

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

14 February 2013

Question: AET 936

Topic: Government payments of accounts (ATO)

Hansard Page: Written

Senator BUSHBY asked:

936. For this financial year to date (28 February 2013), 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)?
- 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.
 - 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?
 - Where interest is being paid, what rate of interest is being paid and how is this rate determined?

Answer:

936. In 2012-13 to 28 February 2013, the ATO paid 95.49% of supplier invoices, representing 98.63% of the total value of invoices paid, within 30 days of receipt of a correctly rendered invoice.
- General administrative delays and disputes led to the delay in payment of some invoices. Time frames are:
 - 95.49% of all supplier invoices were paid on time
 - 2.93% of all supplier invoices were paid between one and 30 days late, representing 1.13% of the total value of invoices paid
 - 1.58% of all supplier invoices were paid more than 31 days late, representing 0.24% of the total value of invoices paid.

Progress on resolving overdue invoices is monitored through a monthly integrity process. ATO senior executives have a focus on paying accounts on time and staff are asked to explain the reason/s for delayed payments and to identify and implement mitigation strategies to prevent future delays.

- For accounts not paid within 30 days, interest is paid on overdue amounts payable to small businesses. In 2012-13 to 28 February 2013, the ATO paid \$2,928.47 interest to small businesses. In 2011-12, the ATO paid \$8,077.70 interest to small businesses.
- Interest is paid at the General Interest Charge (GIC) rate. The GIC rate is updated quarterly and calculated using a statutory formula based on the monthly arrangement yield of 90 day bank accepted bills, published by the Reserve Bank of Australia and an uplift factor of 7%. The GIC rate is available on the ATO website at ato.gov.au by searching for 'general interest charge rates'.