

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Prime Minister and Cabinet Portfolio**

**Department of Regional Australia, Regional Development and Local Government**

**Supplementary Budget Estimates 17-20 October 2011**

**Question: 166**

**Topic: Government Payment of Accounts - 2010-11**

**Asked By: Senator RYAN**

**Type of Question: Written**

**Date set by the committee for the return of answer: 2 December 2011**

**Number of pages: 2**

- a) For the year 2010-11, did the department/agency pay 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.)
- 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?

**Answer:**

- a) For the period 1 October 2010 – 30 June 2011, the Department paid 96 per cent of invoices from small businesses within 30 days of receipt of a correctly rendered invoice. This is greater than the 90 per cent benchmark set in the Survey of Australian Government Payments to Small Business that is used for the report to the Government on effectiveness of the 30 Day Payment Policy for Small Business.
- b) Interest is payable where the amount of interest is greater than \$10 and the service provider has issued a correctly rendered invoice for the interest. The Department paid \$219.95 interest on overdue accounts during the period 1 October 2010 – 30 June 2011. The Department was established on 14 September 2010, therefore comparatives for prior periods are not available.

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- c) Interest paid accords with the requirements of Finance Circular 2008/10. The penalty arrangements for late payments are based upon the uniform general interest charge rate. Section 8AAD of the *Taxation Administration Act 1953* specifies how the rate of the charge is calculated

[www.ato.gov.au/taxprofessionals/content.aspx?doc=/content/2832.htm](http://www.ato.gov.au/taxprofessionals/content.aspx?doc=/content/2832.htm).