**Australian Government Pay On-Time Survey**

Performance Report

1 July 2019 – 30 June 2020

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Contents

[**Australian Government Pay On-Time Survey** 0](#_Toc57106678)

[Copyright 1](#_Toc57106679)

[Disclaimer 1](#_Toc57106680)

[Overview 3](#_Toc57106681)

[Background 3](#_Toc57106682)

[Survey of Australian Government agencies 4](#_Toc57106683)

[Survey methodology 4](#_Toc57106684)

[Results 4](#_Toc57106685)

[Participants 4](#_Toc57106686)

[Payment of interest in accordance with the Pay On-Time policy 5](#_Toc57106687)

[Results for payment within 20 days 5](#_Toc57106688)

[Results for payment within 30 days 5](#_Toc57106689)

# Overview

This report contains the results of the Australian Government Pay On-Time Survey for the 2019–20 financial year. The survey has been conducted annually since 2002 and collects information from Government agencies about their performance against the Department of Finance [RMG-417 Supplier Pay On-Time or Pay Interest Policy](https://www.finance.gov.au/publications/resource-management-guides-rmgs/supplier-pay-time-or-pay-interest-policy-rmg-417)(the Pay On-Time policy)[[1]](#footnote-2).

Under the Pay On-Time policy for the 2019–20 financial year, non-corporate Commonwealth entities[[2]](#footnote-3) (NCEs) were required to pay invoices for contracts valued at $1 million or less within 20 calendar days. Where payment was not made in full within 20 calendar days, NCEs were required to pay interest to the supplier on the outstanding amount, where the amount of interest accrued was more than $100 (GST inclusive). As of 2019, survey participation is compulsory for all NCEs.

The 2019–20 survey shows that there has been significant improvement in the proportion of low value (less than $1 million) invoices paid on time. At the outset of this policy in 2002, only 82 per cent of invoices for low value contracts were paid on time, which was at the time 30 calendar days. Results from the 2019–20 survey show that NCEs (referred to as ‘agencies’ from herein) are now paying almost 90.6 per cent of low value invoices on time, that is, within 20 calendar days.

For the 2019–20 financial year, performance has improved marginally for 30 day payments, and significantly for 20 day payments in comparison to the 2018–19 financial year. In 2019–20 the proportion of total invoices paid within 30 days increased by 3.0 percentage points, from 93.9 per cent to 96.9 per cent. The proportion of total invoices paid within 20 days greatly increased by 28.9 percentage points, from 61.7 per cent to 90.6 per cent.

These improvements can be in part explained by the Pay On-Time policy changing as of 1 July 2019 to stipulate 20 day payment times for low value contracts, as opposed to the previous 30 day requirement. In addition, agencies that first started reporting in the 2018–19 survey have significantly improved their payment time performance.

In conjunction with the Pay On-Time policy, from 1 January 2020 the Government began implementing an electronic invoicing framework. E-invoicing is the automated direct exchange of invoices between the supplier’s and buyer’s software. Agencies must pay valid e‑invoices for contracts valued up to $1 million within five days or pay interest. As more business adopt e-invoicing, it is anticipated that the 2020–21 Pay On-Time Survey will see an increase in the percentage of invoices paid faster than 20 days.

## Background

Since 1 July 2014, the Pay On-Time policy has applied to non-corporate Commonwealth entities under the [*Public Governance, Performance and Accountability Act 2013*](https://www.finance.gov.au/government/managing-commonwealth-resources/pgpa-legislation-associated-instruments-policies). Prior to 1 July 2014, surveys were conducted to monitor compliance with the previous Procurement On-Time Payment Policy for Small Business(2012 to 2014) and the Procurement 30 Day Payment Policy for Small Business(2001 to 2012).

# Survey of Australian Government agencies

This Pay On-Time Survey captured data on the performance of Australian Government agencies against the Pay On-Time policy for the 2019–20 financial year.

## Survey methodology

The survey requested data from agencies relating to invoices paid in full during the 2019–20 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.
* The total value of interest paid on late invoices.
* Reasons for any late payments.
* e-Invoicing capability

# Results

## Participants

92 agencies provided data on their 2019–20 payment time performance (100 per cent response rate). It is important to note that for the 2019–20 reporting period paying after 20 days is considered paying late, whereas in 2018-19 after 30 days was considered late. The comparisons of late payments below are made according to the benchmarks applied to each year respectively.

There was an increase in both the number and value of invoices reported, as well as an increase in both the number and value of invoices paid late. Specifically, there was a 5 per cent increase in the total number of invoices (from 978,917 to 1,031,908), and a 31 per cent increase in the total value compared to the 2018–19 survey ($7.14 billion to $9.38 billion).

As a proportion of the total number of invoices, 9 per cent were paid late[[3]](#footnote-4) in 2019-20 (96,926), increasing from last year’s 6 per cent[[4]](#footnote-5) (60,190). Similarly, as a proportion of the total value of invoices, 15 per cent were paid late in 2019–20 ($1.40 billion), compared to last year’s 11 per cent ($780 million).

The largest payers of contracts under $1 million by both number of invoices and value were the Department of Defence and the Australian Taxation Office.

Four out of 92 agencies indicated e-invoicing capability.

## 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 2019–20, agencies that responded to the survey reported $1.2 million in interest paid on late invoices. This is a 163 per cent increase from 2018–19’s interest paid ($438,090). Some agencies reported that a number of contracts had 30 day payment terms prior to 1 July 2019, which overlapped the 20 day requirement. We expect that as those contracts end that the 20 day payment results will improve further and the need for interest payments will reduce.

## Results for payment within 20 days

Based on the aggregated data reported by surveyed agencies, compliance with the Pay On-Time policy of payment within 20 days was as follows:

* By number of invoices, 90.6 per cent (or 934,982) of invoices on contracts valued under $1 million were paid within 20 days in 2019–20. In 2018–19, 61.7 per cent (or 604,222) of invoices were paid within 20 days.
* By dollar value, 85.2 per cent (or $7.99 billion) of the total value of invoices on contracts valued under $1 million was paid within 20 days in 2019–20. In 2018–19, 42.9 per cent (or $3.06 billion) of the total value of invoices was paid within 20 days.

## Results for payment within 30 days

Although the benchmark for low value contract payment time as of July 1 2019 is 20 days, it is useful to consider a 30 day benchmark for the 2019–20 data, as a comparison to last year’s survey and its 30 day payment time benchmark:

* By number of invoices, 96.9 per cent (or 999,650) of invoices on contracts valued under $1 million were paid within 30 days in 2019–20. In 2018–19, 93.9 per cent (or 918,727) of invoices were paid within 30 days.
* By dollar value, 95.2 per cent (or $8.93 billion) of the total value invoices on contracts valued under $1 million was paid within 30 days in 2019–20. In 2018–19, 89.1 per cent (or $6.36 billion) of the total value of invoices was paid within 30 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 2019-20

|  |  |  |
| --- | --- | --- |
|  | Number of invoices | Value of invoices |
| Paid within 20 days | **934,982** | **$7,985,275,279** |
| Paid within 30 days | **999,650** | **$8,933,197,783** |
| Paid late (after 20 days) | **96,926** | **$1,396,187,600** |
| Total invoices | **1,031,908** | **$9,381,462,879** |

**Note:** The total in Table 1, *Total invoices,* is the sum of invoices *Paid within 30 days* and those *Paid late (after 20 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 that responded to the survey.

In 2019–20, 76 of the 92 responding agencies paid more than 90 per cent of invoices within 30 days. In addition, 48 agencies paid more than 90 per cent of invoices within 20 days.

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

| **Agency** | **2019-20 Percentage of invoices paid within 20 days by number** | **2019-20 Percentage of invoices paid within 30 days by number** |
| --- | --- | --- |
| **Administrative Appeals Tribunal** | 79.4% | 88.1% |
| **Aged Care Quality & Safety Commission** | 99.3% | 99.8% |
| **Asbestos Safety and Eradication Agency** | 100.0% | 100.0% |
| **Attorney-General's Department** | 93.6% | 98.8% |
| **Australian Building and Construction Commission** | 42.4% | 100.0% |
| **Australian Bureau of Statistics** | 97.7% | 99.0% |
| **Australian Centre for International Agricultural Research** | 86.2% | 93.1% |
| **Australian Commission for Law Enforcement Integrity** | 92.2% | 97.9% |
| **Australian Communications and Media Authority (ACMA)** | 94.8% | 97.9% |
| **Australian Competition and Consumer Commission** | 83.3% | 91.2% |
| **Australian Criminal Intelligence Commission** | 90.7% | 95.7% |
| **Australian Electoral Commission** | 69.0% | 76.7% |
| **Australian Federal Police (AFP)** | 91.5% | 97.0% |
| **Australian Financial Security Authority** | 95.9% | 97.9% |
| **Australian Fisheries Management Authority** | 87.0% | 91.9% |
| **Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS)** | 59.9% | 99.3% |
| **Australian Institute of Criminology** | 83.8% | 88.1% |
| **Australian Institute of Family Studies** | 99.4% | 100.0% |
| **Australian National Audit Office** | 64.8% | 77.8% |
| **Australian Office of Financial Management** | 94.8% | 98.0% |
| **Australian Prudential Regulation Authority** | 55.5% | 76.6% |
| **Australian Public Service Commission** | 92.8% | 95.9% |
| **Australian Radiation Protection and Nuclear Safety Agency** | 94.0% | 98.9% |
| **Australian Research Council** | 93.5% | 96.6% |
| **Australian Securities and Investment Commission** | 93.8% | 99.2% |
| **Australian Security Intelligence Organisation** | 80.6% | 89.9% |
| **Australian Skills Quality Authority (National Vocational Education and Training Regulator)** | 97.4% | 98.5% |
| **Australian Sports Anti-Doping Authority** | 70.5% | 83.9% |
| **Australian Taxation Office** | 78.4% | 98.0% |
| **Australian Trade and Investment Commission (Austrade)** | 79.4% | 88.7% |
| **Australian Transaction Reports and Analysis Centre (AUSTRAC)** | 91.6% | 96.8% |
| **Australian Transport Safety Bureau** | 74.5% | 85.0% |
| **Bureau of Meteorology** | 66.1% | 98.6% |
| **Cancer Australia** | 80.1% | 100.0% |
| **Clean Energy Regulator** | 91.5% | 96.6% |
| **Climate Change Authority** | 87.5% | 87.5% |
| **Commonwealth Grants Commission** | 100.0% | 100.0% |
| **Department of Agriculture, Water and the Environment** | 90.1% | 95.0% |
| **Department of Defence** | 95.8% | 97.7% |
| **Department of Education, Skills and Employment** | 82.7% | 88.9% |
| **Department of Finance** | 73.3% | 86.4% |
| **Department of Foreign Affairs and Trade** | 92.1% | 95.9% |
| **Department of Health** | 54.8% | 90.3% |
| **Department of Home Affairs** | 83.1% | 97.7% |
| **Services Australia (was Department of Human Services)** | 98.1% | 99.0% |
| **Department of Industry, Science, Energy and Resources** | 97.8% | 99.3% |
| **Department of Infrastructure, Transport, Regional Development and Communications** | 86.1% | 94.4% |
| **Department of Parliamentary Services** | 76.1% | 92.2% |
| **Department of Social Services** | 97.7% | 99.4% |
| **Department of the House of Representatives** | 79.5% | 89.9% |
| **Department of the Prime Minister and Cabinet** | 98.0% | 99.6% |
| **Department of the Senate** | 92.9% | 99.8% |
| **Department of the Treasury** | 93.3% | 96.9% |
| **Department of Veterans' Affairs** | 79.3% | 92.1% |
| **Digital Transformation Agency** | 83.8% | 93.0% |
| **Fair Work Commission** | 98.5% | 99.6% |
| **Fair Work Ombudsman and Registered Organisations Commission Entity** | 49.4% | 99.9% |
| **Federal Court of Australia** | 93.2% | 97.9% |
| **Future Fund Management Agency** | 63.1% | 80.2% |
| **Geoscience Australia** | 86.7% | 94.6% |
| **Independent Parliamentary Expenses Authority (IPEA)** | 85.0% | 92.6% |
| **Infrastructure and Project Financing Agency** | 89.3% | 98.9% |
| **Inspector-General of Taxation and Taxation Ombudsman** | 66.7% | 88.9% |
| **IP Australia** | 39.2% | 96.2% |
| **National Archives of Australia** | 82.8% | 92.8% |
| **National Blood Authority** | 88.2% | 99.7% |
| **National Capital Authority** | 96.0% | 99.3% |
| **National Competition Council** | 100.0% | 100.0% |
| **National Faster Rail Agency** | 90.5% | 92.9% |
| **National Health and Medical Research Council** | 80.9% | 95.0% |
| **National Health Funding Body** | 60.5% | 73.4% |
| **National Indigenous Australians Agency** | 96.3% | 98.4% |
| **National Mental Health Commission** | 88.8% | 93.5% |
| **NDIS Quality and Safety Commission** | 97.8% | 99.3% |
| **North Queensland Water Infrastructure Authority** | 83.3% | 100.0% |
| **Office of National Intelligence** | 92.6% | 96.5% |
| **Office of Parliamentary Counsel (OPC)** | 89.3% | 98.7% |
| **Office of the Australian Accounting Standards Board & Office of Audit and Assurance Standards Board** | 88.4% | 99.2% |
| **Office of the Australian Information Commissioner** | 73.5% | 94.2% |
| **Office of the Commonwealth Director of Public Prosecutions (CDPP)** | 71.5% | 92.5% |
| **Office of the Commonwealth Ombudsman** | 99.3% | 99.8% |
| **Office of the Inspector-General of Intelligence and Security** | 99.8% | 100.0% |
| **Office of the Official Secretary to the Governor-General** | 100.0% | 100.0% |
| **Organ and Tissue Authority** | 91.2% | 97.4% |
| **Parliamentary Budget Office** | 96.2% | 100.0% |
| **Productivity Commission** | 98.5% | 100.0% |
| **Professional Services Review** | 98.6% | 99.4% |
| **Royal Australian Mint** | 90.1% | 100.0% |
| **Safe Work Australia** | 93.8% | 98.9% |
| **Tertiary Education Quality and Standards Agency** | 98.3% | 99.8% |
| **The Great Barrier Reef Marine Park Authority** | 90.5% | 100.0% |
| **Workplace Gender Quality Agency** | 100% | 100% |
| **Total** | **90.6%** | **96.9%** |

1. https://www.finance.gov.au/publications/resource-management-guides/supplier-pay-time-or-pay-interest-policy-rmg-417 [↑](#footnote-ref-2)
2. Non-corporate Commonwealth entities are legally and financially part of the Commonwealth. Examples of NCEs include departments of state, parliamentary departments or listed entities. For more details: https://www.finance.gov.au/about-us/glossary/pgpa/term-non-corporate-commonwealth-entity-nce [↑](#footnote-ref-3)
3. Paying late for the 2019-20 financial year was any invoice paid after 20 days [↑](#footnote-ref-4)
4. Paying late for the 2018-19 financial year was any invoice paid after 30 days [↑](#footnote-ref-5)