

THE INSTITUTE
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BOOKKEEPERS

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The Treasury
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SUBMISSION – COMMENTS – Options for mandatory adoption of electronic invoicing

Dear Mr Sedgwick

Greetings

I believe Treasury is aware of the commitment and position of ICB in the development of the e-invoicing framework.

Our community is directly and intensely involved in the generation and processing of invoices for and on behalf of businesses.

Bookkeepers are also committed to the digitisation of Australian businesses.

We represent 4800 members.

The e-invoicing Business Proposition

Secure transmission (not through email channels).

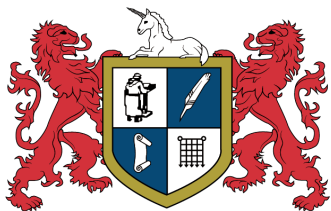
Standardised data (facilitated by the business software in both the creation of the invoice and the receipt of invoices).

Digitised process to send and receive (efficiency)

Business Concepts behind e-invoicing

Software design and implementation of e-invoicing is key and this is beyond the developments of integration into the interoperability framework.

Software **MUST** incorporate appropriate authorisation processes by authorised persons. We must ensure the software does not move to an automatic acceptance of an invoice into Accounts Payable and **MUST NOT** automate receiving and payment of an invoice without the authorisation process.



MANDATING

e-Invoicing is the right digitisation journey to further enhance transaction efficiency. E-Invoicing should be the way it is for all interactions: g2b, b2g etc.

Any progression towards mandating (i.e. enforcing adoption) must be tempered by capacity and the cost of transition.

A business mandate could only be made following full implementation and adoption by Government.

Government at all levels should both receive and send e-Invoices.

Utility providers (Government and Privatised: Energy, communication etc) should also move in this initial stage into E-invoicing capacity and then compulsory utilisation.

Following Government & Utility providers ability to do so, then to set the mandate that only e-Invoices will be sent and received by those entities.

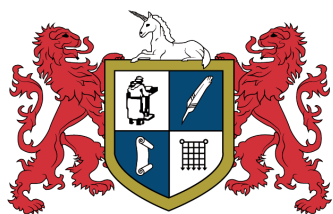
Then the entire community must have changed in order to function.

There should be additional steps to support any mandate:

- SME's maybe incentivised through a \$200 credit (think of the Victorian Government Digital adaptation grant providing incentives for business to embark on the change required to digitise).

Government should incentivise or support the software providers to both develop, imbed and promote this initiative. Currently they remain at risk of costly development for unsupported or long-term uncertain return. Either through grant or reward or additional tax deduction for embedding of the solution. Noting this should also be retrospective for those that have invested to-date.

Incentive business to e-invoice: similar to merchant fees or rapid payment discounts:
"If you e-invoice – pay less"



Q1: Barriers to business adopting

Perception: the incorrect perception that Government is then watching every invoice or will one day intercept and watch every invoice. This must be a guaranteed no go zone.

Cost of change: The digitised business (who uses software to generate invoices now) should have minimal problem with the change and should receive a better and more efficient invoice creation and receiving experience.

The non-digitised business will have a significant process change.

Complexity: if the business software solution is to have each business now engage with an access point to allow the invoices to be transmitted through e-invoicing then many businesses will see this as more complexity and more unknown. The access point and interoperability must be seamless to business.

Lack of reason: Business need to be motivated to undergo change.

Guarantee of Security: e-Invoicing should be a secure platform for the transmission of invoices. If government provided an explanation of how the security and integrity of the e-Invoicing system is to be monitored and enhanced as things change over time, this may assist the concerns. They currently understand (we hope) the security risks of current invoicing processes, they do not understand the risk profile of the new environment.

Internet Vulnerability: e-Invoicing relies on internet transmission. What happens in the event of an internet disruption, be that the internet itself or power outage. Incorporating business continuity management and solutions into e-Invoicing and associated information may remove this barrier.

Q2: Cost and Benefit of mandating

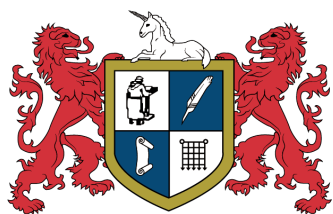
A harsh mandate, at this time, would be another reason for many businesses to consider not-continuing. COVID has forced many businesses to struggle and to reposition. Many SME are tired and trying to remain viable and recreate a future. An enforced change to process could be seen as lacking empathy for the current environment.

Adoption Cost: time to evaluate options, establish, system change, training.

Adoption Benefit: security, efficiency, standard system across business and government environments, speed.

Mandating Benefit: common system across all environment

Mandating Cost: disengagement from (legitimate) economy



Q3: Other factors

Answered above

There would need to be an adequate transition time. Initially for software and solution development, followed by awareness, implementation and training. This is not just “push a button” and it is up and running – business need assistance to implement correctly.

There are authorisation, control and best practice positive developments that could be achieved for business through the journey of implementing e-Invoicing. These process improvements should not be diminished by rushing an adoption.

Q4: Options

Preferred – Option 4: Government should mandate that all Government entities and related utility providers etc be able to send and receive peppol e-Invoices first.

Then option 1:

Large business should commence with Utility providers as discussed above.

Other large businesses (\$100m plus) should also be given notice (12 months) to implement on invoice sending and then demand it from their supply chains within the following 12 months.

The mandating must be following consultation with the software industry. It is pointless and counterproductive to mandate something that is not deliverable.

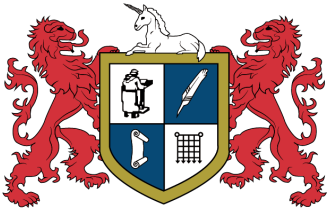
Mandate to all businesses – 3 years (noting not sure of when to announce this – need to be post COVID)

Many SME only invoice to Consumers and therefore have little incentive to change process for b2C invoicing. Government should incentivise the development of consumer phone apps to receive e-Invoices sent to consumers. This provides a commercial benefit for retail sales focussed businesses.

e-Invoicing and payment times

Fundamentally e-invoicing will not solve the payment times behaviour of a payer. E-invoicing may provide the invoice effectively, but the payment is still a decision by the payer. The two events are not directly connected. Noting that processing inefficiency does in some situations exaggerate the lateness of payment.

Payment Time requirement in law stipulated for Government, its agencies, its entities, Government funded providers, large businesses is required to change payment time culture.



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In relation to the e-invoicing adoption journey, following a suitable 3 to 5 year adoption period, if an SME doesn't e-Invoice then payment will be late.

Please contact the author to discuss any aspect of this discussion

Yours faithfully

Matthew Addison