

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 922

Topic: Government Payments of Accounts (AOFM)

Hansard Page: Written (Received from Committee 13 June 2012)

Senator BUSHBY asked:

922. 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)?
- 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?

Answer:

922. For the period from 1 July 2011 to 31 May 2012, all payments to small business contractors/consultants were made within 30 calendar days of the receipt of a correctly rendered invoice in accordance with Government Policy.
- a) Not applicable.
 - b) The standard contracts that the AOFM uses with small businesses include a provision for an interest charge on late payment of invoices. If the AOFM does not make payment on a correctly rendered invoice by the due date, the vendor is entitled to charge interest on the invoice. The AOFM has not made any such payments during previous financial year or the period from 1 July 2011 to 31 May 2012.
 - c) The rate of interest to be paid is determined by reference to the general interest charge under section 8AAD of the Taxation Administration Act 1953 (Cth).