



Loaram Contractor Trading Arrangements: July 2012.

Loaram by intention is a compact and focussed Construction Business. The Loaram client base is a small cluster of greatly valued repeat customers whom appreciate our responsiveness and project value provided.

Loaram retains a selection of “preferred suppliers” to whom we contract a great proportion of our trade packages. We select & maintain our preferred supplier list based upon project performance, safety on site, ease of engagement & value. We appreciate the excellent support we receive from our preferred suppliers.

Loaram would like to reaffirm our unchanged trading policy with preferred suppliers to ensure continuity of payment for our contractors. We respect cash flow is important, following the below helps us help you.

- All Loaram projects are contract based with our clients. Loaram endeavours to reflect all key components of our contracts at tender request time for subcontractors. This includes as applicable liquidated damages, retention details, form of contract and delivery dates (amongst others).
- Loaram is obligated to ensure we are imposing the same contract expectations upon our key subcontractors as we commit to. Importantly, this will include payment retentions / guarantees.
- Typically retentions are applied to all subcontracts of significant value, with 5% held until *the project* reaches Practical Completion. Note this can range up to a 10% retention for some clients (PoMC).
- Upon successful achievement of Practical Completion - deemed to be when Loaram PC bank guarantee is released by our client - all retentions are reduced by 50% unless contracts dictate otherwise or expense has been incurred by Loaram finishing a contractor’s incomplete works.
- Once *the project* achieves Defects Liability expiry (12 months from PC) - deemed to be when Loaram DL bank guarantee is released by the client - remaining retentions are released should no defects remain outstanding with specific trades & / or no expense has been incurred rectifying defects.
- Loaram is happy to receive bank guarantees from our preferred suppliers as a substitute for retentions.
- Loaram payment terms for approved invoices are 35 days from the end of the month the invoice is stamped **received** at our office. We align contractor payments with those we receive from our clients.
- Loaram will only accept **HARD COPY** invoices via the post to achieve the above milestone. Electronic invoicing is not accepted for claims or processing. Please use PO Box details below.
- The strict closing date to have received contractor invoices is **25th day of the month**. Earlier is better.
- To expand, Loaram is required to review / tabulate all monthly contractor claims and then prepare our monthly claim & invoice to our client by the last working day of the same month. Please note late contractor invoices that miss our claim’s preparation will fall into the next month for processing.
- Note all Loaram contractor invoices (stamped ‘original’ when received) are reviewed & approved (as applicable) personally by our Construction Director for payment. This process occurs once a month.
- Progress claims are accepted by Loaram for sizable subcontracts. Where progress claim invoices are submitted, they must be supported with a matching claim schedule showing the cost centres claimed against to the value of the supporting invoice. The claim schedule should also show past claims history of the project. This tool is critical to allow us to justify a progress claim to our client for you.
- Progress claims should only reflect works and materials present and installed on the Loaram worksite. Please do not over claim on invoices as this will very likely see the entire claim rejected.
- Please ensure invoices are correctly prepared with unique invoice number per invoice, **Loaram works order clearly shown** and the worksite referenced to allow speedy processing for you.

Please do not hesitate to address account questions to accounts@loaram.com.au or per details below;

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