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Page: 20

Government owes SMEs R3.2bn, parliament hears

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Moneyweb

Provincial government owes a staggering R3.2 billion to small and medium-sized businesses (SMEs) due to its failure to comply with its own policy of paying invoices within 30 days.

This shows government has failed to keep its longstanding pledge to prioritise SMEs.

The biggest culprit is the Eastern Cape, which by the end of last December had failed to pay its SME suppliers more than R2 billion within 30 days of receiving invoices.

Next is Gauteng, which owed

SMEs more than R389 million.

This was disclosed in an answer to a parliamentary question posed by Dr Leon Schreiber, Democratic Alliance (DA) shadow minister of public service and administration.

The situation didn't improve much in the first three months of this year.

By the end of March, only 8% of the amounts in arrears had been paid. Of the R3.2 billion in arrears at the end of December, R2.94 billion remained unpaid.

The worst-performing provincial departments were health and education.

The Northern Cape, Western Cape, and Mpumalanga did not make any payments to the af-

fected SMEs in the first quarter.

At the end of December, national departments had failed to make payments amounting to R417 million to SMEs within 30 days.

The worst offenders were the department of water and sanitation (including the Water Trading Entity), which did not pay SMEs an amount due of R357 million within the 30-day policy, followed by the department of public works and infrastructure (including the Property Management and Trading Entity), which owed R51 million.

In 2016, former minister in the presidency Jeff Radebe issued an executive statement expressing the government's inability to support small businesses and the direct effect this has on the broader economy.

In response to the DA's questions, National Treasury said: "[We] are in the process of finalising a guideline on payments within 30 days to assist accounting officers with measures to implement [and] to improve the level of compliance and pay invoices on time and also [to] improve their internal control systems in relation to processes and procedures to be followed when effecting payments."

Its officials had visited certain provinces to "encourage … government departments at various levels to adhere to commitments made".