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Digital Service Providers Australia New Zealand

Annual Report 2022-23

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Introduction

In 2022-23, DSPANZ has continued to work closely with our members, stakeholders and peers in government across Australia and Aotearoa New Zealand. During this time, the business software industry has seen significant events that will continue to impact Digital Service Providers (DSPs) into the future.

We have seen several high profile cyber attacks, which led to the Australian Government taking swift legislative action to increase penalties and consult on a 2023-2030 Australian Cyber Security Strategy. These security incidents triggered conversations across the public and private sectors about how long data is retained and how it is collected. As a result, DSPANZ took a deep dive into data minimisation and retention, hosting a focus group to produce draft best practice guidance for DSPs. We will also look to undertake similar work in New Zealand in the coming months.

The recent release of the final report from the Modernising Business Registers Review saw the end of five years of consultation with the industry. We anticipate that the outcome of this review may impact how government agencies deliver large-scale, transformative digital programs in the future.

This year has also seen a rise in generative artificial intelligence, resurfacing conversations about the legislative challenges and constraints DSPs face when leveraging such technology in tax and payroll processes. We continue to discuss what potential regulation or changes to current legislation could mean for DSPs.

The end of 2022 officially marked the end of Single Touch Payroll (STP) Phase 2 implementation for DSPs. There are now over 887,000 employers reporting STP Phase 2 data.

We are also pleased to officially announce our partnership with Australian Payments Plus (AP+). AP+ is Australia's domestic payments company, bringing together BPAY Group, eftpos and NPP Australia to shape the future of payments and digital identity for Australia. This partnership aims to provide awareness and educate our members on emerging payment methods and upcoming changes to the payments landscape, including the transition away from the Bulk Electronic Clearing System (BECS) to the New Payments Platform (NPP) by 2030 and the government's announcement that Payday Super will apply from 1 July 2026. The industry is at the early stages of these changes, and we are working with AP+ to support DSPs through this transition. Find out more about AP+ at auspayplus.com.au.

Moving forward, the outcome of New Zealand's General Election may have implications for projects that DSPs have been involved in.

We will also have continued consultation on the design and implementation of Payday Super over the next few years. To support our members, we will look to establish a dedicated working group early next year.

Once again, it has been a busy year for our organisation and our members. Read more about the year that was in this year's Annual Report.

President's Report

Kia ora! Tēnā koutou kotahi, tēnā koutou katoa.

Few could argue that the past twelve months have been static or uninteresting for DSPs operating in Australia and Aotearoa New Zealand. It has been a big year of significant change for our members, their customers and our key government partners on both sides of the Tasman.

The role DSPANZ members play in the Trans Tasman economy
The software and services provided by our members have an outsized impact on the health and human happiness of employers, business owners and employees on both sides of the Tasman.

Software developed by DSPANZ members delivers more than 90% of payroll and superannuation messages; helps manage 90% of all employers and employees; submits 90% of income tax returns, activity statements and GST returns; sends and receives 90% of eInvoices; and supports more than 90% of small businesses and their trusted advisors.

As the representative industry body, DSPANZ has a seat at the table and continues to help shape the digital conversation for the broader industry.

A changing landscape
Major country-wide cybersecurity events; hyperactive mainstream media attention to emerging technologies such as general purpose AI large language models; and a changing economic environment have significantly impacted the daily lives of business owners and employees within A-NZ DSPs.

Our government partners have not stood still. Between the Australian and New Zealand budgets, more than eighty initiatives were announced that directly and immediately impacted the roadmaps and investment decisions of software developers on both sides of the Tasman. More than half of the Budget announcements came from outside the tax agency portfolio areas, and we've been able to help members better document, articulate and position the critical role DSPs play in delivering good policy outcomes for both countries. This year, we provided members with a comprehensive breakdown of the policy measures with DSP impacts within hours, and we are committing to doing the same this year and long into the future.

This year also saw the cancellation of the Modernising Business Registers (MBR) Program following an independent review. Whilst the outcome was not a surprise for many of us, I must acknowledge the countless hours of volunteer time provided by members as part of the multi-year co-design and consultation processes. DSP representatives worked tirelessly to advocate for practical, feasible and deliverable outcomes throughout the program. Their experience, perspective and insights were vital for the potential success of the MBR and the completeness of the MBR independent review.

Delivering best practice guidance

This year, DSPANZ focused on "quality over quantity" and prioritised concrete outcomes and deliverables for members and the broader A-NZ software community. At the start of the year, we took stock of our resources, capabilities and partnerships and focused on a few key initiatives that make a meaningful impact on our industry.

This year, we have delivered new focused, consistent guidance material for software developers grounded in current law, business processes and legislation. We worked with our government and industry partners to develop 3 comprehensive best practice guides for members covering: _Paid Family and Domestic Violence Leave_; the nature of _Payroll Advice_ and the legislative and legal implications for software developers; and a comprehensive review of the _Australian taxpayer data retention and minimisation requirements_ under current law.

These documents provide members with a practical, compliant and clear starting point for conversations within their organisations and with their customers about the role DSPs play in a broader tax and employer ecosystem.

Strengthened partnership with ATO and IR
We've reimagined the ATO DSP Strategic Working Group as five meetings a year, with DSPANZ providing the secretariat, content and agenda for two industry-led sessions. The agenda for all SWG meetings was set at the beginning of the year, and efforts have been made to embed the ATO Corporate Plan and clearly defined focus questions and action items for every discussion topic.

We also invited other Commonwealth agencies - ABS, Finance, DEWR, and Treasury - to participate in the industry-led SWG sessions, and the quality and depth of conversation has changed markedly this year.

Supported by the ATO Digital Partnership Office and Law and Policy teams, we created a focus group to develop the guidance material for DSPs with respect to Tax Data Minimisation - and the guidance paper and future materials are concrete outcomes from this work. This work has also been supported by industry associations and organisations representing DSP customers, such as CPA Australia, the Institute of Certified Bookkeepers, and RIMPA.

In Aotearoa New Zealand, we continue to mature the NZ Digital Advisory Group with Inland Revenue. Chaired by Allen Knight, the NZ DAG has held a face to face meeting in Wellington last week (12 October) that has generated significant momentum for 2024 and beyond. We have committed to holding four meetings of the NZ DAG per year, with face to face meetings in Wellington and Auckland in 2024.

We will establish a Tax Software Developers Working Group, alongside our existing NZ Payroll Working Group and re-positioning the DAG to focus exclusively on strategic and policy matters that are better aligned to Inland Revenue's future strategy and large programmes of work.

He Tāngata, He Tāngata, He Tāngata

This Māori proverb - It's the people. It's the people. It's the people - is a fitting acknowledgement of the extraordinary staff, elected directors and volunteers who power DSPANZ and enable our organisation to have such an impact.

I would also like to acknowledge our key partners in government within the Australian Taxation Office; NZ Inland Revenue; Ministry of Business, Innovation and Employment; Treasury; Finance; Australian Bureau of Statistics; and the Fair Work Commission.

I would like to thank my fellow directors and sub-committee chairs and draw attention to the work of Ian Gibson (formerly from SuperChoice and later Ian Gibson & Associates) and Andrew Stirling (from Tanda), who concluded their directorships this year.

I would like to thank our Operations Manager - Donna Burridge - for managing the organisation's day-to-day affairs and creating a safe, productive and positive working environment for our Adelaide-based staff.

I would like to say thank you to Eden Treloar and Jordan Molloy for their hard work connecting with our members and wrangling our sub-committees, working groups and newsletters.

And I would like to celebrate the efforts of Maggie Leese, who brings to life the considered, thoughtful work of our members as Policy and Advocacy Manager. Maggie's tireless efforts this year have cemented our place as the representative body for business software developers in Australia and Aotearoa New Zealand. Her contribution this year has been immense, and it will continue to impact our industry for years to come.

I would also like to thank our members for their continued patronage and support. Our members are the lifeblood of our organisation - and we are privileged to represent and advocate on your behalf.

Looking forward
Next year is shaping up to be a significant year for the business software industry. A new government has come to power in New Zealand. Australia will have a new Commissioner of Taxation, and both jurisdictions' focus and priorities may change to better reflect the current economic, political and technological climate.

A number of key policy announcements (Payday Super, Digital Identity, Multinational Domestic Minimum Tax Reporting) will create challenges and opportunities for DSPs to build software. The government is also expected to release new consultations looking at measures designed to improve workplace compliance, improve small business tax performance and reduce the cost of payments and data. I am confident that our industry has the talent, skills and capabilities to deliver value in 2024 and beyond.

Matthew Prouse
DSPANZ President & Director.

About DSPANZ

Digital Service Providers Australia New Zealand (DSPANZ), formerly ABSIA, is a non-profit industry association representing the world class business software sector in Australia and New Zealand.

Our members range from large, well-established companies to new and nimble innovators. Software developed by DSPANZ members delivers more than 90% of payroll and superannuation messages; helps manage 90% of all employers and employees; submits 90% of income tax returns, activity statements and GST returns; sends and receives 90% of eInvoices; and supports more than 90% of small businesses and their trusted advisors.

Over the years, the software industry has helped streamline and transform payroll, superannuation, tax, accounting and finance operations by delivering new, secure digital solutions. This work is helping to fuel the digital economy while improving user experiences and government policy outcomes.

DSPANZ has a proven track record of helping government agencies consult and work with the business software industry on significant policies and projects that require technology-led solutions.

Our Mission
Our mission is to support members to inform government policies and develop solutions that optimise business and economic outcomes in New Zealand and Australia.
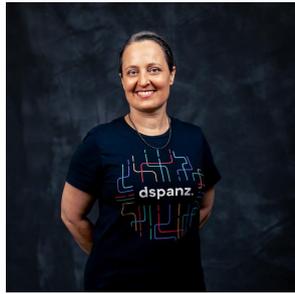
We achieve our mission by:
- Sharing knowledge, expertise and industry updates;
- Building strong networks in A-NZ;
- Connecting government and industry to solve challenges;
- Engaging with government to inform policy outcomes;
- Consultation for members on B2G and B2B initiatives.

2023 Board of Directors

Matthew Prouse
President & Director

Simone Dixon
Vice President & Director

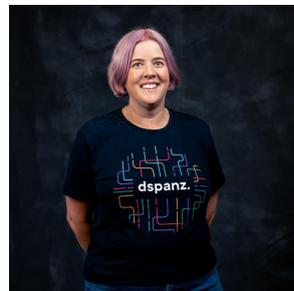Mike Behling
Secretary & Director

Erin Adams
Treasurer & Director

Allen Knight
Director

Andrew Stirling
Director

Belinda Stewart
Director

Chris Denney
Director

Ian Gibson
Director

Matt Lewis
Director

Paul Orford
Director

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Financial Report

Please find copies of our profit and loss statement and balance sheet for 2022-23 below.

Profit and Loss

Australian Business Software Industry Association Limited t/as DSPANZ
For the 12 months ended 30 June 2023

	June 23	June 22
Income		
Business Level 1	2,280	3,450
Business Micro	590	1,287
Conference - sponsors	-	2,000
Developer Level 1	35,040	35,650
Developer Level 2	18,542	22,023
Developer Level 3	36,950	45,195
Developer Level 4	77,000	41,000
Developer Micro	17,112	14,532
Membership - Individual	905	1,266
Webinar - Tickets	209	309
Total Income	**188,627**	**166,712**
Cost of Sales		
Conference - operating costs	16	29
Forum and workshop costs	-	445
Total Cost of Sales	**16**	**475**
Gross Profit	**188,611**	**166,238**
Other Income		
GATE Service Fee	14,000	22,000
Other income	6,046	334
Total Other Income	**20,046**	**22,334**
Operating Expenses		

Advocacy	-	14,168
Bad Debt	-	2,300
IT Expenses	34	-
Marketing - advertising	2,870	1,433
Marketing - website	3,210	2,551
Operations costs	9,630	11,905
Operations - rent	4,603	4,301
Other expenses	780	1,589
People costs	204,128	151,867
Total Operating Expenses	**225,256**	**190,112**
Net Profit	**(16,599)**	**(1,540)**

Balance Sheet

Australian Business Software Industry Association Limited t/as DSPANZ
As at 30 June 2023

	30 June 2023	30 June 2022
ASSETS		
Bank		
Weel Expenses Account	1,921	1,072
Stripe AUD	609	-
Westpac Community Account	145,252	150,042
Total Bank	**147,782**	**151,114**
Current Assets		
Accounts Receivable	10,098	16,583
Total Current Assets	**10,098**	**16,583**
Total Assets	**157,880**	**167,696**
LIABILITIES		
Current Liabilities		
Accounts Payable	582	-

GST	1,010	1,767
PAYGW liability	9,387	8,995
Rounding	3	3
Total Current Liabilities	**10,982**	**10,766**
Non-Current Liabilities		
Superannuation Liability	6,910	343
Total Non-Current Liability	**6,910**	**343**
Total Liabilities	**17,892**	**11,109**
Net Assets	**139,988**	**156,587**
EQUITY		
Current Year Earnings	(16,599)	(1,540)
Retained Earnings	156,587	158,128
Total Equity	**139,988**	**156,587**

Industry Committees

DSPANZ currently operates four industry committees and one sub-committee to support areas of interest for DSPs. Industry committees are open for member participation, with membership refreshed yearly or as needed to bring fresh perspectives. Our members are encouraged to get in touch if you are interested in joining any committee.

EmployTech Industry Committee

The EmployTech Industry Committee met seven times throughout 2022-23 and is currently chaired by DSPANZ Directors Simone Dixon and Paul Orford.

Over late 2022 and early 2023, members of this committee engaged in conversations with the Department of Employment and Workplace Relations (DEWR) on the introduction of paid family and domestic violence leave. In these discussions, we raised concerns about how this leave type should be reported on payslips and the limited timeframe for DSPs to reflect this change in software. As a result of our involvement, new regulations were published just after the 1 February starting date for non-small business employers, requiring them to report paid family and domestic violence leave as ordinary hours or another type of payment.

In late 2022, our members collaborated with the Fair Work Commission on producing an initial draft of a formulas guide, which will be published alongside the Modern Awards Pay Database API. While the guide is still being drafted, our members look forward to it being published.

The committee provided submissions and feedback to DEWR on the first and second tranches of workplace relations reforms. We provided input into the closing labour hire loopholes, criminalising wage underpayments and unpaid parental leave items.

More recently, the committee's monthly STP meetings transitioned into a general payroll meeting following the end of STP Phase 2 implementation for DSPs. These monthly meetings continue to provide a platform for members to come together and discuss all things payroll.

Government Digital Services Industry Committee

The Government Digital Services Industry Committee met nine times over 2022-23 and is currently chaired by DSPANZ Directors Matthew Prouse and Mike Behling.

Following the Modernising Business Registers Review announcement in February 2023, committee members participated in the review process through ATO working groups and focused interviews. Although the review's outcome signified the project's end, we recognise DSPs' significant involvement in the program over the past five years and thank them for their efforts.

This year saw the launch of the Australian Bureau of Statistics accounting software survey project for small businesses, allowing them to complete the Quarterly Business Indicator

Survey (QBIS) through their accounting software. We have continued to be involved in this project, with Director Erin Adams continuing to provide updates as the project has progressed. DSPANZ has also engaged with the ABS on other opportunities where DSPs could assist with streamlining business reporting obligations.

Matthew Prouse has continued to provide the committee with updates from the ATO's GST Stewardship Group.

Since late 2022, one of the committee's key projects has been drafting guidance for the government on developing Application Programming Interfaces (APIs). We anticipate being able to share this draft with members early next year for their input and feedback.

Peppol Industry Committee

The Peppol Industry Committee met eight times over 2022-23 and is co-chaired by Director Matt Lewis and member Simon Foster.

This committee runs monthly Australia and New Zealand Service Provider community meetings. Throughout 2023, the committee and meeting group have created a form (available on our website) that allows Access Points to raise issues they have encountered and how they have resolved them, enabling others to learn from these experiences. The group has also been drafting an "A-NZ Peppol First Strategy" and continues to explore how this could be leveraged in Australia and New Zealand. The group recently extended the invite to ATO and MBIE eInvoicing representatives.

The committee has continued co-chairing the A-NZ Peppol All Stakeholders Working Group alongside the A-NZ Peppol Authorities. Over 2022-23, the working group met three times and focused on developing an industry best practice statement on attachments, reviewing the invoice content industry best practice statement and has now shifted into addressing new issues and topics raised by stakeholders.

Security Industry Committee

The Security Industry Committee met nine times over 2022-23 and is co-chaired by Director Belinda Stewart and member Charles Gillman.

One of the primary goals of this committee has been to support members with education and materials to help them meet their security obligations and understand changes in the security space. Over the past year, this has included sharing an update on the changes in ISO 27001:2022, providing information on the Secure Controls Framework and drafting guidance on how the Essential Eight controls could be applied to Mac Operating Systems.

As part of ISO 27001:2022 being released, the committee has been involved in updating our Security Standard for Add-on Marketplaces (SSAM) and reflecting the wording used in the updated controls. In preparation for this work, the committee ran a survey to understand how members were transitioning to ISO 27001:2022, provided they used this standard. The results showed that many members anticipate transitioning in 2024 and 2025.

Government Relations Sub-Committee

The Government Relations Sub-Committee is our longest standing committee and has been responsible for managing relationships with government stakeholders and coordinating responses to consultations. The committee met eight times over 2022-23, focusing on the progress of the Consumer Data Right, the Privacy Act Review, cyber security and industrial relations changes. Member Simon Foster currently chairs the committee.

Aotearoa New Zealand

Over 2022-23, DSPANZ has focused on strengthening our connection with key stakeholders and building our presence in Aotearoa New Zealand. Through co-chairing working groups such as the Digital Advisory Group (DAG) and the A-NZ Peppol All Stakeholders Working Group, we have continued to work closely with Inland Revenue and the Ministry of Business, Innovation and Employment (MBIE).

Digital Advisory Group

This year, the New Zealand Digital Advisory Group (DAG) refreshed its membership and welcomed new members, as well as new co-chairs Allen Knight (DSP) and Anil Srinivasa (Inland Revenue).

Recently, the DAG has focused on providing feedback and input into Inland Revenue's digital ecosystem strategy, looking at security requirements for DSPs, developing updated DSP terms and conditions for accessing Gateway Services and improving opportunities for consultation with DSPs. The DAG recently held its first official face to face meeting since its inception in 2021.

Expressions of interest for joining the DAG in 2024 are open at the time of writing and will close mid-November 2023. Interested DSPs operating in New Zealand are encouraged to apply.

DAG Working Groups
The DAG runs several working groups dedicated to supporting different areas of interest for DSPs. These include annual changes, payroll and security working groups.

The DAG payroll working group was created in late 2022 as a dedicated space for payroll specific discussions. During this time, the group has addressed annual changes impacting payroll and explored opportunities to simplify payroll processes. The group has also been fostering relationships with payroll representatives at MBIE to discuss changes to the Holidays Act, the introduction of Fair Pay Agreements and consulting with DSPs on payroll related matters.

The annual changes working group has recently kicked off again to review the 2023 process and work through the tax changes for 2024.

The DAG will kick off a security working group later this year to work through security requirements for accessing Gateway Services.

Tax Technology Group

The Tax Technology Group, chaired by Eric Troebner from Tax Management New Zealand, has continued to focus on the introduction of the Consumer Data Right, creating an ecosystem map to understand better the participants and their relationships within the tax

ecosystem and opportunities to make Inland Revenue's tax calculations more visible to DSPs.

Representative activity

Over 2022-23, DSPANZ has co-chaired and participated in more than 130 meetings and consultations.

ATO DSP Strategic Working Group

As DSPANZ President, Matthew Poruse co-chaired the Strategic Working Group (SWG) this year with the ATO Assistant Commissioner for Digital Partnerships, Planning and Governance Elly Stinchcombe. So far this year, the SWG has been discussing and working through the following:

- Security and data breaches
- Artificial Intelligence opportunities and limitations
- Data minimisation and retention for DSPs
- Improving small business tax performance
- DSP experience survey
- Enterprise Solutions and Technology (EST) forward program
- Digital Services Gateway
- Single Touch Payroll
- Client authorisation and linking.

In the first meeting of the year, SWG participants had an initial conversation on data minimisation and retention, leading to DSPANZ hosting an industry-led focus group to work through the topic in greater detail and draft best practice guidance for DSPs. The focus group documented current taxpayer, tax practitioner and DSP record-keeping requirements, how DSPs support their customers in meeting their obligations and where DSPs can retain and delete customer data. At the time of writing, a draft of the *Data Minimisation and Retention: Best Practice Guidance for Australian Digital Service Providers* is currently available for public comment and feedback. We expect to publish the final version of the best practice guidance in mid-November 2023. Alongside publishing the document, we will develop supporting materials and work through the potential impacts on the broader ecosystem.

This year, we introduced two industry-led SWG meetings where DSPANZ has set the agenda and invited speakers to cover topics from an industry perspective. The industry-led sessions have covered AI in tax and payroll processes, what would happen if non-functional requirements were applied to DSPs and the future of the Security Standard for Add-on Marketplaces (SSAM). These agendas have also included items such as impacts from the 2023-24 Federal Budget, the introduction of paid family and domestic violence leave, Consumer Data Right, Digital ID and an update on the Australian Bureau of Statistics' accounting software survey project.

RegTech Award Compliance Strategic Working Group

The RegTech Award Compliance Strategic Working Group, or RACSWG, which was co-chaired between DSPANZ and the Department of Employment and Workplace Relations (DEWR), is currently on hold as DEWR reviews their RegTech Roadmap. An interim working group will kick off shortly.

As part of the RACSWG, we had the opportunity to present to DEWR on the software development process and ideal timeframes to implement employment-related policy. This presentation covered how DSPs develop and implement compliance changes, including the challenges and associated costs.

Payday Super

DSPANZ Directors participated in two initial workshops on Payday Super to provide feedback on the current processes and potential options for implementing the policy measure.

Now that the Department of Treasury has [published the consultation discussion paper](), we look forward to working with each of our members on our response and the continued consultation with industry on this measure. Shortly after publishing this report, members will have the opportunity to participate in a roundtable discussion with Treasury.

Digital ID

Following the release of consultation by the Department of Finance in late September, our members have been involved in stakeholder roundtables to provide feedback on the Digital ID Bill, rules and accreditation rules.

Advocacy

Over the past year, we provided 11 submissions to government consultations, which included submissions on privacy, security, industrial relations changes and the Consumer Data Right in Australia and New Zealand.

One of the major themes raised across our submissions this year is the impact of continued compliance-driven work on DSPs. We continue to advocate for providing DSPs with appropriate timeframes to implement compliance changes and ensure adequate consultation.

Looking ahead

Next year will mark 10 years since DSPANZ was established. We have achieved so much as an industry in this time, and we look forward to working closely with our members and stakeholders for many years to come.

We are looking forward to working with our members in partnership with AP+. As part of this partnership, members will get access to key updates on industry changes, emerging payment methods and get involved with technical discussions. Key opportunities include:

- **Engagement in a payment sub-committee of DSP members:** The establishment of a payment sub-committee will enable members to engage directly with AP+ and the payments ecosystem on technical discussions and insights, e.g. APIs, products, proof-of-concepts.

- **Access to AP+ documentation:** Members will be given access to key AP+ insights, e.g. whitepapers.

- **Exposure to educational sessions:** Members will get access to online and face-to-face sessions so you can stay informed and get prepared.

For the next few years, we expect our super gateway and payroll members will be kept busy with the design and implementation of Payday Super, which is set to go live by 1 July 2026 for all employees. We know DSPs will play a central role in making this measure a reality, and we look forward to working closely with all our members. Early next year, we will look to establish a dedicated working group for Payday Super.

Finally, as we move closer to realising Australia and New Zealand's 2030 digital agendas, there will be significant changes that DSPs will facilitate for individuals and businesses. We look forward to continuing on this journey with our members.

To keep up to date with DSPANZ, sign up for our newsletter or follow us on LinkedIn.