



Australian Government

Department of Jobs and Small Business

Government Pay On-Time Survey Performance Report 2017-18

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The document must be attributed as the Government Pay On-Time Survey Performance Report 2017-18.

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Overview

This report contains the results of the Government Pay On-Time Survey for the 2017-18 financial year. The survey has been conducted since 2002 on a voluntary basis, and collects information from agencies about their performance against the **Supplier Pay On-Time or Pay Interest Policy** (the Pay On-Time policy)¹.

Since 1 July 2014, the Pay On-Time policy has applied to non-corporate Commonwealth entities ('agencies') under the *Public Governance, Performance and Accountability Act 2013*. Previous surveys were conducted to monitor compliance with the **Procurement On-Time Payment Policy for Small Business** (2012 to 2014) and the **Procurement 30 Day Payment Policy for Small Business** (2001 to 2012).

There has been significant improvement in the proportion of low value invoices paid within 30 days. In 2002, only 82 per cent of invoices for contracts valued at \$1 million or less were paid on time; however, results from the 2017-18 survey indicate that Government agencies are paying almost 97 per cent of low value invoices on time.

In November 2017, the Government released its response to the Australian Small Business and Family Enterprise Ombudsman's (ASBFEOs) report into payment times and practices. The Government agreed to amend its Pay On-Time policy to reduce its payment times to business to demonstrate greater leadership and set an example of best practice.

From 1 July 2019, agencies must make a payment to businesses for contracts valued at \$1 million or less within 20 calendar days. Where payment is not made within 20 calendar days and the amount of interest accrued on outstanding payments exceeds \$100, the agency must pay interest to the business on the outstanding amount.

In addition, all agencies will be required to report payment performance against the Pay On-Time policy from 2019.

The survey results also show that a significant number of invoices are being paid much faster than the current government policy and industry norm of 30 days, with 71.2 per cent of invoices for contracts which are valued at \$1 million or less paid within 20 calendar days. This lays a solid platform as agencies transition to the reduced payment time of 20 calendar days from 1 July 2019.

¹ www.finance.gov.au/resource-management/spending/pay-on-time-policy/

Survey of Australian Government agencies

This survey captured data on the performance of Australian Government agencies against the Pay On-Time policy.

Survey methodology

The survey requested data relating to invoices paid in full during the 2017-18 financial year, including:

- the total number and value of invoices for contracts under \$1 million paid;
- the total number and value of these invoices that were paid within 20 days;
- the total number and value of these invoices that were paid within 30 days; and
- the total value of interest paid on late invoices.

Results

Participants

94 agencies were invited to provide data on payment time performance. Of these, 68 agencies responded². Whilst this was the same number of responses to the survey for the 2016-17 financial year, 59 agencies responded to both surveys.

There was a large increase in the number and value of invoices reported, with an 80 per cent increase in the total number of invoices from the 2016-17 financial year survey (from slightly lower than 570,000 to more than 1 million) and a 77 per cent increase in the total value of invoices from the 2016-17 financial year survey (from \$3.2 billion to \$5.7 billion).

The largest payers of contracts under \$1 million (both by number and value of invoices) were the Department of Defence and the Department of Home Affairs. The Department of Defence did not respond to the 2016-17 financial year survey.

Compliance with the Pay On-Time policy

Based on the aggregated data reported by surveyed Government agencies:

- By number, 96.8 per cent of invoices on contracts valued under \$1 million were paid within 30 days in 2017-18. In 2016-17, 95.9 per cent of these invoices were paid within 30 days.
- By value, 91.4 per cent of invoices on contracts valued under \$1 million were paid within 30 days in 2017-18. In 2016-17, 93.5 per cent of these invoices were paid within 30 days.

² 68 out of 95 invited agencies responded to the last voluntary survey for the 2016-17 financial year.

Results for payment within 20 days

- By number, 71.2 per cent of invoices on contracts valued under \$1 million were paid within 20 days in 2017-18. In 2016-17, 57.5 per cent of these invoices were paid within 20 days.
- By value, 38.8 per cent of invoices on contracts valued under \$1 million were paid within 20 days in 2017-18. In 2016-17, 54.7 per cent of these invoices were paid within 20 days.

Table 1 below outlines the number and value of invoices paid within 20 days, within 30 days, and after 30 days.

Table 1: Invoices on contracts valued under \$1 million received in 2017-18:

Time	Number of invoices	Value of invoices
Paid within 20 days	726,864	\$2,216,181,814.60
Paid within 30 days	989,033	\$5,223,431,543.76
Paid late (after 30 days)	32,296	\$490,998,066.29
Total invoices	1,021,329	\$5,714,429,610.05

Note: The total in Table 1, Total invoices is the sum of invoices Paid within 30 days and those Paid late (after 30 days). Invoices Paid within 20 days are captured in the Paid within 30 days figure.

Table 2 below shows the percentage of invoices (by number) paid within 20 and 30 days by each Government agency which responded to the survey.

In 2017-18, 62 of the 68 responding agencies paid more than 90 per cent of invoices within 30 days. In addition, 40 agencies paid more than 70 per cent of invoices within 20 days. Table 2 shows the percentage of invoices (by number) paid within 20 and 30 days by each Government agency which responded to the survey.

Of the 59 agencies who responded to the survey for 2016-17 and 2017-18:

- 30 agencies had an increase in the number of invoices and 35 agencies had an increase in the value of invoices paid within 20 days.
- 29 agencies had an increase in the number of invoices and 20 agencies had an increase in the value of invoices paid within 30 days.

There is a clear difference between the number of invoices paid within 20 days and the value of invoices paid within 20 days. There is no definitive reason for this result, however, anecdotal evidence suggests that low-valued invoices were paid more efficiently because regular, low-valued invoices from repeat suppliers require less resources to process.

The reduction in the value of invoices paid within 20 days as compared to the 2016-17 financial year can be largely attributed to the different mix of agencies and procurement practices captured in the survey.

Payment of interest in accordance with the Pay On-Time policy

Under the Pay On-Time policy, interest is payable by a Government agency on any late payment if the amount of interest accrued on outstanding payments is greater than \$100.

In 2017-18, the total amount of interest paid on late invoices by Government agencies that responded was \$264,906.11. This marks a decrease from the amount of interest reported as paid across the 2016-17 financial year of \$317,702.50.

Table 2: Percentage of invoices paid on time by number by each Government agency

Agency	2017-18 Percentage of invoices paid within 20 days by number (%)	2017-18 Percentage of invoices paid within 30 days by number (%)
Asbestos Safety and Eradication Agency	93.1	97.2
Australian Aged Care Quality Agency	69.6	91.4
Australian Building and Construction Commission³	26.5	65.1
Australian Bureau of Statistics	94.5	97.1
Australian Centre for International Agricultural Research	100	100
Australian Communications and Media Authority*	43.1	98.3
Australian Commission for Law Enforcement Integrity	71.4	96.7
Australian Competition and Consumer Commission	74.0	94.7
Australian Electoral Commission	84.2	91.7
Australian Federal Police	98.6	99.6
Australian Financial Security Authority	97.9	98.9
Australian Institute of Family Studies	93.6	98.3
Australian Office of Financial Management	89.5	97.5
Australian Prudential Regulation Authority⁴	60.9	78.7
Australian Public Service Commission	54.5	98.3
Australian Research Council	91.3	95.8
Australian Securities and Investment Commission*	-	96.4
Australian Skills Quality Authority (National Vocational Education and Training Regulator)	39.5	99.0
Australian Taxation Office*	7.8	98.4
Australian Trade and Investment Commission (Austrade)	-	94.5
Australian Transaction Reports and Analysis Centre (AUSTRAC)	92.3	97.1
Australian Transport Safety Bureau	70.8	89.8
Climate Change Authority	80.0	100.0
Commonwealth Grants Commission	100.0	100.0
Department of Agriculture and Water Resources	96.4	97.6
Department of Communications and the Arts	81.9	90.8
Department of Defence*	57.8	95.3
Department of Education and Training	36.5	90.3
Department of Finance	56.5	96.1
Department of Foreign Affairs and Trade	64.1	95.8
Department of Health	39.2	89.6

*Agency did not participate in 2016-17 financial year survey.

³ The Australian Building and Construction Commission noted that many of the payments made over 30 days relate to a group of invoices that are likely subject to review and dispute. The invoice date may be well before an agreed, correct invoice is received.

⁴ The Australian Prudential Regulation Authority noted that their reporting system is based on invoice date rather than receipt of invoice. There is a body of work underway to centralise recording of invoices and ensure that all payments to suppliers are made within the required timeframe.

Agency	2017-18 Percentage of invoices paid within 20 days by number (%)	2017-18 Percentage of invoices paid within 30 days by number (%)
Department of Home Affairs	83.8	97.2
Department of Human Services	44.6	98.6
Department of Industry, Innovation and Science	96.3	99.1
Department of Infrastructure, Regional Development and Cities	99.8	99.9
Department of Jobs and Small Business	40.8	93.2
Department of Parliamentary Services	83.9	92.6
Department of Social Services	62.0	99.4
Department of the Environment and Energy	83.1	96.5
Department of the House of Representatives	56.2	93.1
Department of the Prime Minister and Cabinet	78.6	94.2
Department of the Senate	64.9	98.4
Department of the Treasury	87.5	99.3
Department of Veterans' Affairs	75.1	96.1
Digital Transformation Agency	57.6	88.0
Federal Court of Australia	81.0	97.4
Future Fund Management Agency	61.3	81.6
Geoscience Australia	92.0	95.7
Infrastructure and Project Financing Agency*	81.6	92.9
Inspector-General of Taxation	72.2	100.0
IP Australia	20.1	94.0
National Blood Authority	81.9	99.6
National Capital Authority	47.4	95.0
National Competition Council	100.0	100.0
National Health and Medical Research Council	31.9	97.2
Office of Parliamentary Counsel	97.5	99.6
Office of the Audit and Assurance Standards Board*	100.0	100.0
Office of the Australian Accounting Standards Board*	80.6	93.9
Office of the Australian Information Commissioner*	44.2	92.3
Office of the Fair Work Ombudsman	39.2	100.0
Office of the Inspector-General of Intelligence and Security	77.4	99.2
Office of the Official Secretary of the Governor-General	-	100.0
Productivity Commission	96.3	100.0
Professional Services Review	98.2	99.8
Royal Australian Mint	100.0	100.0
Safe Work Australia	86.5	94.5
Tertiary Education Quality and Standards Agency*	54.5	99.3
Workplace Gender Equality Agency	92.2	100.0
Total	71.2	96.8