Publication: Herald, The - Main
Title: Only one in six government tenders awarded last year
Publish date: 24 Jun 2026
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Reach: 10949
AVE:R 18752.58
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● Wasted efforts in making submissions prove costly to businesses

Only one in six government tenders awarded last year

Companies spend a lot of time and money preparing documentation to submit for advertised government tenders but a large number of them are never awarded.

Infrastructure SA (ISA) acting head Simphiwe Ndlovu told the National Council of Provinces select committee on public infrastructure and the minister in the presidency yesterday that last year, 2,549 tenders were advertised, of which only 16.98% were awarded.

Of these, 279 were cancelled before the closing date, 433 were awarded and 1,837 were closed, that is, were currently being evaluated, but no contract had been awarded, or the tender process had been abandoned post-evaluation.

"Tender cancellations not only harm service delivery but also negatively impact the construction sector," Ndlovu said.

"It reduces market confidence, so construction companies often hire fewer staff.

"It results in a loss of investment in the form of time and money spent on preparing the tender documentation.

"This could negatively impact the financial stability of companies, particularly small and medium-sized enterprises.

"The lack of projects can lead to highly skilled professionals leaving the country, exacerbating the skill shortage."

Ndlovu gave a breakdown by province of the awarded tenders as a percentage of total advertised tenders in 2025: Western Cape 21%, Northern Cape 14%, North West 9%, national 17.3%, Mpumalanga 5.8%, Limpopo 13.8%, KwaZulu-Natal 13.2%, Gauteng 11.9%, Free State 7.5% and Eastern Cape 17.6%.

The number of tenders cancelled last year by state entities were as follows: Eskom 159, Passenger Rail Agency of SA (Prasa) 150, Transnet 129, water and sanitation 96, Road Accident Fund 80, public works 69, forestry, fisheries and environment 62, SA Civil Aviation Authority 60, Johannesburg Water 5, and Airports Company SA 51.

The office of the National Treasury's chief procurement officer had also reported its e-tenders portal indicated that only 39% of the tenders advertised on it had been awarded.

Ndlovu also highlighted the disparity between the existing level of gross fixed capital formation as a percentage of GDP at 13.71% compared to the National Development Plan's goal to achieve 30% by 2030.

This would require a R3-trillion infrastructure funding requirement, which far exceeded public financing capacity and would require large-scale private capital mobilisation and innovative financing models.

The government has allocated R1-trillion for infrastructure investment over the next three years.

Public works and infrastructure minister Dean Macpherson noted in his introductory remarks that this share of GDP had declined over the last two years and probably by one percentage point over the last year.

He expressed great concern over local government's inability to implement large infrastructure projects when it was the biggest procurer and implementer of them.

Every year, about R100bn was returned to the fiscus, he said, because the municipal infrastructure grant was not spent.

This was a clear sign of incapacity, he said.

Ndlovu focused on some of the systemic bottlenecks to infrastructure development, including delayed and fragmented regulatory approvals.

"High volumes of permits stalled across municipal, provincial and national authorities create extended development timelines, heightened uncertainty and delayed financial close, materially weakening investor appetite," he said.

Planning was fragmented across all three spheres of government, resulting in disjointed project pipelines, with misaligned funding, sequencing and execution undermining scale and delivery efficiency.

"Limited preparation funding constrains the conversion of concepts into bankable, investment-ready projects, reducing deal flow and private sector participation."

He also cited procurement inefficiencies such as lengthy, inconsistent processes without standardised designs or benchmarks, which drove cost inflation, delays and reduced competitiveness across projects.

The government was constrained fiscally, and that, together with municipal distress and SOE balance-sheet pressure, limited the state's ability to fund and underwrite infrastructure at scale. — *Business Day*