



Australia's progress – an external view from the USA

Karen Lay-brew

Melbourne

7th September 2016

USA Meetings

- CFA Institute
- Data Coalition
- US Treasury
- Office of Financial Research
- Securities and Exchange Commission
- Office of Senator Mark Warner

“SBR” Journey in the USA - 1

- Data Coalition – advocates for DATA Act and Financial Transparency Act
- DATA Act (Digital Accountability and Transparency - May 2014)

<https://drive.google.com/file/d/oBwDS1XCLt-Ooems3cGg2cmNHYZQ/view>

- US\$3.7 trillion Federal spend accessible and transparent.
- US Treasury is leading the DATA Act implementation
 - May 2017 – agency reporting starts, recipient pilot
 - August 2017 – recipient reporting: grantees and contractors to report using the data standards

“SBR” Journey in the USA - 2

- Office of Financial Research
 - Lead eight major financial regulatory agencies (Financial Stability Oversight Committee) to adopt common data standards, including Securities and Exchange Commission
 - is leading the adoption of Legal Entity Identifier (LEI) by multiple agencies.
- Financial Data Transparency Act May 20, 2015
<http://www.datacoalition.org/issues/financial-transparency-act/>

a bipartisan proposal in Congress to transform U.S. financial regulatory reporting.

What is SBR? How does SBR work?

- SBR provides infrastructure which supports the eGovernment agenda.
- The key components are:
 - Data standards
 - Message standards
 - Transport standards
 - Common authentication
 - Payment standards
 - Validation

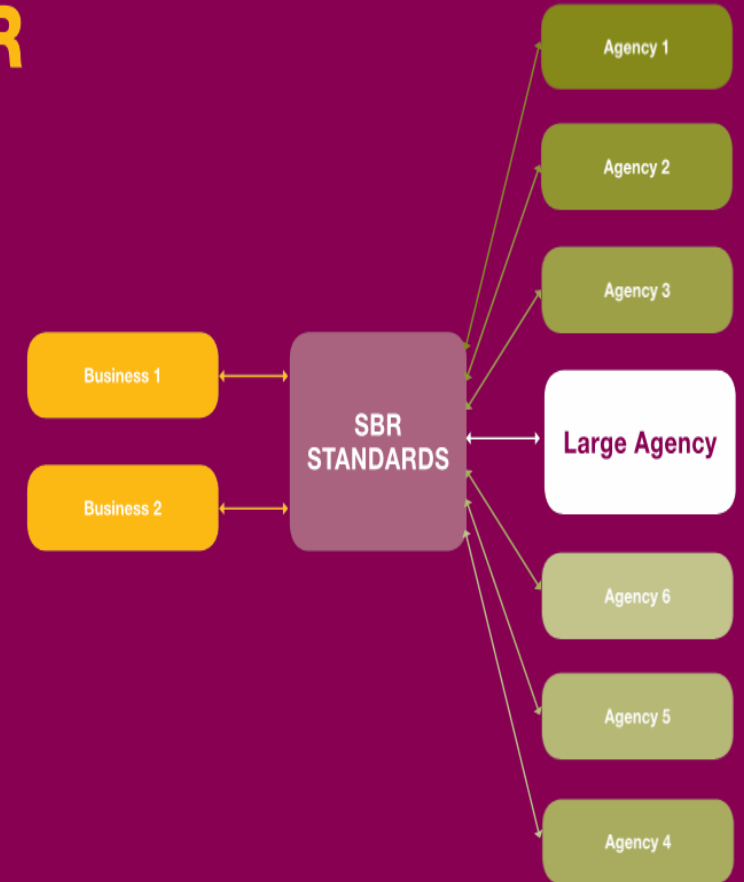
SBR ensures a common, discoverable understanding of the information exchanged between businesses and with government, and common ways of doing so

Pre SBR



- Each agency used different terms for the same information
- Different channels and credentials for each agency
- Collation and lodgement outside of accounting software
- Using paper forms or logging into portals to lodge reports

Post SBR

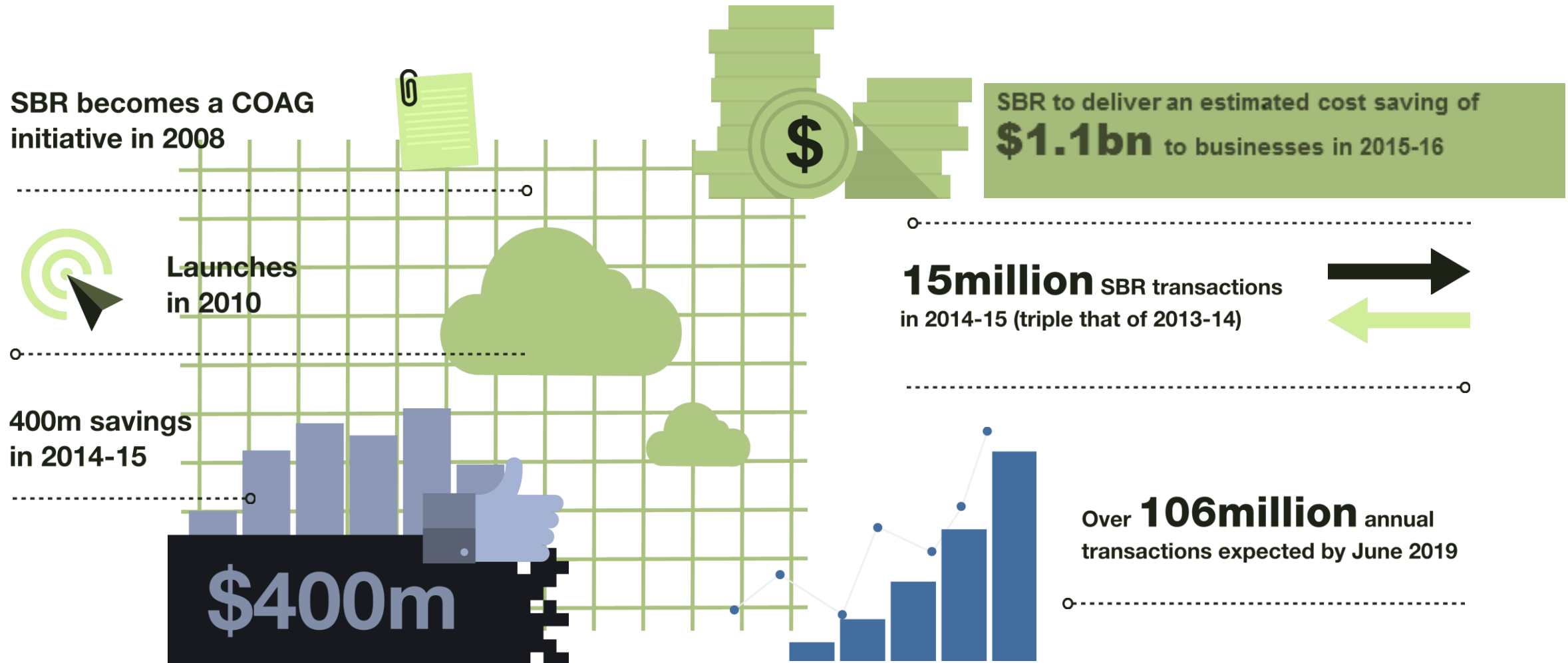


- Software pre-fills report based on information held in the client's accounting/payroll system, as well as information held by government
- Client/intermediary checks report and then submits for lodgement
- Client/intermediary receives confirmation of lodgement

SBR in action

Story so far

SBR already underpins major government initiatives like SuperStream, and in future will be used to deliver the Practitioner Lodgement Service, Single Touch Payroll and eInvoicing.



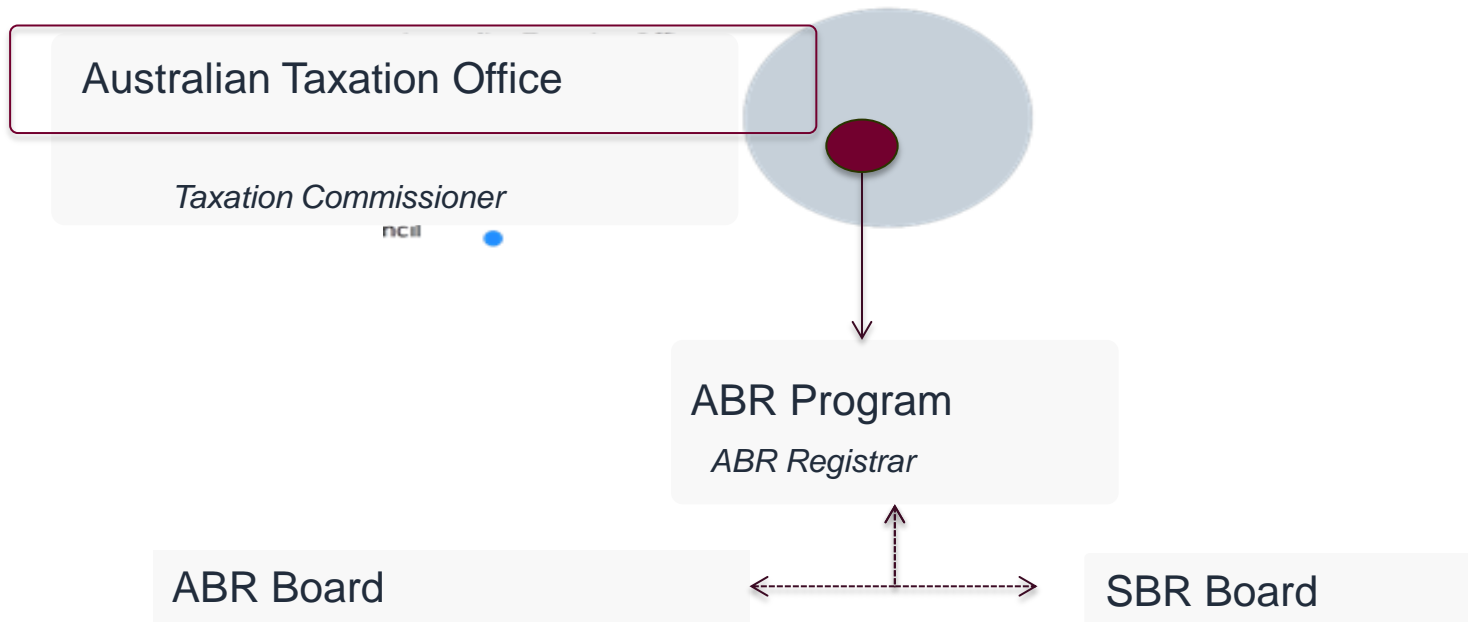
What is the ABR Program's corporate structure?

Federal Government

Department of Treasury

Ministers and Secretaries

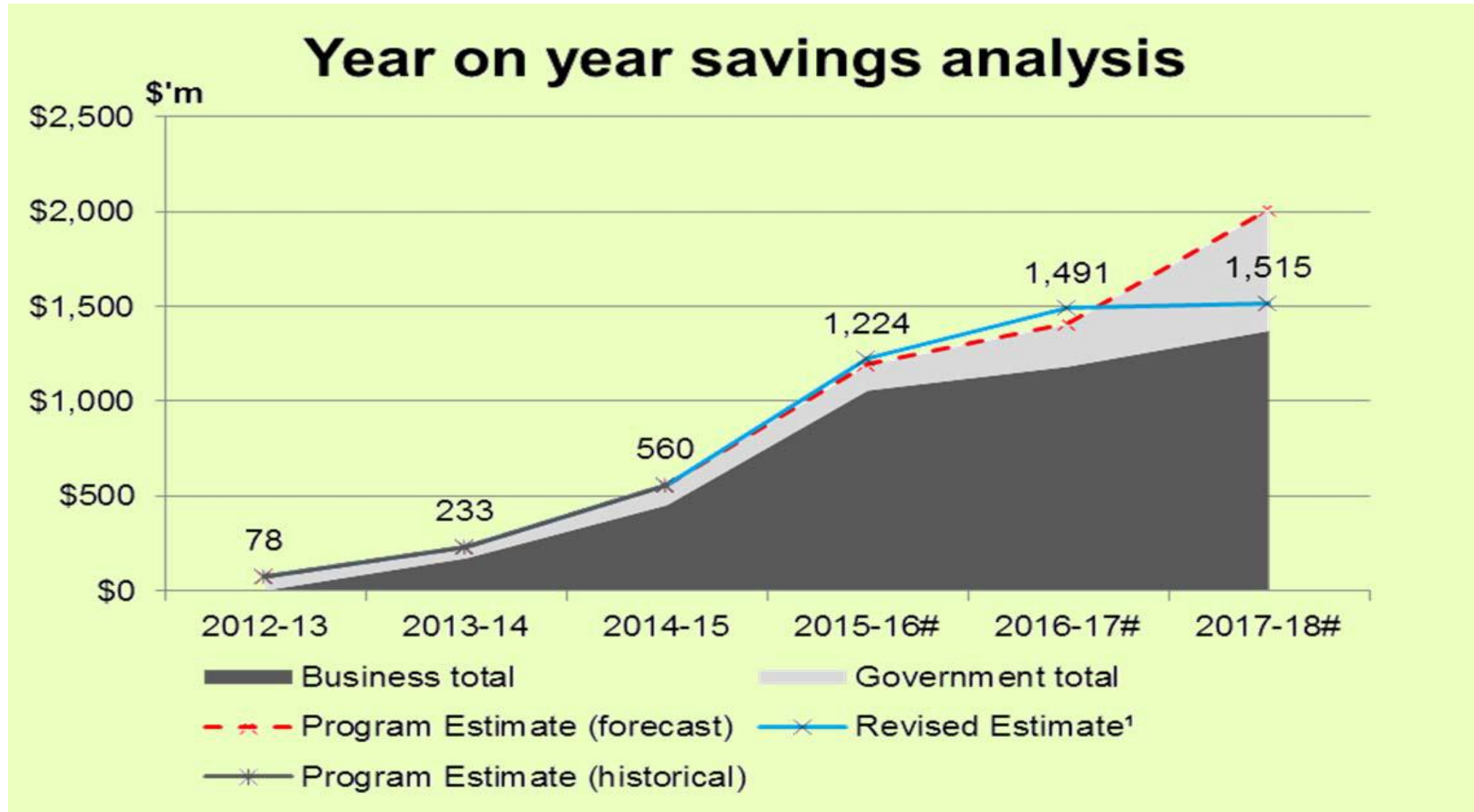
- *Treasurer*
- *Assistant Treasurer*
- *Minister for Small Business*
- *Parliamentary Secretary to the Treasurer*



The ABR Board is a cross-agency forum responsible for progressing the ABR as a means of reducing the costs of the community dealing with government.

The SBR Board is a cross-agency forum that oversees the strategic management of SBR

ABR savings



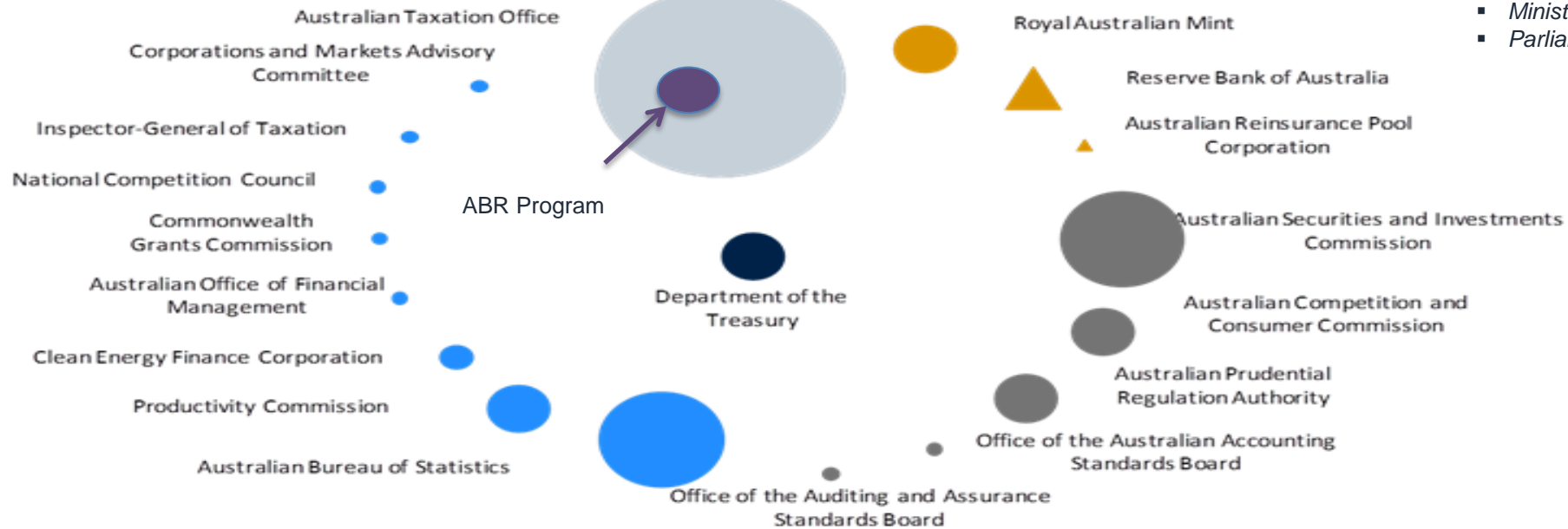
Where does the ABR sit within government?

Federal Government

Department of Treasury
Treasury Portfolio

Ministers and Secretaries

- Treasurer
- Assistant Treasurer
- Minister for Small Business
- Parliamentary Secretary to the Treasurer



Circle ● reflects staff (FTE) employed under the *Public Service Act 1999*;
Triangle ▲ reflects staff (FTE) employed under other Acts.

■ Info on FTEs not available

● <50

● 50-100

● 100-1,000

● 1,000-10,000

● >10,000

Colour reflects type of entity

● Smaller operational ● Specialist

● Policy

● Regulatory

● Larger operational

Source: Department of Finance.

eInvoicing - realising the benefits



**Digital
Business
Council**

1

Firm Level Benefits

- Productivity and efficiency benefits of between \$12.15 and \$28.80 per invoice

2

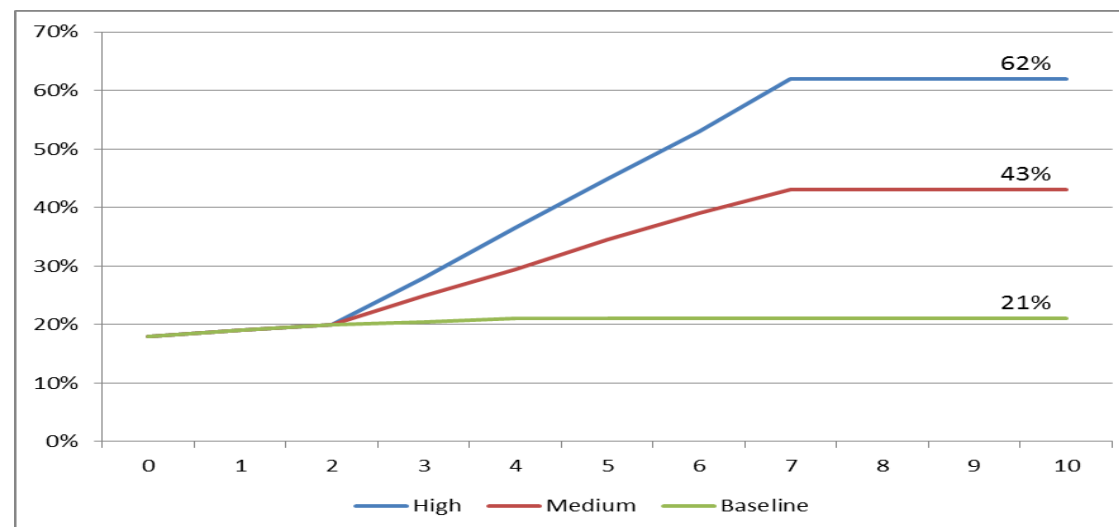
National Economic Benefits

- Reduce average accounts payable error rates from 4% to 2.5%
- Storage cost savings of around \$0.60 - \$2.60
- Whole of economy savings of \$7-10 billion a year

3

Network Benefits

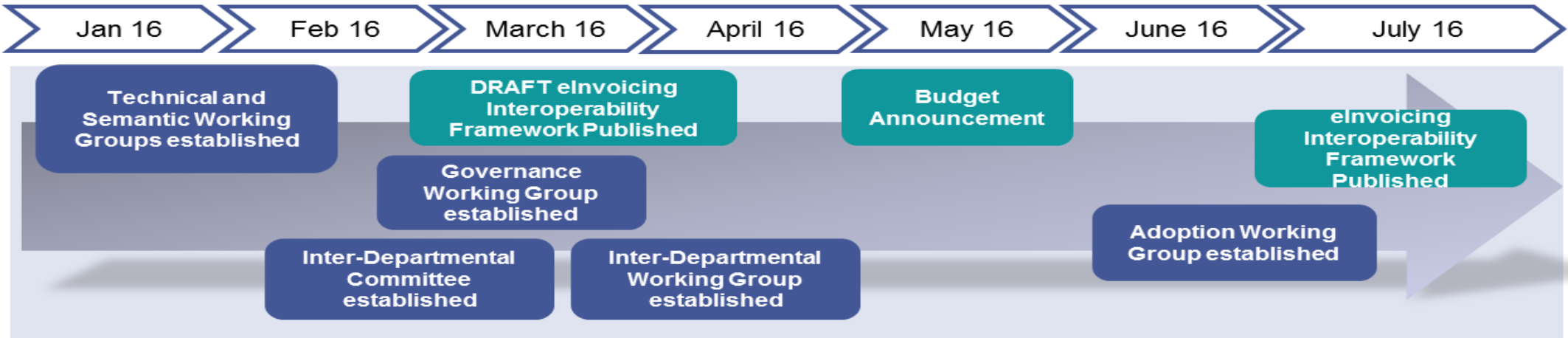
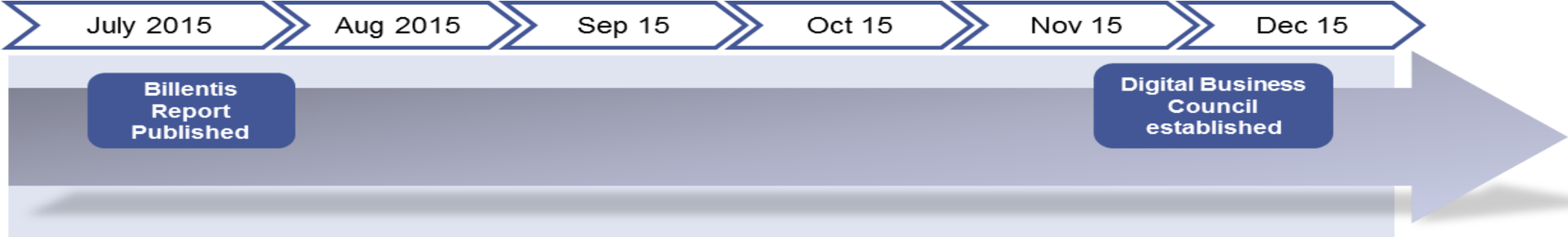
Deloitte Access Economics has identified three scenarios for adoption. The role of government in each of these is important



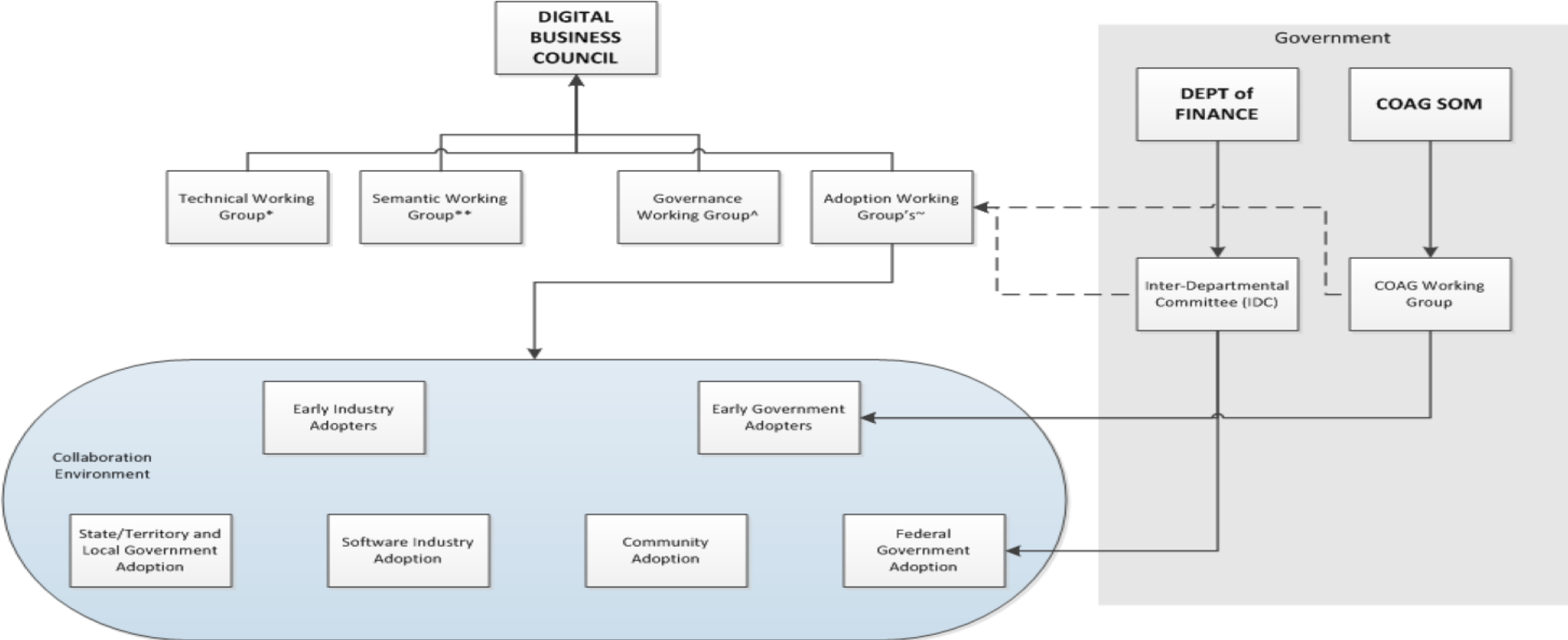
Scenario	Benefits	Costs	Net benefit
Baseline	4.1	0.3	3.8
Medium	17.1	1.6	15.5
High	31.1	3.0	28.2

Whole of economy total invoicing benefits and costs over 10 years (\$ billion)

The Australian eInvoicing initiative has progressed at a rapid rate – an industry body in partnership with government



The Australian Government is also involved in the eInvoicing initiative through an Inter-Departmental Committee and working groups



The Australian Government announced in its 2016/17 Budget that it will undertake a study to identify how the Government can unlock the potential for eInvoicing to improve efficiency



Budget 2016-17

Budget Measures
Budget Paper No. 2
2016-17

eInvoicing

Expense (\$m)

	2015-16	2016-17	2017-18	2018-19	2019-20
Department of the Treasury	-	-	-	-	-
Australian Taxation Office	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will undertake a detailed study into the costs and benefits of adopting electronic invoicing (eInvoicing) by the Australian Government. The study will help the Government identify the feasibility of eInvoicing and how the Government may best unlock the potential for eInvoicing to improve government efficiency.

Broader adoption of eInvoicing with State and Territory and local governments will be considered in the study.

The cost of implementing the measure will be met from within the existing resources of the Australian Taxation Office.

This measure builds on the Government's *Fintech Statement* released on 21 March 2016.

Feedback: Australia's SBR Program

"The Australian Standard Business Reporting programme is a global model of the benefits of applying open data standards and government-wide leadership to the complex landscape of modern regulatory reporting ... common taxonomy delivers unprecedented transparency to the users of regulatory data, both inside and outside government ...SBR makes compliance much, much cheaper, for businesses and government agencies alike...."

Hudson Hollister, Executive Director, Data Coalition

Feedback: Industry-Government Engagement

"To modernize the relationship between government and industry through such innovations as Standard Business Reporting, government and industry must find new ways to communicate with one another. The United States has no analogue to the Digital Business Council - which, unfortunately, explains why we have no immediate hope of standardized regulatory reporting or standardized e-invoicing either."

Feedback - eInvoicing

From "US Adoption of eInvoicing" White-paper, June 30, 2016

- Australia is an interesting case study for e-invoicing. The Commonwealth Government has not mandated e-invoices, rather, is promoting agenda to expand digital documents in commerce and is doing so through a public-private industry partnership approach. The Australian Business Register³⁴, under guidance of the Australian Taxation Office, has been investigating opportunities to increase electronic exchange of documents for several years. Recently, the Digital Business Council,³⁵ a cross section of business groups, industry bodies, technology providers, and government agencies published a paper and plans to begin implementation of an e-invoicing interoperability framework mid-year 2016 which enables B2B and B2G to send and receive invoices electronically. The framework is designed to facilitate adoption by businesses that have existing e-invoicing systems as such businesses can use the framework's software to translate their existing formats into the framework's recommended common, open standards – OASIS Universal Business Language (UBL) 2.1. Small and mid-size businesses that have not yet adopted any form of e-invoicing will be able to implement OASIS UBL directly. Thus, the framework hopes to reduce barriers to adoption as it avoids the cost of disrupting existing invoicing systems to implement a common standard. It has been estimated that over 1.2 billion invoices are generated annually in Australia.³⁶ With widespread adoption, the Australian Digital Business Council estimates the e-invoicing framework could have an overall economic impact of AUD\$7 -10B annually³⁷ in increased productivity and cost savings.

Upcoming

- Data Transparency 2016 Conference in Washington DC
- States on "SBR" – 3 targeted
- Industry-Government engagement and partnership model
- University & Governor of Nevada meetings
 - Explore synergies and opportunity for joint programs between Australia and Nevada



Learnings: Industry Association

- CFA Institute - Industry body for Financial Analysts
- Membership organisation
 - revenue from membership fees
 - Programs: CFA (defacto industry credentials), CIPM, Claritas
- Fill the void with services needed by the community

Learnings: I-G Partnership is the right model

- **Adaptive** “SBR” is the right approach for whole-of-economy
- Demonstrate the collective benefit
- Create pull from whole community and different levels of government
- Actioned framework and model of I-G engagement toward a true partnership

End