

**Senate Standing Committee on Economics**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Industry, Tourism and Resources Portfolio**  
Supplementary Budget Estimates 2006-2007, 1 November 2006

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**AGENCY/DEPARTMENT:** DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES  
**TOPIC:** GOVERNMENT DEPARTMENTS – PAYMENT OF SMALL BUSINESS  
INVOICES  
**REFERENCE:** HANSARD 1/11/06, PAGE E8

**QUESTION No.SI-3**  
(Hansard 1/11/06, p.E8)

**Senator O'Brien** asked about:

Do you have data on which government departments are doing better and which government departments are doing worse. Which ones are they?

I would appreciate it if you would provide the committee with the results of your survey. Can we have the previous one for comparison?

**ANSWER**

Table 1 shows the percentage of correctly rendered invoices (by number) paid within the 30 day payment period for each agency in scope for the last two survey periods. The survey reports on correctly rendered invoices for goods and services to specification received during the survey period for non-administered payments up to and including \$5 million. Data for most agencies is for all payments – i.e. agency systems are not always able to identify Small to Medium Enterprises. Although payments to government agencies were excluded from the scope of the survey in 2003, some agencies are unable to separately identify these payments.

Note: This information is an extract from Parliamentary Question No. 4751 asked by Mr Chris Bowen on 11 October 2006.

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**Table 1: Departments and agencies performance: Jan 05 – June 05, July 05 – Dec 05**

Agency (sorted alphabetically by portfolio)	Jan- June 05	July- Dec 05
<b>Attorney General's Department<sup>1</sup></b>	86.5	83.6
Australian Customs Service	90.1	92.6
Australian Federal Police	92.7	92.7
Family Court of Australia	96.5	98.2
<b>Department of Agriculture, Fisheries and Forestry</b>	99.7	99.7
<b>Department of Communications, Information Technology and the Arts<sup>2</sup></b>	93.7	95.3
National Archives of Australia	99.7	99.9
<b>Department of Defence<sup>3</sup></b>	85.8	86.4
<b>Department of Education, Science and Training</b>	99.6	99.3
Australian Research Council	99.4	99.7
<b>Department of Employment and Workplace Relations</b>	99.0	99.0
<b>Department of Environment and Heritage</b>	94.2	95.2
Greenhouse Office	<i>n.a.</i>	<i>n.a.</i>
Bureau of Meteorology	91.6	92.4
<b>Department of Families, Community Services and Indigenous Affairs</b>	76.5	99.7
Social Security Appeals Tribunal	100.0	100.0
<b>Department of Finance and Administration</b>	96.9	97.3
Australian Electoral Commission	92.5	93.0
<b>Department of Health and Ageing</b>	84.0	91.8
<b>Department of Foreign Affairs and Trade</b>	91.1	91.9
<b>Department of Human Services</b>	95.1	96.9
Centrelink <sup>4</sup>	87.7	85.9
Child Support Agency	100.0	100.0
<b>Department of Immigration and Multicultural Affairs<sup>5</sup></b>	92.1	79.0
<b>Department of Industry, Tourism and Resources</b>	98.2	99.6
<b>Department of Prime Minister and Cabinet</b>	96.6	97.4
<b>Department of Transport and Regional Services</b>	96.6	97.4
National Capital Authority	90.5	96.0
<b>Department of Treasury</b>	98.0	98.8
Australian Bureau of Statistics <sup>6</sup>	91.4	93.5
Australian Taxation Office	93.5	93.9
<b>Department of Veterans' Affairs</b>	95.8	95.2

**Footnotes:**

**1 Attorney General's Department**

The Attorney-General's Department has been actively pursuing a number of measures to improve the payment performance of the Department. These include improved internal reporting, increased use of credit cards, an internal audit of the accounts processing function including benchmarking against other Commonwealth agencies and ongoing internal assessments of business practices and processes to identify efficiencies and process improvements.

## **2 Department of Communications, Information Technology and the Arts**

DCITA has implemented a field in its financial management system to identify small and medium/large suppliers. Reporting from January 2005 is based only on payments to small business.

## **3 Department of Defence**

Defence recognises the need to ensure due date performance for payments to small business is at or above government benchmarks. To this end, the department has committed to a sustained focus on achieving and maintaining this position through a range of measures, namely:

- Improved staff training;
- Streamlined business processes;
- Supporting vendors to facilitate the payment process;
- Increasing the use of credit cards as a means of payment; and
- Enhanced monitoring of payment performance.

## **4 Centrelink**

Centrelink considers its performance against this Key Performance Indicator (KPI) is understated for 2005 due to a system problem whereby the entry in the 'invoice due date' field was incorrectly calculated. For each of the reporting periods in 2005 the correct figure would have been higher than 90%. The system problem has now been addressed and as a result the reported KPI performance has improved for 2006.

## **5 Department of Immigration and Multicultural Affairs**

Over the past 18 months, across the 2004-05 and 2005-06 financial years, DIMA has undergone a significant reform programme to address issues identified in reviews of the department's operations undertaken by Mr Mick Palmer and Mr Neil Comrie. This reform has led to changes in structure, processes and procedures in a number of areas. Two of these – detention and IT - cover the major contracts managed by the department.

The degree of change has led, to some extent, to delays in the administration of accounts payment. Given the structural reform process currently underway, it is expected that performance in this area will improve during the first half of 2006-07 as the new arrangements are fully implemented. Early indications are showing that, while there was some short term impact on the terms of trade, the trend is now correcting and the department will be back within tolerance by the end of the 2006 calendar year.

In addition, DIMA has been required to work closely with suppliers to correct disputed invoices. The negotiation process around this has contributed to some delays as DIMA has sought to balance quality and timeliness, ensuring that all payments for services rendered are accurate.

## **6 Australian Bureau of Statistics**

The figures presented by the ABS understate actual performance as the determination of the payment timeframe is based upon the suppliers invoice date, not from agreement of a valid invoice, which in some cases is not the same thing (e.g. dispute over the goods and or services).