Submission template

Information for submitters

We welcome your written feedback. The deadline for submissions is **5:00pm on Friday 16 November 2018.**

Your submission may become publicly available information. For this reason, you should indicate clearly in your covering email if your comments are commercially sensitive or if, for some other reason, you do not consider that they should be disclosed. Any request for non-disclosure will be considered under relevant Official Information and/or Privacy legislation in the receiving jurisdiction.

We strongly prefer submissions using this template. Please open and save your own copy, make submissions on any of the proposals and email it to us at:

Australia: BRRSecretariat@ato.gov.au

New Zealand: e-Invoicing@nzbn.govt.nz

If you cannot use the template for any reason, you can email your responses to us. To help with our analysis, please clearly indicate which of the consultation questions your submission is responding to.

After the deadline has passed, we will analyse all submissions. The views expressed in the submissions will be considered when the final proposals are developed for and reviewed by the responsible Ministers.

Your name and details

Please type in your details in the table below. We suggest that you save a copy before emailing it to us.

Name of the person completing this submission	Nick Allison – General Manager Government
Name of the organisation you represent	GS1 New Zealand
If your organisation has an ABN or an NZBN, please enter your ABN or NZBN here	9429000000000
Daytime phone number	▓▓▓▓▓▓▓▓
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Consultation questions

This submission template enables you to provide general feedback on the information in the October 2018 discussion paper '*Early thinking: Operational governance for trans-Tasman e-Invoicing*' and to answer specific consultation questions. Please type in your responses below each question.

QUESTION 1: Legal Considerations

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)?

We are not aware of any policy or legal barriers to implementation of e-invoicing.

There are however, substantial barriers to e-invoicing adoption arising from a lack of common standards and associated infrastructure for e-invoicing in New Zealand and Australia. The trans-Tasman e-invoicing initiative proposes standards for the creation of an 'open' 4-corner model to address these barriers. We support this development.

QUESTION 2: Legal personality, continuity and limited liability

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

The consultation paper puts forward a strong case for an incorporated entity, rather than having an unincorporated entity. We **support the proposal for an incorporated entity** for the reasons cited in the consultation document.

A question not covered in any detail in the consultation document, is what form of legal structure is the incorporated entity planning to be? It could be a for-profit company or a not-for-profit incorporated entity. We note, however, the concluding statement in consultation document assumes a not-for-profit incorporated entity is preferred.

A for-profit company needs to operate in the interests of its shareholders, to maximise investment returns, whereas a not-for-profit incorporated entity can operate in the interests of its members and wider stakeholders to advance the objectives of the entity. Profits cannot be distributed to members. While members would like services produced at the lowest possible cost, they also need to work to ensure the organisation makes sufficient surplus to reinvest in service development and for business continuity reasons maintain a robust balance sheet. This difference in profit incentive is important for engendering business participation and trust in the new entities activities. For these reasons, **we support a not-for-profit legal structure**.

A reference model

As concluded in the consultation documents, there is no comparative trans-Tasman entity in operation today that manages digital standards and provides digital address service to diverse stakeholders. The governance of the **GS1 Global Data Synchronisation Network® (GDSN®)** may help provide insights for forming your views on options for governance of the new entity.

The GDSN is a global network of interoperable data pools enabling users to securely synchronise product master data based on open GS1 standards. There are 40 data pools spread across the world, holding around 28 million items supporting real-time data sharing among subscribed trading partners. Each trading partner joins a data pool certified and tested by GS1 and connects to the GS1 Global Registry®. This is a central directory which keeps track of connections, guarantees the global uniqueness of data elements and compliance with shared GS1 standards. This operation is most akin to the four corners framework envisaged in the Councils Interoperability Framework. The GS1 Global Registry® is most analogous to the proposed Digital Capability Locator (DCL).

GS1 Data Excellence Inc Board provides oversight of the GS1 Global Registry®. Membership consists of a wide spectrum of businesses coming from:

- Demand-side businesses (e.g. major retailers)
- Supply sides businesses (e.g. product brand owners)
- Certified country data pools
- Information Technology solution providers

While some of these businesses may be competitors in product markets or technology solutions, they all share a strong interest in the same outcome of improving business supply chain productivity. This is even though the introduction of open digital standards facilitate competition.

In this context, where competitors sit around the table, it is important for the new entity to have a clear not-for-profit mission, operating principles (e.g. cost recovery), and functions (we comment on below). In the case of the GS1 Data Excellence Inc, the mission is to be the valued leader enabling a neutral, standards-based environment for the reliable exchange of quality data across industry sectors, regions and markets. A similar but more focused mission for the new operating governance entity needs to be developed in the establishment phase.

QUESTION 3: Government and industry participation in operational governance

3(a) Beyond the initial establishment phase, who do you think should lead the operational governance of trans-Tasman e-Invoicing; what functions and roles should the operational governance arrangement include? Who should lead operational governance?

The short answer is, not unlike the GS1 Data Excellence Inc model, **key players in the e-invoicing ecosystem should lead operational governance**. This includes government, in accord with plans on both sides of the Tasman for implementation of e-invoicing by government entities. This is not unusual: governments are sometimes involved in the governance of GS1 country organisations, for example, the Ministry of Health sits on the GS1 New Zealand Board.

Leadership participants need to bring real interests, skills and collateral to the table, rather than being a collection of representative bodies several steps removed from users. Ideally, they need to have a business interest in the ultimate success of the e-invoicing inter-operability framework. Appointees to the leadership table need to understand that while standardisation will open competition, it will also grow the e-invoicing market for all participants. key players in the e-invoicing ecosystem systems include:

- Service providers, operating access points within the four-corner model proposed
- Trading partners - buyers and suppliers -, including buyers such as retailers who operate large proprietary networks and may benefit more interoperable standards
- Electronic Data Interchange (EDI) solution providers
- Registries, including Government registries and private registry operations such as those available from GS1 that incorporate Global Location Numbers (GLNs), used in the four-corner model
- Relevant standards organisations, including GS1 New Zealand and Australia who assist members (totalling ~30,000 businesses on both sides of the Tasman) with the application of standards and GLN's in EDI applications.

The ecosystem is complex and is evolving. We suggest the Governments of Australia and New Zealand give careful attention to design the constitution of the organisation, and this should include the ability of directors to co-opt independent directors to the table and respond to evolution of the marketplace.

What functions and roles should the operational governance arrangement include?

The Board of Directors would set business strategy and be responsible for ensuring that the entities services are cost-effective and financial model is efficient and equitable overall. However, setting of fees and charges would come from the executive team, led by a chief executive officer. The Board would not become involved in details of fees and charges, beyond setting the framework for fees, an overall quantum and the capital expenditure programme. These arrangements would assist with managing conflicts of interest.

As a matter of general good accounting practice, the Board would be supported by a finance and audit committee, which also provide advice to the Board on the financial cost recovery model. Other sub-committees of the Board might include:

- **Certification Committee** – The certification committee's role would be to advise criteria for certification processes for service providers and other participants.
- **Nominating Committee** - The Nominating Committee is responsible for identifying and vetting individuals qualified to become Board members and recommending a slate of nominees for election when seats become available.
- **Data Standards Committee** – This committee would advise the Board to data standards developments and their adoption or otherwise within the e-invoicing ecosystem

These committees would work outside of the normal Board meeting schedule.

It is important to note the above ideas on governance roles and functions are indicative and we consider that the Establishment Board, in discussion with Chief Executive would need to agree on the above and many other dimensions of governance.

3(b) Do you see sufficient incentive in our proposal for you to consider participating in the operational governance body?

Yes. As a participant in the ecosystem with a long track record of promoting standards and digital interoperability, we see the organisation has potentially making a significant contribution to supply chain productivity. We have experience and competences to greatly contribute to the success of the organisation.

QUESTION 4: Operational sustainability

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.

It is premature to comment in any detail on long-term sustainability, costing and funding models. We make following broad points:

- Certification and re-certification would need to be on a cost-recovery basis
- Access to the Digital Capability Locator (DCL) would logically be based on a combination of a fixed member subscription charge and usage fees

This combination of charges and fees is typical for digital infrastructural networks, including the GDSN discussed above. This cost recovery structure aims to recover fixed infrastructure costs and usage fees in an equitable manner.

We also suggest it logical for the Australian and New Zealand Government to invest in the establishment phase. This is not only that the due both government's being large users, but principally because this is an investment public good infrastructure. We envisage a funding arrangement, whereby after initial establishment funding tailored down point where Government's paying only their fair shares of costs in accord with the funding model.

QUESTION 5: A preferred option

Do you have any additional comments or information to help 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.

Not at this point, but we would happy to discuss details with you.