

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: 167

Topic: Government Payment of Accounts - FYTD

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 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, 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) For the period 1 July 2011 – 31 October 2011, the Department has paid 97.3 per cent of its 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.

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- b) Interest is payable to small business where the amount of interest is greater than \$10 and the contractor has issued a correctly rendered invoice for the interest. The Department has not paid any interest on overdue accounts to small business during the period 1 July 2010 – 31 October 2011.
- c) In accordance 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.