

Government non-payment culture driving construction job losses

 By [Morag Evans](#)

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Government's failure to pay building contractors on time or even not at all is one of the major causes of job losses in the construction industry.



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Against the backdrop of an ailing economy, many companies, particularly small and medium-sized enterprises (SMMEs), are being forced to close their doors as a result.

National Treasury regulations stipulate that contractors should be paid no later than 30 days after invoicing, yet a report issued by the Construction Industry Development Board states that 60% of payments are made after the 30-day deadline.

This is unacceptable. Most contractors and suppliers in the construction industry are entrepreneurs, operating as an SMME. Government cannot claim to support entrepreneurship, but then fail to pay the very business owners who play a crucial role in stimulating economic growth and job creation.

This creates the impression that government simply doesn't care about the repercussions. Contractors are left with severe cash flow problems, which ultimately lead to financial ruin, adding further impetus to the nation's burgeoning unemployment rate.

We applaud the recent progress made by infrastructure and public works minister Patricia de Lille in addressing this crisis, but more needs to be done. Government has a responsibility to adhere to its own regulations and needs to urgently put correct and efficient systems in place so that its suppliers can be paid accurately and timeously.

Submitting accurate documentation

In the meantime, contractors and suppliers need to ensure that the documentation they submit is accurate and in accordance with government's requirements. Incorrect paperwork and failure to comply with procedure will most certainly

impede the payment process and invoices cannot be paid if the requisite procedures around certifications have not been followed.

Databuild has partnered with specialists in construction cash flow processes to offer contractors hands-on support in understanding the implications of government's contract terms and conditions.

Our workshops are specifically geared to equipping contractors with the strategies they need to maintain firmer control on the account management process, including government payments. This will go a long way towards minimising late payments among contractors.

We call on government to communicate effectively with contractors to resolve any issues that may arise after invoices have been submitted.

SMMEs, including building contractors, are the lifeblood of our nation's economy. Government owes it to them to pay on time for work done.



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ABOUT MORAG EVANS

Morag Evans is CEO of Databuild.

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