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OF CERTIFIED
BOOKKEEPERS

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Modernising Business Communications – Submission to Consultation

Greetings

The Institute of Certified Bookkeepers is a professional association of Bookkeepers who provide business support services to many businesses in Australia. Our 4900 members work predominantly within the SME sector and typically work with between 5 and 75 business per member. Further information on ICB and our membership is provided on our website at www.ICB.org.au

ICB is involved in consultations, working groups and stewardship groups including ATO Tax Practitioner Stewardship Group, ABRS Strategic Advisory Council, MBR Business Advisory group, ATO Small Business Stewardship Group and STP Advisory Group amongst others.

Our community is intensely involved in the digitisation of business including the implementation of new technology and assisting business to adopt best of breed solutions.

ICB has committed significant time and provided input into the design of the e-invoicing initiative.

Initial Comments

We support the digitisation of business and government processes. We also seek to ensure effective design, development, communication and implementation of efficient systems.

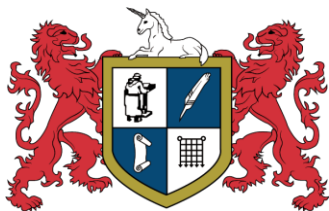
All regulations and processes should be modernised to embrace contemporary communication techniques and allow future developments including but not limited to enabling documents to be transmitted electronically, allowing digital signatures and electronic storage.

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Regulation design should support a whole of government digitised communication approach with a standardised system applied.

Proposal – develop and support a communication interoperability framework (CIF)

If government adopts a “technical” model for effective digitised communication, law can be designed to support the technical solution enabling efficient progress and standardised consistent processes to be adopted. Regulation would support “compliant communication” practices by using a communication interoperability framework.

The communication interoperability framework (CIF) could mirror the four corner model adopted for the e-Invoicing solution.

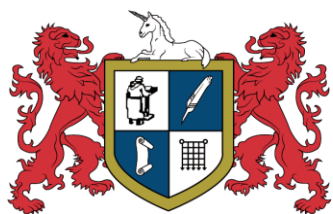
The e-invoicing interoperability framework provides a system whereby retail software interacts with “Access Points” who identify senders and receivers, form and secure the message and standardise the form of the data. The principles and issues behind the delivery of items of communication are entirely consistent with the communication of an invoice.

The secure, digitised interoperability framework supporting e-invoicing is a model and a technology that should be investigated in the development of a cost-saving and effective communication platform.

If we have design an acceptable solution then the regulations (law) would be modernised to support that system.

In the context of communication this CIF model provides;

1. that the retail software utilised for the creation of communication continues to create the communication and then interacts with an “Access Point” service.
2. The retail software would securely identify the user
3. The Access Point ensures the technology standard is applied (as to data, security), obtains the technical internet destination address of the recipient.
4. The Access Point then transmits the message to the receivers Access Point.
5. The receiving Access Point interacts with the Recipients retail communication platform to provide the message
6. The receiving retail software provides for security of the designated user through digital identity.



Enhancements to the current e-invoicing framework to achieve the objectives of the communication intentions (outlined in the paper) would require

7. A message receipt system, notifying the Sender that the message has successfully been transmitted. Possibly including status updates for “Read” receipts etc
8. A message notification system, notifying the recipient that a message has been received and requires action

The recent developments of:

- Single Touch Payroll reporting,
- e-invoicing,
- building on the technology behind the ATO Online systems and functionality,
- including the ATO considerations and implementation of the Operational Framework (security environment for Software developers)
- digital identity (myGovID)
- the emerging Modernising Business Registers

should be drawn on to provide the principles for this project.

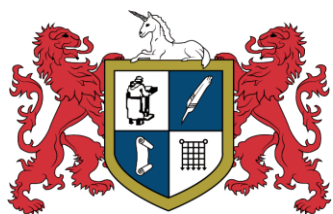
We should endeavour to design the principles for communication that aligns with and is consistent with the digitised economy that is being developed.

We should endeavour to design the principles for communication and the law to allow a standardised and consistent solution. It is too far to say “one size fits all” but it is incredibly efficient to create a common platform which can be the foundation for retail communication solutions and interfaces to interact with to suit the different needs of the Regulators, Business and Consumer.

We see a problem emerging if this program drives regulation reform allowing technology to be utilised and then each regulator adopts their own communication platform ie ASIC vs ATO vs ABR vs FWO etc. This is not deregulation it is simply allowing technology to provide inefficient digital disruption and received inefficiency through duplication of process.

Principles in design

- Standard approach though agreed centralised framework
- Authorisation (know your client, proof of identity, authority to act)
- Digital Identity (mygovid)
- Encryption
- Security of transmission
- Digital Storage
- Consistency of approach and implementation



- Protection of private information
- Government to lead by example
- Stakeholder co-design
- Software development incentives and rewards
- Certainty and credibility by policy and proclamation of Government
- Agents to be permitted for those requiring assistance in engagement (lack of computerisation or connection)
- Notification systems (both sender and recipient)
- Recipient established destination preferencing options

Specific matters (drawn on existing issues of current solutions)

1. Notification of communication (User specified means of being notified of communication and status of that communication. Different notifications for different types of communication)
2. Identification of the preferred receipt address of the recipient for different purposes (The concept behind ATO Communication Preferencing is an example if it was effective)
3. Regulator cannot deem electronic delivery of a notice is effective without a receipt and acknowledgement by the recipient.

Government Options (from the paper)

- I. “Status quo if ...no problem”: Rejected. Development should be led for the future and enhancement of productivity and effectiveness
- II. “Agreeing principles....to guide legislative change”: Supported

Categories of communication

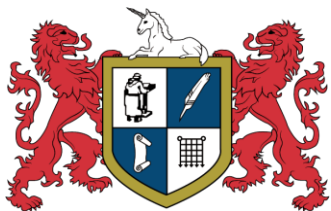
Reactions

“Written communications” should not concentrate on the “Written”. The concept should be allowing classification of each type of communication. Regulations may then specify the “Classification” that a particular type of communication could or must belong. The classification list would specify the need for recipient notification, sender receipt notices, the destination, actions required, legal standing etc.

The ABR (ABRS) should be included in the list of relevant regulators.

The ATO should be included in the list of relevant regulators.

An intention to engage a whole of government approach should be adopted and be policy of this project.



An intention to include state and possibly local government in the project concepts and policy should also be adopted.

Government agencies should also be included in those engaging in the adoption and use of “modernised business communication” policies.

The CIF envisioned should apply to all digitised communication, including government and also allow for Business to Business, Business or Government to Consumer etc.

“Signature” requirements should all encompass “digitised signatures”. Appropriate digital or electronic signature mechanisms should be specified ie not simply a scanned signature added to documents but to require the authenticated digital signature in conjunction with authentication of the “user”.

The paper states:

“Potential reforms to these categories of business communication will be a significant legislative undertaking. Given this, it will be necessary to scope, prioritise and plan a sequence of improvements.”

Therefore, the philosophy of this development should be the establishment of the agreed principles and system to be adopted in a whole of government approach, with the common CIF in mind. This allows all of government to establish and modernise regulations with the same underlying philosophy and solution adopted. It also allows business to embrace a common and consistent communication approach. Software providers would embrace the CIF as underpinning their different retail solutions and applications.

Evidence Based Approach to Prioritisation

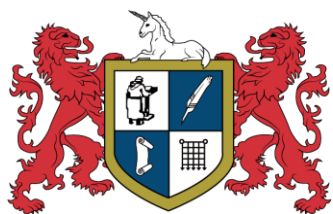
We would observe that there is cost incurred by business to comply with current regulations due to those regulations requiring process and hard copy documents or wet signatures based on the historic approach. We endorse bringing requirements in line with current technology solutions and allowing for future development.

We do not believe “relevant policy objectives” will be undermined through an appropriate modernisation of the communication policy.

Written Communication with stakeholders

Should be allowed via an agreed digital means.

Hard copy requirements are no longer a guarantee that the communication has been received and are no longer efficient nor effective.



Subject to the type of communication (ie general information is different to formal notice which is different to a legal notice) should only be considered delivered following receipt of delivery notification. Possibly allow the recipient to specify what “notification” is to be received before the communication is considered delivered and also specify what “receipt” is required to be returned to the sender to certify to the sender the delivery has occurred.

SMS notifications or email notifications or app notifications should be allowed as these may suit the individual recipient.

Notices published in newspapers should be reviewed as to purpose and effectiveness. It would appear that the purpose was for public knowledge and awareness which may now be achieved through a more effective web delivery.

Proposed Principles – stakeholder communications

Must include the above “agreed” notification channel. It is not acceptable for the sender to simply specify that communication has happened.

Version control and changes to an online communication piece must be considered.

Default as paper communication is no longer acceptable.

A nominated method set as default by the sender is not acceptable. The Receiver should have an ability to specify method of notification and or method of receipt.

Communicating with Regulators

Noting a specific requirement here to include “Notification **by** Regulators”. Government should lead by example and be subject to the same requirements.

Hearings

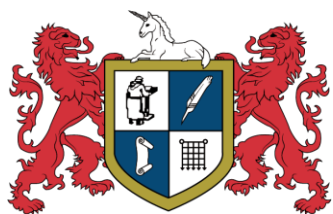
Virtual Hearings that permit procedural fairness must be allowed.

Signatures

We agree with the proposed principles specifically: “reliable indication of the persons identity and their intention in respect of the document”

Record Keeping

We are concerned that the evolution of technology can result in previously accessible records becoming inaccessible. Accordingly we support the principles outlined and encourage the development of requirements with appropriate explanation material to enable adoption of “best of breed” electronic storage with aspects of; security, backup, date of deletion to be discussed.



Payment Methods

Government policy should support efficient business process.

Government policy is to support e-invoicing and accordingly should be issuing any request for payment through the e-invoice system.

Government policy should allow for a business to use the business system to make payments ie to a designated bank account with appropriate reference details or utilising credit card payments.

Policy should not require business or consumers to separately use a designated payment webpage or online system which is not integrated to their business payment system.

Consultation Questions

“Technology Neutral” as a term and as a concept should be more fully explained to ensure the concept is mutually consistently understood. It appears to be proposing that regulations should allow digital communication i.e. regulation should be “neutral” as to the ability to use digital solutions.

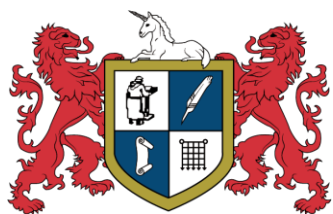
1. Burden on business: yes

The modernisation of regulations to consider the digital environment we now operate in is required to reduce the cost of complying with out-of-date communication techniques. Policy intent of requirements can be more effectively met by adoption of current techniques.

The adoption of a whole of government policy and solution position as outlined in the proposal above provides for a cost-effective and process-efficient set of solution which all the appropriate regulations could support.

b: non-regulatory “requirements” that inhibit: Not as such. The barriers to “preferred communication” are due to cost of solutions, multiple solutions, cost of evaluation, cost of change management. The biggest barrier is lack of ability to have a consistent messaging platform that can be managed, hence the email inbox has evolved as the default. The future communication environment must improve the email environment yet build on some of the fundamental principles behind email; common message form and centralised addressee mechanism.

2. Cost of complying



Too many systems, too many different platforms and means of communication. Too many opportunities to miss something important.

Lack of appropriate notification systems for “non-response” instances.

Business currently has to apply a different process for each regulator and consider how to ensure compliance.

Technology Neutrality may exaggerate this issue if each agency implements its own solutions/platform/technique. However we endorse the policy to adopt digital communication, within the right principles and framework.

3. Categories of Communication

All regulator communication, notices, information should be considered. It should be policy that it is only by specific exception that an item is excluded from the “default” of digital delivery through the above “CIF”.

4. Stakeholder benefit / disadvantage

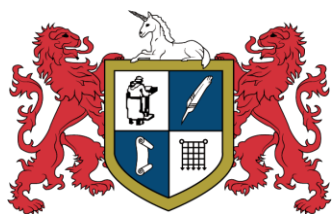
Stakeholders will reject the concept of different digital solutions by different regulators. There will be a cost and burden increase if the government/s regulators channels are not consistent and unified.

As mentioned elsewhere in this submission, the journey to digital communication continues to generate examples of missed communication due to the complexity of knowing that there is a communication item and then obtaining that item. This does not reduce our position that regulators should adopt a digital communication by default preference, it goes to emphasise that the implementation program must consider all aspects of effective communication.

Stakeholders will benefit through confidence in secure and centralised communication policy and solutions. Efficient process and certainty will be good for all stakeholders.

5. Options – greater benefit / minimum risk (page 3)

Status quo is not a valid option. Regulations were created in a different era, business process has evolved with technology and hence to ensure business continues to be aware of and engage with policy intent Government must progress.



Principles to guide change is good, but a unified whole of government approach to a consistent mechanism for communication is required, as explained in the above proposal: “Communication Interoperability Framework”.

6. How “businesses” manage impact of change

We are concerned at the emphasis behind this question.

The burden should be on Government and each regulator to ensure management of the impact of this change.

Business will need to embrace the technology solution to accept and process digital communication. Business will need to engage with the appropriate retail “Notification Receipt” process and associated “Communication Receipt management” process and solutions.

An awareness campaign.

A transition period.

A concession period for any compliance activity that is missed due to the change.

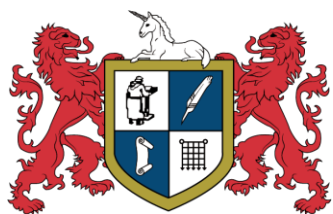
7. Transitional issues

Digital is not a perfect solution without appropriate processes in place.

As discussed above:

Recent development has highlighted change management and transition issues including:

- Management of where digital communication is being sent (e.g. which email address. We have examples where regulator has changed to digital delivery without users being aware or knowing how to receive that digital mail)
- Lack of notification that digital communication has been sent (e.g communication sent to a portal that is not constantly observed results in missed communication.)
- Notification without details ie the correct and complete nomination of who is the intended recipient with identifiers. E.g. ATO general emails to email address or even SMS to mobiles where the entity/taxpayer is not named and hence the receiver is unaware of who it is intended to whether it is real. Also where one person may receive notifications for many entities, lack of identification causes confusion
- We cannot end up with multiple digital inboxes in different platforms eg mygov inbox vs ASIC inbox vs ATO communications vs ABR vs email
- Correct classification of status of communication: e.g ASIC General information misclassified as important requiring portal login only to find it is a notification that a general newsletter has been issued. This results in user disengagement and reluctance to follow any future notification.



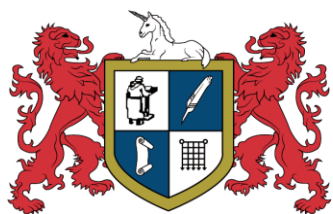
Principles to be developed as to:

- a. Notification of communication being sent to recipient
- b. Notification (read receipt) process to sender
- c. Notification mechanism to be determined by recipient
- d. Categorisation and Classification of different types/levels/status of communication
- e. Version control

Version Control

A principle mentioned above is the certainty and assurance behind version control. This has a number of aspects:

1. When digital correspondence or information is released it should be identified as to date of publication and Version number.
2. Any amendment to the released version should be identified. Changes logged in an associated document and the “published” version number and date updated.
3. If an update is material, this in effect becomes a separate piece of communication and could require separate “notification” process.
4. The history or Change Log should be retained and available.
5. Legal status of the initial communication and amended versions may be important.



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Summary

The ICB welcomes the policy intent to amend regulations to enable digital communication practices.

We encourage the whole of Government to seek to embrace a standard communication protocol/practice and we provide the above thoughts as to the Communication Interoperability Framework as the foundation for the policy.

We welcome further engagement or discussion on these matters.

Yours faithfully

Matthew Addison
Executive Director