

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

26 February 2014

**Question: AET 1571**

**Topic: Payment of Bills (ATO)**

**Written: 6 March 2014**

**Senator WONG asked:**

1571) From 18 September to 28 February 2014, 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? 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)
- b) 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?
- c) Where interest is being paid, what rate of interest is being paid and how is this rate determined?

**Answer:**

1571)

- a) From 1 September 2013 to 28 February 2014, the ATO paid 93.64 per cent of supplier invoices, representing 98.29 per cent 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. Time frames were:

The average time for the ATO to pay its accounts is 2.40 days.

- The ATO paid 11009 invoices (93.64 percent) within 30 days of receipt of a correctly rendered invoice.
- The ATO paid 570 invoices (4.85 percent) between 31 and 60 days.
- The ATO paid 86 invoices (0.73 percent) between 61 and 90 days.
- The ATO paid 47 invoices (0.40 percent) between 91 and 120 days.
- The ATO paid 45 invoices (0.38 percent) over 120 days.

Progress on resolving overdue payments 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.

- b) For accounts not paid within 30 days, interest is paid on overdue amounts payable to small businesses. In 2013-14 to 28 February 2014, the ATO paid \$6380.51 interest to small businesses. In 2012-13, the ATO paid \$8,738.41 interest to small businesses.
- c) 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.