

She went on to say that they were waiting on some key pieces of legislation to be passed to be sure STP Phase 2 will get the green light:

- Change of the DSS assessment model from income earned to income received – this will better align with the STP model
- A measure to allow ATO to collect Child Support (CSA) information.

Angela then recapped on progress with STP Phase 1 advising those on-boarded now numbered around 600,000. Matt Prouse asked how many employers had been granted deferrals or remained on quarterly reporting.

<b>Action item:</b> 20200305_01	<b>Due date:</b> Friday 20 March 2020	<b>Responsibility:</b> Angela Lehman
<p>Angela Lehman will provide details to the group of how many employers:</p> <ul style="list-style-type: none"> <li>• have additional time (deferral) to implement STP</li> <li>• remain on quarterly reporting for PAYGW.</li> </ul> <p><b>UPDATE:</b></p> <p>21,478 employers are covered by a current deferral but have not started reporting.</p> <p>46,777 employers have been granted the quarterly reporting concession through their agent.</p>		

STP Phase 2:

Angela reminded the group that Michael Karavas presented an overview of Phase 2 at the last meeting, so she wouldn't cover those details again.

She went on to explain that Services Australia (previously DHS) was a key stakeholder in Phase 2 and was heavily involved in the in the consultation, design and build of the solution. Feedback so far from business indicates there are more benefits for employers in Phase 2 than from Phase 1. Angela also mentioned that the design of the data structure of Phase 2 was also very much around future-proofing, allowing changes to the pay event without the need for re-design. Subject to legislation, Phase 2 will be mandatory from 01/07/2021 but a soft launch with some DSPs and SSPs could commence from 01/07/2020.

Angela reiterated that until they have legislation, documents will remain as *draft*, however no significant design changes are anticipated. The first draft of the BIG and the MST and Validation Rules have now been published and are available on [sbr.gov.au](http://sbr.gov.au). Up until the time they were released, we also made position papers available to give some background and design solutions. We will be holding another round of DSP information sessions, however these will now be held via Webex.

The group agreed that the position papers were greatly appreciated by industry.

#### Key changes for Phase 2:

- reporting by income type/country codes
- adding new cessation type
- disaggregation of gross
- new CSA deduction and garnishee
- new fields to replace TFND services
- transferring payee YTD amounts

The new *payevnt.2020* service will allow adjustments to gross wages and PAYGW amounts and will help with BAS pre-filling. It will also allow employers a view of YTD amounts reported. The date that these will be available is yet to be confirmed.

Angela confirmed that all the additional detail will filter down to a granular level into the IITR after it is mandated (2021/22 FY).

#### Drivers for change:

- Employment relationship e.g. TFN declaration and payment information
- Responsiveness – communicating expanded data set in real time when circumstances change
- TFN declarations – the TFND tuple will be part of *payevnt.2020*
- Employment separation certificates – introduction of cessation code type will mean there will no longer be a need for the majority of separation certificates.
- Streamlined reporting – aligns to the principles of ‘Tell us once’.

Tax treatment framework – this is a six-digit code which looks at all withholding roles. The digits represent the following:

- First digit = category (e.g. employee type)
- Second digit = options (e.g. tax-free threshold status)
- Third digit = study & training support loan status
- Fourth digit = MLS tier

- Fifth digit = MLE status
- Sixth digit = ML reduction for spouse or dependents

Next steps:

ATO is beginning to use STP data for compliance activity e.g. MATS, however we are still very much in the help and support mode. We have also begun issuing warning letters to non-compliant substantial employers, but will soon start to issue FTL penalties. Angela confirmed the same lag time (approx. 18 months) can be expected for smaller employers before the nudge campaigns start.

**Agenda item: 6 – Digital ID update – myGovID transition strategy/Machine to Machine**

Ben Foster began by giving an overview of AUSKey transition to date, advising they were really happy with adoption rates so far:

- 680,000 downloads of the myGovID app
- 490,000 myGovIDs created, most of which are IP2
- 530,000 authorisations in RAM

From a DSP perspective, the hard cutover to myGovID for Online Services for DSPs occurred mid-January – this was the first big cutover, and 375 DSPs have now logged in using the new credential. He thanked the group for their support of the transition.

In the M2M space, 233 DSPs have cutover from device AUSKey to the M2M credential, which is the vast majority, and the platform is handling it very well. Ben wanted to thank all the developers who worked together to identify and resolve issues at the outset. Michael Wright did add that as most of their clients are desktop users, it has been a more difficult journey.

Ben advised that many thousands of emails have issued with supporting material and guidance, and field visits have been occurring by request. He added that if developers needed anything additional, to reach out to the DCIS team.

Ben advised that some large business are hesitant for staff to create and use myGovID as a credential as they are concerned about them using systems out of hours. As a result, work was occurring to develop a detailed log of usage to mitigate concern – it would show who logged in and when. There is consideration being given to establishing a working group to determine whether there were any other controls or restrictions required.

There are also plans to allow the use of myGovID to access a myGov account as well as the ability to change the email associated with the credential.

Matt Prouse requested the ability to add/display employee IDs in RAM to align personnel details with personal email addresses.

Ben advised a paper will be shared with the group on the planned audit logging report, looking at how it will be developed moving forward.

Karen Lay-Brew commented that the site visits have been a great success, however given ATO have limitations on resources, perhaps tapping into Australian Small Business Advisory Solutions (ASBAS) may open up more opportunities for providing support to business. Ben added that they were trying to leverage business industry groups and are happy for other ideas and suggestions.

Michael Wright asked whether it was possible to target support at those users who are still logging in with AUSkey but do not have a corresponding myGovID. Claire advised there was work being done to map AUSkey and myGovID logins, and similar mapping for device AUSkey and M2M credentials.

Ben advised there were banners going into the portals and Online Services for Agents (OSfA) with a countdown clock alerting users to the approaching deadline. Martin commented that tax and BAS agents who log in daily would be impacted first and would need to transition quickly after 01/04/2020, whereas business who may only log in quarterly may lag a bit.

#### Upcoming fixes:

In the Q1 release over 13/03, 14/03 there are two key changes being implemented:

- In certain states the use of a linking document to link two different user names will be allowed.
- A solution for off-shore employees who cannot get an IP2 identity level, the use of IP1 will be allowed, but with limited permissions. These employees must still provide certified documentation for manual verification.

Matt Prouse raised concerns around the IP1 credential being misused. Ben confirmed this is a possibility, however they will be monitoring for unrealistic use.

It was confirmed during the meeting that myGovID would allow multiple simultaneous sessions.

Grant Doherty spoke about the business need to automate checks on who is transacting in which systems, in particular updating/removing access. E.g. when an employee leaves, access should automatically be removed. Ben Foster replied that perhaps this could be worked through and mapped out in a working group.

Grant went on to talk about the industry desire to use myGovID to meet KYC requirements. Ben advised this was the intention of what the Digital Transformation Agency (DTA) had built when they developed the Trusted Digital Identity Framework (TDIF). Matt Prouse agreed – they would want to be able to use myGovID within 24 months as part of KYC. Ben asked what type of checks were done on users now. The group responded - nil, that although they do multi-factor authentication (MFA) in the cloud, the creation of the user account is up to the client and there is no KYC behind it. Matt Prouse went on to add that they want myGovID to be an open credential like 'Sign in with Google' or 'Sign in with Facebook'. Mick Rowell asked whether there were any conversations occurring between the DTA and Industry. Martin and Karen responded that although DTA engages with ABSIA and ATO, there is reluctance to engage with industry direct, pointing them back to the ATO. Matt reiterated that

they don't want TDIF, they want myGovID. Mick added that though needs to be given to future use cases that TDIF is not going to cover.

Grant suggested they could provide a number of use cases, and Ben agreed they need to be documented and discussed offline.

<b>Action item:</b> 20200305_02	<b>Due date:</b> Friday 29 May 2020	<b>Responsibility:</b> Martin Mane Ben Foster
Martin and Ben to convene a working group to explore use cases for myGovID in software to understanding current and emerging requirements and opportunities, such as KYC		

### Agenda item: 7 – System Resilience – ATO Digital Services Modernisation program

Mick Rowell began by outlining the three main takeaways from this discussion:

1. There have been significant improvements in the past 12 months
2. There is still a lot of work to be done in improving availability and performance
3. There is work being done to rebalance our offerings

He advised they aim for 99.95% availability, and that the 'catch and hold' strategy gives a perception of service enabling DSPs to 'process' during back-end outages and deployments. A lot of work has been done to maintain good availability while volumes continue to increase.

#### ADSM RFI scope:

The RFI has been split between:

- **Digital Services Gateway (DSG)** new light-touch, lightweight messaging standards & service real time, digital event single transactions
- **Digital Reporting Channel (DRC)** continue to provide existing services with backwards compatibility, service bulk & single transactions

The current focus is on the DSG as we are aiming to level and normalise channels. Mick used an analogy to describe current data channels:

- Bulk Data Exchange (BDE) – cargo ship – brings in big volumes from trusted end-points, secure, point to point
- SBR – ATO's Digital Reporting Channel (DRC) – train – good for bulk messages, not great for individual messages
- DSG – Pantech truck – small, nimble, 'chatty', ultra-fast.

Mick advised that an EVTE equivalent was expected mid-2020. It was hoped that new services would be able to be exposed, some of which are already available through online

services. He went on to assure the group that anything they are looking to deploy in DSG would be in consultation with DSPs.

Initial discussion would most likely centre on a whole-of-government data exchange between ATO and Services Australia, ABN look-up services and Director Identification Number (Director ID). Matt Prouse welcomed this as the current ABN lookup API is unreliable.

Platform optimisation:

Mick went on to talk about the two streams in the platform optimisation piece of work.

1. **Fortify the base:** they looked at all the incidents and outages last year and mapped them, unpicked every component to determine the key prevention tasks to bring to the next rounds of quarterly releases.
2. **Build for the future:** when PROD2 was deployed to the cloud, it was a 'like for like' transition as this was the extent of our capability. Part of what we are doing now is working through how we move forward such as cloud native, and CHiRPP (Cloud High Resilience and Performance Processor) for very large scale demands.

## Agenda item: 8 – Payments in software discussion

Martin introduced the topic by relating Payment Thinking back to the strategic objective of making it easier to pay on time and hard not to. He also highlighted that a 1% increase in on-time payments would equate to an additional \$5.1 billion dollars of revenue paid on time.

He opened the discussion by posing the question 'How do we introduce payments into software?' to the group. Some software already supports payment for salary, invoices or super, but how do we make this a more common experience to make it easier for business across the board.

Grant Doherty responded saying KYC is a critical component for this to work to identify who is making the payment, and who is receiving the payment. Re-use of myGovID could form part of the regulation of payment platforms.

Matt Prouse said they would like to see a data feed that looks like a bank account that could feed into software to allow visibility of the full liability. This would allow development of clever payment solutions. Simeon Duncan agreed this would aid in prompting payment.

Ian Gibson suggested aligning Super guarantee with PAYGW cycles as separate cycles adds complexity and additional reconciliation requirements for business. Ian added that there were very few technical limitations to achieving this. Matt added that Xero products are integrated with National Australia bank, but take-up was very low. Matt suggested defaulting business to monthly reporting cycles would also simplify things and would make it easier to get payment at the time of lodgement.

There was some discussion of the New Payments Platform (NPP), however the consensus was that the costs to use the NPP rails to make software NPP capable were prohibitive.

Matt suggested a service that pushes out any change in any account balance changes through a lightweight service would be useful. He did go on to add that although they were interested in doing something in this space, customers simply aren't keen. Perhaps we should consider making automatic payments the default which users have to turn off rather than on.

In wrapping up, Karen Lay-Brew welcomed the refreshed group and new members, and thanked everyone for their contributions to, what she felt, was very valuable conversation.

➤ Morning tea, lunch and afternoon tea were provided