



**MINISTRY  
SMALL BUSINESS DEVELOPMENT  
REPUBLIC OF SOUTH AFRICA**

2 July 2024

**MEDIA STATEMENT: LATE PAYMENT BY NATIONAL AND PROVINCIAL GOVERNMENT  
IS SUFFOCATING SMALL BUSINESSES**

The Minister of Small Business Development, Stella Ndabeni Abrahams, has noted the Annual Report for 2023/2024 financial year on Late Payment of Supplier's Invoices by National Treasury. The report paints a worrying picture about non-compliance with Treasury Regulation 8.2.3 within the prescribed period in terms of section 38(1)(f) of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).

The report is especially concerning as it relates to compliance by Provincial Governments. The Eastern Cape and Gauteng are the worst performers, having failed to pay over R4,5 billion and R2,7 billion respectively to suppliers within the prescribed period.

There are also National Departments who continuously fail to submit monthly exception reports as per Treasury Instruction Number 34 issued in 2021. Worst performers include the Department of Public Works and the Department of Employment and Labour.

The failure by government departments to pay invoices for services rendered by suppliers is a matter of grave concern because of its negative impact on the cash-flows of small businesses.

The economy needs a thriving small business sector that will supply to government and the private sector and help grow our economy. When invoices are not paid on time, cash-flow and

liquidity constraints threaten their very existence. This undermines their capacity to ignite economic growth and create jobs and sustains systemic patterns of economic inequality.

Collectively, government shoulders the responsibility to create an enabling environment for small businesses to grow and thrive. Among other things, this requires that we pay small businesses on time for services rendered.

As a department that champions the interests of small businesses, we are extremely concerned about this situation. To remedy this, we will be engaging these non-compliant departments to find solutions.

We are also committed to lead by example in ensuring all invoices are paid within the stipulated 30-days from the day of receipt. Compliance with the 30-day payment stipulation forms part of the Department of Small Business Development's performance reporting.

This year we will establish an Office of the Small Enterprise Ombud Service, which has been enabled through amendments to the National Small Enterprise Act. The Bill has been through Parliament and the National Council of Provinces and is with the President to be signed into law. The Ombud Service will serve small businesses as an impartial mediator in disputes, without the need for costly litigation processes. We are confident this will begin to address non-payment of small business by both the public sector and private sector.

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