



President Cyril Ramaphosa has confirmed that the government has received many calls over late and delayed payments from frustrated suppliers. PHOTO: POMPI THOBAGALE

Culture of late payments is 'damaging black businesses'

Roy Cokayne

NEWLY elected President Cyril Ramaphosa has committed to address problems encountered by business, particularly small businesses, with late and delayed payments by government.

In his reply to the debate on his State of the Nation address (Sona) in Parliament yesterday, Ramaphosa confirmed the government had received many calls from suppliers to pay on time.

"The frustration that these entrepreneurs have to endure at the hands of the very state that is supposed to assist them is a matter of great concern.

"It is clear that the failure of some government departments to pay suppliers within 30 days has a devastating impact on small and medium-sized businesses.

"This is something that I want to see addressed as I visit government departments,

because the culture of late payment has gone on for far too long and has caused far too much damage, particularly to emerging black businesses."

Ramaphosa quoted a Facebook post to the government from Ismail Ebrahim, who said he was a small businessman trying to start a business "the honest way". Ebrahim said he had been sent from pillar to post for the past seven years between the departments of water and energy and the city of Tshwane.

"I have stood in queues for days and only get excuses or no response at all. My business will create jobs, but the government red tape is stifling our entrepreneurship. Please help," Ebrahim wrote.

Late and delayed payments have been a problem for all businesses in South Africa despite the Public Finance Management Act requiring government departments to make payments within 30



President Ramaphosa makes his reply in the Sona debate yesterday.

PHOTO: CINDY WAXA/AFRICAN NEWS AGENCY (ANA)

days, unless reasons could be provided for the delay.

In 2015, the then Public Works Minister Thulas Nxesi published for comment in the Government Gazette on pro-

posed new measures to facilitate the prompt payment of suppliers and contractors in the construction sector, which included the introduction of automatic interest charges

on delayed payments and the right of parties to refer payment disputes for adjudication.

However, the proposed regulations have not yet been finalised after they apparently led to substantial objections from state-owned entities.

The results of the bi-annual economic and capacity survey conducted by Consulting Engineers SA (Cesa) released in November revealed that payment remained a serious issue and was having a broad-based effect on firms operating in the industry.

Cesa said it was estimated that about R6.3 billion in earnings was currently outstanding after the 90-day period and the percentage of fees outstanding for longer than 90 days as a percentage of total estimated income, including late payments, had deteriorated to an average of 23.8 per cent in the first six months of last year.