

Exclusive

Builders engage Treasury on debt woes

Court class action postponed

Roy Cokayne

MASTER Builders South Africa (MBSA) has postponed a planned class-action court application against the government to recoup billions of rand owed to its members for work done for municipalities, provincial and government departments and state-owned enterprises to engage the National Treasury in a last-ditch attempt to resolve the problem.

A meeting between MBSA and officials from the office of the chief procurement officer at the National Treasury took place on Tuesday to discuss the issue.

Roy Mnisi, the executive director of MBSA, a leading organisation in the building and construction industry, said yesterday that its members had a total of about R5.5 billion due for payment by government entities that had been outstanding for more than 90 days, despite regulations that required the government to pay contractors and service providers within 90 days.

Mnisi said about half of the MBSA's 4 000 members had

money owing by the government that had been outstanding for more than 90 days, but last year the amount owing was about R6bn.

He said the purpose of the meeting with the National Treasury was to come up with ideas on how to deal with the problem before it escalated into court action.

Mnisi said the problem had been discussed at length with National Treasury officials and it would not be necessary at this stage for MBSA to proceed with the class action court application proposed by MBSA members.

"They took it very seriously and as a result we were of the view that we should give them an opportunity to work on the matter," he said.

Mnisi said it was agreed that MBSA would submit to the National Treasury the specific claims submitted by its members to municipalities, government departments and state-owned enterprises that had been not been paid and been outstanding for more than 90 days, to enable the National Treasury to deal with the issue.



A construction site in Johannesburg. Many municipalities fail to pay constructors timeously.

PHOTO: SIMPHIWE MBOKAZI/ANA

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He added that some government departments and municipalities went out to tender when they did not have the budget to pay for these products or services, which was one of the causes of the delayed payments and a contravention of the Public Finance Management Act, and for municipalities, of the Municipal Finance Management Act.

"We raised that point

strongly when we were there," he said.

Approached for comment, the National Treasury stressed that no assurances were given at the meeting to assist MBSA members to receive outstanding payments in the absence of reviewing the necessary contractual/transactional documents.

The National Treasury added the meeting with MBSA was a stakeholder engagement meeting and no proof was provided of the billions of rand allegedly owed by the government.

Mnisi said the National Treasury had requested documentary proof of the amounts owed by the government as soon as possible, because this infor-

mation would "be helpful for them" to present it to Finance Minister Malusi Gigaba before his national budget speech next month.

He said MBSA had picked up at the meeting that the Department of Planning, Monitoring and Evaluation was supposed to be enforcing compliance with the law by all government departments, parastatals and municipalities, but "at this point in time that responsibility is not fully carried out".

"So it's an engagement that we are embarking upon as well as the government looking at ways that they can assist each other to deal with that.

"The agreement we have now as a stop-gap measure is to get all the details of our

members or contractors that are owed some money for more than 90 days so we can take it up with them.

"In the past, our members had to approach the National Treasury on an individual basis, so now it will be done at an association or federation level. We believe we should give it a chance and see what happens once we start approaching it in that manner," he said.

Thulas Nxesi, then the public works minister, confirmed to Business Report last year that late payments by government entities to the construction sector was "still a big issue".

However, Nxesi said some outstanding payments were not late payments but rather disputed payments.