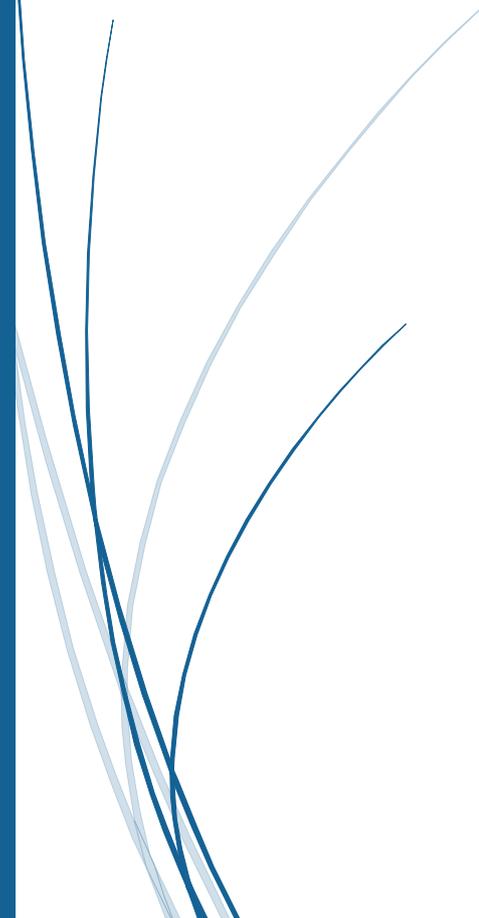


The logo for the Australian Business Software Industry Association (ABSIA). It features the acronym 'ABSIA' in a bold, blue, sans-serif font. Below the acronym, the full name 'Australian Business Software Industry Association' is written in a smaller, blue, sans-serif font. The logo is contained within a white rectangular box with a blue arrow pointing to the right on its right side.

Australian Business Software Industry Association

# Payroll Special Interest Group (PY-SIG)

SIG Charter Document

A decorative graphic consisting of several thin, curved blue lines that originate from the bottom left corner and sweep upwards and to the right, creating a sense of movement and flow.

Deanne Windsor  
ABSIA DIRECTOR

# PAYROLL SPECIAL INTEREST GROUP (PY-SIG)

## SIG CHARTER DOCUMENT

### PURPOSE

A charter is a statement of the scope, objectives and participants in a SIG and is a critical document to ensure that everyone involved in the SIG is aware of its purpose and objectives.

### SCOPE

The scope of the PY-SIG is limited to addressing the payroll-related functions for Australian employers that are governed by legislation, regulation and/or other compliance obligations from a software developers' perspective. This covers the employment life cycle activities commonly referenced as hire to retire (H2R). However, superannuation is not in scope, as a separate and dedicated SIG is established to address that topic. Any superannuation issues may be forwarded to the Superannuation SIG to progress.

### OBJECTIVES

The objective of the PY-SIG is to progress priority payroll-related topics with responsible government agencies to address defined industry software concerns or queries.

### PARTICIPANTS

The members list identifies those ABSIA paid members who have volunteered to participate and contribute to the objectives.

Currently, members are:

Member Name	Organisation	Member Name	Organisation
Deanne Windsor	ABSIA	Josef Bobinac	ABSIA
Graham Coutts	ADP	Matt Voce	SAP
Joy Hooper	Oracle	Nicholas Perrott	Ozedi
Tim Wright	Xero	Phil Johnstone	Levesys
Dean Darke	Reckon	Sally Higgs	MYOB
Nicole Greene	Accrivia	Ron Skeoch	Muli
Angela Lehmann	ADP	Theresa Kulik	TechnologyOne
Michelle Leavers	Attache	David Field	Ozedi
Jamie Hancock	HCS	Matthew Addison	ICB

## LINKAGES

In addition to the Superannuation SIG referenced in Scope (above), it is anticipated that this group will have significant linkages with the Single Touch Payroll working group initiative by ATO. Given that the initiative is intended to address reporting of the employment obligations, the outcomes of the PY-SIG may have significant impact upon the scope and content of any STP proposal.

Other linkages may be identified during the operational conduct of the SIG.

## METHODOLOGY

It is anticipated that the PY-SIG will define and endorse a methodology for how it delivers outcomes as an initial group deliverable. However, as a starting position for discussion, the following process may be an initial approach:

- **Define Framework** – identify a framework that represents the totality of possible operating models and structures for payroll operations in Australia. This will incorporate categories of PAYG Withholding, business operation models and software provider profiles. All subsequent outcomes will be defined within this framework.
- **Identify Topics** – define the payroll-related topics within the context of potential issues or queries to be raised from both a software developers and business perspective. These topics will be defined within the above framework and will identify the responsible government department or agency that has legislative or regulative responsibility for the topic.
- **Prioritise Topics** - with a to-be-defined agreed priority scale, prioritise the topics into sequential order within the rankings to represent the order in which to address the topics.
- **Define Issue** – expand and explain the various issues with prioritised topics to represent the explicit nature of the issue or query to be addressed by the delegated authority. This definition should be represented in such a way as to ensure that all factors that contribute to the issue are identified for context.
- **Propose Possible Solutions** – propose preferred solutions to the defined issues, clearly identifying the scope and impact of change required, with benefits and constraints defined within a to-be-defined solution template.

## COMMUNICATION

The ABSIA forum will be utilised to seek input and feedback on the topics and outcomes of the PY-SIG. Group members will receive regular email updates on status. There will be regular teleconferences conducted at a frequency to be determined where members can discuss issues in real-time with other members. Agendas and minutes will be provided on the forum for these teleconferences.

## INITIAL TOPICS

As a starting point, the following topics have been proposed for discussion by the group, but it is intended that the topics will be defined by the SIG:

Topic	Description of Topic
<b>ATO Website</b>	<p>www.ato.gov.au</p> <ul style="list-style-type: none"> <li>• user experience – all relevant items for users are not packaged together as users would expect</li> <li>• ATO language used not business language</li> <li>• PDF documents not available to support business</li> <li>• Examples – insufficient representation of typical business or industrial use of topic</li> </ul>
<b>Payroll Tax</b>	<ul style="list-style-type: none"> <li>• State based definitions of tax liability for contractors and employees – such diverse complexity encourages non-compliance</li> <li>• Tax rates, thresholds and exemptions - complexity in this area has contributed to Australia's ranking of 5<sup>th</sup> most complex country in the world for payroll.</li> </ul>
<b>Work Cover</b>	<ul style="list-style-type: none"> <li>• Sources of payroll tax – uses payroll taxable wages as base, but has such ambiguities and complexities that makes it one of the most complex areas for business to manage</li> <li>• Multiple rates – structuring the business systems to adequately capture, calculate and manage premiums results in extremely high maintenance</li> <li>• Definitions of businesses and workers – businesses have to define their workers in so many different ways to meet its employment obligations – can there be no consistency so that there is one standard for AU that meets all of these obligations?</li> </ul>
<b>Long Service Leave</b>	<ul style="list-style-type: none"> <li>• Whilst the hierarchy of conditions still exist in the form of legislation, awards and agreements, the lack of consistency in the underpinning state-based legislation to clearly address transfers between states results in some very complex calculation and administration of leave.</li> </ul>
<b>Child Support</b>	<ul style="list-style-type: none"> <li>• Cost of administration v monies collected – such diverse formats, conditions, payment references, payees and reporting is required, it is a high administrative burden that should be streamlined.</li> </ul>
<b>Terminations</b>	<ul style="list-style-type: none"> <li>• The recent complexities introduced for ETP has further complicated this process as it is the culmination of the employment experience and brings together the various leave complexities and other payments.</li> </ul>

## STAKEHOLDERS

The stakeholders will be defined by the priority topics, however, it is initially:

- Australian Taxation Office
- Various Offices of State Revenue
- Various Work Cover offices
- Child Support Agency
- Fair Work Australia
- Software Developers
- Business representatives

## STAKEHOLDER KNOWLEDGE

One of the key issues that has been identified recently is understanding the stakeholders in this process. Whilst ATO has the re-invention initiative and is investing in partnership engagements, it has been identified that perhaps ATO and other stakeholders might not understand the software development industry and life cycle, nor understand payroll from the business perspective.

To assist in communication and, perhaps, as a prerequisite to progressing our priority topics, it might be appropriate to initiate an introduction to these areas for our stakeholders.

### Strategy to Improve Knowledge

A presentation may be appropriate as the format to best present this message. Other suggestions are sought and welcome as to how this may be presented. Initially, either a podcast or presentation format may be developed.

### PROFILE OF SOFTWARE DEVELOPERS

Identifying the context within which the industry operates, the business drivers and current focus and measures of success should be defined. This may also include, but not be limited to:

- Global focus of the industry
- Australia's place in the global industry
- What business factors drive the imperative
- The methodologies used to develop our products
- The role our clients play in our product development
- The software development life cycle methodologies used
- The difference between the software product and how our clients use our products

### PROFILE OF PAYROLL

Payroll is truly a slave to many, many masters. Defining the factors that influence what and how those services are delivered and the business attitude towards these services may be warranted, as:

- Industrial relations frameworks and complexities
- Legislative and regulative initiatives
- Business knowledge and priorities for payroll
- How payroll is perceived by business