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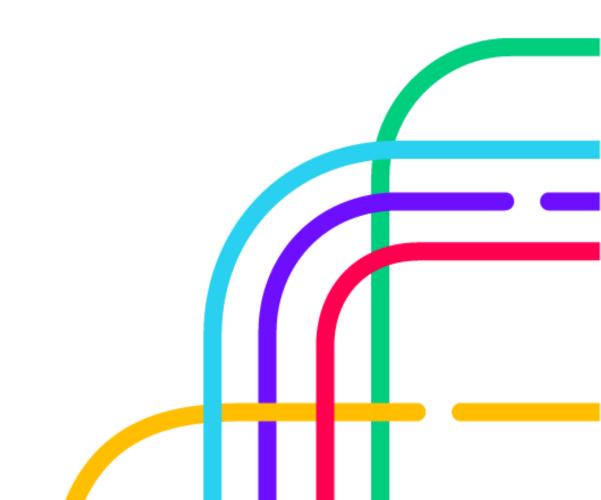australia new zealand

DSP and Government Engagement

An Industry Perspective on the ATO's Consultation Model

Introduction

The consultation model that the Australian Taxation Office (ATO) has developed for working with their industry partners, Digital Service Providers (DSPs), has proven to be one of the most successful examples of the Government working collaboratively with the industry. It has led to a highly productive working relationship between the ATO and DSPs, and has produced more suitable outcomes for both parties and the end users of business management software.

Through conversations with industry and governments internationally, it is clear that this model has set a precedent for how revenue authorities and other government agencies should work together with DSPs.

What is a DSP?

Digital Service Providers, also known as DSPs, create, sell and use software solutions to securely capture, transmit and share information and are commonly used in the day to day management of a business and its employees.

In the context of the ATO, DSPs are more specifically defined as the software products and services that connect directly or indirectly to government organisations through Application Programming Interfaces (APIs).

The ATO's Engagement Model

The ATO has a section of the agency, known as the Digital Partnership Office (DPO), which is dedicated to engaging with and supporting the DSPs who interact with ATO services.

Through the DPO, the ATO runs several working groups enabling them to work with DSPs from the high level planning stage right through to the design and implementation phases of projects. The Digital Service Provider Engagement Model outlines the different types of working groups, from strategic through to informative, that the DPO utilises to work with and consult DSPs. These working groups are often co-chaired by industry representatives to ensure that DSP and other stakeholder voices are heard and reflected.

The below expands upon the DPO's engagement model to demonstrate the purpose and the level of detail that each category of working group focuses on.

Type	Strategic	Advisory	Operational	Technical	Tactical	Informative
Purpose	Guiding the ATO's Direction and assisting to co-design and build future digital solutions.	Advising on existing projects and services to make sure that the right checks and balances are in place.	Co-designing and consulting on solutions for specific projects or initiatives that affect a particular sub-group or project.	Focusing on the IT and technical issues that affect a particular sub-group or initiative.	Solving problems alongside DSPs to explore and develop recommendations for specific outcomes.	Staying connected and keeping the DSP community informed through information sessions.
Level of Detail	High level and future focused Whole of ecosystem Technical design and implications of proposed changes	Holistic view of services Assessing and evaluating approaches taken	Business level details Narrow focus on the specific project or initiative	Dealing with a specific issue or set of issues that arise Providing recommendations on solutions	Most narrow focus allowing participants to delve deep into the project or issue at hand Providing recommendations on solutions	General information sharing and awareness One to many style events Large scale events

While these working groups are designed to support different levels of conversation, their success relies on DSPs involving the appropriate representatives to engage at the level required. For example, in a Technical Working Group, DSPs will provide developers or technical subject matter experts. Ensuring that the right people are participating in each working group is integral to producing effective results.

Outside of the working groups, the DPO is also responsible for maintaining the ATO's DSP Roadmap which is made accessible to registered DSPs. This roadmap enables DSPs to better

understand the ATO's priority areas of work while also allowing the DSPs to plan their own roadmaps of work.

Why does this model work?

The ATO's consultation model allows DSPs to have a seat at the table and actively influence the projects and programs of work that directly impact them. It allows the ATO and DSPs to learn from each other, which not only builds a better relationship, it also leads to better overall outcomes for everyone involved.

There are clear benefits for both the ATO and DSPs that result from working collaboratively:

For the ATO	For DSPs
Working with DSPs allows the ATO to better understand: • Technical limitations of software solutions • Potential use cases that have not been considered • Unintended consequences that DSPs may face • Potential impacts of cost and change management on business processes and users	Working with the ATO allows DSPs to: • Gain a better insight and develop an understanding of government processes and decision making • Develop software that meets legislative requirements and business requirements • Better prepare for future changes and educate their users on such changes

One important feature across many of the ATO's working groups is a culture of collaboration where everyone is working toward mutual outcomes in an open and transparent way; operating under a Chatham House Rule model. Working groups also have clearly defined charters and/or terms of reference outlining the expectations of both the ATO and DSP representative. This creates an environment where DSPs can raise items openly and honestly without fear of this information being widely shared or made attributable to them.

Given the benefits that this model provides, other consultation models, such as those that are completely open and public, would not necessarily work for the ATO and DSPs as there are limitations to how much information can be openly shared. However, there is still a place for open consultation within the ATO's engagement model to hear from different voices and consider these views.

Overall, the relationship has evolved to a point where the ATO is receptive to developing value-add services that DSPs can implement and offer to their users. There is also a vested interest in ensuring the success of projects at both the ATO and DSP level.

Significant milestones are achieved by actioning the collaborative efforts based on input and feedback from industry and other stakeholders. However, not all outcomes are positive and some services have little usage. We acknowledge that this is an evolving relationship which requires investment from both parties to continue to be successful.

The Success Stories

The current working relationship has not come without its hard work. This model has resulted from over a decade of collaborative actions between the ATO and DSPs on transformative programs of work including:
- Transition from Electronic Lodgement Service (ELS) to Practitioner Lodgement Service (PLS)
- Introduction of Single Touch Payroll (STP)
- Introduction of SuperStream
- Creation of the DSP Operational Security Framework (DSP OSF)
- Creation of the Security Standard for Add-on Marketplaces (SSAM)
- Expansion of the STP data set with Single Touch Payroll Phase 2

With each of these projects, a substantial level of trust has been established between the ATO and DSPs, ultimately leading to the successful outcomes we see today.

This trust and willingness for DSPs to come together and speak openly in front of their competitors is why the JobKeeper stimulus measure could be delivered through Single Touch Payroll, and therefore DSP software, within a three week period. Without the foundations of this relationship, JobKeeper could not have happened within such a short timeframe. This is just one example of how this engagement model works in practice.

Applying this model to other agencies

The ATO's approach to consulting with the industry is how DSPs would prefer to work with other government agencies across Australia and New Zealand. DSPANZ encourages entities to collaborate with DSPs and develop similar methods for short and long-term engagement.

However, as each agency differs in terms of its structure and resourcing, creating an exact replica of the ATO's engagement model may not be feasible. In such circumstances there are certain components that can be implemented depending on the purpose and duration of the engagement.

For example:
A government agency may have a specific project they are responsible for delivering that impacts or requires DSP involvement. In these types of engagements, the government agency should look to set up Operational Working Groups for consulting and co-designing solutions with DSPs alongside any required Technical Working Groups or Focus Groups to work through specific technical issues or other issues that may arise. An Advisory Working Group is also recommended as it provides a level of governance to ensure that the project is delivering the expected outcomes.

Below is an outline of how the ATO's model can be applied differently for either long-term or short-term engagements as high level examples.

Continued Engagement	Short-Term or Project Specific
Combination of the following: • Strategic Working Group • Advisory Working Group/s • Operational Working Groups • Technical Working Groups • Tactical Focus Groups Alongside platforms and avenues for continued engagement outside of working groups.	Combination of the following: • Advisory Working Group • Operational Working Groups • Technical Working Group/s • Tactical Focus Groups Alongside resources for the wider group of DSPs to keep updated and access information as well as a place for DSPs to seek support.

Many other scenarios can benefit from DSP engagement outside of these examples. When considering engaging with DSPs, we recommend that government agencies reach out to DSPANZ or DSPs to better understand the appropriate engagement strategy.

Working with DSPs? Engage early

While this paper outlines the preferred DSP and government engagement model, DSPANZ recommends consulting with DSPs from the policy ideation phase of a project. Consulting as early as possible helps to ensure, from the beginning, that the outcomes will be achievable and meet the needs of the Government, DSPs, the business community and other end users of business management software.

If your organisation is looking to work with DSPs, we highly recommend DSPANZ as your first point of contact to effectively and efficiently obtain your goals.

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