

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

4 – 6 June 2013

Question: BET 939

Topic: Government Payments of Accounts

Written: 17 June 2013

Senator BUSHBY asked:

939. 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)?
- 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?

**Financial year to date – 31 May 2013*

Answer:

939. For the period from 1 July 2012 to 31 May 2013, all payments, except one, to small business contractors/consultants were made within 30 calendar days of the receipt of a correctly rendered invoice in accordance with Government Policy.
- One invoice was paid late due to an oversight and payment was actioned immediately upon receipt of a late payment notice. No interest was paid as the amount of interest accrued was less than A\$10 (refer to Finance Circular No. 2012/12 – Procurement On-Time Payment Policy for small businesses).
 - The AOFM's standard contracts include a provision for an interest charge on late payment of invoices to small business. 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 for the period from 1 July 2012 to 31 May 2013.
 - 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).