



PAPERWORK TAKES THE GUESSWORK OUT OF PAYMENT

Something that is not appreciated – particularly by emerging contractors – is that there is an enormous amount of paperwork associated with getting a contract from another contractor or a client.

In general, you have to submit the following documents before you can be registered as a vendor with a contractor or client: BEE certificate; tax clearance certificate pin number; a letter of good standing with the Compensation Commissioner; a letter from the bank with your banking details; your Cipro number; and any other thing that the accountant of the vendor or contractor can dream up.

Inevitably, once you've submitted a price for some

work, the contractor or client will dilly-dally for a few weeks until they finally decide to give you the job. The moment that happens, they want you to start work immediately, buy the materials and get cracking. Come the end of the month, when you are hoping to be paid 60% of the value of materials on site and for the work completed, you find that your invoice doesn't get paid because the documents are not to hand. This can seriously dent your cash flow and, even worse, if you have to apply for the documents because you haven't got them, it can put your business into a serious decline. The message is clear: make sure you have all of those documents that I've mentioned above.

Now, if you happen to be one of those people who is behind on your tax returns, you won't get a tax clearance certificate pin number. There's a way around this, though, but the best idea is to speak to an accountant about this because it is a bit dodgy.

If, on the other hand, you haven't followed this sage advice and are right now stuck in a situation where your invoice hasn't been paid, then do the following: (a) ask the principal agent or the engineer for a payment certificate stating how much you are due in the contract as at month end; (b) take the certificate to your bank and ask them to advance you the amount of the certificate less a percentage. Generally, they will – then you have a month to fix the paperwork.

A very good idea is to submit as much of the paperwork as you can with your offer. This makes the awarding of the contract to you very easy, as far as the client is concerned. Another trick played by contractors or clients is an old one: "we have to wait until the next payment run, which is in two weeks' time and we will pay you then". They can thus extend payments to 45 days from invoice. Some contractors or clients will even say that they only pay 60 days from statement.

It is important that, before you sign and accept the contract, you establish the payment terms. Take the total value that you're going to claim and divide this into payment stages; make a list of what will be paid on what date and make them sign it. They may refuse, but then at least you have been forewarned.

Another useful idea is, when you put in your proposal, to load up the amount for preliminary and general (P&G) costs as much as you can. Make sure you advise the client before appointment that full P&Gs related to the contract value are payable on appointment. When they refuse to pay or they hide behind the paperwork excuses, you can just refuse to start work. This costs you very little and, sooner or later, the contractor on site will make sure you get paid just to make you start work.

There is a breed of contractor (particularly in Cape Town) that habitually does not pay their bills; and there are some consulting engineers who delay payments just to improve their cash flow.

I used to send letters begging and pleading for money and I would hear promises, promises and more promises ... but nothing would happen. Now I just give them seven days and stop work. After a few days, it sinks in that we are not working and people start to phone us telling us to "keep going ... the money is coming".

I find it much better to wait for the money and then go.

Try it and see.

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accuracy, the cost of labour for the next five years and this agreement guarantees that there will be no strikes.

An exciting part of this agreement is the introduction of a training and development fund for the training of both employers and employees in areas we consider to be of critical importance to the continued refreshment of skills and management knowledge in the industry. This is anticipated to be in place for the next five years.

We have also taken a decision on social benefits and security that should see the establishment of a new retirement fund for the whole industry by 2019. This will make sure that the benefits in this industry are uniform throughout the country. This will ensure that mobility and migration of the workforce is made easier even for companies that have a national footprint as there would be common conditions of employment. We hope that, in time, members of the retirement fund will benefit from 'economies of scale' once the critical mass has migrated to the new national retirement fund that is to be established. It is a huge challenge and it is motivated by the fact that the results must surely outweigh the pain of getting there. It will be an interesting ride.

The year 2017 will see the expiry of the current collective agreement, which we have managed with the South African Equity Workers' Association for the past three years. This journey saw stability and predictability in our space and for that we are grateful. We will also see the commencement of or new collective agreement and we are looking forward to that.

The 2016 Presidential Excellence Awards received 65 entries for the various categories and we thank the industry for its support. The standard of excellence is one we will continue to drive into the future as the yardstick by which our industry must be judged.

Enjoy your Christmas and year-end break. May you come back refreshed and more energised as we face the challenges of 2017 and beyond.

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