

28 July 2025

The Treasury  
Langton Crescent  
Parkes ACT 2600

Via email: [ReformRoundtable@treasury.gov.au](mailto:ReformRoundtable@treasury.gov.au).

**Re: Economic Reform Roundtable Consultation**

To Whom It May Concern:

The Association of Digital Service Providers Australia New Zealand (DSPANZ) welcomes the opportunity to submit this on behalf of our members and the broader business software industry.

**About DSPANZ**

Digital Service Providers Australia New Zealand is the gateway for the government into the dynamic, world-class business software sector in Australia and Aotearoa New Zealand. [Our members](#) range from large, well-established companies to new and nimble innovators working at the cutting edge of business software and app development on both sides of the Tasman.

In this submission, DSPANZ provides several proposals for the government to consider as part of the upcoming *Economic Reform Roundtable*, including:

- Implementing business and government eInvoicing mandates.
- Establishing a "Digital Economy Regulator" to oversee the data and security standards required for interacting across the Australian digital economy.
- Creating a roadmap for addressing and updating relevant legislation and regulations to accept Digital ID, alongside continuing to collaborate with stakeholders to support the adoption and use of Digital ID.
- Introducing AI guardrails to support the adoption and use of AI technologies within business software, enabling businesses to meet their regulatory obligations.
- Requiring states and territories to adopt a common approach to calculating long service leave.

As part of making these proposals, DSPANZ recognises that Digital Service Providers (DSPs) will be integral to delivering reforms that change business or employment processes. When progressing any of the reforms raised through the *Economic Reform Roundtable*, DSPANZ asks that the government consult with industry in the policy ideation phase.

DSPANZ welcomes the opportunity to provide further feedback on our submission. Please contact Maggie Leese at [maggie@dspanz.org](mailto:maggie@dspanz.org) for more information.

Yours sincerely,

Signed by:  
  
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**Chris Denney,**  
**President & Director**  
**DSPANZ.**



# Introduce eInvoicing Mandates

eInvoicing in Australia is primarily driven by voluntary uptake, and as a result, adoption numbers remain low, despite Peppol eInvoicing being available since 2019.

DSPANZ believes that the government is now in a position to further drive eInvoicing adoption through business and government mandates, following the lead of many other countries globally that have implemented eInvoicing.

Broadly, the current regulatory settings for eInvoicing will not result in widespread adoption by businesses without the introduction of a mandate.

DSPANZ proposes that the government implement business and government eInvoicing mandates.

## eInvoicing Benefits

eInvoicing:

- **Automates manual invoicing processes:** eInvoicing streamlines the invoicing process, eliminating the need for manual data entry and the physical handling of paper invoices. This automation speeds up transaction processing and reduces the administrative burden for both trading partners.
- **Minimises human errors:** Removing the need for manual data entry, eliminates the errors that may arise when entering the details from a paper or PDF invoice into
- **Enhances transparency:** Peppol eInvoices are documented in a consistent, standardised electronic format. Through a standard format, eInvoicing reduces the likelihood of inconsistencies and misunderstandings.
- **Enables faster payment times:** Faster processing of invoices leads to quicker payment cycles, which improves cash flow for suppliers, particularly small to medium sized businesses.

From a technical perspective, eInvoicing in Australia utilises the interoperable Peppol Network, which means that invoices are documented in a consistent, standardised electronic format that can be used globally.

Organisations are required to invest once to become eInvoicing enabled and can then send and receive eInvoices with their enabled trading partners.

The introduction of an eInvoicing mandate would mean that all Australian businesses and government entities must become eInvoicing enabled, ensuring that any organisation can interact digitally with any of their trading partners in Australia.

For many businesses, adopting eInvoicing can be as simple as enabling it within their existing business software.

### **Establishing the use of eInvoicing via legislative mandate**

Globally, more than 60 countries have now implemented or announced eInvoicing legislative mandates to drive adoption.

Many countries have introduced an eInvoicing mandate alongside Continuous Transaction Controls (CTCs) to support sending GST/VAT data to tax authorities for tax administration purposes.

To support the widespread adoption and delivery of the benefits of eInvoicing across the Australian economy, the government should consider mandating eInvoicing alongside mandatory payment terms. We recognise that government agencies are currently required to pay invoices within 5 days and that this timeframe could be extended to all organisations.

### **eInvoicing adoption streamlines tax compliance**

Implementing CTCs as part of an Australian eInvoicing mandate presents an opportunity to fundamentally transform business reporting experiences and reduce the administrative burden on businesses. This method of mandating eInvoicing would follow OECD Tax Administration 3.0 concepts.

CTCs replace more traditional tax reporting methods and enable real-time reporting to tax authorities. This real-time reporting enables both governments and businesses to gain a better understanding of their tax liabilities and revenue.

Benefits for the government include:

- Real-time monitoring enables a more accurate understanding of tax liabilities and the revenue that can be collected.
- Further reducing Australia's GST gap.

Benefits for businesses include:

- Simplifying the tax reporting process through the opportunity to remove BAS obligations if eInvoicing is used.
- Providing more certainty about their financial position
- Transparency of information made available to third parties (e.g. accountants, bookkeepers, auditors) that support businesses in meeting their tax obligations.

## **Establishing a Digital Economy Regulator**

There is a proliferation of requirements, standards and guidance that organisations must follow to participate in whole-of-economy digital initiatives and to leverage Commonwealth Government digital services. For example:

- Digital ID and the Australian Government Digital ID System (AGDIS)
- The Consumer Data Right (CDR)
- Digital services or Application Programming Interfaces (APIs) provided by the ATO, ABRS, ASIC and Fair Work Commission.

Each of the above examples has its own set of requirements that DSPs must meet, spanning data standards, security controls, accreditation, certification and audit requirements. While these requirements may leverage well-known security controls or data standards and aim to achieve similar outcomes, each regulator has different approaches to how the standards/security controls should be implemented and the evidence required to demonstrate compliance.

Where requirements are duplicated (as is mostly the case) or differ between regulators overseeing government digital services, it creates complexity in how DSPs manage their overall security and data management practices, accreditation or certification requirements, and annual audits, significantly increasing the cost of compliance.

The costs incurred by the business software sector in navigating this complexity across government processes are passed on to Australian businesses.

DSPANZ regularly hears feedback from our members about the complexity of these requirements, the challenges they face in navigating them, and the need to keep pace with new obligations that may be introduced. We have consistently provided feedback to the government about these challenges and created awareness about opportunities to align new and existing requirements placed on DSPs.

The government establish a “Digital Economy Regulator” to oversee the data and security standards required for interacting across the Australian digital economy.

The creation of a Digital Economy Regulator provides benefits for both DSPs and the government.

#### **For DSPs:**

- Reduces compliance costs and complexity in navigating multiple, different requirements across various government initiatives.
- Enables the reuse of accreditations and/or certifications across government.
- Simplifies the annual audit requirements.
- Streamlines how they meet their compliance obligations.
- Provides a consistent regulatory experience.

#### **For the government:**

- Reduces the cost to the government of funding multiple agencies or bodies that create their own overlapping sets of security or data requirements, which are imposed on DSPs.

- Consolidates incident reporting obligations and facilitates the sharing of incident information across the government.
- Centralise audits of DSPs.
- Oversees unified digital policy implementation to coordinate government and support stakeholders.

## Enabling Digital ID across the Australian economy

Digital ID presents an opportunity to significantly reduce the amount of personal information collected and stored as part of verification and authentication processes in Australia.

Following significant data breaches at Medibank, Optus, and Qantas, it is clear that Digital ID is part of the solution to help protect individuals' identities and personal information in the event of an incident.

The introduction of the Australian Government Digital ID System (AGDIS) has provided a solid foundation to build upon, though it needs to be recognised as *part* of Australia's Digital ID infrastructure. AGDIS requirements will dictate how software providers and their customers interact with government services, but these requirements do not apply to B2B interactions.

There are substantial benefits from enabling Digital ID across the Australia economy - better security processes for both individuals (no more having to provide access to multiple personal documents to unknown businesses), better security for business (no need to collect and store sensitive personal information that can be hacked and stolen) and the ability to create better online customer experiences.

However, there are several challenges that the government and industry must work through to realise the benefits of Digital ID across the economy, including:

- **Legislation enabling Digital ID:** DSPANZ recognises that updating all legislation to reflect the use of Digital ID will take time to implement. Digital ID is not commonly recognised as an accepted identity verification method under existing law today and serves as a roadblock to enhanced security and streamlined access to online services in a digital economy.
- **Digital ID safe harbour:** To fast-track the adoption and use of Digital ID as an acceptable method of confirming individual identity within regulations (which commonly require businesses to verify identity by collecting and storing identity documents), DSPANZ advocates for the introduction of a "Digital ID safe harbour". A safe harbour would state that Digital ID can be used as an accepted method to meet any identity verification requirements specified within legislation, as long as specific requirements are met (including individual consent and audit records).

Specific to AGDIS, there is a need to reflect the role that DSPs will have in supporting verification or authentication processes in business software, which may include how their customers access government services:

- **Charging framework:** The Australian Government Digital ID System (AGDIS) charging framework must be both affordable and scalable to support high-volume use cases. For DSPs to participate in the AGDIS, the cost per transaction must be fractions of a cent to support the potentially millions of transactions they could generate. DSPANZ continues to provide feedback to the Department of Finance about the charging framework and its potential impacts on DSPs.
- **Individuals acting on behalf of businesses:** Within AGDIS, there is no method for leveraging Digital ID to verify the relationships and connections between individuals and the organisations and businesses they can act on behalf of. This functionality would support many interactions facilitated by DSPs in software and more broadly. DSPs currently use the Relationship Authorisation Manager (RAM) for this purpose, and it remains unclear whether this service will be included in AGDIS.

DSPANZ proposes that the government create a roadmap for addressing and updating relevant legislation and regulations to accept Digital ID. The government should also continue to collaborate with stakeholders to support the adoption and use of Digital ID.

Digital ID is a foundational element of Australia's digital economy, enabling trusted interactions across various verification and authentication processes. Leveraging Digital ID and verifiable credentials in software provided by DSPs enables more streamlined and secure interactions for customers, while reducing the amount of personal information that must be collected and retained to meet record-keeping requirements.

## AI can deliver efficiencies for Australian businesses

As we approach a future where tax and other business processes “just happen”, the business software industry will rely on technology, such as AI, to make this future a reality. There are opportunities to leverage AI within business software to simplify how Australian businesses can meet their regulatory obligations (e.g. across Fair Work, taxation, and superannuation), ensure they are paying employees correctly, submitting the correct amount of taxation, and avoiding mistakes (rework, revised payments, and ultimately penalties).

There are limitations within the law that prevent business software from operating as effectively as it could to help businesses. For example, the *Tax Agent Services Act 2009* (TASA) prevents tax, accounting, and payroll software providers from using AI-automated processes to support businesses, as regulators have advised that the use of AI could be categorised as providing tax advice.

This interpretation is unique to Australia.

In a world where Australia is part of the global economy, it is essential to recognise that many DSPs are now global and operate across other jurisdictions.

Other tax jurisdictions, including New Zealand and the United States, have already recognised the value and opportunities that can be gained by leveraging AI technologies in tax processes, benefiting both businesses and tax administrations.

While DSPANZ acknowledges the importance of continuing to provide trust within the tax ecosystem, we recognise this trust must be balanced with providing opportunities for technology to deliver better outcomes for businesses and the tax system.

DSPANZ proposes that the government introduce AI guardrails to support the adoption and use of AI technologies within business software by DSPs, enabling businesses to meet their regulatory obligations.

Enabling DSPs to provide prompts, nudges, and other AI-driven processes in software without this being considered tax advice opens up opportunities to better support customers and provide them with more confidence that they are meeting their business obligations.

DSPANZ believes that with the appropriate guardrails in place, DSPs will have the opportunity to innovate within their software products and services, delivering new or reimaged experiences that ultimately benefit Australian businesses.

## Simplifying Long Service Leave Complexity

Navigating Long Service Leave (LSL) entitlements and the varying requirements across states and territories is complex for Australian businesses, adding unnecessary costs and inefficiency.

There is currently an increased focus on LSL compliance from state and territory authorities and the Fair Work Ombudsman, which is uncovering cases where employers have not met their LSL obligations and ultimately highlighting the complexity in getting LSL right.

Employers and DSPs are dealing with legislation that has not kept pace with broader changes to employee entitlements. They are also navigating the differing approaches to how LSL calculations work, from the definitions of common terms to the underlying methodology.

DSPANZ proposes that states and territories should adopt a common approach to calculating LSL.

Adopting a common approach to calculating LSL would provide businesses with a consistent setting across all Australian states and territories, while continuing to allow State and Territory governments to control how their entitlement works. Leveraging the same calculation would involve the following:

- **Implementing consistent definitions for common terms:** Terms that are leveraged in current LSL calculations, such as days, weeks, years, continuous service and ordinary hours, have consistent definitions across states and territories.
- **Clearly defining the parameters for LSL entitlements:** Ensuring that factors such as type of employment, payments that are included or excluded from an ordinary rate and how different types of leave interact with LSL should be well defined to support calculations.

While DSPANZ supports a common calculation across states and territories and believes that this should be the long-term goal to help employers fulfil their LSL obligations, we acknowledge that several smaller steps can be taken in the short term to support a better understanding of LSL entitlements across Australia. These options include:

- Providing calculators that could be used or consumed to ensure that employers and DSPs are leveraging how the state or territory authorities would perform the calculations.
- Publicising the methodology behind how the state or territory authorities perform calculations, enabling employers or DSPs to embed this within their calculations.

The options outlined above for achieving a common approach to calculating LSL aim to create consistency across states and territories, create a better understanding of how to calculate LSL and ultimately support improved compliance for employers.

## DSPs Enacting Change

Through digitalising business processes and experiences, Australia is effectively building a digital economy that relies on business software to deliver these legislative and regulatory changes to businesses. For example, the introduction of Single Touch Payroll effectively made it mandatory for employers to use payroll software.

We are now reaching a point in Australia's digitalisation journey where enacting changes becomes impossible without software. However, legislation continues to describe these changes in terms of businesses, taxpayers, and individuals, and does not recognise the technology solutions that are required to enable these changes.

For example, the draft Payday Super legislation and regulations do not reference the role performed by SuperStream gateways, payroll software, super clearing houses and employee

onboarding software providers that will be required to implement changes to ensure that employers continue to meet their superannuation guarantee obligations.

While moving more business experiences into commercial software is the intention of OECD Tax Administration 3.0, it represents a fundamental shift in how the tax ecosystem operates, underscoring the continued importance of government and DSPs collaborating.

DSPANZ anticipates that several of the ideas generated through this consultation and the *Economic Reform Roundtable* will require DSPs to modify their software products to make them a reality. As the government progresses, any reforms that impact business processes and need software to implement changes, DSPANZ requests that:

- The government **must consult with DSPs** in the policy ideation phase. This consultation enables the government to understand the implementation options available to them and determine whether the policy is technically feasible. DSPs are experts in operationalising legislation and translating the needs of their customers into technical requirements.
- The government **must undertake realistic and informed industry impact assessments and cost analyses** when developing new policies. While a policy may be cost-effective for the government, it may ultimately cost DSPs millions of dollars to implement, and the impact of these implementation costs is often not well understood by policymakers.