



## ABSIA Submission

Early thinking: Operational governance  
for trans-Tasman e-Invoicing

November 2018

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## Introduction

The Australian Business Software Industry Association (ABSIA) was established in 2014 and works with its members, leading service providers, government agencies and industry bodies to advocate and provide leadership to the Australian digital economy in order to deliver productivity to the business community. Through their relationships, ABSIA represents and advocates on behalf of the industry on important matters with direct input from both members and non-members.

Following the release of the joint Discussion Paper ‘Early thinking: Operational governance for trans-Tasman e-Invoicing’ requesting consideration and feedback from key stakeholders, ABSIA has prepared this Submission on behalf of its members and relevant stakeholders.

In doing this, it will be necessary to consider issues and options around matters such as<sup>1</sup>:

- Australia’s role in the global and regional trade context
- Australia’s potential to be the world leader in providing eInvoicing solutions on an interoperable open standards platform
- the advantages and disadvantages of different types of legal personalities;
- stakeholder and participant interests, roles, responsibilities and decision rights;
- accountabilities, risks and liabilities;
- operational continuity, reliability and sustainability; and
- cost-effectiveness and funding.

This Submission collates feedback on the above considerations and the questions outlined in the Discussion Paper from software developers, eInvoicing providers and businesses currently using eInvoicing.

## Consultation Scope

ABSIA, as a founding member of the Digital Business Council (DBC) has been extensively involved in the creation of the eInvoicing Framework in collaboration with the Australian Taxation Office (ATO) and industry stakeholders over the past few years.

More recently in March 2018, the Prime Ministers of both Australia and New Zealand announced that they will be taking a common approach to the implementation of eInvoicing<sup>2</sup>. This was then followed up with the establishment of a joint trans-Tasman government officials’ working group and this is the current approach towards the implementation of eInvoicing across Australia and New Zealand (A-NZ).

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<sup>1</sup> Discussion Paper <https://static.treasury.gov.au/uploads/sites/1/2018/10/c2018-t331468-v2-1.pdf>

<sup>2</sup> Government Progressing eInvoicing <http://kmo.ministers.treasury.gov.au/media-release/061-2018/>

The Discussion Paper on operational governance outlines that the preferred governance body would be “an industry-led self-funding (not-for-profit), incorporated entity with a Board of Directors consisting of industry stakeholder representatives appointed by A-NZ industry groups and government.”<sup>3</sup>

In the Discussion Paper it is suggested there will be a 10-week turnaround to consider the responses and move forward with a solution on how to govern elnvoicing. Despite inconsistent progress in the past, it is expected that there will be a more clear view on the future of elnvoicing in Australia within the first quarter of 2019.

## Parties to the Submission

This Submission is the result of extensive consultation with ABSIA members through detailed interviews with businesses and software developers, and a survey to ABSIA members and non-members on the topics outlined in the Discussion Paper.

The survey was released for industry response on Wednesday 31 October to Monday 12 November with respondents invited to complete the survey questionnaire (Appendix 2) and or seek a teleconference interview.

ABSIA received responses from both members and non-members, and from here on in, they are respectively referred to as ‘ABSIA Members’ and ‘Industry Respondents’.

ABSIA is a diverse organisation and consequently, there are differing opinions amongst members. Considering this, ABSIA believes that the methodology adopted to inform this submission ensures that it largely represents the views of ABSIA members, with provision for further discussion and a resolution process thereafter.

## Structure of this Submission

ABSIA decided to present this submission covering the Scope, Solution and Governance of elnvoicing as governance arrangements are related to and dependent on the scope and solution implemented by the industry.

ABSIA also believes that the development of an industry consensus is important as the software developer industry will be implementing elnvoicing to support a wide range of business sectors.

In the survey, respondents were asked to provide comments on the opportunities, challenges and risks of the program.

ABSIA have taken the responses into consideration and have separated this Submission into the following sections:

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<sup>3</sup> Discussion Paper <https://static.treasury.gov.au/uploads/sites/1/2018/10/c2018-t331468-v2-1.pdf>

## Executive Summary

### A. Key observations from respondents on:

- eInvoicing Scope,
- eInvoicing Solution,
- eInvoicing Governance.

### B. Guidance on eInvoicing Governance

- Response to the Discussion Paper governance questions.

## Executive Summary

There are many factors that have the potential to impact on the governance and consequently the adoption of eInvoicing and its success. Respondents provided positive commentary on the opportunities eInvoicing has to offer both software developers and the greater business community but sought further development on the solution itself and how it is governed. The following key observations were provided by respondents, outlined in terms of the ‘eInvoicing Scope’, ‘eInvoicing Solution’, ‘eInvoicing Governance’ and ‘Risk Management’.

### eInvoicing Scope

Respondents demonstrated a varying understanding of the eInvoicing program, with varied commitment to implementation timeframes. As a generalisation, the responses indicate that pre-conditions are yet to be met for implementation commitment.

In particular, whilst some standards have been published, limited evidence is available for the business case benefits for software developers to invest in service implementation.

The trans-Tasman approach appears to have re-energised the eInvoicing effort in Australia. ABSIA Members view eInvoicing with neutral to positive sentiments, but were cautious of further setbacks to the progress in Australia through the seeking of bureaucratic alignment across the two countries.

The lack of business consumer engagement and awareness was a common statement with limited evidence of business consumer drive for implementation. Others also commented that little marketing has occurred thus far to software developers or businesses.

A focus on adoption is required from government and large business organisations who already use their own electronic invoicing processes. A compelling reason is required for large business to engage in the trans-Tasman eInvoicing framework. ABSIA calls for the ATO and large Federal Government agencies to commit to a timeline for the implementation of eInvoicing. The Singapore Government and leading Australian State Governments are moving in favour of having suppliers required to eInvoice if they want to work with the Government.

The approach to security needs further development with disparate opinions about too much and too little security. On both ends of this spectrum, respondents commented that both too much and too little security can be a barrier to adoption. The security posture needs to define the appropriate risks and therefore consequences in different market segments with regulated and non-regulated transactions.

The role of regulators, funding sources and the mandating of eInvoicing drew comments from respondents that the economic benefit is a major rationale for moving ahead with eInvoicing.

Benefit to the Government can be gained in two ways:

- 1) Whole of Economy benefits including increased productivity and the potential ability to identifying and controlling the cash economy
- 2) Government as a significant purchaser who will also benefit from the efficiencies of eInvoicing just as any organisation would.

The question of who should bear the cost of eInvoicing was aptly described by one Industry Respondent, “funding should be born by the Government as the savings are significant. [Small Medium Enterprises] (SMEs) are price sensitive and the costs to engage SMEs are very high.”<sup>4</sup>

## eInvoicing Solution

Software Developer respondents expressed conflicting positions and lack of clarity on the allowable solution implementation model.

The standards currently published define message exchange but are not sufficient enough to specify business invoice execution practices, operation of the eInvoicing network or coordinated software developer approaches to build, test and implement eInvoicing. Further work is required to build clarity and confidence with the software developers. In addition, governance accreditation and certification procedures need to assure that solutions implemented conform to the eInvoicing specifications.

Respondents identified that the security specifications and requirements need further development to support implementation. Depending on the point of view, the current ATO Operational Framework implementation was viewed as good, inadequate and/or unclear by respondents, and documentation already acknowledges that eInvoicing is a different scenario. For successful implementation, practical security requirements need to be refined and differentiating requirements for the different market segments need to be defined where necessary. Software developers may require financial assistance, especially for small to medium software developers, to implement the Operational Framework requirements potentially required for eInvoicing.

ABSIA believes that the existence of a large, thriving ecosystem of software developers around the eInvoicing Framework is critical to its successful implementation. This is evidenced by the ecosystem led growth of companies such as Salesforce.com, Xero and Apple. ABSIA caution that unreasonable security requirements for unregulated eInvoicing transactions could create a barrier to entry and limit the creation of this ecosystem.

Australia should align with international standards, notably the European Union PEPPOL program, with a view to ensure that regional and global interoperability is implemented to enable trade across country borders. Whilst we need to recognise the history and deviances, if any,

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<sup>4</sup> ABSIA Survey Respondent

between Australia's standards and PEPPOL, it is important to ensure these are no longer significant.

Australia and NZ are the leading economies in the world for SME adoption of cloud accounting software. If the Australian software industry can be convinced of the Australian Government's commitment to drive and adopt eInvoicing, Australia is well placed to incubate and export the new technology solutions for eInvoicing, a topic which is starting to garner a lot of attention and energy in many countries.

## eInvoicing Governance

With regard to governance, a common challenge identified was the pressing need for leadership to be established with a broader charter rather than the current focus on technical specifications. Some respondents commented on an urgent and major need to provide education, awareness and to build the credibility of the eInvoicing program within the business community.

Opinions amongst respondents varied on how to structure the governing body. However, the scope of the governance body was sought to include education, marketing benefits, policy setting, standards, architecture, security, operational procedures, development methods and implementation conformance.

ABSIA seeks a change in the design and governance process for business to business programs, from the current method of Government driving decisions with limited industry participation to an end state where the industry is self governing with Government participation. To achieve this Government participants must change their stance to facilitate decisions through design and governance forums.

The funding approach for ongoing governance of the program was seen as an issue with some options tabled. Further work is required to ensure there is compatibility with existing digital service implementations, ensuring that the implementation is cost effective and fit-for-purpose.

ABSIA provides further directed guidance against the questions of the published discussion paper on operational governance in section B.

## Risk Management

The major risk to the eInvoicing program voiced by respondents was a protracted implementation, including managing the transition of the large volume of businesses in the price sensitive SME market.

Respondents highlighted the following risks to be addressed:

- Lack of committed strategic leadership by the Government
- Lack of timely progress to-date;

- Lack of the alignment of eInvoicing with other programs;
- The large body of SMEs, with many enterprises using manual accounting practices, may not adopt eInvoicing;
- Automated invoicing solutions already present in the marketplace inhibit the adoption of the interoperable open eInvoicing framework and approach;
- Business consumers do not see or have marketed benefits for the adoption of eInvoicing;
- Costs, complexity and governance of eInvoicing could become too high;
- Lack of agreement on the allowable solution, notably in security, could lead to fragmentation in implementation;
- Availability of the eInvoicing system is insufficient to support business consumer needs.

Despite the perception that a fully digital eInvoicing network increases the likelihood and impact of fraudulent activity, the membership did not raise security and fraud as a significant risk, perhaps because of the expectation that the Operational Framework will be applicable to eInvoicing as well.

## A. Survey Observations

This section of the submission groups and classifies commentary from the survey respondents under three headings: eInvoicing Scope, eInvoicing Solution and eInvoicing Governance.

### eInvoicing Scope

#### **Opportunities**

Comments on the productivity benefits that eInvoicing can bring and how it can standardise the invoicing process for businesses were bought up by some respondents. One ABSIA Member commented that the opportunity to improve productivity in Australia is huge and that the effort and risk of implementation is not any different to other major projects like Single Touch Payroll (STP) or SuperStream. The respondent continued to comment that there is probably less risk now that such technology has matured and the real challenge with eInvoicing is going to be take up.

Others, including software developer respondents, were interested in the possibilities eInvoicing can offer including the integration of such technology into core products. One Industry Respondent noted that if eInvoicing were to be widely implemented, there would be resultant possibilities for follow on technology to be developed to further streamline business processes.

Respondents were varied in the time-frame they would intend to implement eInvoicing. Some respondents suggested they would intend to implement within six (6) months with twice that number suggesting they would implement within two plus (2+) years.

The Singapore Government is planning to use eInvoicing adoption via cloud computing as a medium for reaching, encouraging and digitising the small business communities. With the announcement of similar eInvoicing initiatives by other ASEAN countries, Australia, as a leader in the provision and use of cloud tax and accounting software, is well placed to dominate the market in this region.

#### **Challenges**

##### *Business Consumers*

Some respondents indicated that there is a knowledge gap for businesses, with some businesses not fully understand the associated benefits of eInvoicing. One ABSIA Member indicated that invoicing costs are currently hidden and that paying for eInvoicing will make these costs real for businesses. They suggested that enhanced payment terms when dealing with government agencies will assist in this engagement. Throughout the survey responses, it has been suggested that communication strategies need to be put in place to generate awareness and provide education to mitigate such concerns. However, one ABSIA Member cautioned, "A

major communication strategy needs to be implemented and it should **not** be done by parties with vested interests as is the case currently.”<sup>5</sup>

A further knowledge gap identified by an ABSIA Member is that businesses are not informed enough about security. Such challenges, accompanied by Australia’s long development time of eInvoicing to date, can pose challenges to user adoption.

One Industry Respondent identified a separate challenge being that eInvoicing is limited to the delivery of invoice data only. Outside of this, businesses will still require the appropriate tools and processes in order to deal with the actual invoices.

### *Security*

There is the need to ensure that eInvoicing is stable, reliable, secure and safe to give confidence in the system and drive adoption. This challenge was highlighted by Industry Respondents who had already implemented eInvoicing. One respondent addressed this issue by having the appropriate checks and balances in place and mitigating risks by exchanging eInvoices with registered customers only. The Industry Respondent also had to address security issues raised by customers concerning the sensitive information contained in their accounting systems used to connect and send eInvoices. This fear from the customers was largely a product of perception, and with targeted marketing and communication, it became easier for the respondent to deal with such concerns, which is a lesson to be learnt.

### *Business Case*

Some software developers cannot see the return on investment of developing technology and software solutions for eInvoicing that can be used by the businesses. This thinking is exacerbated by the perceived overly stringent requirement for Operational Framework compliance. This is a potential barrier to both the eInvoicing software availability and the software industry growth in Australia.

Small businesses will require significant incentives to achieve high levels of eInvoicing adoption. National level economic benefits need to be translated so the small business community can understand the tangible benefit from adopting eInvoicing.

With the Government now pushing for eInvoicing, the business community would expect that all Commonwealth and State Government Agencies will lead by example and therefore would be able to receive and issue eInvoices. Accompanying this, there could be incentives through reduced payment terms if eInvoicing is used by government suppliers. All in all, a lot of marketing is still required in this area to build credibility and convince the stakeholder communities.

### **Risks**

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<sup>5</sup> ABSIA Survey Respondent

When targeting SMEs, one Industry Respondent conducted a survey amongst their customers and found that they were using manual accounting solutions and they suggested that this was due to the simplicity. The respondent suggested that a solution must not be more complicated than is necessary to support adoption for SMEs.

Compared to the small business community, big businesses are already informed and most have bespoke or enterprise integrated solutions in place often including electronic invoicing. It is difficult to imagine why businesses with existing electronic invoicing processes in place would extend to become part of the open eInvoicing framework that the trans-Tasman group is developing.

There is currently a lack of incentive for businesses to adopt eInvoicing, suggests one ABSIA Member, with the take-up of software and the market itself not balanced. Ultimately, this respondent suggested that the market demand for eInvoicing will influence software developer's interests in the eInvoicing solution space, and through that, the degree of community adoption.

Other survey respondents have indicated that there are several key factors that can affect the implementation of eInvoicing including:

- Business case approval by management
- Availability of software developers to create solutions
- SMEs reluctant to pay for eInvoicing given a lack of understanding about the concept
- Government departments wanting to conduct business via eInvoicing with SMEs but currently not willing to pay for solutions

## eInvoicing Solution

### **Opportunities**

One Industry Respondent noted the Department of Human Services is the only Commonwealth agency currently piloting eInvoicing but further rollout is not currently mandated.

### **Challenges**

#### *Allowable Solutions*

The solution is not currently sufficiently defined and is consequently causing delay and uncertainty amongst developers. One ABSIA Member suggested that service standards have already been defined in terms of the Service Level Agreements and are adequate, while one Industry Respondent said the service standards should be set in accordance to other countries.

The current disparity of views are not necessarily conflicting but instead highlight a gap in leadership where it needs to be addressed with a more holistic view at national and international levels rather than a narrow focus on getting the DCL up and running.

#### *Policy Needs*

There is a requirement for identity management within the eInvoicing solution and there is the challenge of non repudiation of invoices, ensuring the originator can secure data and recipients are assured the originator is bona fide, creating trust in the security of data.

#### *Accreditation and Certification*

Some survey respondents suggested that there should be an accreditation or certification scheme for eInvoicing software products and/or access points. One ABSIA Member suggested accreditation for Digital Service Providers (DSPs) producing UBL data through an automated test environment and that strict governance is required over the whole network. Another Industry Respondent suggested that through government certification, government agencies can then select a product and be sure that it meets any security requirements.

#### *Security*

While some respondents did not find any security challenges posed by eInvoicing, others raised important concerns, in that the current security model is not robust enough and that security and privacy need to be built into the eInvoicing Interoperability Framework. Some respondents felt that the security specification has been minimised in the current model leaving access points privy to all the sensitive eInvoicing information being transmitted within the 4-corner model. Some ABSIA Members suggest that the signing of messages should be mandatory and that end-to-end encryption needs to be defined, offered and/or implemented within the model.

One ABSIA Member has said that the security within the eInvoicing model should fully align with the ATO's Operational Framework requirements and needs to recognise that there are multiple business models in the market to support employers.

Again, these varying views are an indication of the aforementioned gap and further highlight the need for closer dialogue and collaboration between the ATO and the technology software industry as the trans-Tasman framework is refined and solutions are developed.

#### **Risks**

The removal of some onerous security features to make the framework simpler for software developer participation is said to lead to requiring complex legal governance to compensate. There are also concerns on the other end of the scale with one ABSIA Member suggesting the Government imposes over the top security. Either way, too little or too much security will impact on the overall solution's availability and adoption, and a balance is needed to ensure there are minimum security requirements that will not result in the need for over governance to mitigate concerns.

Another risk is that the eInvoicing solution is too open with no controls on who can send or accept eInvoices.

There should be 24/7 availability of eInvoicing and 99.9% uptime of system operations. One ABSIA Member showed concern in the ATO hosting the platform as according to them, they

have shown little commercial understanding or liability of their systems impact upon commercial operations. Without this confidence in the system and the understanding of the effects that outages can have on businesses, it presents a barrier to adoption.

## eInvoicing Governance

### **Opportunities**

A main role of the governance body is to ultimately provide confidence to all those who will use eInvoicing in Australia through building and maintaining credibility with big and small businesses and being a driving force for education and awareness. One Industry Respondent suggested ways in which the Australian government can increase the awareness about eInvoicing:

- Press coverage and conversations
- Marketing budget and TV/online advertisements
- Educational information sent to every ABN holder
- Rebate for eInvoicing spends during 2019

The Government should be a major driver of eInvoicing as it is their job to lead efforts in the communities to implement innovative solutions in the best interest of all Australians. eInvoicing poses many benefits to the whole country including removing inefficiencies, facilitating innovation and contributing to economic growth, proving why the Australian Government should be the driving force. Responsibility should also cover looking at a viable and robust commercial model of how the different parties will participate in the economic model of eInvoicing, i.e. how are the costs and revenues generated and who pays for what.

Opportunities exists for economy-wide government policies to stimulate the small business economy, such as setting shorter payment-terms for all businesses, not just for government procurement.

### **Challenges**

#### *Leadership Direction*

There should be an alignment of Commonwealth and State approaches to how government agencies respond to eInvoicing such as common reduced payment terms across the whole of government. There is a need for a clear policy objective with a well-articulated end state.

There is a need for more industry incentives for business consumers to implement eInvoicing, such as mandating big businesses/systems engagement and allowing small businesses to access easier and faster invoice cycles. To show further future benefits and reasons for engagement, a roadmap of eInvoicing should be created to explain such incentives and future opportunities.

One important question was raised by an ABSIA Member: should one entity be responsible for every aspect of eInvoicing?

### *Governance Body Structure*

There were mixed opinions amongst respondents about the best governance body structure. Some respondents preferred the ATO as they already have the proven processes to accredit software developers, enforce their Operational Framework and get feedback with the consultative working groups. Others preferred an independent unlisted public company or an other incorporated entity, the former being the model for the Gateway Network Governance Body (GNGB). If the GNGB model were to be followed its low risk approach provides confidence in the network as it has all the functions and roles required for the eInvoicing governance body. However, this could place an unnecessary burden of a regulated industry that GNGB oversees to an unregulated sector of business to business (B2B) commerce.

### *Scope of Governance body*

The following is a list of the responses ABSIA received on what should be included within the scope of the governance body:

- Education, as voice of the industry;
- Marketing to business consumers;
- Mandate system operations for simplicity and ease of use;
- Provision of security considerations, guidance and assurance required to business consumers;
- Drive benefits and consistency;
- Set program policy;
- Set and maintain technology standards;
- Set allowable technology architectures;
- Ensure conformance to standards;
- Accreditation and certification of products, partners and access points;
- Set operational procedures;
- Define a program development life cycle.

To deliver these needs, the governance function is expected to be structured into a number of related cascading forums.

### *Leadership Cohort*

There have been various suggestions as to who should provide leadership. Between the two governments, one Industry Respondent suggested, that the New Zealand Government should lead the governance as they are quite progressive, but here in Australia, it should be lead by the ATO.

Another respondent suggested that the DBC should provide leadership including the registration of access points, solution whitelisting, operational assurance, resolution of issues; policy advocacy, technical and business. The same respondent also suggested the possibility of a co-chair option with the ATO and an industry-appointed representative. There is also a common view that the DBC is in need of a significant structural refresh and must become an incorporated body.

### *Funding Approach*

Responses for a sustainable funding approach mostly suggested that the Government should be involved in the funding process whether that be by seed funding, funding implementation, development and testing or providing a budget allocation to support the establishment of a new governance body.

There were concerns raised about the possibility of industry stakeholders or networks providing funding as this could drive outcomes based on their needs and not those of the other businesses who can participate in the framework.

One other way to provide funding was through a flat annual fee structure (that is appropriate to the employer size) to participate in the elInvoicing network of which could possibly be collected by access points.

### **Risks**

Two major risks in the governance of elInvoicing were identified by respondents.

The first is a lack of timely progress moving forward can pose a barrier to adoption. Secondly, as elInvoicing is being pushed to SMEs for the benefits they can receive, some respondents have found they are currently not educated about elInvoicing and may not adopt if there is no mandate in place. This would then leave only governments and large businesses implementing invoicing and therefore having a greater control over the market. Anecdotally, this has been the experience in other jurisdictions. Australia and New Zealand currently have a natural advantage with the high levels of SME adoption of cloud accounting technology that could allow for a extremely cost effective offer for SMEs. Products in market that provide OCR based solutions already retail at less than 50c per transaction and the price is rapidly commoditising further. The elInvoicing Network needs to supply services to SMEs at a price order of a magnitude less than this to gain interest.

## B. Guidance on eInvoicing Governance

This section provides guidance from ABSIA, based on industry responses, for each of the consultation paper questions.

### Question 1

**'What do you consider to be significant policy or legal barriers to the implementation of e-Invoicing in Australia and/or New Zealand (including NIL confirmation)?'**

Respondents did not raise significant policy or legal barriers to implementation. However, clear incentives, for example in reduced payment times for small businesses across the board and/or mandating eInvoicing for doing business with government, would enhance the widespread adoption of eInvoicing.

Appropriate security was raised as an issue, both in its need to be simple without adoption barriers for business users and secure in end-to-end delivery without onerous implementation effort for the software developers.

Further work is required to develop the security policies and specifications covering business needs across market segments, technical specification, implementation conformance and operational management as eInvoicing enters operation. Security policies on eInvoicing need not be at the same level of impost as a regulated industry such as tax, payroll or Superstream, especially where sensitive data such as banking information are not carried in the payload. The solution must be simple and no more complicated than necessary.

### Question 2

**'What do you think would be the best legal structure for the operational governance body? Please explain your answer.'**

Opinions varied on the best legal structure, with respondents looking to leverage existing examples, such as the ABSIA Constitution and the SuperStream GNGB to provide guidance. The industry generally look to the Government to seed, fund and establish the governance forum. Some respondents advocated a not-for-profit public company owned by independent stakeholders, but this was not a universal position. The "board" of this entity must represent the wide variety of interests including government as the regulator, government as the consumer of eInvoicing services, software developers, large businesses with legacy eInvoicing systems, SME businesses who will transact using the eInvoicing capability, intermediaries such as accountants and bookkeepers and the end consumers or purchasers.

Further work is required during the establishment period to resolve ongoing governance group structure and funding.

### Question 3(a)

**'Beyond the initial establishment phase, who do you think should lead the operational governance of trans-Tasman e-Invoicing; and what functions and roles should the operational governance arrangement include? Please explain your answer.'**

The most common view on the ongoing operational governance was through an independent body owned by interested commercial and government parties. Funding for ongoing operation was identified as an issue to be resolved. The thinking varied from seed funding by the Government for a period, say, 2 years, with self-funding thereafter to that the entity should be self-funding without any reliance on the Government.

Whilst further work is required to determine the ongoing leadership of trans-Tasman e-Invoicing, respondents identified the following areas to be included within the scope for the governance function:

- Education, as voice of the industry;
- Marketing to business consumers;
- Mandate system operations for simplicity and ease of use;
- Provision of security considerations, guidance and assurance required to business consumers;
- Drive benefits and consistency;
- Set program policy;
- Set and maintain technology standards;
- Set allowable technology architectures;
- Ensure conformance to standards;
- Accreditation and certification of products, partners and access points. This could conceivably be a separate entity to avoid conflict of interests, with fee for service provision;
- Set operational procedures;
- Define a program development life cycle.

At least one respondent questioned whether a single body was necessary or the most appropriate to govern the breadth of eInvoicing. ABSIA advocates for the governance function to be structured into a number of related cascading forums. This is a topic for consideration in developing the ongoing governance arrangement.

ABSIA sees that a prime role of the governance forum is to set a clear policy objective with a well articulated end state.

### Question 3(b)

**'Do you see sufficient incentive in our proposal for you to consider participating in the operational governance body?'**

The Governance body needs to be functional, resourceful and not be dependent on government, have credibility, instill the confidence of stakeholders including software developers and the big and small businesses. It needs to be clear in its purpose in communicating and enforcing policies and standards, protect the interests of the broad community of businesses and consumers, and drive education, awareness and adoption as widely as possible across Australia. ABSIA's view is that the industry will engage with the governance body if these key success factors are in place and pursued rigorously.

Parties implementing eInvoicing will require the deliverables and functions outlined as in-scope for the governance body. Issues raised by the respondents demonstrate the publication of standards to date is important, but not sufficient for implementation.

### Question 4

**'How do you think the long-term sustainability of the operational governance of trans-Tasman e-Invoicing, with appropriate cost allocations, can best be assured; and what funding models do you suggest? Please explain your answer.'**

The respondents provided a number of ideas for funding ranging from access point levies, cost recovery from businesses who use eInvoicing and/or annual fees to join the eInvoicing network. One view was for the Government to fund the development and testing and look to business consumers to fund ongoing operations.

ABSIA believes that further work is required on the governance functions to ascertain the cost of operation. This is a necessary step to enable the selection of an appropriate funding model across a wide range of market segments. Respondents noted that the operating model needs to include relationships with other digital service delivery programs, such as SuperStream and STP.

### Question 5

**'Do you have any additional comments or information to assist us with reviewing and further developing our early thinking and conclusions about a preferred option for operational governance of trans-Tasman e-Invoicing? If so, please provide your comments here and/or direct us to the additional information you would like us to consider.'**

Key risks to the program need to be articulated and mitigation actions developed. In the survey the respondents highlighted the following risks (in no particular order) that need to be addressed:

- Lack of committed strategic leadership by the Government by framing the eInvoicing scope as B2B only;
- Lack of timely progress to-date;
- Lack of alignment of eInvoicing with other programs;
- The large body of SMEs, with many enterprises using manual accounting practices, may not adopt eInvoicing;
- Automated invoicing solutions already present in the marketplace inhibit trans-Tasman interoperable eInvoicing framework adoption;
- Software developers do not see ROI for investing in eInvoicing solutions especially with requirements for stringent Operational Framework compliance requirements;
- Business consumers do not see or have marketed benefits for adoption of eInvoicing;
- Costs, complexity and governance of eInvoicing become too high;
- Lack of agreement on the allowable solution, notably in security, lead to fragmentation in implementation; and
- Availability of the eInvoicing system is insufficient to support business consumer needs.

# Appendix

## 1. Terms of Reference

The A-NZ governments want to work collectively with industry on both sides of the Tasman to determine and establish longer-term operational governance arrangements for a common trans-Tasman approach to e-Invoicing.

A discussion paper was released on October 17, 2018 and is available at  
<https://static.treasury.gov.au/uploads/sites/1/2018/10/c2018-t331468-v2-1.pdf>.

## 2. ABSIA Survey Questionnaire

The ABSIA survey was released on October 31, 2018 and can be found below.  
[https://drive.google.com/open?id=1BGuxcf06O22oZ\\_v4uiKg16EUigixBQMK](https://drive.google.com/open?id=1BGuxcf06O22oZ_v4uiKg16EUigixBQMK).

### **eInvoicing Implementation Survey**

#### **Purpose**

The Australian and New Zealand Governments released a Trans Tasman eInvoicing consultation paper on 17 October 2018. The paper outlines the intent, proposed solution and operation of eInvoicing and seeks feedback on ongoing operational governance. Feedback is invited from interested parties by Friday 16 November 2018.

ABSIA believes ongoing governance arrangements are related and dependent on the scope and solution implemented by the industry.

ABSIA also believes development of industry consensus is important as the software developer industry will implement eInvoicing to support a wide range of business sectors.

Consequently, your views are sought in this questionnaire on the SCOPE, SOLUTION and GOVERNANCE of eInvoicing. Responses are requested by Friday 9 November 2018 at 5pm (AEDT) to enable ABSIA to submit an industry response.

For more information on this discussion paper, please see the following:  
<https://treasury.gov.au/consultation/c2018-t331468/>.

Please note that this survey may take up to 30 minutes to complete, based on how much information you wish to convey.

1. Enter your details:  
Name  
Organisation  
Job Title  
Email Address  
Phone Number
2. We understand that this is a short time frame and you may prefer to organise a one on one interview instead of a survey response. Please indicate whether you are interested in being contacted for an interview below and we will have someone in touch with you.
  - Yes, I would like to be contacted for an interview
  - No, I am happy to complete the survey

### **eInvoicing Scope**

1. What OPPORTUNITIES do you believe are offered to the software developer industry through eInvoicing?
2. What RISKS or CHALLENGES do you believe are posed to the software developer industry through eInvoicing?
3. What POLICY and REGULATORY DEVELOPMENTS do you believe are required to support implementation?
4. What timeframe do you intend to implement eInvoicing?
  - Within 6 months
  - 6-12 months
  - 1-2 years
  - 2+ years
5. What key factors determine your adoption plans?

### **eInvoicing Solution**

1. Is the eInvoicing solution design sufficiently defined to enable development, implementation and operation? What RISKS and CHALLENGES do you see?
2. What are your views on security OPPORTUNITIES, RISKS and CHALLENGES presented in eInvoicing?
3. In the operation of the eInvoicing solution, what service standards should be set between parties and services such as the Digital Capability Locator (DCL)?
4. Is the business community sufficiently informed? What OPPORTUNITIES, RISKS and CHALLENGES need to be managed to support the introduction of eInvoicing?

### **eInvoicing Governance**

1. What do you consider to be significant policy or legal barriers to the implementation of eInvoicing in Australia and/or New Zealand (including NIL confirmation)?
2. What do you think would be the best legal structure for the operational governance body? Please explain your answer.

3. What is your preferred legal structure(s)?
4. What OPPORTUNITIES, RISKS and CHALLENGES do you see in the legal considerations posed in the discussion paper?
5. Beyond the initial establishment phase, who do you think should lead the operational governance of trans-Tasman eInvoicing; and what functions and roles should the operational governance arrangement include? Please explain your answer.
6. Who should lead governance?
7. In your opinion, which of the following should be in the scope of the governance body:
  - Policy
  - Technology standards
  - Architecture
  - Operational procedures
  - Development life cycle
  - Other (please specify)
8. Do you see sufficient incentive in our proposal for you to consider participating in the operational governance body?
9. What OPPORTUNITIES, RISKS and CHALLENGES do you see in participating in the eInvoicing program?
10. How do you think the long-term sustainability of the operational governance of trans-Tasman eInvoicing, with appropriate cost allocations, can best be assured; and what funding models do you suggest? Please explain your answer.
11. What cost factors affect your market segment?
12. What funding model would provide sustainable governance?
13. What would be a practical cost recovery model in the development, implementation and operation phases of eInvoicing?
14. Do you have any additional comments or information to assist us with reviewing and further developing our early thinking and conclusions about a preferred option for operational governance of trans-Tasman eInvoicing? If so, please provide your comments here and/or direct us to the additional information you would like us to consider.