

Non-payment of invoices has a huge implication for small business, says PSC

The Public Service Commission (PSC) says the non-payment of suppliers' invoices has huge implications for small businesses that rely on cash flow for survival.



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“Therefore, there is a need for urgent and timeous payment of suppliers given the critical role of procurement in economic development and emancipation,” said Public Service Commission Commissioner Anele Gxoyiya.

At a media briefing in Pretoria on Monday, 11 March, Gxoyiya said the total number of invoices paid after 30 days by national departments amounts to 33,394 to the value of R1bn, whereas in the first quarter, these departments recorded 26,223 invoices to the value of R1.2bn.

He said by the end of the second quarter, all national departments submitted their 30-day payment reports to the National Treasury as required with an average timeous submission rate of 89%.

"This represents a decline of 2% when compared with the average timeous submission rate of 91% achieved in the first quarter of the 2023/24 financial year," Gxoyiya said.

Goxoyiya said it should be noted that payment after the required 30 days constitutes non-compliance.

"Out of 40 national departments, only 17 departments fully complied with the requirement on timeous payments in Quarter 2, which is an improvement from 15 departments in Quarter 1 of the 2023/24 financial year.

"Although the number of invoices and the value cannot be determined with information at the PSC's disposal, the departments are encouraged to maintain this performance and pay all legitimate invoices from suppliers within 30 days as required by the Public Finance Management Act and its related prescripts," Gxoyiya said.

Gxoyiya expressed concern at the remaining 23 departments that were unable to comply with the timeous payments of invoices.

"In terms of the provinces, the total number of invoices paid after 30 days by provincial departments amounted to 48,478 to the rand value of R5.9bn, whereas these provincial departments recoded 90,935 invoices to the value of R9.9bn in the first quarter.

"Although these invoices were paid, it should be noted that payment after the prescribed period constitute non-compliance.

"Although government is under financial austerity measures, invoices for services rendered must be paid and accounting officers should apply consequence management where necessary to address these challenges," he said.

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