

Flexible handling of government non-works contracts to support businesses

A spokesperson for the Financial Services and the Treasury Bureau said today (April 16) that to support businesses and ease the cash flow difficulties of government contractors during the pandemic period, the Government would handle non-works contract payment schedules as flexibly as possible.

In response to the challenges arising from the COVID-19 epidemic, the Chief Executive announced on April 8 a series of measures involving over \$130 billion to help keep businesses going, maintain employment and relieve financial burdens of individuals and businesses. To this end, the Secretary for Financial Services and the Treasury (SFST) has appealed to all procuring departments to do their best to handle payment schedules for their goods or service contracts flexibly as appropriate.

The spokesperson said, "Specifically, in cases where the contracts involve upfront payments or milestone payments, procuring departments are urged to provide larger sums for upfront payments to the contractors and break up milestones in payment schedules into more deliverables, thereby enabling more timely and frequent payments to help ease the cash flow difficulties of government contractors."

In addition, to help further improve the liquidity of the contractors, the SFST has earlier advised procuring departments to settle payments to contractors expeditiously upon satisfactory completion of deliverables and receipt of proper invoices. Bureaux/departments should also exercise maximum flexibility and do their best to compress their normal payment cycle from 30 days to two weeks, or, where possible, one week while ensuring that the operational needs of the procuring departments and reasonable protection of the Government's interests are not compromised.