

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 201

Topic: Government Payments of Accounts (ASIC)

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. In the 2009/10 financial year, 98% of all invoices for Small Business suppliers were processed within 30 days. The remaining 2% of invoices were paid outside the 30 day terms.
2. In the small number of cases where invoices are paid outside the 30 day terms, our experience is that this is often due to incorrect invoices that need to be followed up and/or re-issued.

ASIC has not had any instances in the past two financial years where interest has been paid on overdue accounts.

3. If paid, interest would be calculated as per the Finance Circular 2008/10:

$$SI + UA \times GIC \times D$$

SI – Simple Interest amount

UA – Unpaid amount

GIC – General Interest Charge daily rate

D – The number of days from the day after payment was due up to and including the day that payment is made