ANNUAL REPORT 2019

Australian Business Software Industry Association

ABSIA

Contents

President's Report

ABSIA has continued to grow in capability and credibility over the last year. Our relationship with the Australian Government and the business industry continues to go from strength to strength. ABSIA has also expanded our international reach through relationships with international government agencies, businesses and industry working groups.

We could not have built on these without the continued support of our Members and on behalf of the ABSIA Board, I would like to thank all of our Members for their continued support and contributions throughout the year. I would also like to take this opportunity to thank Board Members, past and present, for their contributions in building ABSIA to what it is today. I am enthusiastic to see how we will continue to develop as an association and further support the business software industry in the future.

We would like to recognise the ongoing partnership and support of the Australian Taxation Office (ATO). Our continued partnership provides the both of us with opportunities to implement digital solutions and add value to Australian businesses and the software industry.

Over the past year, ABSIA has achieved the following:

1. Increased membership services through monthly webinars and the launch of the new Member Directory;
2. Increased presence through aligning with the Trans Tasman Business Circle and Peppol;
3. Worked closely with OpenPEPPOL, the ATO and New Zealand's Ministry of Business Innovation and Employment (MBIE) on the development of local technical specifications and we will continue to work on the implementation of PEPPOL e-Invoicing;
4. Developed and released, alongside the ATO and industry, a set of "recommended" security guidelines for third party apps that integrate with cloud based taxation, superannuation, payroll or accounting software via API. We will continue to work with add-on developers and DSPs on the implementation and ongoing revision of the standard;.
5. Worked with the industry and the ATO to implement Single Touch Payroll for all Australian businesses. We will continue our work in assisting businesses with under 20 employees to become STP compliant;
6. Worked closely with the ATO, Treasury and industry on the TPB Review process to clarify the role of a DSP in this space and to avoid overregulation of DSPs;
7. Completed a number of other submissions including e-Invoicing, data sharing and cyber security; and
8. More recently, participated in the ANZ Leadership Forum held in Auckland, New Zealand.

I want to thank our Board Members who have promoted ABSIA by speaking at various conferences, events and webinars over the past year.

ABSIA will continue to focus on representing the industry, increasing the value that we bring to our Members, our stakeholders and the industry. We will strive to attract high-level engagements and conversations as our reputation becomes more prominent. In addition to this, we will continue to focus on membership growth, new service offerings and the development and enhancement of our current service offerings.

ABSIA's focus continues to be on the alignment between the industry and government in the development and creation of solutions to support digital business within Australia's economy. We will continue to explore opportunities for efficiency gains and to deliver better experiences through a whole-of-government approach. Our aim is to actively facilitate Australia's Digital Agenda, thereby creating more opportunities for our Members and the broader industry to grow digital businesses and ultimately, a digital economy. With these goals in mind, ABSIA will continue to be proactive in consultations and submissions to the government on topics that are of direct relevance and interest to the industry.

Again, thank you for all your continued support.

Chris Howard
President & Chair
24 October, 2019

Treasurer's Report

Unreviewed financials have been included in this report. Full audited financials will be distributed separately.

1. Income Statement
2. Balance Sheet

Income Statement

Australian Business Software Industry Association Limited
For the year ended 30 June 2019

	2019	2018	2019 % OF INCOME
Income			
Events and Conferences	28,139.99	27,373.65	17.91%
Memberships	128,940.64	92,904.55	82.09%
Total Income	**157,080.63**	**120,278.20**	**100.00%**
Cost of Sales			
Conference Costs	22,016.71	23,139.86	14.02%
Total Cost of Sales	**22,016.71**	**23,139.86**	**14.02%**
Gross Profit	**135,063.92**	**97,138.34**	**85.98%**
Other Income			
Donations	1,835.76	-	1.17%
Interest income	122.37	56.66	0.08%
Total Other Income	**1,958.13**	**56.66**	**1.25%**
Operating Expenses			
Administration	8,607.74	3,305.00	5.48%
Advocacy and Activities	35,068.57	15,258.09	22.33%
Staff	73,983.29	23,590.15	47.10%
Total Operating Expenses	**117,659.60**	**42,153.24**	**74.90%**
Net Profit	**19,362.45**	**55,041.76**	**12.33%**

Balance Sheet

Australian Business Software Industry Association Limited
As at 30 June 2019

	30 JUN 2019	30 JUN 2018
Assets		
Bank	83,312.06	69,466.12
Current Assets	7,985.85	3,300.00
Total Assets	**91,297.91**	**72,766.12**
Liabilities		
Current Liabilities		
Accounts Payable	3,545.41	666.00
ATO	4,605.08	451.60
Other Current Liabilities	3.05	10,000.00
Total Current Liabilities	**8,153.54**	**11,117.60**
Non-current Liabilities		
Wages Payable	(223.73)	-
Superannuation	2,357.13	-
Total Non-current Liabilities	**2,133.40**	**-**
Total Liabilities	**10,286.94**	**11,117.60**
Net Assets	**81,010.97**	**61,648.52**
Equity		
Current Year Earnings	19,362.45	55,041.76
Retained Earnings	61,648.52	6,606.76
Total Equity	**81,010.97**	**61,648.52**

ABSIA's Major Activities and Achievements

E-invoicing

Early in 2019, the Australian and New Zealand Governments committed to adopting the Peppol framework for trans-Tasman e-invoicing. Since this announcement, there has been continuous work on developing localised specifications and preparing for the eventual launch of Peppol e-invoicing. As a leading association within this space, ABSIA, led by Vice President Simon Foster, has continued to work closely with State and Federal Government agencies and the New Zealand government on the e-invoicing initiative.

In developing a relationship with the association behind Peppol, we have set up a reciprocal membership[1] between our associations. To this date, this partnership has allowed us to run two webinars with Peppol and get our Members involved in Peppol Working Groups[2]. We wish to thank the following Members for their current and future efforts in these working groups:

- Rick Harvey WG-Enhanced Security;
- Sam Hassan WG-AS4;
- Terry Goodman WG-SML/SMP; and
- Simon Foster - International Invoicing Pre-Study and WG.

Throughout the year we have had Rick Harvey representing ABSIA at the Peppol General Assembly[3] and Rick representing ABSIA once more alongside Simon Foster at the face to face meetings in October. ABSIA was also involved with the ATO and MBIE's A-NZ e-invoicing Forum where Karen Lay-Brew presented on behalf of ABSIA[4] and our Members were well represented on the software industry panel[5].

With the legislation having recently passed through parliament, we look forward to the implementation of Peppol e-invoicing and continuing our work with the government and industry. At our conference, we ran three sessions on e-Invoicing covering updates from the ATO, Peppol Working Groups and Simon and Rick's learnings from the face to face Peppol meetings.

Security Standard for Add-on Marketplaces (SSAM)

The Security Standard for Add-on Marketplaces or the SSAM, originated from a Digital Service Provider Strategic Working Group action item in late 2018. The Securing the Broader Ecosystem focus group then began to explore whether there was interest in developing

---

[1] https://www.absia.asn.au/news/absia-joins-openpeppol/
[2] https://www.absia.asn.au/news/representation-in-edelivery-working-groups/
[3] https://www.absia.asn.au/news/representation-at-openpeppol-general-assembly/
[4] https://www.absia.asn.au/news/karen-lay-brews-presentation-at-e-invoicing-forum/
[5] https://www.absia.asn.au/news/quick-update-from-last-weeks-a-nz-e-invoicing-forum/

commonly accepted security standards that could be adopted across this ecosystem. Director and Treasurer, Matthew Prouse, led this initiative for ABSIA with a number of our Members also participating in the focus group and the eventual creation of the SSAM. The result was a set of prescriptive standards that were consistent, verifiable while still supporting innovation and created a clear distinction between DSPs and third party add-ons.

Once the standards were finalised, it was agreed that ABSIA would host the standards and continue to maintain and update the standards as necessary. We have also taken on the role of communicating and spreading awareness about the standards as well as supporting both DSPs and add-on developers in adopting the standards. This began with a webinar to officially introduce the standards and we presented a multi-faceted and in-depth session about the SSAM and Operational Framework at our conference.

To support the work of the SSAM, the ATO have recently updated the Operational Framework Security Questionnaire. An updated version can be found on the ATO's Software Developer website[6].

Single Touch Payroll (STP)

This past year, the industry officially observed the first full year of STP for employers with more than 20 employees as well as the introduction of employers with 20 or fewer employees. Before the end of the financial year, Chris Howard hosted a webinar featuring the ATO's STP Lead John Shepherd. This webinar covered STP finalisation for the end of financial year at length as well as an update on the progress of STP. Shortly after this webinar, John Shepherd stepped down from this role and moved into a new role within the Australian Bureau of Statistics with Jason Lucchese taking up the position.

At our conference, Director Ian Gibson hosted Jason Lucchese in a fireside chat where he provided an update on the program and spoke about what is coming up next for STP. As we continue to implement STP and as the second phase of STP is introduced, we encourage participation in our Payroll SIG on the Forum for any questions or discussion surrounding STP.

GNGB

The Gateway Network Governance Body (GNGB) has had a busy year with a number of significant achievements and changes.

The Foundation Executive Officer, Sarah O'Brien, left her role to continue her career in the superannuation industry. Sarah performed a critical role in setting up the processes for the reliable and secure governance of the Superannuation Transaction Network (STN). The success of the SuperStream program and integrity of the STN is a testament to the success of her work over three years in the role. We wish her well in her new role. The new Executive

---

[6] https://softwaredevelopers.ato.gov.au/operational_framework

Officer, Michelle Bower, began in October and brings extensive experience and capability to the position.

During the year, a Cyber Security Response exercise was conducted by the GNGB in partnership with the ATO, APRA and the Gateways. A simulation of three different cyber security attack scenarios were conducted and directed at the confidentiality, availability and integrity of the network. The outcomes of the simulation were documented and a series of recommendations were made and adopted that will lead to systematic improvements in the security of the STN. The GNGB have agreed to conduct cyber security attack simulations annually.

In addition to the cyber security work, ongoing operational work of the GNGB includes the annual information security audits conducted on all member gateways and an annual BCP (Business Continuity Planning) exercise. GNGB has commissioned an independent review of the Information Security Requirements of Gateway Operators to ensure the network continues to incorporate best practices and upholds the security and integrity of the STN. The GNGB is also in constant communication with the ATO and other affiliated parties to manage and resolve issues that affect the entire network.

During the year, two new gateways have joined and one gateway has left the STN. The GNGB has also started an exercise to review the Memorandum of Understanding for participants in the STN. While it is not expected to be extensive, it is important that the changing and dynamic nature of digital networks, such as the STN, can be catered for in ongoing government arrangements.

Consumer Data Right and General Ledger

At the request of a number of Members, we conducted research with the Pearcey Foundation on the Consumer Data Right (CDR) and its potential to affect General Ledger providers. The final legislation for CDR reflected the feedback we received from stakeholders and specific Members. We look forward to continued work with the Government and our Members in this area.

Board Activities

2018 AGM
At the 2018 AGM, we farewelled long serving Board Member David Field and awarded him with the Inaugural ABSIA Lifetime Membership. We then welcomed new Board Member, Marjukka Mäki-Hokkonen, who subsequently took up the role of Head of Industry Partnerships.

Annual Planning Day
The ABSIA Board met in Sydney on 1 March for our Annual Planning and Strategy Day in which the Board and staff planned for the year ahead. This proved to be a successful day and paved the way for a number of initiatives that occurred throughout the year.

Government Relationships

Our relationship with the ATO has continued to transform and has enabled us to widen and deepen our relationships with different sectors of the ATO including key people within the Client Engagement Group and the Law Design and Practice Group.

Outside of the ATO, we have connected with Duncan McIntyre from the Department of Industry, Innovation and Science and we look forward to working with his team on research incentives, grants and industry capability building. We have also formed relationships with Deborah Anton, Phillip Gould and Andrew Lalor from the new Office of the National Data Commissioner.

Annual Conference 2019

The 2019 ABSIA conference *Digital Business, Digital Economy* was held on Thursday 24 October at the Swissôtel in Sydney. This year we focused heavily on data with each session of the day touching on data in some way. We hosted various government and industry speakers who provided updates on initiatives within the industry while also exploring future avenues of opportunity in both the software and data spaces.

In the feedback we have heard so far, it was another successful conference and we look forward to building upon this in our 2020 events.

Membership Services

Over the year, there was a focus on increasing membership services and ensuring that our Members were aware of their membership entitlements. Since March, we have conducted monthly webinars on relevant topics within the industry. These will resume again in November and we would appreciate any feedback about webinars you would like to see from ABSIA.

We have also developed and launched the Member Directory which has effectively replaced the Product Catalogue. The Product Catalogue will be officially turned off on 11 November. In the coming year, we will be looking to improving upon and creating new services for Members and feedback is always appreciated.

Contributions to Submissions

Tax Practitioners Review

ABSIA was actively involved in the Treasury's review of the Tax Practitioners Board (TPB). Our initial submission focused on how the TPB could better position themselves for technological change and better understand the capabilities of the software industry in this space. Treasury supported our comment that the TPB should take on a board member with technology experience to offer support and guidance as the tax industry evolves.

We then responded to the second discussion paper which involved a conversation between Treasury, ABSIA Board Members and representatives from our accounting software provider Members. Here we highlighted the automation processes, data insights and validation that software developers can provide in tax and business software which, in the past, has been a grey area of regulation to the TPB. As a follow up to this submission, we also assisted Treasury and the ATO in creating a definition for DSPs and their capabilities.

We believe that this was an important submission for our Members who have found themselves being regulated by the TPB in the past. What we understand from the review process so far is that the TPB will be updating their charter and enacting some of Treasury's recommendations. As an industry, we are hoping for an outcome that finds the right balance between the ATO, TPB and DSPs as well as supporting innovation and digital change within the industry.

A-NZ PEPPOL Specifications
We provided a submission and assisted in promoting the consultation process for the A-NZ PEPPOL Specifications Consultation Paper. In our response, we broadly supported the proposed inclusions and specifications.

Data Sharing and Release
ABSIA submitted to the Office of the National Data Commissioner's *Data Sharing and Release Discussion Paper*. In the lead up to this submission, a call was organised with Phillip Gould from the Office of the National Data Commissioner (ONDC) to discuss parts of the discussion paper as well as initiate a relationship between the ONDC and ABSIA. In our submission, we were supportive of the ONDC's work and highlighted some areas of concern. We look forward to the outcomes of this discussion paper and future work on this framework.

2020 Cyber Security Strategy
More recently, we submitted a response to the Department of Home Affairs' *2020 Cyber Security Strategy* Discussion Paper. In our response, we highlighted the roles the Government needs to play in the cyber security area, including increased support for SMEs and the broader use of Managed Security Service Providers (MSSPs). We look forward to the release of the *2020 Cyber Security Strategy*.

Representation on Government and Industry Boards and Working Groups

Overall, we are increasing the number of ABSIA Members representing us on government and industry boards. This allows our members to be more directly involved and allows ABSIA to have a wider participation across the industry.

Modernising Business Register (MBR)

Prior to the budget last year, the Government expressed their support in the MBR program but funding is not expected to come through until the Mid Year Economic and Fiscal Outlook later this year. While MBR waits for the funding to come through, they are continuing their work on implementing the Director Identification Number (DIN). Karen Lay-Brew represents ABSIA on the MBR Business Advisory Group with Members Chris Thorne and Chris Denney participating in the Technical Working Group and Business Working Group.

Australian Business Register/Business Registry Strategic Advisory Council

The ABR Board has been renamed as the Business Registry Strategic Advisory Council (BRSC) after a review of the board's functions being advising and supporting the Australian Business Register. The group held a strategic working group in the context of the Registrar's vision and the ATO's Corporate Plan 2024 and beyond. The BRSC membership is by individual invitation and Karen Lay-Brew has been invited to be a member of the Council, which held their first meeting in the beginning of September 2019. The Modernising Business Registers (MBR) program will consolidate and improve a multitude of business registers towards one consolidated register, and a tiered structure with a Modernising Business Registers Business Advisory Group, a Business Working Group and a Technical Working Group have been set up. The new working groups will meet after the budget allocation in the Mid Year Economic and Fiscal Outlook process. Karen, together with Chris Denney and Chris Thorne, represent ABSIA in the advisory and working groups.

Small Business Indicator Working Group

The Victorian and NSW Business Commissioners suggested that a Small Business Indicator be included as a part of the Modernised Business Registers and a Small Business Indicator Working Group was set up to look into this approach. There is a drive at the state level to improve payment times to small businesses and a Small Business Indicator was seen as a convenient means of effectively utilising the Modernised Business Registers. However, the BRSC determined that there is a need to consider unintended consequences of a special purpose indicator and move the thinking towards a broader perspective of all business sizes and to explore how the same outcome can be achieved in other ways. Our involvement will continue in the steering function at the BRSC and design working groups to help shape this

initiative. Karen Lay-Brew, Matthew Prouse and Mike Behling represent ABSIA in this initiative.

ATO Digital Service Provider Strategic Working Group

ABSIA co-chairs this working group with Karen Lay-Brew acting as a co-chair with the ATO's Martin Mane. ABSIA Members are well represented in this group among other industry participants. Over the past few years, the work of this group has transformed, resulting in a true partnership forming with the ATO and industry allowing us to proactively solve issues and challenges together. One example being on the topic of payment thinking and working together on how we can help small businesses with managing their cash flow and putting money away for commitments such as GST, super guarantee and income tax.

The SWG is also working on longer term initiatives including SMSF and the future of tax and super systems in light of the ATO's Corporate Plan. Other areas of focus include:

- General experience - creating digital interactions wherever possible
- Supporting and increasing the use of the superannuation system
- Shift in work and income.

The ABSIA Board and ATO Executives have a phone call every two months and occasionally join select SWG meetings.

Improving the Test Environment Working Group

In this working group we continue to discuss updates to the current test environment as it is currently very minimal. Although a major change is needed, we would like to focus on updating the whole test environment, rather than just short term updates. We welcome feedback on how each service test set can be improved and the ATO will also seek input as major service updates are planned.

PLS Working Group

This group continues to provide good forums and discussions. This year there were major discussions around the progression of the ATO form development and the formats these are created in. This is the drive for the ATO to progressively move development from the current XBRL to XML. The goal here is to ease the workload on the ATO and the software industry that supports these transactions.

Continued and Upcoming Programs

Single Touch Payroll - Phase 2

The ATO have started to conduct webinars and provide more information about STP Phase 2. We look forward to working closely with the ATO and our Members on the second phase of this project.

SSAM

ABSIA, in conjunction with the ATO and industry, will continue to communicate about the SSAM and create materials to help spread awareness about the standard and the recommended implementation times. We will also continue to update the information available about the SSAM on our website and work with our industry partners to support the adoption of the SSAM.

Contact Information

Australian Business Software Industry Association Limited

217 Flinders Street,
Adelaide SA 5000

Email: info@absia.asn.au
Website: www.absia.asn.au

ABSIA Board 2019

President and Chair
Chris Howard
chris.howard@absia.asn.au

Vice President and Deputy Chair
Simon Foster
simon.foster@absia.asn.au

Secretary and Director
Mike Behling
mike.behling@absia.asn.au

Treasurer and Director
Matthew Prouse
matthew.prouse@absia.asn.au

Director and Head of Government Partnerships
Karen Lay-Brew
karen.lay-brew@absia.asn.au

Director and Head of Industry Partnerships
Marjukka Mäki-Hokkonen
marjukka@absia.asn.au

Director
Ian Gibson
ian.gibson@absia.asn.au

Director
Michael Ross
michael.ross@absia.asn.au

Or visit https://www.absia.asn.au/about/our-team/.