

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 2012

30 May 2012

Question: BET 920

Topic: Government payment of accounts (ATO)

Hansard Page: Written (13/6/12)

Senator BUSHBY asked:

920. 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?

Answer:

920. From 1 July 2011 to 31 May 2012, the ATO paid 96% of supplier invoices (representing 98% of the total value of invoices paid) within 30 days of receipt of a correctly rendered invoice.
- (a) General administrative delays and disputes led to the delay in payment of some invoices. Time frames are:
- 96% of all supplier invoices were paid on time
 - 3% of all supplier invoices were paid between 1 and 30 days late (1% of the total value of invoices paid)
 - 1% of all supplier invoices were paid more than 31 days late (1% 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 identify and implement mitigation strategies to prevent further delays.

- (b) For accounts not paid within 30 days, interest is paid on overdue amounts payable to small businesses. From 1 July 2011 to 31 May 2012, the ATO paid \$7,975 interest to small businesses. In 2010-11, the ATO paid \$1,409 interest to small businesses. The increase in interest paid was due to a small number of large payments being delayed beyond 30 days, which resulted in higher interest being payable.

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- (c) Interest is paid at the General Interest Charge (GIC) rate. The GIC rate is updated quarterly and worked out 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%. The GIC rate is available on ato.gov.au by searching for 'general interest charge rates'.