



human settlements

MPUMALANGA PROVINCE  
REPUBLIC OF SOUTH AFRICA

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**Press Release**  
**19 August 2024**

**MASHILO CONDEMNS NON-PAYMENT OF SUB-CONTRACTORS**

The Mpumalanga Department of Human Settlements strongly condemns the failure of main contractors to pay subcontractors, which severely hampers the implementation of projects. In a recent media interview, Cooperative Governance, Human Settlements, and Traditional Affairs (CoGHSTA) MEC, Mr. Speed Mashilo expressed his disapproval stating that it is unacceptable for beneficiaries to suffer due to conflicts between contractors and subcontractors. He emphasized that main contractors must formalize their agreements with subcontractors to make them legally binding.

MEC Mashilo reiterated that it is the responsibility of the main contractor to pay subcontractors for work completed as per the terms of their agreement. "The department deals directly with the main contractor. All government work must be paid for within 30 days, and we expect contractors to adhere to the same payment timelines for their subcontractors. We are aware that a significant portion of the work is carried out by subcontractors," Mashilo stated. He also highlighted that contractors are required to subcontract a minimum of thirty percent (30%) of the total contract value to Small, Medium, and Micro Enterprises (SMMEs) and Cooperatives from the locality.

The media has recently carried such payment challenges of subcontractors at the Rondebosch multi-year project in Middelburg, Steve Tshwete Local Municipality. The project has been stalled due to the non-payment of subcontractors. The integrated project, which involves the servicing of sites, is expected to deliver 5,591 BNG housing units, 907 First Home Finance units, 8,796 residential housing units, 1,428 medium residential stands, and 1,100 high-density residential stands, with an additional 43 stands reserved for socio-economic purposes. To date, phase one of the project, comprising 2,226 stands, has been completed, with the construction of top structures in various stages of development. As per the project delivery plan, the department has fully paid the main contractor all monies due to them.

In mitigating the stand-off, MEC Mashilo held several meetings with all stakeholders involved in the project, including the main contractor to find an amicable solution that would allow the project to continue. Following these consultations, it was agreed that the scope of work would be reduced from servicing 2,000 sites to 500 sites. "When such challenges arise, the department must step in, as these issues negatively impact our delivery. We urge contractors to honour their agreements and ensure that subcontractors are paid for the work done," stressed Mashilo. He concluded by stating that this situation should serve as a lesson for all parties involved and the department does not expect similar incidents to occur in other projects.

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**ISSUED BY THE COMMUNICATIONS DIRECTORATE**  
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