

100 000 unpaid invoices to govt unpaid - Toby Chance

Toby Chance |

25 February 2018

DA MP says Small Business Suppliers Payment Plan needed to clear R7,7bn arrears

Ramaphosa must commit to Payment Plan to pay business suppliers

One of the tests for President Cyril Ramaphosa's first 100 days in office will be to ensure that more than 100 000 unpaid invoices, worth over R7.7 billion, much of it to small businesses, is paid out as a matter of urgency.

The DA will write to both Minister Lindiwe Zulu and President Ramaphosa asking that they commit to a Small Business Suppliers Payment Plan to clear the arrears currently due to hardworking men and women in the small business sector.

In his oral reply to members of Parliament on the State of the Nation Address (SONA), President Ramaphosa said:

"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"

Finance Minister, Malusi Gigaba, made a similar commitment during his budget speech when he said government Departments and institutions that do not pay suppliers on time will be charged with financial misconduct.

The DA welcomes these commitments with cautious optimism because previous promises made by government to pay small business owners what is due to them have not been met.

Response to parliamentary questions submitted by the DA indicate that some of the major culprits in the non-payment of business suppliers to government include:

- Transport Department: Passenger Rail Agency of South Africa @ R1.12 billion;
- Public Works Department: Property Management and Trading Entity @ R1.06 billion;
- Water and Sanitation Department: R968 million;
- Transnet @ R788 million and
- Denel @ R688 million

It is not acceptable that, at a time when unemployment is at an all-time high and small businesses are struggling to stay afloat due to an underperforming economy, the government fails to pay these businesses within the 30 day window period.

It will be impossible for the government to achieve its stated aim that 90% of all new jobs be created by small businesses by 2030 if their cash flow is disrupted due to non-payment by departments who send them from pillar to post with contempt.

The DA looks forward to a concrete Small Business Suppliers Payment Plan from the President's Office that would end the grief that small business owners have endured for years without recourse.

Statement issued by Toby Chance MP, DA Shadow Minister of Small Business Development, 25 February 2018