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THE FULL MEASURE

Ronald McDonald House, Wellington

Ronald McDonald House Wellington provides a temporary “home away from home” for those families that have seriously ill children under the age of 21 years. Maltbys are proud to have been part of the redevelopment following leaky issues in the existing Newtown structure.

The new house consists of 34 rooms, a large domestic kitchen, a commercial kitchen for volunteers, a gymnasium, games room, internet room, parent and teen rooms, and a children’s art room. Completed in October 2012. Construction cost \$10 million.



Current Projects

Wellington Office

HNZ-Centennial Flats
N2B Jacks Point
Christchurch Schools
Wellington Zoo The Hub
Chamber of Commerce
Wellington Zoo Meet ' Locals
Kiwirail Linwood Loco Depot
New Plymouth Boys/Girls High
Clyde Quay Public Space
The Treasury Refurbishment

Auckland Office

Rototuna High Schools
Rotorua Police station
Nga Taiatea Wharekura
Diocesan Arts Centre
Western Springs College
Putney Way Apartments
Redhill Primary
Tarawera High School
Wairoa School
Endeavour Primary School
Murupara Area School
Holy Trinity Cathedral
Waiuku Area Schools
Kelston Deaf Education Centre
Birkenhead Mainstreet Upgrade

Queenstown Office

Paradise Homestead
Bendemeer
Hulbert House, Queenstown
Haeg House, Arrowtown
Remarkables Ski Field
Arran Lane
Shotover St-Queenstown

Christchurch Office

Ashburton Museum & Art Gallery
Hornby Retail Development
Chch Men's Prison

Wellington Zoo -Meet the Locals

“Meet the Locals” is the Wellington Zoo love story to New Zealand, and their way to celebrate our country with amazing creatures and plant life.

This project is due to start September 2014 for a twelve month construction to deliver four new exhibits as below;

Penguin Point

Will be home to Korora, the Little Blue Penguins. Visitors will be able to get up close to this iconic native species to help ensure their survival.

Pohutukawa

Will be reminiscent of a Wairarapa Farm and home to Kune Kune Pigs, Sheep, Rabbits, Guinea Pigs and Chickens. An Eel pond with accommodate Tuna and freshwater Eels.

Native Bush

Will be an exploratory journey through regenerating bush. For visitors to think about bush in a different way, to discover, learn about ecosystems, animals and plants.

Conservation

To celebrate the work Wellington Zoo does for our endangered New Zealand locals, through the work with the Kea Conservation Trust and more. To learn how to protect the Kea and help restore the Kaka to the wild throughout New Zealand.



Joe Martin is Executive Director of The Building Cost Information Services

Accounting for inflation

Joe Martin assesses the ups and downs of price changes in infrastructure projects

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Large civil engineering projects often take a considerable length of time to plan and build. Maintenance and framework agreements tend to remain in force for extended periods, and regulatory arrangements for infrastructure sectors are generally in place for five years or more. Therefore, dealing with inflation during the planning, construction and maintenance phases of infrastructure projects is a crucially important issue.

The normal means of adjusting for inflation is an index, and there are three main uses for indices in construction.

Updating costs in a cost plan or estimate: Estimates need to be updated during the pre-construction phase of a project, particularly on larger projects where planning feasibility, planning and design can take many years.

Example: High Speed 2 (HS2) estimates are prepared at a given base date, with the BCIS Tender Price Index (TPI) being

used for benchmarking at a common date. For escalation forecasts HS2 uses TPI forecasts up to the award date, and then a tailored basket of the civil engineering price adjustment formula indices are projected to cover inflation during construction.

Bringing costs to a common date for benchmarking: Using benchmarks for order of cost estimates, challenging or validating estimates or tracking performance requires historic project costs to be brought to a common date.

Example: The Cabinet Office/ Infrastructure UK cost benchmarks¹ are published as 2009-10 baseline benchmarks for later years. Subsequently, the benchmarks achieved are adjusted for inflation to allow for sensible comparison. The government departments involved have used different indices to adjust for inflation. In the infrastructure sector, Highways Agency benchmarks use the Department of Business, Innovation and Skills (BIS) Tender Price Index of Roads Construction (ROADCON). Meanwhile, Transport for London has used the Retail Prices Index excluding mortgage payment (RPIX), while Environment Agency benchmarks use the BIS Output Price Index for New Construction (2010): Public Non-Housing. Does a choice of index make a difference? **Figure 1** suggests that it does.

Adjusting prices in a contract or agreement:

If a client or financier wishes to take on or share the risk of inflation over the period of a contract, the contract sum, target cost and capital funding allowance will be linked to, and adjusted by the Price Adjustment Formulae Indices (PAFI), although other indices or a combination of indices are sometimes used.

Example 1: On Crossrail, NEC contracts containing a price fluctuation clause (X1), the target cost is adjusted for inflation using the PAFI. Each contract has a different combination of the indices modelled according to the specific works being delivered. The PAFI are loaded into the models to calculate the price adjustment in each period. The indices used are BCIS cost indices, PAFI Building Series 3, PAFI Civil Engineering 1990 Series and PAFI Specialist Engineering Series 3. The value of the contracts covered by the index linking is approximately £1.2bn.

Example 2: OFWAT capital expenditure requirements are index linked to the BIS/Office for National Statistics Output Price Index for New Construction: All New Construction (COPI) for inflation during the current asset management plan period (2009-15).

Types of indices

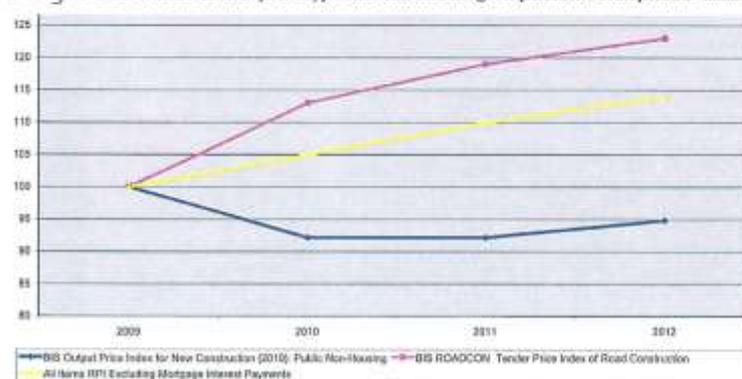
Four types of index are widely used in construction.

Resource cost indices: these measure the movement in the cost of inputs to the construction industry as a whole. They are usually based on factory gate prices for materials, nationally agreed wage awards and on costs for labour. Examples are the Price Adjustment Formulae (Baxter) Indices, the BCIS General Civil Engineering Costs Index and the BIS Resource Cost Index of Infrastructure.

Tender price indices: these measure the movement in the prices charged by contractors agreed at the start of a contract. Examples are the BCIS all-in Tender Price Index and ROADCON.

Output price indices: these measure the movement in prices paid to

Figure 1 Roads tender prices, public non-housing output and retail prices



contractors when work is carried out. Examples are COPI and BIS Output Price Index for New Construction: Infrastructure (IOPI).

General inflation indices: measure the movement in prices as experienced by individuals. Examples are the Retail Prices Index (RPI) and the Consumer Prices Index (CPI).

Different types of indices tend to move differently. While resource cost indices and general inflation indices may fall occasionally, they tend to move upward because they reflect the costs of products and wage awards. The tender price and output price indices react to demand pull as much as to cost push, and are therefore much more volatile. The output price indices tend to lag behind the tender price indices (see Figure 2).

RPI and CPI cover a slightly different range of goods and services, but because of the way that they are calculated the RPI will always go up faster than the CPI.

The terms 'cost' and 'price' are interchangeable because a seller's price is the same as a buyer's price. The BCIS convention is to refer to the value of things that the construction industry buys as 'costs', and the value of the things that clients buy as 'prices'.

Six 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 that is measuring the costs that most closely match those set out in point 1.
- 3) If you are using the index linking something in a contract or agreement, be clear that it meets your needs, particularly in respect of the frequency of the publication and updating and revisions 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.

Indices for civil engineering

The main sources for relevant indices in infrastructure are:

- **BIS:** cost indices for roads (ROCOS) and infrastructure generally (FOCOS), tender price index for roads (ROADCOM). Available in the RICS infrastructure information service
- **BIS/ONS:** output price indices

Figure 2 Resource costs, tender and output prices and general inflation

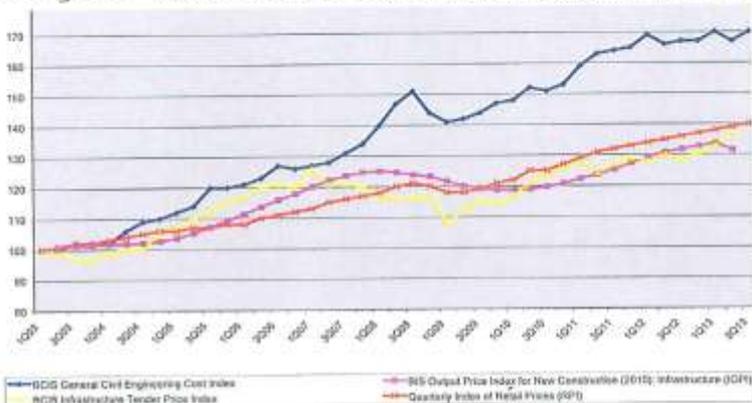
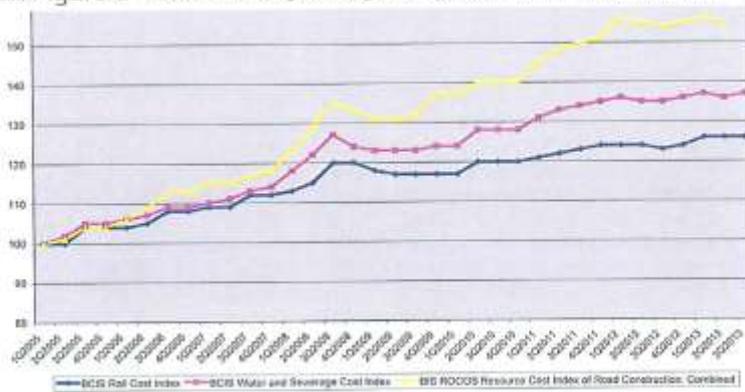


Figure 3 Resource cost by civil engineering sector



for infrastructure (IOPI) and all construction (COPI). Available in the RICS infrastructure information service

- **BCIS:** cost indices for infrastructure generally (GCECI) and for roads; water, sewerage and rail (see Figure 3); tender price indices for infrastructure and building. Available exclusively in the RICS infrastructure information service
- **BCIS PAFI** cost index series, available in the RICS infrastructure information service; civil engineering (Baxter); specialist engineering, highways maintenance
- The British Electrotechnical and Allied Manufacturers' Association.

Summing up, allowing for inflation forms an important part of delivering infrastructure projects and there are a variety of inflation indices produced specifically for the sector. The movement in these indices controls significant

amounts of money, and it is therefore important to choose the most appropriate index and to apply it correctly. ●

'Government construction: construction cost reductions, cost benchmarks, and cost reduction trajectories to March 2013, Cabinet Office, 2 July 2013 <http://bit.ly/teSOnkJ>

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Further +info

Related competencies include **T022, T074**



New Faces

David Howell

Hi, my name is David Howells. Having contemplated a move here for some time, my partner, son and I finally took the plunge and moved to New Zealand from the UK in July where I immediately started working for Maltbys.

I completed my degree in Quantity Surveying and Commercial Management at the University of the West of England, Bristol in 2009. Since then I have been working as a Quantity Surveyor delivering various projects across the UK. My experience includes new builds, refurbishments and external works across education, environmental, health and community sectors.

I enjoy watching and playing football and am a big Manchester United fan. This passion for football encouraged me to begin coaching and as a result I spent 2 summers working in the USA coaching and directing soccer camps.

I am thoroughly enjoying my time at Maltbys and am looking forward to the future here, developing my knowledge of the NZ construction industry and exploring this beautiful country.



Alex Boyle

Hi, I'm Alex Boyle and have been at the Auckland office for a couple of months. I originally hail from Wellington and am a fervent supporter of the Hurricanes and unfortunately the Lions.

After high school I studied at Victoria University before shifting to several overseas places. A few years and adventures passed and I moved back to Auckland.

After discussing my future career path with my brothers, (who are both in the construction industry), we came to the conclusion that Quantity Surveying would work well for me.

Hence I enrolled at Unitec and completed my National Diploma in Quantity Surveying in June of this year. Everyone at Maltbys has gone above and beyond to support and make me feel welcome and I realise how much more I have to learn.



New Faces

Jason McCamish

Hi, I'm Jason McCamish. I'm new at Maltbys. I joined when I heard Maltbys were looking for a Quantity Surveyor with a focus on building services. I've been working the last 5 years as an Air Conditioning and Refrigeration tradesman with a broad range of roles for Thermo Tech and gained a National Certificate in Refrigeration and Air Conditioning and an Electrical Service Technician licence in that time.

I learnt the Quantity Surveying profession while working for Fletcher Construction under their cadetship program straight out of high school, and gained a QS diploma from Unitec.



My interests include motorcycle racing, cycling, technology, physics, engineering and international adventures. I feel lucky to have been able to pursue my interests and am now focussing on career, and am excited about finding this

Ruban Gounder

My name is Ruban Gounder and I have recently started working with Maltbys. I'm also studying part-time at Massey University towards gaining a qualification in Bachelor of Construction.

I'm originally from the Islands of Fiji and apart from work and studies I have interest in playing a fair bit of sports and travelling. I'm enjoying my time working with Maltbys and grateful to be given the opportunity to gain experience with a professional working group of staff around me.



MALLTBYS

SOCIAL EVENTS

Ashleigh's Last Day

It was Ashleigh's last day and we all went for lunch at the Northern Steamship Company.

Ashleigh returned to Wales to continue with her studies and we wish her all the best.



Auckland Mid Winter

Glow in the Dark Golf and Macs Brew Bar Takapuna.

Glow in the Dark Golf - After adjusting our eyes to the dark, it was lots of fun and totally recommended. Lots of laughs at each others shots and the most difficult hole was trying to get past an offset spinning wheel with a few millimeters gap at the bottom. Many failed, but some got through on the first shot. After all the laughs we had a drink and meal at Macs Brew Bar in Takapuna.



And the winner was?



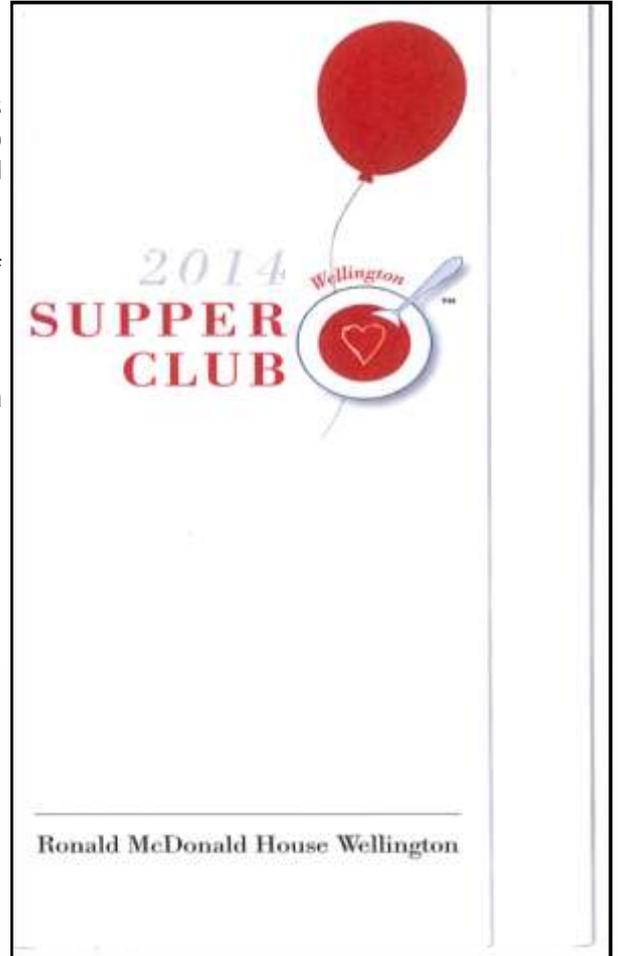
Wellington Mid Winter

In support of Ronald McDonald House, Wellington, David Morriss and the Wellington team were invited to the 2014 Supper Club fundraising evening. The event started with a pre-dinner cocktail party at the New Zealand Portrait Gallery followed by the fundraising auction of 14 items.

David won the first bid and he was able to get "First Pick" of one of the restaurants listed - to which we chose Shed 5.

The evening was well supported. It was fun as well as a good opportunity to catch up with other business contacts - and all for a good cause.

Shed 5 occupies one of the oldest wharf stores in Lambton Harbour. A water's edge position and in-house fishmonger contribute to its standing as Wellington's premier seafood restaurant. The meal at Shed 5 was delicious and a pleasant evening was had by all.



Loud Shirt Day

Maltbys Auckland office are proud to be part of Loud Shirt Day to raise money for the deaf and hearing impaired children of New Zealand. The Hearing House is based in Auckland and provides services to families in the northern region, and the Southern Cochlear Implant Program is based in Christchurch, providing services to families in the southern region.

