23 March 2022

Productivity Commission

Via online form.

Re: Productivity Inquiry

To Whom It May Concern:

Digital Service Providers Australia New Zealand (DSPANZ) welcomes the opportunity to make this submission on behalf of our members and the business software industry.

We believe that the increasingly digital environment will bring many opportunities and benefits to both individuals and businesses in Australia. However, the overall success of projects and initiatives that arise from this inquiry will be dependent on factors such as ensuring that the right policy settings are created and that the Government works collaboratively with industry.

In this submission, we cover the following topics:
- Working collaboratively with DSPs for better outcomes;
- Creating the right policy settings; and
- Harmonising security standards.

DSPANZ would appreciate the opportunity to engage further on this submission.

About DSPANZ
Digital Service Providers Australia New Zealand is the gateway for government into the dynamic, world class business software sector in Australia and New Zealand. Our members range from large, well-established companies through to new and nimble innovators who are working at the cutting edge of business software and app development on both sides of the Tasman.

Yours faithfully,

Simon Foster,
President & Director,
DSPANZ

Formerly **ABSIA**

Work collaboratively with DSPs for better outcomes
When it comes to government policies and projects affecting the business software industry, we encourage the Government to work collaboratively with Digital Service Providers[1] (DSPs) as early as possible to ensure that the outcomes are workable and meet the needs of the Government, DSPs, the business community and other end users of business management software.

Working with DSPs allows the Government to better understand technical limitations, potential use cases, unintended consequences and experiences from end users. As an organisation, DSPANZ can work with the government to talk through possible options, provide feedback and help to make connections with the right individuals or groups of DSPs. We have found that this collaborative approach allows for the better design and implementation of projects at a pace that suits both the Government and DSPs. It is also beneficial to DSPs in allowing them to prepare for future changes and educate their users on such changes.

Recently, there have been a number of successful initiatives that have directly resulted from the Government working closely with DSPs and ourselves as an organisation. The below are examples of this collaborative approach.

Fair Work Commission's Modern Awards Pay Database API
In mid 2020, the Fair Work Commission approached us with the idea to create an Application Programming Interface (API)[2] for their newly created Modern Awards Pay (MAP) Database[3]. Following initial conversations, DSPANZ helped to facilitate consultation with our members and interested parties on how the API should be constructed and how the API and/or data could be used in the future. More recently DSPs have been involved in testing the API before it is officially released which was a welcome approach to the testing process.

Once the API is released, DSPs can save time whenever there is an annual wage review or change to a modern award by consuming the API rather than manually entering data and changing the minimum wages themselves. End users will also benefit as the rates are essentially coming straight from the Fair Work Commission.

RegTech Award Compliance Strategic Working Group
Following the release of the Attorney-General's Department's Regulatory Technology Roadmap, where a government-industry working group was identified as an outcome, DSPANZ worked closely with the department to make this outcome a reality. This group allows DSPs operating in the award interpretation space to work through common ambiguities in awards as well as working towards making the interpretation of modern awards much easier.

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[1] Digital Service Providers, also known as DSPs, create and sell software, apps and platforms that securely capture and share information and are commonly used in the day to day management of a business.
[2] An Application Programming Interface (API) is a software intermediary that allows two applications to talk to each other.
[3] Modern Awards Pay (MAP) Database contains the dollar values for the minimum rates of pay, allowances, overtime and penalty rates in modern awards. More information can be found here: https://www.fwc.gov.au/agreements-awards/awards/modern-awards-pay-database.

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While the working group has just been formed, the long-term outcomes will benefit DSPs through being able to better their products which in turn will benefit their end users.

Australian Bureau of Statistics Small Business Reporting Tool
This idea came about after conversations with DSPs on how to make the Australian Bureau of Statistics (ABS) reporting process easier for small businesses through utilising their accounting software[4]. We helped to facilitate a hackathon to demonstrate how this concept could work using APIs.

This particular project has the ability to save small businesses both time and money when it comes to completing these surveys. Not only will they benefit from these savings, the ABS will also be providing tailored reports back to businesses which will allow them to better understand their performance against similar businesses.

Single Touch Payroll
The Australian Taxation Office (ATO) working with DSPs on Single Touch Payroll (STP) was a huge factor in the program's success. This collaborative approach has continued into Phase 2 of the program where DSPs have been consulted at each step along the way to provide their feedback and experiences.

In fact, the JobKeeper stimulus measure would not have been the success that it was without leveraging STP reporting and working with DSPs. This approach has been instrumental in demonstrating how the Government and industry can successfully work together.

When consulting on similar projects in the future, we recommend proactively working with DSPANZ and our members rather than reactively consulting. In each of the above examples, we have facilitated working groups, meetings and consultations with our members.

On the other hand, we also encourage the Government to be receptive to ideas raised by the industry that can pose productivity benefits.

Creating the right policy settings
Most DSPs provide services to multiple sectors. We therefore ask the Government to take a more consistent, horizontal approach to policy rather than a vertical or sectoral view. Vertical or sectoral approaches make it more costly and difficult for DSPs to comply with the different requirements and obligations in each sector. For example, the siloed approach that is being taken to each sector designated under the Consumer Data Right (CDR) makes it harder for DSPs to comply with the different approaches. Taking a horizontal approach would mean leveraging similar infrastructure, security standards and requirements, therefore making it

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[4] More information can be found here:
https://www.dspanz.org/news/accounting-software-to-reduce-abs-survey-reporting-burden/.

easier for DSPs to participate and comply. It also means that any upgrades to security standards in one vertical has the benefit of raising the standard across all sectors.

We also encourage the Government to ensure that existing and future policy is technology forward and does not prohibit technological innovation. Here, we recommend engaging with ourselves and individual DSPs early in consultation processes.

Harmonising security standards

One of the biggest challenges facing the business software industry is the proliferation of security standards and requirements across Australia. Many DSPs are required to support multiple, yet often conflicting, standards in order to run their software products. This can add substantial cost to participating in procurement processes where DSPs are required to complete lengthy security questionnaires. There is often little commonality between these questionnaires that are trying to achieve the same procurement outcome, which might be better achieved by recognising existing security standards. Given the innate risk of not being selected as a vendor at the conclusion of the procurement process, it is important that it does not ask for extraneous detail. In many cases, DSPs will not participate in a procurement process due to the amount of work required. This does not achieve the best outcome for a government buyer or the broader economy.

To make this easier for DSPs, we want to see the harmonisation of security standards and the recognition of existing certifications where it is appropriate. When it comes to working with the Government, the Government Procurement Rules[5] require them to base technical specifications on international standards when they exist and apply to the procurement. We ask the Government to uphold these principles in procurement processes. In other circumstances, this involves creating alignment in the requirements of common security standards used across the technology sector and where possible, the requirements should reflect internationally recognised standards.

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[5] Commonwealth Procurement Rules published 14 December 2020 can be accessed here: https://www.finance.gov.au/sites/default/files/2020-12/Commonwealth%20Procurement%20Rules%20-%2014%20December%202020.pdf.

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