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## Wellington Office

| Dept. of Corrections – National | Churton Park School | HNZC Owen Street |
| Kiwibank Head Office Fitout | Brooklyn School | Redevelopment |
| MiPad Hotel, Queenstown | Wellington Girls College | HNZC Frankmoore Street |
| Westpac Stadium Concourse | Kelburn Normal School | Redevelopment |
| Insurance – various in Wellington | Thorndon School | Makara Road Development |
| Petrol Stations: | Various schools in Taranaki | Wellington Zoo Chimp Enclosure upgrade |
| NPD Green Island | Various schools in the East Coast | Kapiti Performing Arts Centre |
| Whitianga Waterways | 30 Kent Terrace | Bulls Community Centre |
| NZDF: Linton Perimeter Fence | Bombay Terraces | Sebel Hotel |
| Te Papa: Natural History | Sebel Hotel | Christchurch Schools bundle |
| Several Schools: | HNZC Hanson Street | Christchurch Men’s Prison |
| Aotea College | Redevelopment | Rolleston Prison |
| Khandallah School | HNZC Britomart Street | Insurance – various |
| Fernridge School | Redevelopment | Victoria Mansions Claim |
| Irongate School | | |

## Queenstown Office

| Mill Green, Millbrook | Bayley Office | |
| Residence Du Parc | Blackstone Apartments | |
| Sentinel Park | Camp Street | |
| Golden View lifestyle Village | Lake Ridge | |
| Gorge Road, Queenstown | Tucker Beach Road | |
| Bullendale | The Heights, Wanaka | |
| Aspiring Lifestyle Retirement Village | 1 Summit Lane | |

## Auckland Office

| Aotea Centre refurbishment | | Dilworth Junior School new gymnasium |
| Western Springs College redevelopment | The Northern Club, Bankside extension | |
| Takapuna Grammar School redevelopment | Aotea Centre shared services building | |
| Parkside satellite unit | Pakuranga Medical Centre | |
| Hotel One, Dominion Road | Orangewood packhouse extension, Kerikeri | |
| Salvation Army Royal Oak housing development | Otara Park redevelopment | |
| OKLA (Kingsman) apartments | Hayman Park redevelopment | |
| Arvida Copper Crest village, Tauranga | MOE Central North & East Coast bundles | |
| Arvida Aria Bay village, Auckland | Koia House extension & refurbishment, Devonport | |
| Arvida Cascades village, Hamilton | Sunnyvale primary school 5YA works | |
| Papamoa College Stage 3 | NZDF Papakura regeneration project | |
| Waiheke Island primary & high schools redevelopment | Westgate multipurpose building | |
| Bay of Islands College gymnasium | Mt Albert streetscape | |
| Dio School for girls Stage 2 Performing Arts Centre | HNZC various sites | |
The Auckland office has had a new fitout to our existing premises. This included a new ceiling, carpet, paint and desks.

We had a very small window of opportunity to get this completed in the 3 week Christmas break to which we are very thankful to all our tradesmen who were able to work in this time.

Everyone in the office enjoys the feel of the extra space this has been created, and we envisage becoming a paperless office.
The $75 million redevelopment of Western Springs College in Auckland represents the largest single investment in a school redevelopment by the Ministry of Education.

The building works designed by Jasmax architects comprise replacement of 80% of the existing buildings with 4 new buildings comprising 64 new classrooms within a 3 storey teaching block, new gym, new Rumaki and new Whare Tapere. There are also works to the existing buildings including The Auckland Performing Arts Centre and redeveloping the overall site infrastructure.

Downer NZ Ltd, awarded the design and build main contract, have previously completed an enabling works contract removing old landfill material from the development areas. Currently, the main contract works are well progressed with structural steel frame for the main building and linked gym whilst the foundations are in progress on the Rumaki and Whare Tapere buildings.

Maltbys are providing the Ministry of Education with full cost management and development expenditure reporting services.
Stage 2 of the new Performing Arts Centre at Diocesan School for Girls is now under construction. This follows the successful completion of Stage 1 of this project back in January 2017.

Stage 2 is the construction of the new auditorium which will seat 900 people, and includes the main entry and foyer, green room, kitchen and bar and other back of house facilities, all linked to the completed Stage 1 building. Stage 2 was negotiated with Aspec Construction who completed Stage 1.

A full tender Schedule of Quantities was prepared by the Auckland office, and all trades reviewed and negotiated on an open book basis with Aspec. The contract was awarded in March for a contract sum of $21.14m, out of a total project budget of $26m. The project is expected to be completed in late 2019.
The project was particularly challenging because of the fact that it was built on Levels 4 and 5 within the museum itself, it consists of a series of 9m high 600-800mm thick walls clad with a venetian plaster skin externally and fibrous plaster internally. The project has provided an additional circa 900m2 of floor space within the museum and includes refurbishment of a further 2000m2 of existing space.

TOI ART has recently opened within Te Papa in Wellington, labelled as a ‘Phenomenal Creative Success’ in a recent article on Stuff.co.nz, Maltbys undertook a full service and successfully delivered the project on budget.

Link to Article:
Marylin Moffatt (Executive Director) and Gretchen Woudt (Membership Officer) from NZIQS organised a morning tea at Maltbys office on Monday, 16 April to present David Morriss with a 40-year membership award from NZIQS. He was presented with a Certificate and gift.

In actual fact, David has 42 years membership. Fantastic achievement Dave.
Dexter Loh
Dexter has been with Maltbys for over a year. He started out as an intern for 3 months and has been employed as a Junior over the last 18 months.

In April 2018 he graduated at Unitec and received his New Zealand Diploma in Construction (majoring in Quantity Surveying).

Lily Zhou
Lily has been with Maltbys for over a year. She started out as an intern for 3 months and has been employed as a Junior over the last 8 months.

In October 2017 she graduated at Otago Polytechnic and received her New Zealand Diploma in Construction (majoring in Quantity Surveying).
2020 vision
PG2020 aims to transform RICS’ structure to fulfil our international aspirations, says Justin Sullivan

In 2014, RICS Governing Council embarked on GC2020, to make RICS’ top-level strategy-setting group more agile and relevant in our changing world. At the same time, the council recognised that our professional group (PG) board structure should be fit for purpose to reflect the needs of RICS members and market demand for standards. The council delegated the task of reviewing this to a working party of council members and Knowledge Board,

Our current structure of 17 PG boards in the UK doesn’t scale in a manageable way into the world regions – if we did this for each country in which we operate, we would have 2,492. That is a lot of resource. As our PGs are important, we need to change the way we are organised.

November and December last year saw the membership vote in some of its new council members, and the council in turn approved work on PG2020 so far. This has been through a number of rounds of consultation with existing PG board members and other stakeholders, and

we will now start to implement the model we have developed.

At present, PGs comprise professionals qualified in relevant areas, such as quantity surveying and project management, who work across disciplinary and geographical boundaries. They are:
- standard-setters, responsible for developing all professional and technical standards content;
- promulgators of insight and knowledge;
- advisors to the governance of RICS, the council, profession and wider world.

Our consultation found that the further you travelled from our London HQ, the less engaged the PGs felt with Governing Council’s strategy. The creation, implementation, delivery and regulation of RICS standards remains our top priority, and we need a structure to support this.

The consultation showed both a desire and need for cross-disciplinary collaboration. Our markets see RICS professionals as thought leaders who have both broad and specialised areas of expertise, and our standards programme must reflect this. It was also apparent that we need better member engagement, greater diversity and better use of technology. We need to connect with our world regions more effectively and gain market insight that can inform the creation of standards. When considering how to translate these considerations into a scalable model, the working party decided that future PG membership would expect a digital environment to enable engagement across the 146 countries in which RICS professionals practice.

The proposal for which Governing Council voted also includes a joint standards and regulation board – a working title – comprising professional members, standard-setters and regulators, and below this sits the new replacement of the current professional group board structure. We will have a model made up of leaders’ forums, standard-setting committees and wider global communities, open to all.

These will have global leaders from the profession or wider sector, whoever has suitable expertise.

- Standards are developed by expert standard-setting committees;
- They convene in person or online, at regional or global level, to address issues and risks, explore themes and devise standards, professional statements and guidance;
- Global leaders and standards-setting committees are appointed by the profession with independent input.

We are now creating the leaders’ forums and the digital platform. This work is led by an implementation group of professional members from RICS regions and PGs, and is chaired by myself. We will be working with all existing PG boards and carrying out further consultation. PG2020 plans should enable many more professionals to become involved in standards, insight and guidance regionally or globally.

A fundamental aim is to move away from the current UK-centric approach to standards, ensuring more involvement from a wider range of individuals with appropriate expertise on a global portfolio of consistent standards responding to genuine, substantive market risks and expectations.

While there is a distinction between RICS’ recognised role as a self-regulating body in the UK and the enforcement of our standards in other markets, in the latter we aim for our standards and the way they are monitored and enforced to be consistent while attuned, where appropriate, to regional norms or national requirements.

If you want to get involved with PG2020 and be part of shaping the future of our profession, please do get in touch.
A copy of an article titled ‘What’s coming over the hill’ written by Mark Farmer in the February/March edition of RICS Construction Journal.
A copy of an article titled ‘Giving a good account’ written by Joe Martin in the February/March edition of RICS Construction Journal.

recently, projects such as Crossrail, the Battersea Power Station redevelopment and the Hinkley Point C nuclear plant have all been in the news because of increased costs. Reports have tended to be negative. However, it is important to understand the causes of such inflation, many of which may have already been accounted for as part of the planned delivery and contracting process.

Likely causes of cost increases that may occur during delivery must be considered and correctly accounted for the a project’s outset, so a sufficient budget can be set. As Crossrail has noted, its Tier-One contracts – those that are directly employed by the client – were not awarded as fixed-price jobs and the contract value at award did not reflect the risks retained by Crossrail Limited, for which an allowance had been allocated.

Risks come in many forms, but RICS new rates of measurement – order of cost estimating and cost planning for capital building works 2nd edition, April 2012, identifies and defines the following:

- Inflation risk
- Design development risk
- Construction risk
- Employer change risk
- Employer’s other risk

Inflation risk also comes in various forms of its own, including changes in the tendering context and the costs of resources, so it is important to identify who will carry the risks of inflation and how they will be accounted for.

Identifying inflation risks

Inflation will affect the out-turn price in two ways:

- There will be inflation in market prices until contracts are agreed with the contractor.
- There will also be inflation in the constructor’s costs during the delivery period. Long contracts may contain market price risk for major subcontracts as well, which are to be placed at various stages in the delivery period.

The different movements in tender prices, as measured by the BCIS Tender Price Index (TPI), and underlying resource cost, measured by the RCIS General Building Cost Index, is shown in Figure 1. This also demonstrates the BCIS Market Conditions Factor, which rises when prices are rising faster or falling slower than costs, and falls when costs are rising faster or falling slower than prices.

Inflation in market prices will reflect the underlying cost of resources, but will also be affected by tendering conditions and changes in the market, such as increased prices associated with demand, the availability of particular resources, and the effect of major projects on specialist works, trades, work-package and labour-only subcontracts.

These demand and supply pressures can be local, national and international, occurring, for example, when other countries buy major quantities of raw materials. Demand and supply can also be affected by how the UK is viewed by markets; for instance, the fall in the value of sterling has affected the cost of imported materials, while the supply and cost of EU labour will be influenced by how attractive it is to work here rather than in other countries.

It is important to identify who will carry the risks of inflation and how these will be accounted, although ultimately, the client will pay for the increased costs or the contractor’s assessment of them. The client will always bear the risk of inflation, too up to the point where the contracts are agreed; they may or may not take this
risk during the delivery period, but will always pay either for the inflation or for the contractor assuming the risk.

On projects with a fixed-price contract, the inflation risk should allow for the movement in tender prices to the point where the contract is agreed and for increases in costs that the contractor will bear during the delivery period, which may also include some market risk.

On projects that have a single fluctuating-price contract, the client also takes the risk of underlying inflation in resource costs during the delivery period. The most common way to reimburse this cost is by the use of indices.

On projects with multiple contracts let over a protracted period, the inflation risk should consider the delivery programme, and the risk of any changes to the content of the individual contracts and the timing of their award. This will shift the balance of the market-price and resource-cost inflation impacts.

On large, long-term projects, the forecast of the programme of the contract awards, the overall profile of expenditure and the expenditure profile in each contract are often as important as the forecasts of inflation.

Accounting for inflation

Contracts with inflation adjustment clauses differ in the way they account for this, but most commonly they apply indices, agree a weighting of resources at the outset and calculate a single index for each valuation. This has a distorting effect on longer contracts, though, where the resources used at the beginning differ from those used towards the end.

Figure 2 shows the differential movement in the cost of ready-mixed concrete and steelwork over the period from January 2014. It shows that the effect of steel prices on the cost of the project would differ considerably depending on when it was incurred, but using a standard set of weightings might under- or over-recompense the contractor for inflation.

BCIS produces the Price Adjustment Formulae Indices (PAFs) that were devised by the industry for use with inflation adjustment clauses, but a variety of other indices are occasionally used (www.rics.org/paf).

The use of a single generic index may not represent the inflation experienced on a project, modeling an index based on the resources and expenditure profile of a particular project will therefore reduce the risk of inflation for both the contractor and the client.

BCIS has published six golden rules for choosing an index:

1. Be clear about what you want to measure and how you want to apply it
2. Choose an index measuring the costs that most closely matches the characteristics defined in point 1
3. If you are using the index to link costs in a contract or agreement, be clear that it meets your needs, particularly in respect of:
   - the frequency of publication
   - your updating and reversionary policy
4. Understand the inputs to the index and the calculation methodology
5. Read the notes and definitions
6. Never choose an index because of its past performance

The PAFs have been designed to allow for price adjustment on contracts such as NEC, under its Option X1. Price adjustment for inflation. BCIS and Crossrail produced a case study on how PAFs were applied on the latter’s contracts (www.rics.org/paf/crossrail). Separate PAF series are available for:

- building
- civil engineering
- highways maintenance
- specialist engineering

Forecasting inflation

Assessing the risk of inflation on a project requires forecasts of:

- the contracting profile, to identify when contracts will be let
- how inflation in the delivery period will be dealt with on each contract
- expenditure profile on each contract
- market prices reflecting the different resources for each contract
- inflation in costs for the resources to be used during each contract

Identifying when different forecasts should be applied will change the inflation risk. An assessment of the impact of delaying or accelerating the award of contracts should form part of the risk analysis.

BCIS publishes five-year forecasts for tender prices, market conditions and resource costs for both building and civil engineering (www.bcis.co.uk). In addition to these, BCIS produces bespoke forecasts for clients and contractors on individual projects, sectors and locations (www.rics.org/bcis/forecasts).

An inflation forecast that reflects the resources and the programme of a particular project will provide a better understanding of the inflationary risk than a generic forecast.
A copy of an article titled ‘Growth chart’ written by Sebastian Chambers in the February/March edition of RICS Construction Journal.

Growth chart
Sebastian Chambers identifies three key factors crucial to progress in the construction industry

A recent round-table discussion at the Construction and Building Products Show in London shed light on the challenges and opportunities investors and advisors see in the construction sector. The key factors identified by Sebastian Chambers include employee engagement, strong relationships with subcontractors, and the use of technology.

Skills for success
We separated the firms into three categories. First, there were share winners, businesses with sales growth of more than 5% per annum. Second were the share decliners, businesses with falling sales; and third, there were the non-movers, those with sales growth of between 0% and 5% a year.

Winning the war for talent
Much of the UK construction and infrastructure sector is growing robustly, and with an improving performance, the research showed that 31% of market share winners reported that their on-site processes are becoming much more efficient, compared to 15% of market share decliners.

The light labour market in the sector also means the more enlightened firms that focus on recruitment and retention of talent are best placed to succeed. Of the market share winners, 27% report a well-structured apprentice scheme, compared to 13% of market share decliners. When it comes to hiring graduates, the growing firms are again ahead of the pack, with 24% recruiting from higher education institutions, compared to 7% of those in decline.

With just one in 20 construction workers being female, successful firms also place much greater emphasis on engaging with women, and 36% are actively working to improve the workspace for female staff. Training is also crucial to develop expertise and improve productivity—and again, the market share winners for out pace the lesser-performing firms in this regard.

The consistent undersupply of skilled workers in construction goes back to 1998

Sebastian Chambers is Partner and Head of Construction and Building Products Practice at CIL Management Consultants

Related competencies include business planning.
Maltbys Wellington are pleased to announce the appointment of Bernard Chapman as Associate Director. Bernard has been with Maltbys since 2012, has over 13 years of experience as a Professional Quantity Surveyor and is a Member of New Zealand Institute of Quantity Surveyors (MNZIQS).

As one of Maltbys team, Bernard has successfully delivered a wide variety of projects including the recently opened TOI ART exhibition at Te Papa, The Great War Exhibition at the Dominion Museums Building, Meet the Locals at Wellington Zoo, Christchurch Boys High School New Hall / Gymnasium, Rawhiti School Christchurch and the Discovery Garden at Wellington Botanical Gardens to name a few.

Bernard been heavily involved in Insurance works in Christchurch and Wellington including both Mediation and Expert Witness works. Recently Bernard has taken on the Chief Estimator role in the office and is responsible for estimates being delivered on time and to a high standard.

Bernard has experience in all areas of the construction industry and is currently representing Maltbys as Lead QS in the following projects: Aotea College Rebuild, Kapiti College Performing Arts Centre, Chimp Enclosure Refurbishment Wellington Zoo, Te Papa Natural History Refresh, Khandallah School New Build Works, Makara Road Residential Development, Bulls Community Centre and the Kiwibank Fitout of 20 Customhouse Quay to name a few.

Bernard’s responsibilities at Maltbys include, in addition to core quantity surveying duties, Chief Estimator also responsible for staff training, Lead QS numerous projects, assisting with the operational management of the office, maintaining client relationships and developing new clients.
1. Wellington Christmas Eve Office Lunch
2. Maltbys Wellington – Social Get Togethers
3. New Zealand Festival – Waka Cruise
4. Matt’s a first time buyer!
5. Arthur Gabriel fishing contest
The last day of the year is generally earmarked for an early finish, shared lunch and a few quiet drinks before everyone heads away for a well deserved break. The only difference this time was that the night before most of the office got a bit carried away, with the evening being forever more referred to as “Magnet Night”....

Needless to say there were a few sore heads Friday morning.

As part of moving into the new office, Maltbys Wellington have arranged several social gatherings with both existing and prospective clients, all of which have been successful.

We look forward to hosting many more events in the near future. All staff are encouraged to suggest and arrange drinks to be hosted in-house and we currently have two events locked in for next month.
Bernard & Geoff were hosted on a Waka cruise of Wellington Harbour in February, it was a great way to start the morning and was a good networking opportunity.
Last week, Matt Kotsifakis from the Wellington office just bought his first home. You’re most likely looking at the photo and think he has just bought a real doer upper.

However, this is not the case, the old shed will be demolished very soon, and a new house will be built in the coming months (the finish product will be similar to photo 2, but with a garage on the side).
On the 20th of April Maltbys Auckland Office held their annual Arthur Gabriel Fishing trip on the Auckland harbour. It was a beautiful sunny day out on the harbour filled with fun times, good food and laughter.

The trophy for the largest fish was won by Dean Pooley.