

## Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Additional Estimates Hearing – May 2010

Department of Finance and Deregulation

Finance and Deregulation Portfolio

**Outcome General, Program General**

**Topic: Payments to Contractors/Consultants**

**Question reference number: F92**

**Type of Question: Written**

**Date set by the committee for the return of answer: 9 July 2010**

**Number of Pages: 2**

**Senator Ryan asked:**

- a) Has the portfolio/agency paid its accounts to contractors/consultants 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.
- 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?
- c) Where interest is being paid, what rate of interest is being paid and how is this rate determined?

**Answer:**

- a) **Payments to contractors / consultants for the Period 1 July 2009 - 27 May 2010**

<b>Department/ Agency</b>	<b>Payment details and reasons for delays</b>
Department of Finance and Deregulation	The Department of Finance and Deregulation's financial system does not track information on payments specifically related to contractors/consultants, and cannot readily identify this information. However, Finance does track payments made to small and medium businesses. For the 2008-09 year, Finance paid 98.3% of invoices from small and medium businesses within 30 days. Finance's policy is that all invoices be paid within 30 days. We therefore expect that invoices would be paid to contractors/consultants at a similar rate as for small and medium businesses.
AEC	AEC has achieved payment within 30 days 93.3 per cent of the time. The reason for most delays is the time it can take for supplier invoices to reach the AEC's centralised processing area from the widespread network of the AEC offices.
ARIA	ARIA pays accounts once each week and schedules all payments to occur on or before the invoice terms.
ComSuper	ComSuper has achieved payment within 30 days 97.3 per cent of the time. All late payments resulted from administrative process delays within ComSuper.

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Future Fund	The Future Fund's policy and practice is to pay all suppliers on receipt of a valid invoice. There is the odd circumstance where the Agency needs to query items invoiced and in these rare circumstances payments may exceed the 30 day period. In all cases any delay in payment is communicated and discussed with suppliers.
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b & c) No interest has been paid on overdue amounts to contractors/consultants.