This guide contains material that has been prepared to assist Commonwealth entities and companies to apply the principles and requirements of the Public Governance, Performance and Accountability Act 2013 and associated rules, and any applicable policies. In this guide the: mandatory principles or requirements are set out as things entities and officials ‘must’ do; and actions, or practices, that entities and officials are expected to take into account to give effect to those principles and/or requirements are set out as things entities and officials ‘should consider’ doing.
**Audience**

This Guide is relevant to non-corporate Commonwealth entities. It is particularly relevant to Chief Financial Officers (CFOs) and their staff, and officials who are responsible for the entity’s internal controls and processes.

**Key points**

This Guide:

- is relevant to non-corporate Commonwealth entities; and
- articulates the Government’s policy on payment cards as the preferred method to pay suppliers for eligible payments valued below $10,000.

**Resources**


**Additional Information**

Contact information: procurementagencyadvice@finance.gov.au
Policy

1. Non-corporate Commonwealth entities must establish processes that promote payment cards as a preferred option for eligible payments to suppliers valued below $10,000.

2. Non-corporate Commonwealth entities must, to the extent practicable, provide suppliers an opportunity to request payment via a payment card for amounts below $10,000.

3. Non-corporate Commonwealth entities must make payment via a payment card where requested by a supplier for eligible payments. Where practicable, payment should be made at the point of sale. A tax invoice (receipt) must be provided by the supplier for the payment.

4. The policy does not require payment by non-corporate Commonwealth entities on disputed amounts. Where an amount is disputed, the non-corporate Commonwealth entity may request to make payment after receiving an invoice.

Guidance

5. The policy facilitates timely payment to suppliers, assists with their cash flow and reduces the cost to business in supplying to the Commonwealth.

6. The policy requires non-corporate Commonwealth entities to maintain policies to facilitate the timely payment of suppliers through payment card processes. Non-corporate Commonwealth entities may choose to extend this policy to non-eligible payments or payments above $10,000 in line with their business needs.

7. Non-corporate Commonwealth entities are to use payment card processes at the point of sale for amounts below $10,000, in preference to suppliers issuing invoices.

8. Non-corporate Commonwealth entities are to provide an opportunity, to the extent practicable, for the suppliers to request payment via payment card. Infrequent or new suppliers to the Commonwealth are unlikely to be aware of the preferred payment option and reasonable efforts should be made to make them aware of the opportunity. This should occur prior to receiving goods or services.

9. Non-corporate Commonwealth entities must pay via a payment card where the:
   • payment is an eligible payment and valued under $10,000 (inclusive of GST and merchant service fees);
   • supplier can accept and requests payment via a payment card; and
   • merchant service fees charged to the non-corporate Commonwealth entity are reasonable for the type of card being used and are sufficiently disclosed prior to payment being made.

10. Non-corporate Commonwealth entities should consider paying suppliers via a payment card, but may reasonably seek to pay via an invoicing arrangement when:
    • amounts owed are at or above $10,000;
    • paying incremental or milestone payments, irrespective of whether the collective value of the payments is below $10,000;
    • the supplier requests payment via an invoicing arrangement;

---

1 Costs due to the supplier (merchant service fees) may be passed on to the non-corporate Commonwealth entity when facilitating payment via a payment card. Merchant service fees are required to be limited to ‘reasonable cost’ for accepting the payment which may vary on the card scheme used. Further guidance on merchant service fees is available from the Reserve Bank of Australia in Guidance Note: Interpretation of the Surcharging Standards (www.rba.gov.au).
• the supplier seeks payment through non-widely recognised payment cards. Examples of widely recognised payment cards include American Express, Diners Club, MasterCard and Visa.

• paying other Commonwealth entities;

• paying overseas-based suppliers; or

• paying third-parties on behalf of the non-corporate Commonwealth entity.

11. Non-corporate Commonwealth entities are to commence reviewing and updating relevant internal guidance to give effect to the policy. Non-corporate Commonwealth entities are expected to have processes supporting the payment of suppliers via payment card in place by 1 January 2015.
Definitions

business day means a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the act is to be performed.

disputed amount means any amount issued by a supplier that in the non-corporate Commonwealth entity’s opinion, is incorrectly calculated and/or not due for payment.

eligible payment means a payment with a value less than $10,000 (inclusive of GST and merchant service fees) due to a supplier that is not associated with a multiple-payment contract, or standing offer arrangement. Eligible payments may include payments made as a result of purchase orders. Eligible payments do not include payments due where the non-corporate Commonwealth entity has automated invoice payment processes that pay suppliers within five business days of receiving a correctly rendered invoice.

payment card means credit, debit cards, charge cards or any other type of Commonwealth issued card, including virtual cards that are authorised to pay suppliers for goods or services received at the point of sale.
Figure 1: Decision tree on making supplier payments via a payment card

- **Amount due is less than $10,000**
  - YES
    - Payment to supplier is an eligible payment
      - YES
        - The non-corporate Commonwealth entity has provided the supplier an opportunity to receive payment via payment card
        - YES
          - Supplier requests payment via a widely accepted payment card
            - YES
              - Merchant fees (surcharges) are reasonable and are prominently displayed by the supplier prior to payment being made
                - YES
              - Payment to be made via payment card
        - NO
          - Payment not required to be made via Payment Card
  - NO