

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 198

Topic: Government Payments of Accounts (AOFM)

Hansard Page: Written

Senator Barnett asked:

1. Has the department/agency paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (ie. within 30 days)? If not, why not, and 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.)
2. 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?
3. Where interest is being paid, what rate of interest is being paid and how is this rate determined?

Answer:

1. The Australian Office of Financial Management (AOFM) pays its consultants and contractors in accordance with agreed payment terms or, where specific terms do not exist, within 30 calendar days of receiving a correctly rendered invoice.
2. The AOFM's contracts 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 time it is due and payable, the vendor is entitled to charge interest on the invoice. The AOFM has not made any such payments during the current or previous financial years.
3. 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*.