

Webinar Host - Andrew Stirling (DSPANZ): Hi everyone, and welcome to the DSPANZ RegTech roadmap for modern award webinar. In the spirit of reconciliation, let me acknowledge on behalf of DSPANZ all first Australians, and recognize their continuing connection and contribution to our country. We'd like to thank our Webinar week sponsor, SuperChoice for supporting this event. Let me introduce Laura Manzi, who's the Director of the usability section in the Industrial Relations Strategy branch at the Attorney General's Department. The usability section considers the experience of users of the IR system and is responsible for advising the government and overseeing implementation of the RegTech roadmap for modern awards. So, Laura, let me hand it over to you. Thanks so much for joining us.

Guest Speaker - Laura Munsie (Attorney-General's Department): Great, thank you, Andrew, and thanks for this opportunity to speak today. Thank you everyone for coming along to listen. So as Andrew mentioned, I head up the usability section in the Attorney General's IR strategy branch. I'm very excited and privileged to be leading a project at the moment that is all about how we can better use regulatory technology or RegTech, as we like to call it, to make it easier for businesses to comply with their obligations under modern awards. As part of this project, we'll be engaging closely with the digital service provider industry over the coming years, and we hope that this will be the start of ongoing productive government and industry collaboration in the IR space. Okay, if we can go to the next slide, please.

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Guest Speaker - Laura Munsie (Attorney-General's Department): So my presentation today, I'm going to take you through a RegTech co-design process we're in, which presented us with a RegTech roadmap. I'm going to talk a little bit about what our current focus is, and then take you through some of the future opportunities we see in this space. So firstly, a little bit of background. Obviously, the idea that you could use technology to help cut through compliance and make it easier for people is not new and there has been talk of the opportunities in the IR space for some time. But it's really grown momentum over the last two years or so and now piques the government's interest as part of the sort of priorities for IR reform and opportunities in the future. So we had a Productivity Commission report in 2020 and there's also been a Senate Select Committee inquiry, looking at the FinTech and RegTech sectors. And in both of those spaces, they have noted how RegTech could really make a difference for particularly small and medium businesses, who sort of bear the brunt of the compliance burden and things like that. The Australian small business and family enterprise ombudsman has been really vocal in this space. Noting that, you know, technology could really make it easier for businesses to cut through some of the complexity, cut down some of the compliance and improve their confidence in hiring staff and in growing their business and things like that. So in 2020, the then Attorney General held a series of working groups for unions, and employer industry bodies. And those working groups were looking at what were the opportunities for reforming the IR space. The working group that was looking at modern awards, was obviously looking at how we could further simplify awards themselves. They also considered how technology could really offer an

opportunity to just cut through that complexity and make it easier for businesses. And as I like to compare it to tax laws, it is always going to be complicated. I'm never going to know the ins and outs of tax law, but an app that helps me navigate through and do my tax, it makes it a lot more simple process. And we see similar opportunities in the IR space. Next slide, please, Maggie.

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Guest Speaker - Laura Munsie (Attorney-General's Department): So following those awards, working those IR working groups, the Attorney General announced that our department would lead a co-design process to really drill into what are the opportunities and what should the government's role be in this space. So we ran a co-design process at the start of this year that included a wide range of representatives from government agencies, unions, industry groups, digital service providers, and also small businesses themselves. I believe some of the DSPANZ members would have been involved and I think those who participated in it agree it was a really useful process. Next slide, please.

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Guest Speaker - Laura Munsie (Attorney-General's Department): So the co-design process involved two phases. We really took a step back and wanted to take that usability approach and really understand how small businesses engage with the award system. So the first phase is all about understanding that user experience, gaining insights into where people are getting their information from and how they engage with the award system where the pain points are, and then using that to identify potential opportunities to address those pain points and make that user journey easier. The second phase of the co-design process, we then took some of those ideas that came out in the first phase and really tested those explored whether they do meet the problem? Do they offer benefits? Are they feasible? And what are some of the challenges to seeing those through. And at the end of it, we came up with a RegTech roadmap, which I'll go into in a little bit more detail shortly.

I think for us, some of the really key insights that came out of this co-design process were the fact that with Single Touch Payroll being rolled out, it means that small and medium businesses who once may have been quite comfortable with doing things on spreadsheets and sheets of paper, have had to adopt some form of technology. So it gave us a sense that this is a really good time to be in this space, it's a really good time to be starting to encourage businesses to look at what technology can do for them. Businesses are starting to realize that technology can help them and can really cut down some of the time and costs and make their life easier. So that was an incredibly useful insight. We also learned that, not surprisingly, employers probably get their information about modern awards from a wide range of sources, and this is not always from the official government sources. I think it was quite common to hear feedback around, you know, consulting, facebook groups or local business websites and things like that. So that told us we, you know, we really need to make sure that whatever government is doing that, you

know, we're not just relying on the sort of traditional government lines of communication, but we're actually looking at making sure businesses are getting this information through the channels that they're comfortable with using.

We dove a little bit into what are some of the existing RegTech products out there in the award space. And I guess what came back to us was, there's a lot out there, there's a lot already on the market, probably where there is a gap is around some of the more sophisticated business and awards interpretation software that would be tailored more to small and medium enterprises. When we talked to small businesses, you know, we wanted to understand from the manner of using RegTech products, do they see the value, a lot of them said yes, they can see definite value in it. But for various reasons, they may not be inclined to use it or haven't sort of gone down that path as yet. These included things like not being aware of what's out there or not being confident in sort of looking through the different offerings and not sure whether it would meet their needs, cost, time, and various other factors obviously play into this space.

Finally, the key insight that we took out of the process, as well as around what role the government should play in this space. I think overwhelmingly the feedback was that everyone saw the government's role as being about supporting and enabling innovation and uptake of technology. It's not for the government to produce some wiz bang app, but it's more about what we can do to enable the industry to innovate and meet market needs, and then to encourage and incentivize uptake by businesses to actually see the realization of those benefits. Next slide, please.

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Guest Speaker - Laura Munsie (Attorney-General's Department): So this was the outcome of our co design process, a very nice but all interconnected roadmap, and this roadmap sets out opportunities for the government to consider using RegTech to make it easier for businesses to comply with awards. It has some short-term opportunities, things that the government could do in the short term that were really things that were ready to be to be started implementing right away and will deliver some benefits within the first 2 years. The idea is then you could build upon those with some of the medium-term initiatives that would increase the benefits available and in potential longer term in the sort of 5 to 10 year time frame, including things like looking at whether moving to the Fair Work Commission actually issuing awards in codes. Other collaborative initiatives could further increase the benefits and provide greater certainty around awards compliance and things like that. Next slide.

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Guest Speaker - Laura Munsie (Attorney-General's Department): So I'll touch on what the current priorities are and then what some of the immediate next steps are for us at the moment. We're very pleased that the government announced some funding in this year's budget for the first steps in the RegTech roadmap. They announced \$9.9 million of funding, for both AGD and

the Fair Work Commission. This funding will allow the Fair Work Commission to build an API from its modern awards database, and this will enable the data on pay rates and penalty rates under those awards to be directly integrated into payroll software. The Fair Work Commission has already started on implementation of that, and the timeframe they're looking at is probably a bit of release and user testing in the first half of next year, with the aim being for the API to actually be live from around mid next year. So we're very excited about this. We can get some real short term wins in terms of reducing the need for the software companies to go and manually take those rates and update them each time that the Commission does say send your wage review, or for businesses themselves to one, be aware that awards are changing, and two then have to enter that themselves. So we think that's a really great initiative, and we are very keen for the government and industry to keep talking and working together on that as we get to the sort of build and then testing phase.

The funding also was intended to allow AGD to sort of have that ongoing stewardship over the RegTech roadmap and to particularly drive proactive engagement with this digital software sector. The idea being to continue to sort of support and encourage innovation and uptake of RegTech in the space. So, we've been starting to talk to DSPANZ about getting some industry working groups up and running as a first step in that process. We'll be looking to put out some EOs fairly soon to seek interested members to participate. We're looking at modeling that on similar government industry collaboration in this space, the ATO has their digital partnership offers and I understand DSPANZ also has recently set up a group with New Zealand. So we're very much looking at that sort of co-chaired, co-design collaborative approach going forwards.

The third aspect of the funding provided in the budget includes funding for a special grants round under the Department of Industries Business Research and Innovation Initiative. That process will kick off in the latter half of 2022, and the idea is that these grants processes or government issues a particular challenge, an area that we say again for, you know, a bit of a problem that we want to put out to the market to solve. The grants are provided to fund feasibility studies, and then of those a few are chosen for funding for prototype development. Our thinking around that at this stage is that's a real opportunity to look at, you know, some of the gaps, are there opportunities to say, can we come up with some innovative thing that would really make a difference to small/medium businesses, or might be an opportunity to look at ways the government could further maximize the use of the Fair Work API that's being developed. That timing should work quite nicely with the API coming live, and then the grants round kicking off later that same year.

While not specifically announced as part of the budget, another of the current priorities is for the Fair Work Ombudsman to also upgrade its pay and conditions tool. This is an online tool that some of you are no doubt aware of, you can go into the Fair Work Ombudsman's website and query it, put in you know what classification, what sector you're working in, what times and days worked, and it should spit out, you know, what you should be paid, the relevant allowances and things like that. That tool should have reached its end of lifetime, and so, the Fair Work Ombudsman is in the process of upgrading that, which is due to be completed around

here next year. That's also an important first step towards one of the potential medium term steps, which is looking at whether the government would also develop an API from that tool so that, again, the software industry could access the data and the calculations in that tool and build that into their own products. That work on upgrading the patch will help to make it, you know, API ready and inform potential future directions.

So that's the current priorities. And as I said, we're very much turning our mind to the next steps to the medium term. As I said, the roadmap is all about a journey and taking the first steps and building on those to deliver additional benefits over time. Some of the next steps that are currently under consideration include, as I said, looking at an API from the Fair Work Ombudsman's paying conditions tool, which we think potentially offers significant benefits in terms of creating a level playing field where everyone has access to not only the data but also those logic and calculations around you know, if you work which particular shifts which allowances and things like that, so We're exploring that actively at the moment, and be very interested in in any feedback on, you know, potential use and things like that.

And we'll be starting to formulate the challenge statement for the grants round next year. And that's something I think we'd also be very interested in working with industry on understanding some of the opportunities and things that are, you know, where it could take target that grants round. We're also starting to build the foundational thinking around awards code and looking at if the government does want to move towards having the Fair Work Commission issue Awards as Code in the future, what are the costs? What are the benefits? What are the challenges in getting there and starting that thinking now, because the roadmap is all designed to be -Yes, while that might be sort of 5 to 10 years away in terms of realization- we need to do some of the groundwork now to see if that's worth pursuing, and if it is to start that transformational journey. Next slide, please.

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Guest Speaker - Laura Munsie (Attorney-General's Department): So I'll just touch base on the industry working groups, in particular, out of our current priorities, and as I said, we're hoping to go out with an EOI fairly soon and really looking to get a good representative group with a mix of representatives from you know, different sizes DSPs that have been around for, you know, longer terms, as well as fairly new startups and things like that, to really help give us a really representative mix of voices; and to help us with future collaboration initiatives. We say this group is a really helpful forum for us to help inform the RegTech roadmap initiatives, but we also want it to be a genuine, co-chaired and collaborative approach. We're very much looking at having both government and industry members have a say in setting the terms of reference and the guiding principles and the future work program for that group. We see it as being the starting point of ongoing, really useful collaboration, and we're keen to use it as a forum where all parties can discuss issues of mutual interest in the IR space. Some of the areas that at this point we think could be areas of focus or areas that we see the group helping to inform our thinking on include, obviously advisor and co-design of the Fair Work API's and future RegTech

initiatives. It's really critical that, you know, if the government goes down these paths, that these are done right, and they meet technical specifications and user needs. So we're very keen to have industry actively involved in informing the design as well as the user testing phase and working with us on that. Also say this group is potentially offering useful advice and feedback to us around you know, the end user, the uptake by businesses of technology, what your experience is, where are the gaps in the market, or where their reluctance is, and things like that. That will just help inform us to advise the government as well as to whether there should be further incentives towards uptake, whether there needs to be better information channels out there, and that sort of thing. One thing we do know in Australia is that small and medium businesses who are the ones who are most likely to benefit from these sorts of measures do tend to be slower to uptake and have a lower uptake of technology than larger firms. And that's a big risk, I guess, for us in terms of the actual realization of benefits from this initiative.

Another area that we think the group could be really useful to explore, as we go forward is some of the potential inadvertent risks or consequences of this measure. I think we're quite alive to the fact that if you make it easy for everyone to pay people correctly, under modern awards, you do risk making it easy for everyone to just pay at the bare minimum. I think we'd be very keen to explore with DSPs and others, you know, what are some of the mechanisms that can be built in? Are there behavioral insights and nudge techniques that can be used in software and other products to give businesses a bit of a sense of, you know, these are the minimum but you don't have to pay at the minimum? Would you like to pay a little bit higher? What's common across different industries or things like that? Because I guess we wouldn't want to see wages being driven down, that's certainly not the goal.

Finally, I think the collaboration has a really important role to play in terms of ongoing quality assurance and risk mitigation around the API's, both government and DSPs obviously have an interest in making sure that any data is accurate, reliable and that ultimately the products and data that's being relied on by businesses is reputable and businesses have confidence to use it. So we'd be very keen to explore opportunities for collaboration on that sort of quality assurance and audit and risk management piece as well going forward. Okay, final slide, please.

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Guest Speaker - Laura Munsie (Attorney-General's Department): So that's the end of my presentation. I hope everyone has found it useful, and I'd be very happy to take questions or comments now. I've left our group email address up on the screen as well as my own contact details. So if you do want to get in touch or if you do want to continue this discussion, or have any further questions after today, please feel free to get in touch. Thank you.

Webinar Host - Andrew Stirling (DSPANZ): Thanks so much, Laura. We have time for questions now, if you have questions, please contribute them via the Q&A. I'll just quickly kick things off

Laura with have you got any more Intel or update on where things might be with expression of interest process for those who are keen to participate in the working group?

Guest Speaker - Laura Munsie (Attorney-General's Department): Sure, thank you, that's a great question. We're just finalizing a little bit of thinking internally around what we see our role as being and looking at some draft terms of reference. We'll then be looking at going out there and the expression of interest process, probably working with DSPANZ to go out to your members and others to seek interest. Hopefully, we are in mid-October, I'm aiming for sort of towards the end of October. So everyone, keep your eyes peeled and you know, do let others know that might be interested. As I said, we're very keen to get a wide representative mix of members involved in that group., and we see it as being in terms of AGD but also the Fair Work Ombudsman and Fair Work Commission being a party to that process as well. So it'll be a really good opportunity for Fair Work and industry to get together and talk and collaborate.

Webinar Host - Andrew Stirling (DSPANZ): Fantastic, we've got a couple of questions and some comments popping up on the Q&A. Rowland commented shout out to the charity sector who are working with the very difficult SCHADS Award. Laura, my expectation is that in many contexts, they'd be taken very small employees, certainly under-resourced as Ron said.

Guest Speaker - Laura Munsie (Attorney-General's Department): Yeah, thank you. That's a really good comment, and I think when we talk about small businesses, often our minds go to the sort of, you know, mom and dad or very small business. I think that's a really great reminder that the charity sector is particularly doing it tough and, you know, similarly there's sort of community legal centres and others that you know, have limited resources and a lot of expectations. So, yeah, look, that is really good feedback, and we'll try and make sure that the charity sector has a voice in our work going forwards and very happy to, to talk offline about some sort of, you know, relevance and initiatives in that space.

Webinar Host - Andrew Stirling (DSPANZ): We might wrap the next two questions together because they're related to the Modern Award pay database. First is around expected timings for the API. I'm guessing that is the API the attendee is referring to. Have you got any latest update on that because I think the most recent update I had was that the Commission was hoping to release something early in the new year with the hope to send something live by the time of the next Annual Wage Case.

Guest Speaker - Laura Munsie (Attorney-General's Department): Yeah, that's very much the timing that they're working to, and I think they would definitely hope that that's the timing they can meet. As I understand everything's on track at this stage. So yeah, I think that's the case.

Webinar Host - Andrew Stirling (DSPANZ): Very good, and does this mean that the MAPD group is now defunct, because I don't think the MAPD group has met per se, for quite a while.

Guest Speaker - Laura Munsie (Attorney-General's Department): Yeah, look, no, I don't think it does. My understanding is the Fair Work Commission are continuing to talk, and I might say the MAPD group is probably in their sort of commission meeting with industry. What we're proposing in terms of industry working groups is probably a more strategic body, and to the extent that the Fair Work Commission's sort of doing its own testing and things like that, at the moment that continues, but I think as we get sort of, you know, industry working groups up and running, we'll be talking closely with the commission, and looking at, you know, making sure there's no duplication, and if it does get wrapped up, it would be, you know, very much still still alive, but part of of this broader working group process.

Webinar Host - Andrew Stirling (DSPANZ): Very good, and then the last question from Renee, will EBAs be wrapped up into this?

Guest Speaker - Laura Munsie (Attorney-General's Department): Sure, that's an excellent question. At the moment, the focus is really on Modern Awards, but I think that's where we sort of see our role as being, you know, the government supporting and enabling innovation. And we see EBA is a real future opportunity that, particularly if the government goes down the track of making the PAC tool available, you know, presumably that could be used as your basis to sort of benchmark your EBAs under. You know we were very much hopeful that there will be innovation in that space that, you know, you might be able to use the PAC tool as a bit of a software that links into the pact as a basis to say here's your baseline, if you want to go down the bargaining space, you know, you can compare that to it and ensure that you made that better off overall test. So while it's not our immediate focus, it's certainly an opportunity there that we see and hope will be realized down the track.

Webinar Host - Andrew Stirling (DSPANZ): Very good, does anyone have any additional questions? I won't add any of my own and take any time up. That's been very helpful, and thank you all. Here we go, there are some coming in. Any idea when there will be a draft API schemer available? And what extensions are being considered for the PACT?

Guest Speaker - Laura Munsie (Attorney-General's Department): Sure, look, I probably can't answer timing on a schemer, I'm sorry. Yeah, probably the Fair Work Commission themselves would have a clearer idea. So what was the second part of the question?

Webinar Host - Andrew Stirling (DSPANZ): What extensions are being considered for the PACT?

Guest Speaker - Laura Munsie (Attorney-General's Department): So at the moment, I mean, the PACT, my understanding is that the current rebuild or upgrade is around the underlying sort of architecture. I should preface this by saying I'm not a technologist, so I'm probably not the best person to answer the sort of technical details but my understanding is that the architecture has really reached you know, its end of life, it's no longer supported. So at the

moment, they're sort of rebuilding it, and as part of that they're doing a little bit more sort of quality assurance and testing to, you know, ensure the underlying data is all accurate and reliable. And as I said, if the government looks at an API from that, it's also about kind of future proofing it and making it API ready. And then I guess in terms of, I don't know, if there's any extensions being considered at the moment beyond that idea of building an API and this sort of have, you know, detailed design and planning work for what that looks like. And then you know, how that could be used as is yet to be done, sort of pending government decision in this space.

Webinar Host - Andrew Stirling (DSPANZ): So the PACT will more or less be the same but with some API functionality is what you're looking at.

Guest Speaker - Laura Munsie (Attorney-General's Department): Yeah, that's correct.

Webinar Host - Andrew Stirling (DSPANZ): Very good. Thank you so much, Laura. I found that an enormously helpful session and with some great insights, and enormously valuable, so thank you for your time, and coming to chat with everyone. I'd like to thank SuperChoice again for supporting this event. We have a session tomorrow on Single Touch Payroll at 11am Daylight Savings Time for those who are interested, and just a reminder that this session has been recorded and will be available to everyone who attended over the coming weeks. So follow up questions can be sent to Laura if you have a question directly for her or to hello@dspanz.org. So thanks, everyone.

Guest Speaker - Laura Munsie (Attorney-General's Department): Thank you.