



Australian Government
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Australian Government Pay On-Time Survey 2020–21

Performance Report

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Overview

This report contains the results of the Australian Government Pay On-Time Survey for the 2020–21 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](#) (the Pay On-Time Policy).

The Pay On-Time Policy requires non-corporate Commonwealth entities (NCEs), referred to as Government agencies in this report, to make all payments under contracts valued up to \$1 million (GST inclusive) within 20 calendar days. Where payment is not made in full within 20 calendar days, agencies are required to pay interest to the supplier on the outstanding amount where the amount of interest accrued is more than \$100 (GST inclusive). Interest is payable at the general interest charge rate available on the ATO’s website calculated for each calendar day from the day after the payment was due up to and including the day the payment was made. In addition, since 1 January 2020, NCEs must offer five-day payment terms where both parties have Pan-European Public Procurement On-Line (PEPPOL) compliant e-Invoicing capability.

The 2020–21 survey results show there has been improvement in the proportion of payments for low value (up to \$1 million) contracts paid within 20 calendar days compared to the previous year (see Chart 1).

Chart 1: Payments made in 20 calendar days

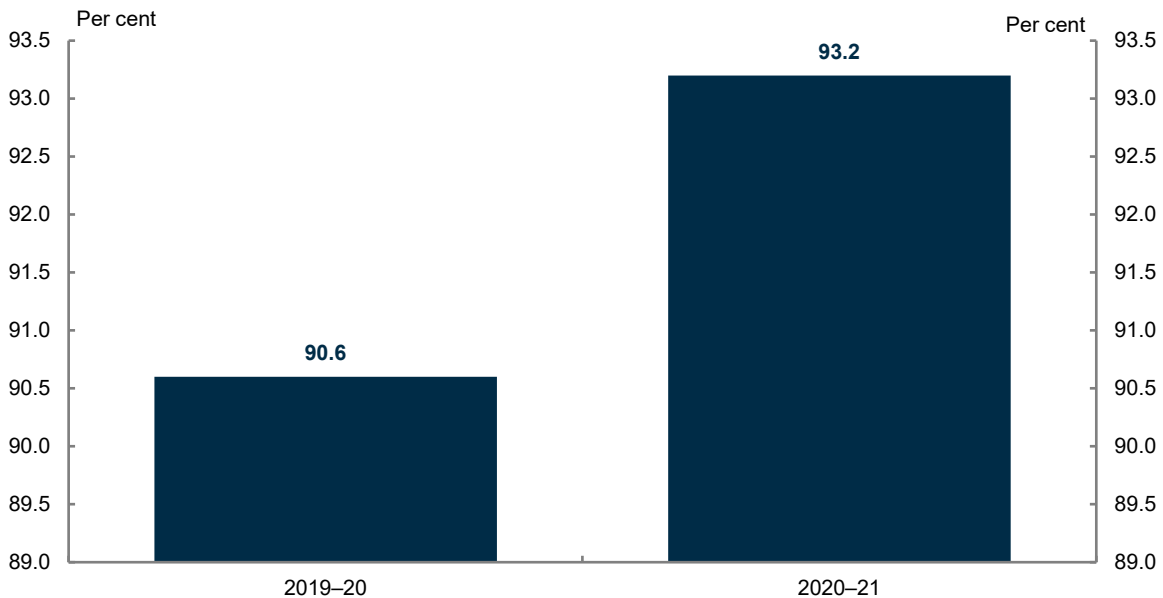


Chart 1 shows the percentage of invoices (for contracts up to \$1 million) that were paid within 20 days for the 2019–20 and 2020–21 financial years. Agencies paid 93.2% of invoices for contracts up to \$1 million in 2020–21 as compared to 90.6% in 2019–20. This is a 2.6 percentage point improvement in overall payment timeliness.

Survey of Australian Government agencies

The 2020–21 Pay On-Time Survey captured data on Government agencies' performance against the Pay On-Time Policy for the 2020–21 financial year, including:

- The total number and value of invoices for contracts up to \$1 million (GST inclusive)
- The total number and value of invoices for contracts up to \$1 million (GST inclusive) that were paid within 20 days
- e-Invoicing capability
- The total number and value of e-Invoices for contracts up to \$1 million (GST inclusive)
- The total number and value of e-Invoices for contracts up to \$1 million (GST inclusive) that were paid within 5 days
- The total value of interest paid on late invoices and e-Invoices
- Reasons for any late payments.

Results

Agencies are paying faster

All 91 Government agencies in scope of the Pay On-Time Survey provided data on their payment times of invoices subject to the Pay On-Time Policy. In the past year, both the total number (Table 1) and total value (Table 2) of eligible invoices has fallen, a reflection of the year-to-year fluctuation in Government procurement. There have been improvements in the number and value of invoices paid after 20 days.

Table 1: 2019–20 and 2020–21 comparison by number of invoices of contracts valued up to \$1 million (GST inclusive)

	Number 2019–20	Number 2020–21
Paid within 20 days	934,982 (90.6%)	869,774 (93.2%)
Paid after 20 days	96,926 (9.4%)	63,407 (6.8%)
Total invoices	1,031,908	933,181

Table 2: 2019–20 and 2020–21 comparison by value of invoices of contracts valued up to \$1 million (GST inclusive)

	Value 2019–20	Value 2020–21
Paid within 20 days	\$7.99bn (85.1%)	\$7.04bn (86.1%)
Paid after 20 days	\$1.40bn (14.9%)	\$1.14bn (13.9%)
Total invoices	\$9.38bn	\$8.18bn

Payment times by value and number

Overall, a higher proportion of eligible invoices — by both value and number — have been paid within 20 calendar days in the 2020–21 financial year, as compared to the 2019–20 financial year.

Chart 2: Percentage paid on time by value and number

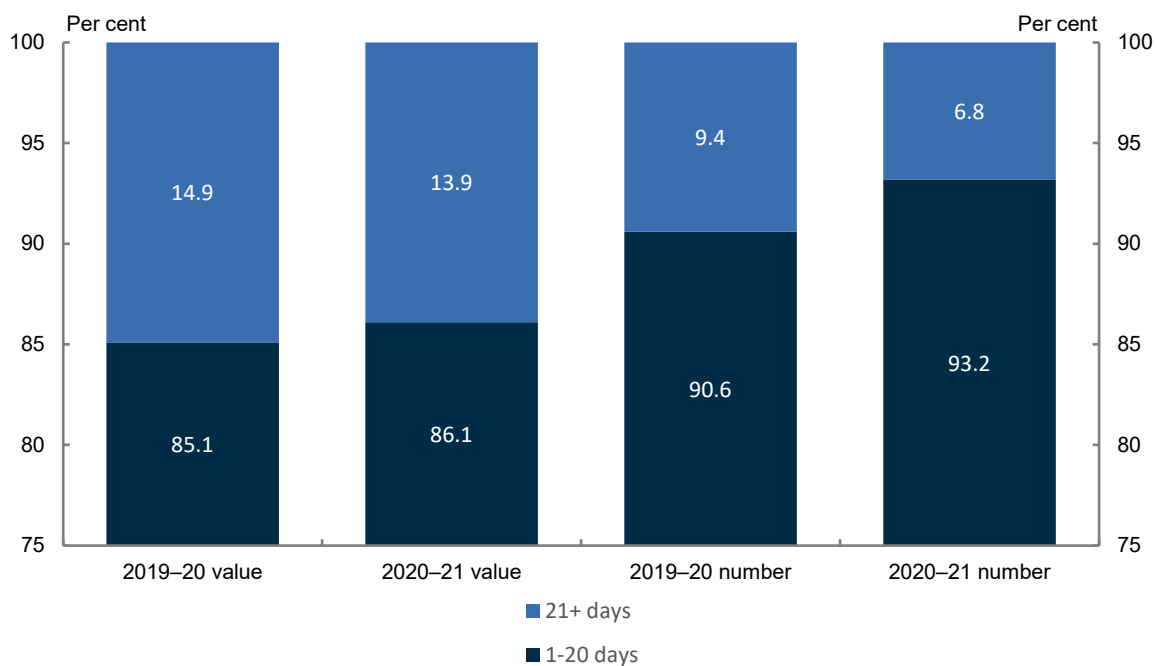


Chart 2 shows the percentage of late invoices (by value and number) compared to on-time invoices for the past two financial years. The 2020–21 financial year saw increases in the percentage of invoices paid on time, with a 2.6 percentage point increase by number (from 90.6% to 93.2%) and 1 percentage point increase by value (from 85.1% to 86.1%).

Interest payments

Under the Pay On-Time Policy, interest is payable by a Government agency on late payments to invoices for contracts up to \$1 million where the amount of interest accrued is greater than \$100.

Chart 3: Interest paid

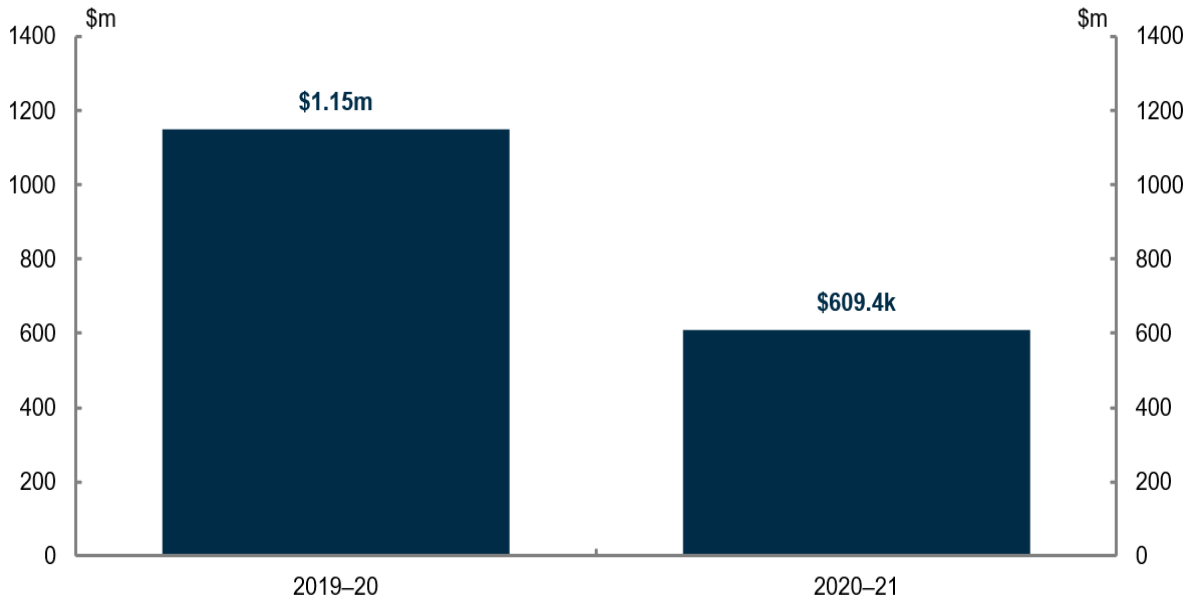


Chart 3 illustrates that the amount of interest paid in the 2020–21 financial year (\$609,404) was approximately half (52%) that of the previous year (\$1,150,164). This decrease is in part due to the Government’s improved payment times. However, it is also reflective of total expenditure on eligible invoices being lower in 2020–21, such that there were fewer invoices to potentially pay interest on.

E-Invoicing

The number of e-Invoicing enabled agencies increased from 4 in 2019–20 to 29 in 2020–21, but only 10 agencies recorded e-Invoices that were in scope of the policy. At this stage only a small number and value of invoices are e-Invoices (see Table 3). However, from 1 July 2022 all Commonwealth Government agencies are expected to be e-Invoice enabled. As such, it is anticipated all e-Invoicing values will increase over the coming two years.

Table 3: 2020–21 number and value of e-Invoices of contracts valued up to \$1 million (GST inclusive)

	Number 2020–21	Value 2020–21
Paid within 5 days	57	\$575,467
Paid late (after 5 days)	35	\$446,381
Total e-Invoices	92	\$1,021,848

Note: this is the first time the survey has recorded and reported on e-Invoice numbers, value, and payment times.

Chart 4: e-Invoice payment times by number and value

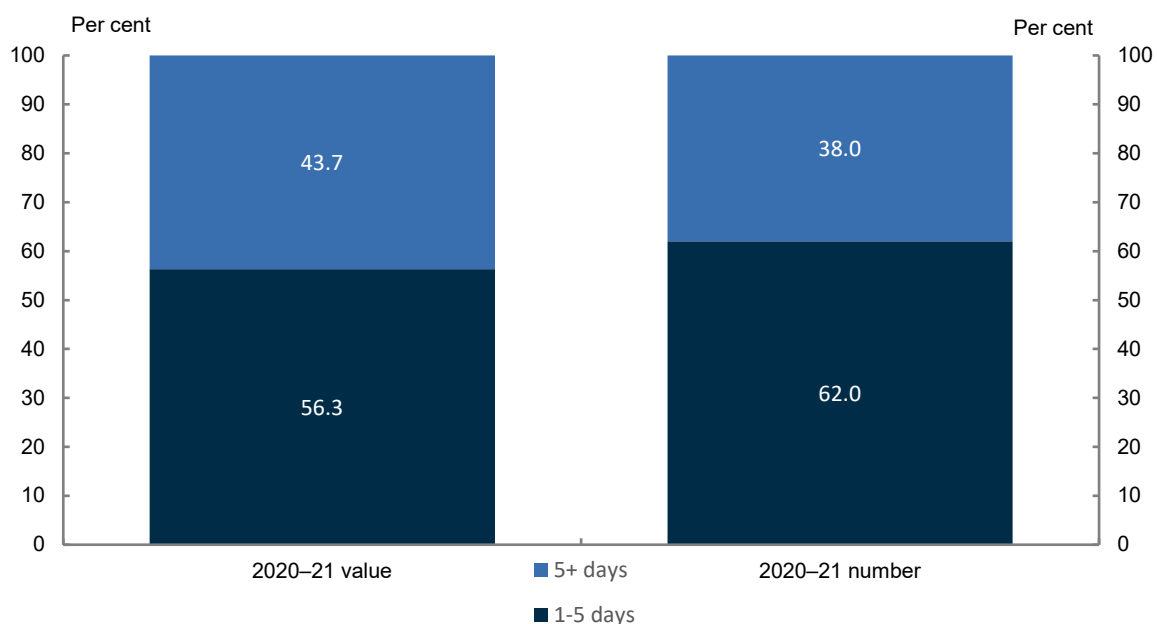


Chart 4 shows the proportion of late e-Invoices by number (38.0%) and value (43.7%). The percentages of e-Invoices paid late are relatively high compared to the percentages of regular invoices paid late (6.8% by number, 13.9% by value). Payments made after 5 days on e-Invoices resulted in a total of \$213 paid in interest.

Agencies in the survey indicated that the adoption of e-Invoicing required significant changes to payment systems which created difficulties in meeting the 5-day requirement. Consequently, it is anticipated that the proportion of e-Invoices paid late will decrease significantly in future years as agencies and their systems grow accustomed to e-Invoicing.

Table of Agency Results

Table 4 below shows the percentage of invoices (by number) paid within 20 days for regular invoices and within 5 days for e-Invoices for all Government agencies that responded to the survey.

Overall, in 2020–21, 62 of the 91 responding agencies paid more than 90 per cent of invoices within 20 days. Compared to 2019–20, this result indicates that 14 additional agencies are now paying 90 per cent of their invoices on time.

Table 4: Percentage of invoices paid on time by number for each Government agency surveyed

Agency	2020–21 Percentage of invoices paid within 20 days by number	2020–21 Percentage of e-Invoices paid within 5 days by number
AAT	74.3	N/A
Aged Care Quality & Safety Commission	100	N/A
ARPANSA	95.1	N/A
Asbestos Safety & Eradication Agency	100	N/A
ASIC	99.1	100
Attorney-General's Department	95.9	N/A
AUSTRAC	92.4	N/A
Austrade	85.8	N/A
Australian Accounting Standards Board and Auditing and Assurance Standards Board	93.5	N/A
Australian Building and Construction Commission	80.4	N/A
Australian Bureau of Statistics	96.6	100
Australian Centre for International Agricultural Research	95.7	N/A
Australian Communications and Media Authority	97.8	N/A
Australian Competition and Consumer Commission	90.6	N/A
Australian Criminal Intelligence Commission	93.3	N/A
Australian Commission for Law Enforcement Integrity	93.9	N/A
Australian Electoral Commission	84.6	N/A
Australian Federal Police	95.3	N/A
Australian Financial Security Authority	97.6	N/A
Australian Fisheries Management Authority	89.3	N/A
Australian Institute of Criminology	86.1	N/A
Australian Institute of Family Studies	86.4	N/A

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Australian National Audit Office	78.6	N/A
Australian Office of Financial Management	88.4	N/A
Australian Prudential Regulation Authority (APRA)	100	N/A
Australian Public Service Commission	93.9	N/A
Australian Research Council	88.0	N/A
Australian Security Intelligence Organisation	80.2	N/A
Australian Signals Directorate	89.8	N/A
Australian Skills Quality Authority	95.5	N/A
Australian Taxation Office	91.9	72.2
Australian Transport Safety Bureau	66.4	N/A
Bureau of Meteorology	49.6	N/A
Cancer Australia	92.7	N/A
Clean Energy Regulator	95.4	N/A
Climate Change Authority	75.0	N/A
Commonwealth Director of Public Prosecutions	91.8	N/A
Commonwealth Grants Commission	100	N/A
Department of Agriculture, Water, and the Environment	93.4	N/A
Department of Defence	96.3	N/A
Department of Education, Skills and Employment	87.6	71.4
Department of Finance	86.5	52.9
Department of Foreign Affairs & Trade	93.0	N/A
Department of Health	69.9	N/A
Department of Home Affairs	95.7	N/A
Department of Industry, Science, Energy and Resources	99.1	100
Department of Infrastructure, Transport, Regional Development and Communications	90.9	N/A
Department of Parliamentary Services	85.4	N/A
Department of Social Services	98.0	N/A
Department of the House of Representatives	93.8	N/A
Department of the Prime Minister and Cabinet	100	100
Department of the Senate	91.1	N/A
Department of the Treasury	93.0	52.8
Department of Veterans' Affairs	96.7	N/A
Digital Transformation Agency	87.8	N/A

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Fair Work Commission	96.7	N/A
Fair Work Ombudsman and Registered Organisations Commission Entity	99.3	N/A
Federal Court of Australia	84.9	N/A
Future Fund Management Agency	76.9	N/A
Geoscience Australia	84.8	N/A
Great Barrier Reef Marine Park Authority	96.3	N/A
Independent Parliamentary Expenses Authority	93.9	N/A
Inspector-General of Taxation and Taxation Ombudsman	93.1	N/A
IP Australia	99.7	N/A
National Archives of Australia	95.1	100
National Blood Authority	89.0	N/A
National Capital Authority	94.4	N/A
National Competition Council	87.0	N/A
National Faster Rail Agency	99.0	N/A
National Health and Medical Research Council	94.3	N/A
National Health Funding Body	48.4	N/A
National Mental Health Commission	67.0	N/A
National Recovery and Resilience Agency	100.0	N/A
NDIS Commission	98.2	N/A
North Queensland Water Infrastructure Authority	100.0	N/A
Office of National Intelligence	95.3	N/A
Office of Parliamentary Counsel	98.7	N/A
Office of the Australian Information Commissioner	74.4	N/A
Office of the Commonwealth Ombudsman	99.6	N/A
Office of the Inspector General of Intelligence and Security	98.3	N/A
Office of the Official Secretary to the Governor-General	100.0	N/A
Organ and Tissue Authority	93.7	N/A
Parliamentary Budget Officer	97.3	N/A
Productivity Commission	97.9	N/A
Professional Services Review	96.5	N/A
Royal Australian Mint	100.0	N/A
Safe Work Australia	96.7	N/A
Services Australia	86.1	0

Sport Integrity Australia	72.1	N/A
Tertiary Education Quality and Standards Agency	97.2	N/A
Workplace Gender Equality Agency	98.6	N/A
Average where applicable	93.2	62