

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

19 – 20 October 2011

Question No: SBT 380-381

Topic: Government Payment of Accounts

Hansard Page: Written

Senator Bushby asked:

380.

For the year 2010-11, did 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,

a) 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, was 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?

381.

For the FYTD, 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,

a) 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?

380

Answer.

In 2010-11, ASIC identified that 87% of invoices for contractors/consultants were processed within Government policy terms of 30 days. The remaining 13% were paid outside the 30 day terms. Most delays in paying invoices beyond the 30 day terms were due to the receipt of incorrect or incomplete invoices and/or differences in respect of the amounts charged or services provided.

	Paid within 30 days (paid on time)	Paid within 31-60 days (up to 30 days late)	Not paid within 60 days (30 days or more late)	Total
	87%	8%	5%	100%

b) No interest was paid on overdue accounts.

c) Not applicable.

381.

Answer

In the FYTD year (as at 31 October 2011), ASIC has identified 85% of invoices for contractors/consultants were processed within Government policy terms of 30 days. The remaining 15% were paid outside of the 30 day terms.

Delays in payment of invoices are associated with the following reasons, and are investigated where appropriate to improve invoice throughput and processing.

- Incorrect invoices
 - Suppliers fail to issue a valid tax invoice with all the required details
 - ASIC implemented a new finance system on 15 August which means that the purchase order number must be quoted on each invoice. Suppliers are still coming to terms with the change, which has impacted on processing invoices on time.

As part of the rollout of the new finance system, suppliers have been asked to send all invoices to a central location for scanning. This is designed to reduce any delays in payment. ASIC continues to input 28 day term of payment instead of 30 days to assist in minimising delays.

a) Average Statistics

FYTD 1 July 2011 to 31 October 2011

	Paid within 30 days (paid on time)	Paid within 31-60 days (up to 30 days late)	Not paid within 60 days (30 days or more late)	Total
1 July 2011 -31 October 2011				
% of invoices by number	85%	10%	5%	100%

b) No interest has been paid on overdue accounts.