

R100M DEBT HALTS SCHOOLS’ CONSTRUCTION

Contractors bemoan state payment system is ‘killing’ their businesses

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Between May and November builders walked off the sites of 37 Eastern Cape schools under construction due to non-payment of a staggering R104m.

A further R9m is owed to consultants for the projects.

This was revealed by public works MEC Pemmy Majodina in a report to the provincial legislature last week.

She was responding to a question by DA MPL Vicky Knoetze.

The report states her department is still waiting for payment from the education department and will only pay the builders and consultants once have received the funds.

Public works spokesperson Vuyokazi Mbanjwa said the service level agreement between the two departments was that public works paid contractors on behalf of education and education would reimburse them. Mbanjwa said they stopped paying the contractors after education failed to pay them more than R84m.

On Monday, both parties confirmed that the outstanding amount had now been paid and that public works had started making payments to the contractors.

“The department of public works has begun a process of paying outstanding invoices. The processing is done based on provincial treasury confirmation of budget availability,” said Mbanjwa.

The chair for the Eastern Cape Black Contractors Association, Sakhela Skenjana, said some of the contractors had been paid but most were still waiting.

“I cannot give the exact number, but many of them are waiting for payments,” he said.

According to a list tabling the details of each of the projects, the 37 schools are in O R Tambo, Chris Hani, Sarah Baartman, Amathole, Alfred Nzo and Joe Gqabi districts.

They include Asherville Primary in Graaff-Reinet, where construction was suspended on



INTERRUPTED: The new Grens Laerskool in Baysville is one of the schools where building has been affected by government’s late payment. Picture: ARETHA LINDEN

School Projects Stalled	
Between May and October 2018	
Regions	Amount Owed
Amathole	R25,345,524
Sarah Bartman	R22,345,426
Alfred Nzo	R21,906,753
Chris Hani	R18,982,095
Joe Gqabi	R15,585,128
OR Tambo	R6,065,519
Total	R 104,164,927

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August 17 due to an outstanding amount of R2.5m.

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Skenjana said the amount owed to contractors last year was three times higher.

“Last year contractors were owed more than R300m. This is very painful. The government is assisting in killing the local construction business.”

Skenjana said the amount was reduced after a bailout from the National Treasury. “After receiving no joy from education, we approached the ANC and the provincial treasury. Treasury then made available an amount of R400m to clean out the debt.”

Education spokesperson Loyiso Pulumani said the pay-

ment delays were because of “interdepartmental reporting” challenges but gave no further detail.

Mbanjwa said after numerous meetings with National Treasury and education, a decision was taken by National Treasury that all money owed to contractors must be paid by public works, and that treasury would facilitate the reimbursement.

The head of research at NGO Equal Education, Hopolang Selebalo, said in the Eastern Cape it could take months for contractors to receive payment.

“During this time, contractors pay for building material and they pay employees out of their own pockets,” Selebalo said.

“Prices of materials usually also increase over this time due to inflation.”