Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

18 October 2012

Question: **SBT 1125-1126**

Topic: **Government Payment of Accounts (ATO)**

Written: **Received from Committee – 26 October 2012**

Senator BUSHBY asked:

1125. For this financial year to date (26 October 2012), 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)?

a. 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)
b. 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?
c. Where interest is being paid, what rate of interest is being paid and how is this rate determined?

1126. For 2011-12, did the department/agency pay its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e. within 30 days)?

a. 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)
b. For accounts not paid within 30 days, is/was 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?
c. Where interest is being paid, what rate of interest is being paid and how is this rate determined?
d. Have all accounts from 2011-12 been paid? If no, why not?

Answer:

1125. In 2012-13 to 31 October 2012, the ATO paid 96.42% of supplier invoices, representing 98.50% of the total value of invoices paid, within 30 days of receipt of a correctly rendered invoice.

(a) General administrative delays and disputes led to the delay in payment of some invoices. Time frames are:

- 96.42% of all supplier invoices were paid on time
- 2.36% of all supplier invoices were paid between one and 30 days late, representing 1.25% of the total value of invoices paid
- 1.22% of all supplier invoices were paid more than 31 days late, representing 0.25% 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.

(b) For accounts not paid within 30 days, interest is paid on overdue amounts payable to small businesses. In 2012-13 to 31 October 2012, the ATO paid $277.70 interest to small businesses. In 2011-12, the ATO paid $8,077.70 interest to small businesses.

(c) 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'.

1126. In 2011-12, the ATO paid 96% of supplier invoices, representing 98% of the total value of invoices paid, within 30 days of receipt of a correctly rendered invoice.

(a) General administrative delays and disputes led to the delay in payment of some invoices. Time frames are:

- 96% of all supplier invoices were paid on time
- 3% of all supplier invoices were paid between one and 30 days late, representing 1% of the total value of invoices paid
- 1% of all supplier invoices were paid more than 31 days late, representing 0.38% of the total value of invoices paid.

(b) refer to response provided for question 1125(b)

(c) refer to response provided for question 1125(c)

(d) Yes.