

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**ADDITIONAL BUDGET ESTIMATES 2011-2012**

Finance and Deregulation Portfolio

**Department/Agency:** Department of Finance and Deregulation

**Outcome/Program:** 2 /1.1

**Topic:** Interest payments on late invoices

**Senator:** Ryan

**Question reference number:** F16

**Type of question:** Hansard, F&PA Committee, page 70, 14 February 2012

**Date set by the committee for the return of answer:** Friday, 30 March 2012

**Number of pages:** 1

**Question:**

**Senator RYAN:** Could you outline for me, on notice, the process by which a small business would go about claiming interest for late payment of an invoice and whether or not it is consistent across all departments and agencies, because I am not sure if it would be exactly the same for each? If it is not consistent across all, could you explain why that might not be the case?

**Mr Grant:** I will not do it for all departments, but I will try and talk to the top 10 and get that information. Otherwise I have over 100 to get advice from.

**Senator RYAN:** I appreciate that, but the departments that have the largest numbers of invoices or the largest departments.

**Senator Wong:** The top 10 in terms of non-compliance.

**Answer:**

Broadly, the process a small business would have to follow to claim interest on a late payment of an invoice is as follows:

- The agency must include clauses in relation to the 30 day payment policy in the procurement contract.
- Following the late payment of an invoice a small business must calculate the simple interest payable, based on the general interest charge rate available on the Australian Taxation Office website, and submit a correctly rendered invoice for the amount of interest calculated. Note that interest is not payable on an amount under \$10.
- The agency must pay the interest on receipt of a correctly rendered invoice for the interest.