

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Budget Estimates Hearing – May 2010

Finance and Deregulation Portfolio

Outcome 2, Program 2.1

Topic: Survey of Australian Government Payments to Small Business

Question reference number: F24

Type of Question: Hansard F&PA 59, 26 May 2010

Date set by the committee for the return of answer: 9 July 2010

Number of Pages: 1

Senator Brandis asked:

Mr Tune, is that a relevant comparison? Surely the Australian government ought to be a best practice debtor.

Answer:

The Department of Innovation, Industry, Science and research has provided the following response:

“No, it is not a relevant comparison. The Australian Government has a number of policies that relate to procurement and more specifically to payment of correctly rendered invoices.

The *Procurement 30 Day Payment Policy for Small Business* is one such policy. This policy states that, for payments up to and including \$5 million (GST inclusive), agencies are required to adopt maximum payment terms ‘not exceeding 30 days’ from the date of receipt of a correctly rendered invoice.

Additionally, in relation to late payments of certain invoices, from 1 December 2008, for written contracts up to \$1 million (GST inclusive), agencies are to pay interest on late payments following receipt of a correctly rendered invoice.

In November 2008, Finance disseminated Finance Circular 2008/10 to FMA Act departments and agencies, revising the 30 Day Payment Policy for Small Business and providing guidance on implementation.”