

Master Builders South Africa

Payment Quality Survey

September 2009

Recent discussions with contractors, suppliers and other industry related role players revealed that contractors are frequently faced with delayed or even no payment for work performed. This has a serious impact on the cash flow and viability of many contractors as well as their ability to meet their financial obligations.

In the March 2009 edition of SA Builder the following comment was made:

“When market conditions change and become more challenging, bad practice rears its head. Clients, at times through their Agents, will cause progress payments to be delayed to 60 days and beyond. More and more main contractors are subjecting their subcontractors to the same treatment - at times this even happens between Association members! The Public sector too has been cited as poor payers, particularly when it nears financial year end....Attention has been drawn to the fact that cases have arisen where payment certificates have been issued, and have subsequently been adjusted to suit the cash flow of the client”

According to the CIDB Construction Industry Indicators Survey for 2008, payment of contractors deteriorated from more than 80% paid within 30 days in 2005 to only 42% of payment made within 30 days in 2008. (Source: www.cidb.org.za)

The above information has led to a decision by **Masters Builders South Africa** to address this issue by carrying out a survey amongst its members to ascertain the prevalence of such delayed or non-payment as well as the possible causes of this problem.

Your input is critical in assisting us to address the problem!

Kindly complete the following survey to the best of your ability - your input will be treated as anonymous and confidential. We are willing to take up this issue on your behalf, without disclosure, and ask that you please let us have the information so we can take the process forward and hopefully alleviate the critical pressure that is inflicted on contractors as a result of the unacceptable delayed or non-payments.

Company Name: (Optional)

Contact Person: Contact Number:



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**Please complete the questionnaire below and return to
Master Builders South Africa by no later than 16 September 2009
by fax to 011 315 1644 or
via email to survey@mbsa.org.za**

Kindly complete the following table of your main building projects during the past 18 months. Information per project will enable us to determine the **economic impact of delayed payment** on construction industry as well as disparities between geographical areas.

1.	Project Details		Example	Project A	Project B	Project C	Project D
1.1.	Value		R10m				
1.2.	Province		Gauteng				
1.3.	City		Tshwane				
1.4	Your involvement in the project	1.4.1 Principal contractor	X				
		1.4.2 Sub-contractor					
2.	Who was YOUR client on this project?						
2.1	Public sector	2.1.1 National Government					
		2.1.2 Provincial Govt.	X				
		2.1.3 Local Government					
2.2	Private sector						
2.3	Main contractor (in the case of being involved as a sub-contractor)						
3.	Project Type						
3.1	Residential		X				
3.2	Non-residential						
3.3	Civil construction works						
4.	How often did you experience payment delays?						
4.1	Occasionally						
4.2	All the time		X				
5.	What was the payment distribution - as % of project value - on these projects?						
5.1	0 - 30 days		20%				
5.2	31 - 60 days		60%				
5.3	61 - 90 days		10%				
5.4	90 – 120 days		5%				
5.5	120 days +		5%				
6.	Contract used?		JBCC or Other				
7.	What are the main reasons given for delayed payments – exceeding 90 days? (Please mark with an X)						
7.1	Financial year-end processes			7.2	Budgetary constraints		
7.3	Delays in approval of payment			7.4	Administrative procedures		
7.5	Delayed sign-off of project			7.6	Availability of authorised staff to process payment		
7.7	Other (please provide details)						

If you experience any problems in completing this survey please contact Master Builders South Africa at 011 205 9000 or send an e-mail to survey@mbsa.org.za. Results of this survey will be available from Master Builders South Africa.

Thank you for your time in completing this survey