

# Transport Vendor Terms of Trade Policy

## Applicable to:

This Policy applies to Transport agency personnel involved in the negotiation for the supply of goods or services, the creation of purchase orders and /or payments processing. Agency personnel includes permanent, temporary and casual staff, staff seconded from another organisation and contingent workers including labour hire, professional services contractors and consultants.

- Transport for NSW (effective from 1 July 2015)
- Department of Transport (effective from 1 July 2015)
- Roads and Maritime Services (effective from 1 January 2016)
- Sydney Trains (effective from 1 January 2017)
- NSW Trains (effective from 1 January 2017)
- RailCorp (effective from 1 January 2017)
- State Transit Authority (effective from 1 July 2016)
- Sydney Ferries (effective from 1 July 2015)
- Independent Transport Safety Regulator (effective from 1 July 2015)
- Office of Transport Safety Investigations (effective from 1 July 2015)

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**APPROVED BY THE CHIEF FINANCIAL OFFICER TFNSW**

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## 1. Purpose

The purpose of this Policy is to specify the standard terms of trade for the payment of vendors. This Policy must be read in conjunction with [NSW Treasury Circular TC 11/12 Payment of Accounts](#) and the [Building and Construction Industry Security of Payment Act 1999](#).

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## 2. Mandatory requirements

- 2.1 The terms of trade is 30 calendar days from receipt of correctly rendered invoice except in the following circumstances:
- the goods and/or services are provided under an alternate contractual arrangement;
  - the nature of the goods and services or the structure of the purchase make it impractical to do so;
  - a discount for early payment should be exercised where a cost savings will accrue to the respective transport agency.
- 2.2 Further exceptions are outlined below and also form part of this Policy.

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## 3. Further Exceptions

### Payment to small business suppliers

- 3.1 Where payment is not made within the specified time period, simple interest must be paid to the small business suppliers on the unpaid amount unless a contract specifies otherwise. The simple interest on the unpaid amount is calculated from the day after payment was due up to and including the day that payment is made, where interest exceeds \$20.00.
- 3.2 The interest rate is determined under section 22 of the *Taxation Administration Act 1996*, unless a higher interest rate is payable under the contract in respect of the default in payment. The appropriate interest rate is available on the [NSW Office of State Revenue website](#).
- 3.3 A small business is defined as an Australia or New Zealand-based firm that has an annual turnover of under \$2 million in the latest financial year. Each transport agency must provide potential suppliers with the opportunity to identify themselves as a small business on invoicing. Each transport agency may verify that a supplier is a small business or accept the supplier's self assessment.

### Payment to construction contractors

- 3.4 The amended *Building and Construction Industry Security of Payment Act 1999* (the Act) came into force on 21 April 2014. For construction contract signed on or after 21 April 2014, Each transport agency must pay the head contractors no later than 15 business days after receiving a payment claim that has a supporting statement declaring that all subcontractors have been paid in relation to the construction work concerned.

- 3.5 Each transport agency must not pay the head contractors knowing that the supporting statement is false or misleading.
- 3.6 A head contractor is defined as someone engaged by the principal to carry out construction work and for whom construction work is to be carried out (subcontracted) on that project.

## 4. Accountabilities

- Chief Financial Officer, TfNSW, is the approver of this Policy.
- Director, Finance and Revenue is the owner of this Policy.
- General Manager, Procurement Services, Transport Shared Services is responsible for the overall implementation of this Policy at TfNSW.
- Principal Manager, Accounts Payable, Transport Shared Services is responsible for ensuring that this Policy is adhered to.
- Transport Shared Services officers are responsible for ensuring that all purchase orders and invoices processed comply with this Policy.

## 5. Breaches of this Policy

Any breach of this Policy will be escalated to the General Manager, Procurement Services, Transport Shared Services, in the first instance, or in his / her absence, the Chief Financial Officer TfNSW, for investigation and resolution.

## 6. Document history

| Date & Policy No         | Approved by             | Amendment Notes |
|--------------------------|-------------------------|-----------------|
| 31 March 2015<br>CP14042 | Chief Financial Officer | Approved        |

## 7. Attachments

The document/information related to this Policy can be found on the internet at the following locations:

1. [NSW Treasury Circular TC 11/12 Payment of Accounts](#)
2. [NSW Office of State Revenue website for Interest rate](#)
3. [The Building and Construction Industry Security of Payment Act 1999](#)