

16 November 2018

Joanne Hogan
New Zealand Business Number
Ministry of Business, Innovation, and Employment
PO Box 1473
Wellington, 6140

via email: e-Invoicing@nzbn.govt.nz

RE: Early Thinking – Operational Governance for trans-Tasman e-Invoicing

Dear Joanne,

The Wellington Chamber of Commerce and Business Central welcome the opportunity to make a submission on the trans-Tasman e-Invoicing discussion paper (the discussion paper).

Our organisation is a business membership association, representing 3,400 members and their interests throughout central New Zealand from Taranaki across to Gisborne and down to Nelson. As this submission is made on behalf of these two membership groups we expect that this submission should be weighted accordingly, rather than for each membership group to put in their own repetitious version.

- **The Wellington Chamber of Commerce** has been the voice of business in the Wellington region for 162 years since 1856 and advocates for policies that reflect the interest of Wellington's business community, in both the city and region, and the development of the Wellington economy as a whole, with over 3,400 member businesses. The Chamber has a strong focus on trade and "NZ Inc" issues. The Chamber acts as secretariat for the New Zealand Chambers of Commerce, a network of 29 chambers from across New Zealand.
- **Business Central** is one of the four regional organisations comprising New Zealand's peak business advocacy group, BusinessNZ and represents employers throughout the Central region. Business Central is a recognised leader in employment advice, consultancy and training – regarded as the authority in the fields of employee relations, occupational health and safety, and people management.

Our organisation writes in support of BusinessNZ's submission to the Ministry of Business, Innovation, and Employment. We wholly endorse the comments made in their submission. We appreciate the opportunity to comment and we look forward to continuing to engage further on the matter in the future.

We would like to congratulate both the New Zealand and Australian Government's on their commitment to progressing a standardised e-Invoicing framework between our two countries. As an advocate on behalf of over 3,400 businesses in the Lower North Island, many of whom conduct business across the Tasman Sea, we strongly support the initiative shown in developing the trans-Tasman e-Invoicing framework. Using the questions included in the discussion document we have provided our responses 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?*

Our organisation sees the potential for disagreement between New Zealand and Australian governments when it comes to governance details and the processes involved in the implementation of e-Invoicing. Any cross-border project will come across negotiation disagreements, and this venture will be no different. While both countries may have the same outcome in mind, we anticipate there to be some disagreement as to how this goal will be achieved. As our countries have a relatively tight-knit relationship, we would expect any disagreement to be ironed out within the working group before any details are finalised.

We do acknowledge that a formal e-Invoicing arrangement has been officially signed by Ministers in both Australian and New Zealand governments, and this provides an extra incentive for the working group to ensure that the project continues to proceed.

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

We would agree with the working group's conclusion that the operational governance of trans-Tasman e-Invoicing should be undertaken by an incorporated group.

An example of how this has been successfully implemented is the responsibility of NZ Chamber of Commerce and Industry (NZCCI) to issue and authenticate export documentation, specifically Certificates of Origin. Chambers of Commerce around the world are trusted to issue this type of documentation and work together with various Government agencies and ministries to comply with the terms around international trade agreements.

The use of the Chambers of Commerce around the world, and NZCCI in New Zealand, to issue trade documentations serves as a good example of how an incorporated entity can effectively serve to undertake governance of an international documentation service.

Question 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?*

As mentioned above, we believe that because e-Invoicing will primarily be for business-to-business transactions, it would not be appropriate for our governments to be burdened with

the responsibility of overseeing the governance operations of the project. We also believe it would not be appropriate for our governments to expose themselves to the operational costs and risks involved with the project. These costs and risks are best managed through normal corporate business practices and law and as such an incorporated entity would be more suitable and experienced with such processes.

The Chambers of Commerce in New Zealand fit the criteria stated in page 9 of the discussion document. We would also suggest that the Chartered Accountants Australia & New Zealand (CAANZ) may be a possible option to lead the operational governance of the e-Invoicing programme due to their expertise in accountancy practices and as a governing industry body.

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

As mentioned above, our organisation fits the criteria outlined in page 9 of the discussion document. Specifically, NZCCI is a not-for-profit organisation with members conducting trans-Tasman business. Our membership-bases come from a wide variety of different industries. We have four hub Chambers (Auckland, Wellington, Christchurch, and Dunedin), all with small core management teams and elected boards.

These four hub Chambers already have experience in international documentation as these are the Chambers that issue e-Certificates for free-trade agreements. The Wellington Chamber of Commerce for example issued around 10,000 e-certificates in the last financial year.

At this time, we see an incentive to consider participating in the operational governance of the e-Invoicing system. However, we would want the governance framework requirements to be developed further by the working group, and a funding model to be established before we are able to put forward a proposal.

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 discussion document refers to a not-for-profit incorporated entity to oversee the operations of the e-Invoicing project. Again, we would suggest the mandate given to Chambers of Commerce around the world to oversee the Certificates of Origin authenticating system for export documentation is a good example of how a not-for-profit organisation can provide a sustainable model for a cross-border documentation service.

While Certificates of Origin are funded by a 'pay per document' type system, we do not think this is a suitable funding model, this is because Chambers are required to individually check and authenticate each certificate. An e-Invoicing system would not require this amount of work or attention. The overall role is systems governance rather than data accuracy. At this time, we believe a subscription fee would be a more suitable option.

Question 5 – *Do you have any additional comments or information to assist us?*

The continued development of this initiative has our organisation's support and the overall support of our members. We understand that there are significant benefits to New Zealand companies doing business in Australia and vice-versa.

While we acknowledge the desire of both governments to roll-out e-Invoicing service sooner rather than later and appreciate their commitment on the matter, we would also urge caution in a potential rush to introduce a system which is not ready for market. Countless times, we have encountered systems that have not been thoroughly tested and fail when they enter the market. To ensure any e-Invoicing system earns the trust and confidence of the business community we urge that it be comprehensively beta tested and piloted through select entities before it be rolled out to market.

As mentioned above, we believe that NZCCI (and therefore the Wellington Chamber of Commerce) could be a suitable lead for operational governance of the trans-Tasman e-invoicing system and would therefore like to be updated on the progress of the programme in the near future.

Wellington Chamber of Commerce and Business Central thank you again for the opportunity to comment on the early discussion paper on the operational governance for trans-Tasman e-Invoicing. We look forward to the opportunity to contribute further on the matter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Milford', with a stylized flourish at the end.

John Milford
Chief Executive
Wellington Chamber of Commerce, Business Central