

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	Jason Diack
Name of the organisation you represent	B2BE NZ PTY LTD
If your organisation has an ABN or an NZBN, please enter your ABN or NZBN here	9429032895971
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)?

NIL

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.

NIL

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? Please explain your answer.

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

NIL

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.

NIL

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.

In the information technology and e-business world technology and solutions develop and change at a rapid pace. Whilst the decisions made by the Australian Digital Business Council two and a half years ago were valid and relevant at the time (based on the Billentis report of 2015) more recent global trends and success should be taken into consideration since the whole endeavour is still in the “early thinking” stage.

Specifically I think that the parties concerned need to look at later research (such as Billentis 2017 report attached) where it concludes that by 2025 most countries will have moved to a clearing house model (rather than the currently proposed four corners model). If New Zealand and Australia are serious about enabling e-Commerce it would seem to be sensible to work towards a solution that will be compatible and contemporary with global trading partners rather than something only relevant to the Australasian market.

In my experience management by committee seldom works for driving change in a timely and effective manner. Countries that have made adoption mandatory are reaping benefits ten times the projected benefits to the Australian and New Zealand economies. Those countries that have mandatory adoption have closed the VAT/GST gap significantly. Interestingly the GST gap in NZ is estimated at \$3 to \$11 billion per year (<http://baucher.tax/news/nz-hidden-economy-and-why-ird-should-look-more-closely-tax-gap#>) so the government would be the main beneficiary of e-Commerce with business reaping the efficiency gains. As the government is the main beneficiary it may be worth looking at the government providing the governance and covering the operating costs and outsourcing the provision of the e-Commerce platform to an experienced e-Commerce operator.

In the past the NZ government has successfully worked with B2BE (formerly ECN) for the provision of the platform for all customs and biosecurity messaging services. The annual cost for this service was around \$1 million per year (paid for by business paying transaction costs of a few cents per message). That arrangement was replaced by a government system that cost \$120 million to build (120 years' worth of B2BE outsourced service) and goodness knows what amount to keep running. For a low risk low cost solution engaging a technology company with expertise and proven track record to run the platform and having governance only provided by the government is best.

If the government needs to be involved to legislate mandatory use of e-Commerce one needs to consider how palatable the voters will view the change. Everyone in NZ is quite happy for tax initiatives to catch those who are not paying their fair share under existing rules. GST should be paid by all business for goods and services provided so moving from a post audit model (as the GST system is now) to a real time model only is a disadvantage to organisations who wind up their business before paying their due GST or those involved in illegal activities avoiding declaration of their tax liability. Compared to capital gains or petrol taxes this is a pretty attractive proposal!

In a clearing model all of the transaction data is captured live so the burden on business to provide post event audit records (GST returns) can be eliminated. So for business, yes you may have to route transaction messages through the new clearing system but you no longer need to file GST returns as these can be calculated in real time.

