

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

#### Treasury Portfolio

#### Additional Estimates

16 February 2012

**Question No:** AET 619 - 622

**Topic:** Government payment of accounts (ATO)

**Hansard Page:** Written

#### Senator Bushby asked:

619. 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)?
- a. If not, why not
620. What has been the timeframe for payment of accounts? Please provide a breakdown, average statistics etc. as appropriate, to give insights into how this issue is being approached.
621. 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?
622. Where interest is being paid, what rate of interest is being paid and how is this rate determined?

#### Answer:

619. For the period 01 July 2011 to 31 January 2012 the ATO paid 95.8% of supplier invoices (representing 98.6% of the total value of invoices paid) within 30 days of receipt of a correctly rendered invoice.

General administrative delays and disputes led to the delay in payment of some invoices.

620. For the period 01 July 2011 to 31 January 2012, the ATO paid 95.8% of supplier invoices (representing 98.6% of the total value of invoices paid) within 30 days of receipt of a correctly rendered invoice.

In regards to supplier payments paid more than 30 days after receipt of a correctly rendered invoice:

- 3.1% of all supplier invoices were paid between 1 and 30 days late (1.2% of the total value of invoices paid), and
- 1.1% of all supplier invoices were paid more than 31 days late (0.2% of the total value of invoices paid).

Late payments are monitored through a monthly integrity process. The ATO's senior executive has 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.

621. For accounts not paid within 30 days, interest is being paid on overdue amounts payable to small businesses.

For the period 1 July 2011 to 31 January 2012, the ATO paid \$3,494.81 in interest for late payments to small businesses. The volume of overdue payments was larger, mainly occurring during the Christmas/New Year period, resulting in late payment fees compared to last financial year. Improved arrangements to manage payments during staff absences on leave are being addressed.

For the 2010-11 financial year, the ATO paid \$1,409.44 in interest for late payments to small businesses.

Please note that the discrepancy between the late payment figures quoted for the 2010-11 financial year noted above and those provided in response to Questions SBT 66 and SBT 67 in October 2011 is due to the incorrect attribution of some of payments to the 2010-11 financial year. This error has been rectified.

622. 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 average yield of 90 day Bank Accepted Bills published by the Reserve Bank of Australia and an uplift factor of 7%.

The rate from 1 January 2012 to 30 March 2012 is 11.62%. Current and historical rates are published on the ATO website.