

**SENATE STANDING COMMITTEE ON ECONOMICS QUESTION**  
**(Supplementary Budget Estimates 20 October – 21 October)**

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**Question: SBT 106**

**Topic: Government Payment of Accounts**

Senator Bushby asked:

1. 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.)
2. 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?
3. Where interest is being paid, what rate of interest is being paid and how is this rate determined?

**Answer:**

1. The ATO paid 93.6 per cent of all accounts within the Government's 30 day payment policy in the 2009-10 financial year.

Of the 6.4 per cent of accounts that were paid late:

- 4.6 per cent of accounts were paid 1-10 days late, and
- 1.8 per cent of accounts were paid >10 days late.

Accounts can be paid late for a number of reasons including incomplete paperwork and delays in the invoice being sent to accounts for payment.

Late payments are analysed to establish the reason for the late payment and to determine corrective action where necessary. Corrective action may include contacting the relevant area within the ATO and reminding them to submit their paperwork on time and complete processing (i.e. stamping the date of receipt of the invoice). The ATO also monitors overall performance of areas within the ATO and require them to provide reasons in writing should their payment performance show an adverse trend for 3 consecutive months.

2. For accounts for small business not paid within 30 days, interest is paid on overdue amounts. The amount paid for the 2009-10 financial year was \$1,867.14.
3. The interest paid is set at the General Interest Rate (GIC) which is reviewed on a quarterly basis. The rate used in the first quarter of 2010-11 was a daily rate of 0.03232877.