

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Supplementary Budget Estimates Hearing 2010-11
20 October 2010

AGENCY/DEPARTMENT: INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: Government Payment of Accounts

REFERENCE: Written Question–Senator Colbeck

QUESTION No: SI-50

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, 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.

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

The Procurement 30 Day Payment Policy for Small Business (‘the policy’) outlined in Finance Circular 2008/10 applies to *Financial Management and Accountability Act* agencies. The department’s payment statistics in relation to this policy for the 2009-10 financial year are outlined below:

1 July 2009 to 30 June 2010	
Total invoices processed	68,841
Total number paid within 30 days	68,272
Total percentage paid within 30 days	99.17%
Total number not paid within 30 days	569
Total percentage not paid within 30 days	0.83%

The Department of Innovation, Industry, Science and Research strives to meet 100 per cent of payments in line with the policy. Late payments are primarily the result of administrative delays, such as non-timely confirmation of receipt of goods or services before invoices are passed to the processing phase. The department continuously reviews the payment process and causes of delay and as a result has recently implemented a 14 day payment default period to further facilitate the achievement of its 100 per cent target.

The policy supports the payment of interest on amounts not paid in line with the policy. Interest is payable at the general interest charge rate (available from the Australian Tax Office website), but only on receipt of a correctly rendered invoice for the interest.

To date, no invoices have been paid for interest on amounts not paid in line with the policy.