

16 11 2018

Matthew Sedgwick  
Consumer and Corporations Policy Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600  
[eInvoicing@treasury.gov.au](mailto:eInvoicing@treasury.gov.au)

Westpac Place  
Level 19, 275 Kent Street  
Sydney NSW 2000

[westpac.com.au](http://westpac.com.au)

Re: e-Invoicing – consultation on governance arrangements

Dear Mr Sedgwick

Thank you for the opportunity to comment on the development of e-Invoicing governance arrangements. Westpac Group (**Westpac**) has been a keen participant in discussions with governments and industry on e-Invoicing. Our comments to the consultation questions are below.

***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)?***

Westpac supports the initial findings set out under the heading “Legal considerations” in the Australian Taxation Office/NZ Government discussion paper entitled “*Early thinking: Operational governance for trans-Tasman e-invoicing*”.

Westpac agrees that there should be no significant policy or legal barriers to the implementation of e-Invoicing in Australia or New Zealand.

***Question 2 - What do you think would be the best legal structure for the operational governance body? Please explain your answer.***

Westpac supports the view that operational governance should be overseen by an incorporated entity. We agree that this should be an industry-led, self-funding (not-for-profit) entity with a board of directors consisting of industry stakeholder representatives appointed by governments and industry in Australia and New Zealand.

Further, Westpac agrees that a board with an independent chair is appropriate.

A threshold question would be in which jurisdiction - Australia or New Zealand - the entity should be incorporated.

The incorporated entity would require a constitution and could be established as a company limited by guarantee.

Eligibility criteria for membership of the governing body will need to be developed, as will classes of membership, including rights to appoint and elect directors to the Board, and rights to participate as an

operating member. Member liability should be limited to the amount of the member's guarantee, as set out in the constitution. The constitution will also need to address termination of membership.

A board charter will need to be adopted, as well as policies around conflicts management and code of conduct for board members. Appropriate board committees will also need to be set up (e.g., Audit, Risk and Finance, Remuneration, and Nominations Committees).

Relevant Management Committees should also be established, with responsibility for the various operational aspects of e-Invoicing.

A set of Regulations and Procedures, building off the Interoperability Framework, will need to be developed. By becoming an operating member of the e-invoicing Interoperability Framework, members will become contractually bound with each other member to abide by the Regulations and Procedures.

Comparable governance frameworks can be found in the cases of:

1. Australian Payments Network Limited and its operation and oversight of the Australian domestic payments systems  
<https://www.auspaynet.com.au/>
2. Gateway Network Governance Body Ltd established by key stakeholders in the Superannuation Transaction Network in Australia.  
<https://www.gngb.com.au/>

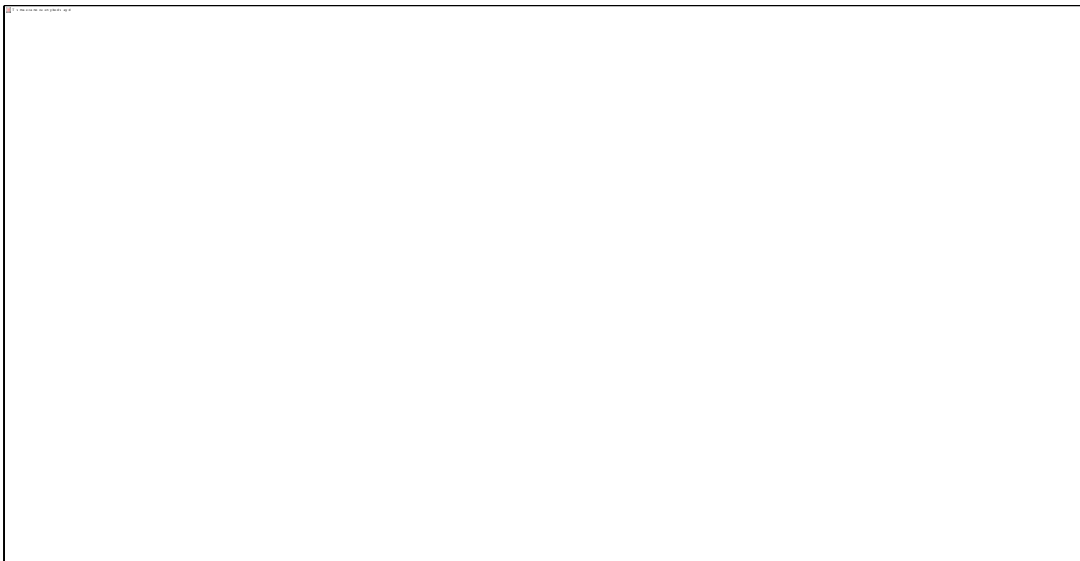
### Question 3

- 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.***
- b) ***Do you see sufficient incentive in our proposal for you to consider participating in the operational governance body?***

Integrity of the system is paramount. A governance framework should be in place and the Australian Tax Office (ATO) should set the framework with critical functions including:

- **Accreditation of Access Points** – A high accreditation standard must be defined to ensure the network is robust, and that every participant can manage large volumes and meet the defined security requirements.
- **Monitoring of Access Points** – Tracking and monitoring of all Access Point participants will be required to give the system confidence and integrity.
- **Oversight and development of standards** – Promote and develop the standards of both the network and the DCL to ensure that all participants test and develop to the right outcome.
- **Security Assurance and Risk Management** – Testing and managing the security requirements of the network and participants.

- **Testing environment (internal and external)** – Sponsoring and providing an environment to test system/participant interoperability and responses is critical.
- **Facilitation** – Managing any changes in regulatory, service agreements and exploring how payment solutions can complement e-Invoicing.
- **Education** – Educating the general market, suppliers, customers and suppliers. The perception is that e-Invoicing is an extra cost especially for small business, so education it is important to inform the market on the benefits, efficiency and low-cost structure of the e-Invoicing network.



#### **PEPPOL Option**

An option to consider is to use the international expertise for governance through an organisation such as Pan European Public Procurement Online (PEPPOL) – this is the model that the Singaporean Government has adopted. Even if the intent is for Australia and New Zealand to have their own governance, establishing a new entity may be costly, resource intensive and time consuming.

A consideration could be to use PEPPOL for two years and leverage their expertise to develop our own governance over that period. Additionally, PEPPOL will provide the same standards for multi-national organisations or transactions between participants in Europe, Singapore, Australia and New Zealand.

Westpac will support and participate in the operational governance body if appropriate.

***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.***

Keeping costs low, especially for small business suppliers is important for e-Invoicing market adoption. We believe Access Points should fund costs through a tiered volume approach to ensure that costs are distributed in a way where Access Point participants processing larger volumes of e-Invoices will incur larger costs based on volume of invoices processed. A tiered volume approach was effective when used for SuperStream.

The Board of Directors and advisory group for e-Invoicing should also be considered. We recommend appointing individual executives with appropriate experience and expertise and not just industry associations to the Board of Directors.

The experience from SuperStream's Advisory Group was that committed and engaged individuals, and not industry associations, were successful in advocating and supporting the roll out of SuperStream. The balance for e-Invoicing is important so it is critical that individuals on the Board of Directors are capable and committed to ensure success.

We appreciate this opportunity to comment on the e-Invoicing governance arrangement consultation. Should you require any further information, do not hesitate to contact Pravin Madhanagopal on

[REDACTED]

Yours sincerely,



**Michael Chouefate**  
**Group Head of Government and Industry Affairs**