



28 February 2013

Senator Mark Bishop  
Senate Standing Committees on Economics  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Senator

The below questions were originally answered and forwarded to the committee on 4 December 2012 and 21 December 2012 respectively. A number of responses were subsequently identified as requiring updates.

**SBT 752-754**

The updates made to the Question on Notice SBT 752-754 Consultancies are shown below:

- In response to question 752:
  - The figure for expenditure on new consultancies above \$10,000 has been changed from \$331,759.32 to \$487,204.55, and
  - The figure for expenditure on ongoing consultancies above \$10,000k has been changed from \$1,015,633.14, to \$917,846.70.
- A number of entries in Attachment B - Ongoing consultancies for the 2012-13 financial year (up to 31 October) were also updated. The table below shows the corrections:

<b>Consultant Name</b>	<b>Subject matter</b>	<b>Original entry</b>	<b>Amended entry</b>
CHANT LINK & ASSOCIATES PTY. LTD.	Qualitative research to support the service commitment	\$88,309.00	\$83,239.00
CHANT LINK & ASSOCIATES PTY. LTD.	User centric interaction framework	\$404,803.58	\$88,309.00
CHANT LINK & ASSOCIATES PTY. LTD.	Tax Practitioner research 2011-2012	\$83,239.00	\$404,803.58

**SBT 1125-1126**

The update made to SBT 1125-1126 related to the 2012-13 financial year (up to 31 October 2012):

- The figure for total interest paid to small business relating to late invoice payments has been changed from \$277.70 to \$1,347.81.

Frances Cawthra

Chief Finance Officer

**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)?
- 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?
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)?
- 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/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?
  - Where interest is being paid, what rate of interest is being paid and how is this rate determined?
  - 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 \$1,347.81 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](http://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.