

## QUESTION TAKEN ON NOTICE

### BUDGET ESTIMATES HEARING: 27 – 28 May 2013

#### IMMIGRATION AND CITIZENSHIP PORTFOLIO

#### (BE13/0522) PROGRAM – Internal Product

Senator Humphries (Written) asked:

For this financial year to date, 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? Provide details, including 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). 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? Where interest is being paid, what rate of interest is being paid and how is this rate determined?

*Answer:*

In the financial year to date 31 May 2013, 84.34 per cent of all payments were made within government policy of 30 days.

<b>Payment Days</b>	<b>No. of invoices</b>	<b>% of payments</b>
Paid within 30 days	88 728	84.34
Paid within 31-44 days	12 663	12.04
Paid within 45-60 days	1 246	1.18
Paid on or after 61 days	2 569	2.44
<b>Total Number of Invoices</b>	<b>105 206</b>	<b>100.0</b>

The main reasons some payments are not made within the 30 day terms of trade are:

- Invoices in dispute are not paid until resolution;
- Invoices can arrive late or be lost in transit;
- Invoices sent to Departmental officers in remote locations for checking; and verification sometimes take longer than 30 days to be finalised.

The Department has not paid any penalty interest on late payments to any business in the previous financial years.

Finance Circular 2012/02 Procurement On-Time Payment Policy for Small Business which took effect on 1 September 2012, requires a self-generated payment of interest for all small business invoices that are overdue by more

than 60 days. For all other late payments to small business interest is payable upon request by vendor.

For the current financial year to 31 May 2013, the Department has paid \$193.92 in total for the overdue amounts to small business.

The general interest charge rate is determined under section 8AAD of the Taxation Administration Act 1953 on the day that payment is due. Details of the General Interest Charge rate are available from the Australian Taxation Office website.

*MRT-RRT:*

In the financial year to 12 June 2013, the MRT-RRT paid all accounts in accordance with Government policy in terms of time for payment.