

## Senate Community Affairs Committee

### ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

#### HEALTH AND AGEING PORTFOLIO

Budget Estimates 2012-2013, 30 & 31 May and 1 June 2012

**Question: E12-118**

**OUTCOME 0: Whole of Portfolio**

**Topic: Payment of Accounts**

**Type of Question: Written Question on Notice**

**Number of pages: 2**

**Senator: Senator McKenzie**

**Question:**

- a) For this financial year to date, has the department/agency paid its accounts to contractors/consultants etc. in accordance with Government policy in terms of time for payment (i.e. within 30 days)?
- b) If not, why not? Provide details, including what has been the timeframe for payment of accounts? Please provide a breakdown, average statistics etc. as appropriate to give insight into how this issue is being approached.
- c) For accounts not paid within 30 days, is interest being paid on overdue amounts and if so how much has been paid by the portfolio/department agency for the current financial year and the previous financial year?
- d) Where interest is being paid, what rate of interest is being paid and how is this rate determined?

**Answer:**

- a) The table below shows the Timeliness of Payments to all suppliers, for the period 1 July 2011 to 31 May 2012.

Payment	Paid <= 30 days	Paid 31-45 days	Paid 46-60 days	Paid 61-75 days	Paid 76-90 days	Paid >90 days	Total
No. Invoices	29,677	3,044	848	498	326	793	35,186
% of total	84.3%	8.7%	2.4%	1.4%	0.9%	2.3%	100.0%

Includes Therapeutic Goods Administration, Office of the Gene Technology Regulator, Office of the Aged Care Commissioner and National Industrial Chemicals Notification and Assessment.

- b) The Department of Health and Ageing is currently reviewing its procurement and payment systems and process, to improve the turnaround time of invoices from its suppliers. The Department expects that these changes will improve the timeliness of payments to suppliers.

- c) Yes. Interest has been paid by the Department, due to the late payment of accounts. The tables below outlines the total charges paid in each financial year.

Period: 1 July 2011 to 31 May 2012 – Interest Paid

Description	Interest Paid	Interest Rate
Cab Charge – Liquidated Damages	\$ 4,208.26	Interest charged at 1.5%
Late Fee	\$99.00	Fixed Charge
<b>TOTAL</b>	<b>\$ 4,307.26</b>	

Period: 1 July 2010 to 30 June 2011 – Interest Paid

Description	Interest Paid	Interest Rate
Cab Charge – Liquidated Damages	\$ 2,439.28	Interest charged at 1.5%
Small Business Payment Policy	\$1,031.12	ATO General Interest Charge
<b>TOTAL</b>	<b>\$ 3,470.40</b>	

- d) The rate of interest paid is outlined in the tables above. Under the Small Business Payments Policy interest is calculated based on the General Interest Charge Rate as per Section 8AAD of the *Taxation Administration Act 1953*. This rate is published on the Australian Taxation Office website. The specific rate varies depending on the period in which a payment falls.