



Euan Robertson  
General Manager  
Government, Industry & Sustainability  
1 Harbour Street  
Sydney

Mr Matthew Sedgwick  
Data Economy Unit  
Treasury  
Langton Crescent  
PARKES ACT 2600

*Via email: e-Invoicing@treasury.gov.au*

1/02/2021

Dear Mr Sedgwick

### **Options for mandatory e-Invoicing adoption by businesses.**

We believe electronic invoicing (e-Invoicing) can play a positive role in the Australian economy, by supporting businesses to be paid efficiently and on time.

We support the Australian Government's adoption of the Pan-European Public Procurement OnLine (Peppol) framework, as well as Government initiatives encouraging widespread adoption of e-Invoicing, provided these also guarantee small and medium-sized enterprises (SMEs) have sufficient time and resources to adapt their systems, and the support they need to do so.

Commonwealth Bank believes we have a role in helping both our suppliers and SME customers adapt to e-Invoicing, seeing this as complementary to support we currently provide these partners.

#### *Growing importance of the digital economy*

In the last year, through the COVID-19 crisis, we have seen an acceleration in the adoption of technology and digital platforms in Australia. These changes have underpinned the ability of Australia to respond to the challenges of the pandemic, adapting how we live, work and conduct business.

While functionality like digital wallets, tap'n'go payments and online shopping were already familiar to many, 2020 saw more Australians access these services for the first time. Digital wallet transactions saw monthly transactions increase from 29 million in October 2019 to 52 million in October 2020. One impact of this accelerated trend has been that more Australians are inclined to turn to digital channels to shop and do business, with expectations those services will deliver high standards of convenience, reliability and security.

For the community to access the benefits of improved digital innovation, the public policy framework must be supportive and conducive to digital alternatives. In this vein, we support the Government's JobMaker Digital Business Plan, which was unveiled during the pandemic to support businesses to take on advancements in digital technology, unlocking productivity savings and spurring further investment and employment. Similarly, we also support the Government's initiative around technology neutrality in business communications, which aims to modernise legislation and regulation where barriers are unnecessarily impeding the development of digital alternatives, including importantly in relation to the execution of documents and various forms of business communication.

We note there has also been progress towards the simplification of regulations at the State and Territory level that govern the signing of mortgages and deeds, allowing for consumers and businesses to transact legally without needing to resort to paper-based documents. Potential remains for further reform to bring alignment across jurisdictions, in the interests of consumers and businesses nationwide.

### *Benefits of e-Invoicing*

As noted in Treasury's consultation paper, the automated digital exchange of invoice information directly between the accounting systems of purchasers and suppliers offers a range of benefits to both parties. These benefits include faster and more efficient payments; reduced scope for error and greater security; reduced paper waste, and more reliable and timely data on demand to inform stock management.

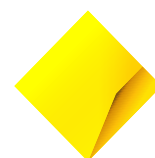
In addition to the benefits to individual businesses, once adopted more widely these reforms also have the potential to increase the velocity of payments in the economy and therefore better inform investment decisions. This could unlock important gains in productivity, supporting better allocative efficiency, and returns on investment. These gains would be valuable as Australia continues to recover from the economic impacts of the pandemic.

Treasury notes the important role of network effects in delivering the benefits of e-Invoicing. As is common with technology platforms, benefits accrue to all users more rapidly as the number of participants grow, at the same time increasing the incentive for each incremental user to join. To this end, we support the Government's decision to mandate e-Invoicing for all government agencies by 1 July 2022, with over 80% of invoices being able to be received electronically by 1 July 2021.

Further, given the importance of growing participation, government's strategy must include incentives and support tailored to the needs of businesses of different sizes.

Some large businesses are likely to more quickly adapt existing systems to new requirements, whereas other businesses will need support from Government and their larger business partners. For this reason, we support Treasury's **Option 2**, being that Government should apply a timeframe by which all large business will be required to participate in the e-Invoicing system, while providing flexibility, support and other incentives for other business to move towards adoption over longer timeframes. It may be impractical and inefficient for some micro-sized businesses with very low invoicing volumes to adopt e-Invoicing and we therefore support a longer term policy which includes an opt out clause in certain circumstances i.e. e-Invoicing should not be mandatory for all businesses in the short or long term.

While larger businesses will generally be better placed to adopt the framework sooner, large businesses also plan software investments out over a number of years, and so will need to consider the impact of a mandated deadline on existing plans. In this context, we welcome announcements from providers of accounting



software of their timelines for integrating Peppol into their standard platforms.<sup>1</sup>

Further, we support the definition of a large business as the large/medium taxpayer for the tax agent lodgement program of \$10 million turnover as it is likely not impractical for these businesses to be able to implement this. A smaller turnover business may find it harder to implement from a financial and operational perspective. In addition to practical considerations, this definition will ensure an adequate volume of businesses are required to adopt e-Invoicing, moving Australia to scale and so realising associated benefits.

#### *Supporting our suppliers*

As a large organisation, Commonwealth Bank has a complex and diverse supply chain, with approximately 5,000 Australia/New Zealand-based suppliers. We are committed to ensuring our supply chain reflects the communities in which we operate as we recognise that a diverse supply chain will drive flexibility, responsiveness and innovation.

The intent of our Supplier Code of Conduct<sup>2</sup> is to share our principles and communicate the behaviour and business practices we expect our suppliers to adhere to including throughout the suppliers own supply chain.

We recognise that cash flow core to the success of all businesses, and that late payment of invoices limits the potential of a business to reinvest and grow.<sup>3</sup> We are also signatory to the Australian Supplier Payment Code which requires us to pay eligible Australian small business suppliers on time and within 30 days. Our average payment time for these suppliers was 11 days, and e-Invoicing has the potential to further accelerate payment times.

As we move towards adopting e-Invoicing across our supply chain, we aim to actively support our supplier partners, including those that may be moving towards this goal on a different timetable, or which face particular challenges in terms of digital connectivity or capability.

#### *Supporting small and medium business*

Successfully managing a small and medium-sized business (SME) means negotiating intense and competing pressures within a tight envelope of resources. These challenges relate not just to the commercial environment, but also workforce, cashflow, taxation and regulatory reporting. The Covid pandemic has served to highlight the pressures on this segment, as it required business operators to reorganise their activities in an environment of acute uncertainty. The response from SMEs through that period illustrated their resilience and ingenuity.

Commonwealth Bank sees the success of the SME segment as central to Australia's economic recovery and we are committed to being Australia's leading providers of financial services to SMEs.

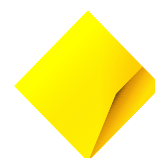
We believe the support provided to SMEs to adapt to e-Invoicing will be critical to it reaching scale, and we expect to play a role in supporting our business customers to participate, as a natural extension of the existing suite of services and supports we currently offer.

---

<sup>1</sup> Statement by Xero, as quoted in Treasury (2020) Options for mandatory adoption of electronic invoicing by businesses, November, p.17

<sup>2</sup> Available here: <https://www.commbank.com.au/content/dam/commbank/personal/apply-online/download-printed-forms/Supplier-Code-of-Conduct.pdf>

<sup>3</sup> Xero 2019, "Paying the price: The economic impact of big businesses paying Australian small businesses late", [www.xero.com/small-business-insights/wp-content/uploads/2019/06/xsbi-report-paying-the-price.pdf](http://www.xero.com/small-business-insights/wp-content/uploads/2019/06/xsbi-report-paying-the-price.pdf).



Should you have any questions or require more information regarding the information provided, do not hesitate to contact me at [REDACTED]

Yours sincerely



Euan Robertson

