

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

20-21 November 2013

Question: SBE 440

Topic: Government payments of accounts (ATO)

Written: 25 November 2013

Senator LUDWIG asked:

440.

- a) From 7 September 2013 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)?
- b) 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).
- c) 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?
- d) Where interest is being paid, what rate of interest is being paid and how is this rate determined?

Answer:

440.

- a) The ATO is unable to provide a breakdown of data from 7 September 2013. From 1 September to 30 November 2013, the ATO paid 94.01 per cent of supplier invoices, representing 98.17 per cent of the total value of invoices paid, within 30 days of receipt of a correctly rendered invoice.
- b) General administrative delays and disputes led to the delay in payment of some invoices. Time frames were:
 - 94.01 per cent of all supplier invoices were paid on time
 - 4.71 per cent of all supplier invoices were paid between 1 and 30 days late, representing 1.76 per cent of the total value of invoices paid
 - 1.28 per cent of all supplier invoices were paid 31 days or more late, representing 0.07 per cent 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.

- c) For accounts not paid within 30 days, interest is paid on overdue amounts payable to small businesses. From 1 July 2013 to 30 November 2013, the ATO paid \$5,382.66 interest to small businesses. In 2012-13, the ATO paid \$8,738.41 interest to small businesses.
- d) 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 per cent.