

# CONTACT Australasia

## Encouraging innovation in the built environment industry

**Update by Martin Loosemore FCIQB FRICS**

The Australian Federal Government has established Industry Innovation Councils (Councils) covering a number of industries. See: <http://www.innovation.gov.au/Section/Industry/Pages/IndustryInnovationCouncils.aspx>

Reflecting the central importance of our industry to the wider economy, the first of these councils was dedicated to the built environment and is called the Built Environment Industry Innovation Council (BEIIC). Each Council contributes to building an innovation culture in Australia by:

- providing strategic advice on innovation priorities to the Minister
- championing innovation in industry
- building connections with other organisations including the Enterprise Connect network.

Members are appointed by Senator the Hon Kim Carr, Minister for Innovation, Industry, Science and Research for their leadership, knowledge and expertise. They come from business, unions and professional organisations, science and research agencies, and government.

The BEIIC acts as an advisory body to the Minister and as an innovation advocate for the industry. The Council considers industry innovation challenges like climate change, sustainability and industry competitiveness as well as issues such as regulatory reform, workforce capability, skills needs, access to new technologies and other priorities for the industry. BEIIC members have been drawn from representatives from business, the research community, unions and government agencies. See: [http://www.innovation.gov.au/Section/Industry/Pages/BEIIC\\_Membership.aspx](http://www.innovation.gov.au/Section/Industry/Pages/BEIIC_Membership.aspx)

The BEIIC will provide leadership to the built environment sector. It will communicate the Government's innovation policies and goals, build relationships and

linkages with the Enterprise Connect Network, peak industry bodies and other stakeholders. See:

<http://www.innovation.gov.au/Section/Industry/Pages/BuiltEnvironmentIndustryInnovationCouncil.aspx>

### The challenge of innovation

The built environment industry has one of the lowest rates of innovation of any industry in Australia, ranking third last in terms of proportion of income generated from innovation. Key innovation challenges for the future include addressing energy and water use efficiency and housing costs in light of the anticipated Carbon Pollution Reduction Scheme. The BEIIC believes that the industry needs to build its capability and capacity to address these challenges by better identifying and disseminating innovative practices across the built environment industry.

Fragmented supply chains and production processes, lowest cost tender selection, prescriptive specifications, inequitable risk distribution and adversarial relationships are barriers to innovation in the built environment industry. Australia faces a challenging combination of rapidly decaying built environment, future resource constraints, changing demographics and climate change risks. While there have been some positive signs of increased innovation in the Australian built environment industry, the BEIIC believes that building a stronger culture of innovation will help to address these challenges by developing new ways of working smarter.

The BEIIC has now met five times. Through workshops and other interactions with key industry stakeholders it has identified the following actions areas for 2010 in its 2009-2014 strategic plan. The BEIIC is well underway in achieving its 2010 milestones from its 2009-2014 Strategic Plan, including proposed initiatives to

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## President's Column

We're almost at the end of the first quarter of the year and it is time that members of the institute start to think, act, and respond to the needs of markets for the construction and building industry for 2010 and beyond. To deliver a consistent message and in response to the call from members worldwide, CIOB recently released its 2010 Talking Points document.

These Talking Points aim to guide those who give speeches on behalf of the Chartered Institute of Building (CIOB). The document is set out to offer the speaker a description of the views and work that underpins the CIOB's seven guiding principles.

CIOB international established the following seven Guiding Principles to express the Institute's direction towards excellence in the construction industry. CIOB seven Guiding Principles are:

1. Creating extraordinary people through professional learning and continuous personal development.
2. Promoting the built environment as central to the quality of life for everyone everywhere.
3. Achieving a sustainable future, worldwide.
4. Advocating exemplary ethical practice and behaviour, integrity and transparency.
5. Pursuing excellence in management practice, and technological innovation rooted in evidence based science.

6. Being socially responsible and working responsibly.

7. Enabling our members to find an emotional resonance with the Institute; their success is our success.

In the Australasian region we are trying to understand the needs of our members, educational institutes and most of all, the needs of the industry. However, the question must be asked, do our supporters agree that it is a good thing to give a little back to the professionals of the future.

My role as president has been a challenging one; to start thinking laterally to find new directions to establish Memorandum of Understanding Agreements with many other institutes and professional associations which will open the doors to new ventures for all groups.

I invite all members and non members, Institutes, Associations including Educational Centres to participate in our future development in this part of the world as it is my belief that Australasian countries present the centre of the future economy.

The Chartered Institute of Building (CIOB) has always provided opportunity for individuals to advance their career opportunities by increasing the potential of industry standards.

In the past, CIOB has been a UK based institute, but today CIOB has grown to



**Varoujan Bedrossian** M DesSc, FCIQB, FAIB, MAIPM, MIAMA, AAIQS, JP, Regional President, CIOB Australasia

become an international institute and we need to start developing an international focus to cater to the needs of the various regions which may at times be quite specific and not correspond to the needs of other parts of the world.

It is time that we start working and strengthening open communications with our local industry leaders including other institutes and associations whilst at the same time maintaining our international status.

CIOB Australasia has opened its doors to communicate with all local industry and government authorities so that we could contribute our share of international knowledge. There is much work to be done and exciting and challenging times lay ahead. With our AGM to be held in May, I invite all our regional members to consider whether you can play a role in developing the Institute in our region and look forward to hearing from as many of you as possible during the course of the year.

## Philip Sanders becomes CIOB Ambassador



**Philip Sanders** FCIQB FIEAust FIStructE CEnv

Philip Sanders, CIOB Australasia Regional Vice President and principal of consulting firm Building Knowledge, has just been appointed as a CIOB Ambassador for sustainable construction.

The CIOB Ambassador Programme is an important mechanism by which CIOB

delivers on key objectives and ensures the institute has a prominent and respected voice on strategic industry issues worldwide. CIOB appoints suitably experienced members from across the broad spectrum of construction disciplines and seeks to harness the expertise of members to cover all aspects of the built environment. CIOB Ambassadors assist with the development of policy, promote CIOB membership and further the objectives of CIOB for the benefit of the public. Ambassadors represent CIOB at key forums & committees and act as spokespersons on specific issues.

As many of you will know, Philip has been involved for a long while with CIOB's activities in sustainable design and

construction and together with Christopher Chainey, QLD Centre Chairman and IPP, represents our Institute on the Council of the Australian Sustainable Building Environment Council. ASBEC is Australia's peak consultative forum on built environment sustainability and best known for its "second plank" report.

As a keen proponent of sustainable construction, FCIQB member and a Chartered Environmentalist, Philip will be focussing on this area in his new role as Ambassador, working with the CIOB Australasian and International offices to further develop CIOB policy and public profile in this increasingly important area of the built environment.

CIOB Australasia strongly encourages those members who are passionate about raising standards in the construction industry and want the opportunity to influence the decision makers and make a difference, to contact our Sydney office for further information on how to apply to become a CIOB Ambassador.

### Notice

Facts and opinions expressed in this publication are those of the authors of the articles. They may not be the official position of CIOB on any given matter.

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develop a community engagement strategy and critically examine current regulatory frameworks.

1. Innovative Procurement Policy and Processes Developed
2. Green Skilling Initiated for the Retrofitting Industry
3. Government Urban Policy and Programs
4. Innovative Built Environment Demonstration Projects Supported
5. Innovative Tools and Technologies Developed and Applied
6. Improved Coordination Across Government for the Built Environment Industry
7. Principles Developed for an Innovative Regulatory Framework
8. Community Engagement Strategy Developed to Promote Sustainable Practices

At a recent meeting the BEIIC considered the following commissioned reports:

- *Procurement Practice: Impediments to Innovation and Opportunities for Change;*
- *Retrofitting Residential Precincts and Housing: Current Practice, New Strategies and Industry Training Needs; and*
- *Innovative Practices in the Australian Built Environment Sector: An Information Resource for Stakeholders.*

The BEIIC is actively progressing key recommendations from these reports that address the Council's priorities.

*In the area of procurement* practical recommendations being progressed include:

- Adapt the principles of alliance contracting and project insurance to a broader range of projects where innovation is required by the owner.
- Governments and major clients should base their client requirements on performance specifications rather than prescriptive descriptions of specific methods and materials. Performance parameters need to be specified in very broad, high-level terms.
- Governments and major clients should use advanced procurement systems and build internal technical competencies to promote innovation.
- Governments and major clients should encourage a culture shift away from lowest-price short-term decision-making towards value-based, whole-of-life decision-making.
- In their role as regulator, governments should reduce duplication and uncertainty in approval processes. In setting standards, there is an urgent need for greater standardisation and more rigorous and mandatory sustainability standards

*In the area of retrofitting* practical recommendations being progressed include:

- Governments to reform/consolidate the growing complexity of retrofit schemes to improve communication and support better decision making for residents. Generate easy to understand evidence-based carbon abatement cost curves and/or a league table of solutions, eco-efficiency improvements and costs for different housing type.
- Government and industry to encourage market-based mechanisms, which can enable wide-spread eco-efficiency improvements. For example, state-based energy efficiency trading systems and "energy efficiency aggregators" deliver significant improvements when tallied across large numbers of dwellings.
- Industry and governments to engage the wider community on the longer-term cost benefits of investing in eco-efficiency.
- Government to assess the role and effectiveness of current and proposed feed-in tariffs and other mechanisms to catalyse uptake of renewable energy in existing communities.
- Industry and government to tackle precinct-wide strategies, particularly for implementing distributed energy and water management systems, including:
  - \* Researching co-generation/distributed renewable energy initiatives undertaken in existing communities in the UK and Europe;
  - \* Consolidating research undertaken by Australian city councils around "green transformers"; and Piloting district-wide solutions to overcome current market and regulatory barriers.
- Industry to explore retrofitting to address emerging requirements for adaptation (in response to the physical impacts of climate change), including:
  - \* Engaging with insurance community to better understand the emerging risks; and Modelling scenarios and developing implementation plans to mitigate risks.
- Industry and government to examine how best to integrate social infrastructure into existing communities, particularly where there are concentrations of groups with higher needs.
- Professional associations to periodically review effectiveness of current courses, including:
  - \* Checking that courses remain current, supporting leading practice and application of emerging technologies;
  - \* Review the extent of penetration of training across trade/employment groups; and
  - \* Engaging consumers to build awareness and credibility of accreditation programs
- Industry and government to appoint/identify a neutral entity/online source to act as a hub for information on green training programs available across the industry.
- Government and industry to identify current training gaps across industry employment groups, and then develop and implement programs to address these gaps.

*In the area of innovation* practical recommendations being progressed include:

- Governments and major clients should review specification policies to encourage innovations in key areas.
- Governments and major clients need to overcome conservatism by increased funding of demonstration, R&D, training and education programs in key innovation areas.
- Governments, industry associations, professional bodies and major clients and industry firms should synthesis existing knowledge exchange networks into an integrated and targeted knowledge strategy to promote idea sharing, learning and collaboration in the industry.
- There is a need for a national centre which can:
  - \* Act as a national repository for data, knowledge creation and dissemination about sustainable built environments (drawing from multidisciplinary research in Australia and overseas);
  - \* Develop applied research relationships with industry and stakeholders on a national level;
  - \* Develop and maintain new national datasets to inform research, innovation and the industry in transition towards sustainability; and
  - \* Develop stretch targets, visions and exemplars for sustainable built environment futures.

Comments and feedback is always welcome and the Council is best contacted through the Secretariat in DIISR. Contact details, Council membership, current projects, Strategic Plan and publications are on our website at: [www.innovation.gov.au/beiic](http://www.innovation.gov.au/beiic)



**Martin Loosemore, FCIQB, FRICS**

**Martin is a member of BEIIC, Professor of Construction Management at UNSW and GM of RiskWise Knowledge and Innovation**

# Security of Payments in the Building Industry

You are sitting in your office on a Friday afternoon and notice that, whilst you were getting a coffee, a progress claim has magically appeared on your desk. On the progress claim is written the words “This is a payment claim made under the Building and Construction Industry Security of Payments Act 1999 NSW”. Now you stare at the words but can’t seem to remember why that phrase might be important.

This is the reason why the phrase is very important and could, if managed badly, cost your company money and give you a very large headache.

The Building and Construction Industry Security of Payment Amendment Act 2002 is an attempt to provide a solution to the issue of payments and payment claims that has generally dogged the industry. The Act applies to all payment claims made under the Act and served on, or after, 3rd March 2003.

Now it has been general practice that you never pay a contractor or subcontractor until you have been paid yourself. This is called the pay when paid provision. The problem with this scenario is that variations and percentages of work completed can get you into trouble and the resultant affect is a payment claim containing the words “This is a payment claim made under the Building and Construction Industry Security of Payments Act 1999 NSW”. This provision is rendered void by Section 12. The addition of these words is usually predicated upon the fact that both parties have issues or that both parties has previously had issues in regards to monies for works completed.

A pay when paid provision is:

- (a) a provision that makes a liability of one party to pay contingent on payment from a third party (ie pay if paid);
- (b) that establishes the due date for payment of money by reference to payment from a third party (ie pay when paid); and
- (c) that otherwise makes the liability or due date for payment contingent or dependent on the operation of another contract.

While the Act is concerned with contracts that make liability or the due date for payment dependent on payment from another contract, or actual payment from another party, it does not prevent a clause in a contract that makes the amount dependent on the operation of another contract. However, given our comments in relation to contracting out of the Act, a very carefully drafted provision will be required to accommodate a party’s desire to tie a payment to the operation of another contract.

Usually the payment claim is made because there are monies that are in dispute (or are about to be in dispute) and the addition of the words “This is a payment claim made under the Building and Construction Industry Security of Payments Act 1999 NSW” is a tactic to fast track those funds without the claims being subject to too much scrutiny.

Section 13(3) now provides that a progress claim may include:

- (a) any loss or expense incurred by a contractor as a result of the removal by the principal of any part of the work as a consequence of suspending works for non-payment of a previous progress claim (ie loss of profit on the omitted work, but not suspension costs); and
- (b) monies held under the construction contract by the respondent, which the claimant claims is due for release (ie cash security, retention or other monies withheld by a principal by way of contra charge).

Your job, now that you have received the payment claim and read the words “This is a payment claim made under the Building and Construction Industry Security of Payments Act 1999 NSW” is to act swiftly. You have to provide a payment schedule within 10 business days or such earlier time as the contract provides.

Where the amount of the payment schedule varies from the amount sought your contractor or subcontractor and then you, must provide reasons for any variation. This is important, because any subsequent dispute between the claimant and the respondent via adjudication or judgment debt proceedings in respect of the amount of money to be paid will be determined with regard to these reasons under Subsection 15(4), 16(4), s20(2B) and 25(4)) of the Act.

The respondent is not entitled to provide additional reasons for withholding money at a later time, although this does not prevent a party from commencing separate proceedings and raising other arguments in those proceedings.

Payment schedules should include, where appropriate, the ‘usual’ bases of cross-claims, ie damages for items such as a breach of the contract, negligence or claims lodged under the Trade practices Act.

You must make a payment of a progress claim on the date stated in the contract, or, if the contract is silent, within 10 business days after a payment claim under the Act is made.

So what happens if you don’t act in an appropriate time or manner then the progress payment becomes due and payable, the claimant is entitled to the following.

- (a) interest at the rate:
  - prescribed under the Supreme Court Act 1970 (NSW); or
  - stated in the contract, whichever is the greater (section 22(1) (c)); and
    - (i) exercise a lien over any unfixed plant or materials supplied by the claimant in connection with the work (ie not just those materials that are the subject of the unpaid progress claim). But the right to exercise a lien ranks behind pre-existing liens and does not create a right against third party owners of the unfixed plant and materials. Head contractors, who intend to pay subcontractors from payments received from the principal, should be wary of promising a principal a lien-free title in materials that are the subject of any progress payment; and
    - (b) give the respondent two business days notice of intention to suspend and then suspend works on site

The consequences of not identifying the progress claim with the words “This is a payment claim made under the Building and Construction Industry Security of Payments Act 1999 NSW” is severe and if ignored for more than 10 days could jeopardise the projects programme and financial stability.

Once you decide to subsequently make payment to the claimant, then the claimant must resume work within three business days of receiving such a payment (Section 27(2)). Included within the payment must be any loss or expense as a result of the removal of any part of the work as a result of a suspension.

Should parts of the payment claim remain unpaid then the subcontractor (claimant) can and probably will make an adjudication application. If the claimant commences court proceedings to recover the unpaid moneys, the respondent is not entitled to bring any cross-claim or raise any defense that has not been provided on a payment schedule (Subsection 15(4), 16(4), 20(2B) and 25(4)).

I conclude that standard form contracts will often provide for progress payments, do not make express provision for the Act and in my opinion special conditions need to be drafted. Such conditions might include:

- (a) the manner of service of a progress claim under the Act (ie to the contract

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# China property bubble called “Dubai times 100”

Analysts are warning that a glut of empty office space in China could lead to a property crash that could halt growth.

Jack Rodman, president of Global Distressed Solutions LLC, which advises private equity and hedge funds on Chinese property and banking, told Bloomberg that he estimates that half of the city's commercial space is vacant, a volume greater than was leased in Germany's five biggest office markets in 2009.

Beijing's office vacancy rate of 22.4 percent in the third quarter of last year was the ninth-highest of 103 markets tracked by CB Richard Ellis Group Inc., a real estate broker. Those figures don't include many buildings about to open, such as the city's tallest, the US\$965-million, 74-storey China World Tower 3.

Despite high vacancy rates, the building boom continues. Jones Lang LaSalle Inc., a Chicago-based real-estate company, estimates that about 1.2 million square meters of office space in Beijing will come on line this year, adding to the total stock of 9.2 million square meters. Bloomberg reports that the district government is seeking to double the size of the city's Central Business District, which already has the highest vacancy rate ever recorded in Beijing. It was 35 percent at the end of 2009, according to Jones Lang LaSalle.

Easy access to credit is blamed for the rampant construction activity. Empty buildings are sprouting across China as



companies with access to some of the \$1.4 trillion in new loans last year build skyscrapers. Former Morgan Stanley chief Asia economist Andy Xie and hedge fund manager James Chanos say the country's property market is in a bubble.

*“There's a monumental property bubble and fixed-asset investment bubble that China has underway right now,”* Chanos, founder of New York-based Kynikos Associates Ltd., said in a Jan. 25 Bloomberg Television interview. *“And deflating that gently will be difficult at best.”* Chanos predicted that China could be *“Dubai times 100 or 1,000.”*

A burst property bubble could slash bank lending and drag growth down for years. The risks are so great that a decade of little or no growth, as Japan experienced in the 1990s, can't be dismissed, Patrick Chovanec, associate professor in the School of Economics and Management at Beijing's Tsinghua University, told Bloomberg.

*“You have state-owned enterprises using borrowed funds from the stimulus bidding up the price of land -- not even desirable*

*plots of land -- in Beijing to astronomical rates,”* Chovanec said. *“At the same time you have 30 percent-plus vacancy rates and slumping rents in commercial property so it's just a case of when you recognize the losses -- or don't.”*

China's lending surged to 1.39 trillion yuan in January, more than in the previous three months combined. Property prices in 70 cities climbed 9.5 percent from a year earlier, the most in 21 months.

Policy makers are starting to rein in the loans that helped fuel the property boom. Banks should *“strictly”* follow real estate lending policies, the China Banking Regulatory Commission said on its website on Jan. 27. It called for banks to *“reasonably control”* lending growth.

Despite these warnings, however, there are major differences between China and Dubai. China has the world's largest foreign exchange reserves, at \$2.4 trillion, and government debt of only about 20 percent of GDP last year, according to the International Monetary Fund. That compares with 85 percent in India and the U.S. and 219 percent in Japan. Gross domestic product expanded 10.7 percent in the fourth quarter from a year before, a two-year-high, after the government introduced a \$586-billion stimulus package.

*iCON review news archive 12/02/2010. You can search the CIOB database of international construction articles from iCON updated daily at [www.iconreview.org](http://www.iconreview.org)*

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- administrator/certifier);
- (b)limiting the time in which a claimant can make progress claims to 12 months;
- (c)clarifying reference dates and specifying the time for payment (Section 11(1)); and
- (d)clarifying valuation mechanisms, including the timing and extent of set-off rights.

When you administer the contract, special care needs to be taken to ensure that any progress claim that contains a notation to the effect that ‘this progress claim is made pursuant to the Building and Construction Industry Security of Payment Act 1999 should be dealt with expeditiously.

However these changes need to be considered carefully because these words may change the terms of an existing construction contract in the following ways:

- reduce the time for assessment of a progress claim to 10 business days;
- render impotent any contractual time bar;
- attract interest (or a higher rate of interest than that stated in the contract) for the unpaid portion of a progress claim;
- give rise to certain suspension rights to the contractor; and
- result in the Act's adjudication procedure being the first dispute resolution process for that claim.

A payment claim with the words “This is a payment claim made under the Building and Construction Industry Security of Payments Act 1999 NSW” is fraught with traps and if administered badly could have dire consequences. It would be advisable to obtain legal advice before taking action, but beware you only have 10 days to respond and you might have multiple problems each requiring action.

Adam has recently completed the Building & Construction Industry Security of Payment Act 1999 (NSW) Intensive Training Course held by Holding Redlich Lawyers.

The CIOB will be running a short intensive course on Building & Construction Industry Security of Payment Act 1999 (NSW) in the near future as a breakfast seminar, so look out for the invitation.

If any readers of this article are interested in the Administration of Contracts and would like to get involved in organizing some events with a particular Contract Administration bias then email Adam at [nswcentre@ciob.org.au](mailto:nswcentre@ciob.org.au)



**Adam Perigo MCIQB, CIOB NSW Centre Chair**

## CIOB Member Profile — Clifford D Tavner

In 1962 encouraged by my first employer, I joined the Institute of Building (known as the IOB) as a student member. Located at Bedford Square in West London, my memory of those years reflected a small and close community of kind and friendly ladies who worked for the IOB. This year I have been 48 years with the CIOB and proud of that achievement.

I was initially employed by Gilbert Ash (as part of Bovis Holdings) in their Contracts department and was initially delegated to the filing of drawings and correspondence for them at their HQ in Notting Hill Gate, London. After a year with help from a remarkable man named Bill Toogood, Chief Contracts Manager and a Director named Sammy Bond, I was invited and entered into a traineeship for 4 years to be trained in the "Art of Contracts Management or Contracts Surveying." The "learn as you earn" training scheme was reputed to be the best in England at the time and the intake of public schoolboys each year assumed to me that I had joined an elite from which I had been privileged to join.

In 1963 I had commenced a part time evening study to obtain my ONC first year at the SE London Technical School. This initial qualification allowed me to study at The Brixton School of Building under the guidance of the well known Mr DAG Reid, the Principal. My interest in the art of building construction from that time was rapidly developing.

After qualifying with an HNC in Building in 1967 I attempted the LIOB exams followed by the Final Part One and Two exams to obtain an MIOB. This qualification was indeed 'the jewel in the building Crown' in Contracts Management and Contracts Surveying the latter which I chose after completing my training with Gilbert Ash – Bovis Holdings. Obtaining those important IOB qualifications while working full time up and down the country was not an easy task and the studies were very demanding in terms of time input.

In 1970 from what I call "The advice from a gentleman who wore a bowler hat and pin striped suit en-route by train to London Bridge" I realised that the urge within me to use my career to work overseas was strong. However, plans of a career in Africa were delayed, as on the eleventh hour of my departure, I met and eventually married a young lady from the Netherlands; my wife to this day.

I sought to keep up with everything new



*Cliff Tavner FCIQB MPM is currently writing a dissertation for a DPM/PhD and manages Tavner Consultants in Adelaide.*

in construction. My realisation of this was an industrialised building systems used as 'Intergrid' (G.Ash) for schools, Atcost for farm buildings and those industrialised systems adopted when working at the new Thamesmead Project London. The use of Industrialised building Techniques on blocks of Flats was a fascinating experience in many respects.

Upon completion of the Extensions to the Old Bailey Criminal Courts in London, and experiencing the IRA's bombing of the new wing there I decided to work overseas with Costain International in Nigeria and then in the UAE. These experiences over six years then led to further work in Abu Dhabi and the Persian Gulf on various short term missions as a consultant to different nationalities of constructors. This all came to an end in the early 1980's as Iran and Iraq were at war making the Persian/Arabian Gulf too risky to undertake further tours.

By 1981, my wife and I agreed to expand our experiences and migrated to New Plymouth in NZ. This took on a further change in leaving general construction to enter the LPG and Petroleum business. My previous work in West London with Bechtel on North Sea oil platforms as a QS, was a useful experience as the terminology used was similar to that used in NZ.

It was in NZ that I undertook a new role in (after work) part time teaching which opened up a latent interest for me in Building and Construction education. After four very interesting years in NZ, my family and I had an opportunity to go to Australia and I took up work with a QS practice in Gas and Civil Engineering (highways). I also began teaching on a part-time basis at TAFE colleges in the Adelaide area.

In 1989, I decided that another change was due and I decided to form my own

consultancy in the field of QA management. The industry was becoming more and more specialised and people had to adopt proper controls in the areas of OH&S and Quality Assurance. Environmental issues and legislation also became very important to comply with in order for companies to stay in business. A new infrastructure was growing from these cores making construction expand into other new specialisations reaching beyond the traditional practices of the past. To keep up with all of the new legislation together with the new ideas in the way that the industry was to perform was astronomic. This meant that the education programs being implemented into the construction industry had to be followed up continuously.

My own interest in education and the need to expand my personal skills led me to complete a Masters degree in order to re-enter a new level of expertise which led to further and more advanced studies at a later date associated with construction performance. It seemed that after so many years of working within the industry I had found that I needed to further specialise and research why different issues still plagued the industry, still consistently destructive to its processes and its overall image today.

Having undertaken additional courses in construction law leading to myself qualifying in the study of Arbitration, I realised that those already operating in that field of expertise basically set aside dispute resolution in favour of dispute continuation as the time and cost was excessive to those having to pay to obtain a resolution.

Current research into new and exciting areas of the construction industry appears to be progressive and will require a new approach to the industrialisation of construction and its practices. I believe the principles of Project Management and Commercial Management are the key drivers to achieve this.

The CIOB does assist in many ways to use topics that highlight and surround the industry and its problems and there is an enormous challenge for those delegated in the removal of common and repetitive problems that confront the modern constructor. The student members of the Institute must be nurtured and brought up in the industry by working with qualified personal to ensure best practice is maintained to a very high standard.

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# CIOB sign up WA's first Chartered Building Company

In February 2010 Intelligent Building Solutions became the first CIOB Chartered Building Company member in Australia. Directors Wayne Dixon and Tony Bentley were delighted to become members of the CBC scheme and are keen to market their Chartered Company Status to clients as an effective way of demonstrating their commitment to professionalism in building. Chartered Building Companies or Consultancies may use the logo on their company stationery, literature, advertising material etc.

Director, Wayne Dixon commented that *'Intelligent Building Solutions are extremely proud to be appointed as the first CIOB Chartered Building Company in Western Australia. In establishing Intelligent Building Solutions in the market place, we knew that not every construction and maintenance company are the same and not every building company lives up to the expectations of its clients. The Chartered brand provides*

INTELLIGENT  
BUILDING SOLUTIONS



*immediate recognition of our high standards to our existing and potential clients.'*

When establishing the company, Intelligent Building Solutions sought to identify the key elements needed to succeed in a demanding industry and adopted a strategy which identified their strengths; resource links in building, design and project management.

The team has a wealth of 45 years combined reputable experience in countless construction disciplines, including maintenance/refurbishment to new build in all areas of the construction industry; Residential, Government, Commercial and Industrial projects. Intelligent Building Solutions (IBS) have identified a demand for a reliable, responsible and reputable

company to enter into the Construction and Maintenance Arena, and have considered all angles of requirements from interception to completion for their client base.

Elizabeth Thomas, CIOB Regional Manager, noted that *'the CBC schemes are relatively new to Australia and as such, present a valuable opportunity for CIOB members to differentiate themselves with a unique and powerful marketing advantage. Member Companies and Consultancies demonstrate to clients and industry colleagues a high level of expertise and commitment to maintaining a high standard of professionalism.'* For further information regarding this scheme please contact our Sydney office.

## CIOB Member Profile — Clifford D Tavner

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There is much to be researched and applied in day to day practice and the new thinking does show progress being made. Leaders like Latham of the past and many others set the directions. The construction industry through guidance of the CIOB is continuously progressing to provide good leaders through a combined Best Practice and techniques in Lean Thinking ideologies. Once these start to break down the barriers then industrialisation will be rapid and changes will be significant.

I am currently managing my consultancy business which is totally dedicated to working for clients who are experiencing difficulty within their own business organisation or encountering problems under contract with others. These areas of business improvement and recovery are operated and applied to any business within the construction industry whether as Clients, Professional practices, Main Contractors, Subcontractors or Suppliers.

Over the years I have been a participant of every day practice and have witnessed many changes. My membership of the CIOB has contributed to support my own concerns and the link between industry and teaching institutions is an important and integral part of the whole process.

## China's 14<sup>th</sup> International Research Symposium

The CIOB's Deputy CEO, Mr Michael Brown and CIOB Australasia Regional Vice President, Dr Patrick Zou, both gave keynote presentations at China's 14<sup>th</sup> International research symposium on construction management and real estate. The CRIOCM 2009 conference was held in Nanjing, the capital city of Jiangsu Province.

Michael's presentation was focused on re-thinking construction management, where he de-briefed the history of construction management and its evolution to today's wider meaning of construction management that includes design management, and other key issues. Re-thinking construction management was a key discussion issue raised by CIOB's President, Professor Li Shirong in 2009 to allow the members, professions and the industry to re-think the real meaning of construction management in its modern context. Michael's keynote provided the 300 persons in attendance with some interesting concepts to consider and gave rise to further discussion by the delegates.

In contrast to Michael broad reaching discussions, Patrick's talk was "micro" and focused on risk management at the project tendering phase. Patrick presented the attendees with valuable information about how to identify, assess and mitigate risks during project tendering in order



*Dr Patrick Zou and Michael Brown.*

to achieve the best possible outcomes for key project delivery objectives; cost, time, quality, sustainability and safety. Dr Zou also discussed the key elements and methodologies of enterprise risk management maturity model (RM3) and how it may be applied to construction enterprise so that professional construction managers can better understand their organisation's current risk management capability and standing and find ways for improvement. Patrick's presentation was well received by the audience.

CIOB and CRIOCM are considering a Partnership to better support each other and realise mutual benefits for both institutes.

For more information regarding these two keynote presentations, please contact Michael at [mbrown@ciob.org.uk](mailto:mbrown@ciob.org.uk) and/or Patrick at [P.Zou@unsw.edu.au](mailto:P.Zou@unsw.edu.au)

# Laws Applying to Builders, Trades & Building

## AN UPDATE by Dr Ronald J. Webber

Many Victorian builders are not fully aware of their legal responsibilities or of the government agencies that administer and enforce legislation relating to their industry.

I hope that this article will provide a general overview that clarifies some of the obligations that apply and in addition helps you to find further information, should you need it.

The *Domestic Building Contracts Act 1995 (DBCAs)* and the *Building Act 1993 (BA)* form the basis of the domestic building regulatory framework in Victoria. Consumer Affairs Victoria and the Building Commission enforce this legislation. The official versions of these Acts are found at [http://www.legislation@parliament.vic.gov.au](http://www.legislation.parliament.vic.gov.au)

Consumer Affairs Victoria (CAV) administers the *DBCAs* and the *Fair Trading Act 1999 (FTA)*. The purpose of the *DBCAs* is to regulate building contracts for the carrying out of domestic building work by builder, trades and building contractors carrying out domestic building work. The *FTA's* purpose is to protect consumers, amongst other things, from misleading and deceptive conduct from builders or traders who do not supply goods and services paid for by consumers.

The Building Commission administers the *BA* and its associated regulations. The Building Commission is responsible for the builders' registration scheme through the Building Practitioners Board.

From a domestic builder's perspective, this generally means registration under the category of domestic builder unlimited or limited (DB-L N, DB-UL N). Builders must act in accordance with the *DBCAs*, *FTA*, *BA*, *Building Regulations 2006* and the Building Code of Australia and the associated Australian standards that cover such building work.

Domestic Builders who carry out building work with a value of \$5,000 or more must be registered as a building practitioner with the Building Practitioners Board and must use a Major Domestic Building Contract (MDBC) that complies with the *DBCAs* and all relevant legislation including the *FTA*. The fundamental purpose of builder and trade registration is to protect consumers against poor performing registered and non-registered builders and trades persons. Many in the building industry believed that registration is to protect the industry and entry standards to the industry, which is entirely incorrect.

Builders or trades who carry out building work over \$12,000 must not only be registered as building practitioners with the Building Practitioners Board, but must use a MDBC that complies with the *DBCAs*. In addition, they are also required to take out domestic building insurance (also known as warranty insurance) for the benefit of the homeowner.

Builders, trades and building contractors must also meet their obligations under the terms of the building contract that will include matter beyond their obligations under the *BA* and the Building Code of Australia and the associated Australian standards.

The maximum deposit demanded or received from consumers by the builder, traders' person or building contractor must not exceed 5% of the total building cost if the contract price is \$20,000 or more and 10% if building cost is less than \$20,000. This applies even if the domestic building work is less than \$5000.

Domestic builders, trades and building contractors must ensure that the contract they use complies with the *DBCAs* when undertaking building work for consumers.

The *DBCAs* specifically regulates that any contract for building work over \$5,000 must be in writing and include:

- contains all the terms of the contract;
- contains cooling off provisions for the withdrawal at anytime before the expiration of five clear business days after receiving a copy of the contract from the builder. The builder is entitled to \$100 plus out-of-pocket expenses for approved work only. Detailed description of the work to be carried out under the contract;
- defines key terms and phrases in a separate section and references that section when those phrases or terms are used;
- contains the prescribed checklist;
- contains a detailed description of the work to be carried out under the contract;
- contains all the plans (drawings) and specifications sufficient for a building permit are to be included in the contract and that prime cost items and provisional sums are all listed with reasonable estimates;
- includes the date of the contract, start and finish dates or number of days (making allowance for weather, holidays, any other delays that are reasonable),
- include the names and addresses of the parties;

- include 'details of the required insurance';
- the contract price;
- contains the prescribed statutory (implied) warranties;
- contains the builders registration number;
- contains the prescribed warning notice if the contract price is to change; and

Refer to section 31 of *DBCAs* for inclusive list of requirements.

While the contract documents normally include the building contract, plans, and specifications, it is possible to include photographs to assist the parties to the contract to clarify particular outcomes (e.g. types of finishes and their quality). Remember the clearer, concise and more comprehensive the documentation is, the less likely there is for a building dispute in the first instance.

If the contract for building-work is under \$5,000, the *DBCAs* still applies. It is important to note that the builder or trade must not demand and/or receive a deposit in excess of 10% and that the statutory (implied) warranties under the *DBCAs* apply to all domestic building work regardless of the cost of the building work.

There is much confusion in the building industry relating to insurance or warranties in terms of what is covered and the periods of time that these insurance or warranties apply.

Statutory warranties (also called implied warranties) apply for 10 years and you cannot contract out of these warranties. The statutory warranty applies not only for parties to the original building contract, but also any other subsequent owners within the 10 year period.

The statutory warranty means that the builder deemed to warrant that the building works has been carried out in a proper and skilful manner. That the goods and material provided are fit for the purpose to which they are to be used for at least 10-years. Domestic builders should refer to section 8 of the *DBCAs* and become familiar with all the statutory warranties concerning all domestic building work.

The statutory warranties should not be confused with domestic building insurance (also called home warranty insurance or warranty insurance) that is required where the building works is over \$12,000. Where the building work exceed \$12,000 the consumer can make a claim if the

# Contractors in Victoria

builder has disappeared, becomes insolvent (bankrupt) or has died, commonly referred to as the DID insurance.

In July 2002, domestic warranty insurance became a limited insurance covering structural defects for six-years and non-structural defects for a two-years. The maximum cover is for \$200,000 and a 20% limitation on non-completed claims, which largely restrict the claim to 20%.

The other two earlier periods of time related to previous domestic warranty insurance products. The first was under Housing Guarantee Fund Ltd (HGFL) and the insurance period was for 7-years. From May 1996, HGFL did not underwrite any new insurance. This 7-year period effectively does not exist as the 7-year claim period has now expired.

With the collapse of HIH group of Companies in July 2002 the insurance period was further reduced from the 6.5 years to 6 years, which is the current period for domestic building insurance.

To summarise, builders and registered trades have to provide the 10-years statutory or implied warranties regardless of the cost of the building works and provide domestic building insurance for 6-years from the time that the occupancy permit was issued where the cost of building works is over \$12000.

Buildings are a unique product because what the consumer initially purchases is a building contract as distinct from most other consumer products purchased (e.g. a car); the car can be seen and touched, it is complete at the time of the purchase. It can be test-driven and warranties compared with other manufactures warranties. As distinct from other products that consumers purchase (e.g. car or fridge etc) a house cannot be sent back to the manufacturer or replaced easily. Ultimately, any building defect detected will need to be rectified on-site causing inconvenience and hardship for the consumer and, potentially, considerable costs to the builder as rectification works generally exceed the initial costs of the building works.

Regardless of the possibility for a successful insurance claim, there are some fundamental business practices that the domestic builders need to include for their consumers. These include a customer service system and a quality control system.

These two important management techniques used are; one to clearly define the 'deliverables' so that the agreed product outcomes between the supplier (builder)

and the purchaser (building owner) are clear and measurable when the product (house) is delivered. The other is to ensure a quality control system is implemented, and at a base level this means checking the building at various stages of construction to ensure the building contractors engaged by the builder are producing the product outcomes as agreed between the builder and the building owner and as specified in the building contract.

Professor Emeritus Dr Deming and Dr Joseph Juran were two of the most influential thinkers behind the total-quality movement (TQM). Both assisted the Japanese industry in implementing 'total quality' and shake off Japan's post-war reputation as a maker of cheap, shoddy products. The irony is that the Japanese executives heeded the lessons of total quality ahead of American managers in producing quality products. Total quality control forms part of the project management process used by many manufacturing industries to achieve quality outcomes that meet consumer expectations. These quality control features do not feature predominately in the building industry processes.

The other important management technique is the builders or traders customer service system. According to Turban *et al.* (2002), 'Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation.'

What should be included in a builder, trade or contractor customer service system?

- The first and probably the most important is to ensure that there is alignment of expectations between the builder and consumer. The owner is purchasing their dream home, and this is the most expensive purchase they will ever make, while the builder is manufacturing a product. Using project management terminology this means that the deliverables (product or service) need to be clearly defined before signing the contract so that when the product (building) is completed both the builder and consumer have the same prior agreed measures to establish that the building is completed as agreed.
- if a dispute occurs then the builder should use a person that does not get angry, offended, or upset when they hear the customer's complaints,
- let the customer know you understand their problems,
- let the customer know you value them

and their business,

- let the customer know you will find a solution, and
- keep records of the discussions.

This will probably be the least costly way of resolving a dispute.

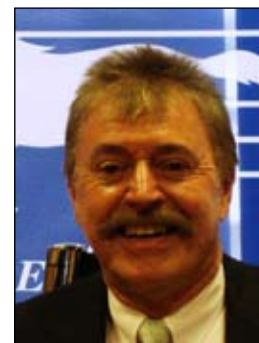
If a dispute does occur and is litigated then the builder or trader can potentially lose:

- their time
- the costs for legal advice, and
- possibly court and the other parties costs, if the builder or trader loses the case.

Even with the best customer service system, disputes may occur and CAV offers a free dispute conciliation process for builders and consumers through its Building Advice and Conciliation Victoria (BACV) service. This is a joint service where CAV conciliates the building dispute and the Building Commission provides building inspection reports if CAV believes that the technical report will assist in resolving the building dispute. For the BACV service to assist to resolve disputes the parties must be prepared to reach an agreement. To access this service phone 1300 55 81 81.

Therefore, a focused customer service system that aligns with the customers' expectation includes a compliant contract, registered practitioner, complete and comprehensive documentation, and the use of a quality control system will minimise the risk of a dispute.

These standard business practices will pay in the long term by reducing disputes, saving on business costs and ensuring that the customer is satisfied and can recommend the builder or trader for repeat business.



**Dr Ronald J. Webber** MCIQB has qualifications in Building Design, Building, Building Surveying, Education and Project Management. He has also participated in the building industry for some 30 years. He is currently the Program Manager – Building with Consumer Affairs Victoria at the Department of Justice Victoria.

# Hansen Yuncken and the Building Revolution

In 2008 the Australian government joined many others around the world in launching a far-reaching economic stimulus plan designed to support jobs and restart economic growth. The Aus\$42 billion 'Nation Building – Economic Stimulus Plan' set out to boost GDP, strengthen local infrastructure and support jobs through an ambitious plan for school building and refurbishment, social housing, highways, home insulation and power, payments and tax break help for families and the lower paid, and many other elements.

The investment in education will benefit Australians for generations to come, and spans the primary and secondary sectors. The Building the Education Revolution (BER) is a Aus\$16.2 billion investment that will provide world-class educational facilities through new infrastructure and refurbishments to eligible schools across the country. Under BER the government has committed to provide a new 21 century school library, multipurpose hall or classroom modernisation for every single primary school in Australia – an absolutely mammoth construction and refurbishment task. It has allocated more than Aus\$14 billion in funding for almost 8,000 schools for over 10,000 projects in all. It has set an aggressive target deadline of December 2010 and set the bar extremely high for its construction contractors and consultants.

Hansen Yuncken is Australia's largest privately owned construction company (based on BRW's most recent 'Top 500 Private Companies' list) and was engaged as the Managing Contractor for the Aus\$414 million BER programme in the South Western Sydney region in New South Wales. With offices in Victoria, New South Wales, South Australia, Tasmania and Queensland the company directly employs over 700 staff, and has an annual turnover exceeding Aus\$900 million. Since its inception in 1918, Hansen Yuncken has completed over 4000 projects.

It is one of seven companies which share one of the most complex construction industry challenges ever seen in Australia.

The BER programme in New South Wales has been described, in what has become a popular political catchphrase, as no less than "double the work of the Olympics, in less than half the time, at more than 100 times the sites" and the South Western Sydney



area represents the second largest package within the BER programme. Andrew Campbell is the Construction Manager for Hansen Yuncken and charged with the success of the company's programme. Matt O'Grady is Program Manager and shares the challenge. Andrew explained how they considered some of the particular challenges to be faced and which would determine the management tools that they would need.

*"Our programme covers 309 projects at 204 schools, and although the majority is building new facilities such as halls, libraries, classrooms and administration blocks we also have more than Aus\$100 million refurbishments to existing facilities, which applies to around one third of the programmes."*

## Bringelly Public School, NSW

The aim of the stimulus plan is to benefit the economy as rapidly as possible. The short timeframe for planning, construction and completion of the overall programme means that time is of the essence. Each site has to be visited, assessed and all the information captured to enable the Hansen Yuncken team to plan the siting, building

and servicing of the new facility from standardised components.

Such a large undertaking also requires a large number of staff. The Hansen Yuncken team already numbers more than 150 and will grow to around 180. Collecting and collating project information from multiple planners and project managers is exacerbated by the wide geographic distribution of projects across the South Western Sydney area. To this add large numbers of sub-contractors spanning every trade, with each needing to be assessed and then managed throughout the delivery of each project and work stream.

This extensive programme presents a huge information management task but an even bigger challenge is in the presentation of that information to a range of management and government stakeholders. The BER programme has clear information reporting requirements that ultimately enable the government to roll up and present progress to the citizens, in addition to the usual contractual reporting requirements for any major construction project.

Hansen Yuncken recognized that for this programme they would need to deploy stronger project management methods and tools. Andrew says *"With the magnitude of this programme we recognised that existing systems, processes and procedures would be tested and were likely to have some inadequacies. While the foundation of the well established processes and procedures were sound, the efficiency and effectiveness*



that well structured systems can provide would be needed.”

The challenges of each individual project are highly unique. All work has to be planned around existing buildings and sites, which are already occupied by children from kindergarten age to year 6, forming communities of children and teachers who have their own calendar and routines.

To meet their needs, Hansen Yuncken required a project management solution that would enable them to build on existing processes and procedures and create an IT framework which would be intuitive for a very diverse set of users. The company selected the Asta Powerproject software management tool which allows for web-based access for staff to upload the project on the computer and show the client or management the situation live and. Speaking on the use of web collaboration Andrew noted that *“By collating information into a central database and then automatically exporting it to the GIS on a real-time basis we can get a one-page view to see how all 205 projects are going. The GIS implementation is a great management tool which allows us to understand how programmes are travelling. We can quickly focus on the red items, dive into the problems and try to resolve them instead of spending hours reviewing all programmes.”*

## Granville South Public School, NSW

Working on occupied school sites throws up a number of challenges as Andrew explained *“We not only have to consider the health, safety and security of students and teachers at all times, but a lot of the programming and planning has to be coordinated with the school. We often have to create trenches across the school sites and have to do this over holiday periods, and we must co-ordinate any power shutdown periods with schools. The general school calendar means that at times there is some work we must delay.”*

Because all information is collated into a central database, staff distributed across three sub-regions in Campbelltown, Bankstown and Liverpool are able to work together. There are up to 35 users inputting progress information including three regional Project Managers under each of which sits a team including Project and Site Engineers, Site Managers, Foremen, Sub-foremen, and Safety Officers. At head office there are between 10 and 15 administrators as well. At any one time there may be up



to 15 people using the system and this can double during major progress meetings. Matt says *“The way we set it up on site takes the team only maybe 15 minutes per week each to update. This gives us all the information we need to continually assess their projects and the programme.”*

Andrew commented that *“By bringing together consultant resources from across the industry and the world, Hansen Yuncken has not only been able to envisage unique ways*

*of presenting programme information to our clients, but to implement these ideas within an incredibly short time frame.”*

Hansen Yuncken has already been responsible for 25 percent of the goals achieved across the entire New South Wales schools programme to date. It is able to identify direct time savings at management level from the easy output of information and at site level from using the latest online collaboration tools.

### Project management and scheduling software - at last there is an alternative!

Don't just take our word for it

*“Asta Powerproject's powerful modelling tools have empowered our team of planners, engineers and managers to develop and maintain a comprehensive and purposeful project plan that is easily shared and understood by users and stakeholders alike. The willingness of our people to use Powerproject is a testament to its ease of use and reliability”.* Ian McQueen, Planning Manager, Origin Alliance.

Hansen Yuncken uses Asta Powerproject to deliver a \$414 million project, part of the Government's Building Evolution Revolution (BER) in New South Wales.

Asta Powerproject delivers the brief seamlessly with the unrivalled advantage of having a 21 year history in providing a scaleable, powerful, project management solution that is designed to support any size or type of project.

Asta Powerproject is used on many successful Australian projects including: \$2bn Australian Government funded road project being delivered by Origin Alliance, (comprising Queensland Department of Transport and Main Roads, Abigroup, Fulton Hogan, Seymour Whyte Constructions, SMEC Australia and Parsons Brinckerhoff) and a \$1.76 bn hospital project with Brookfield Multiplex.



To download a free 30 day trial or for more information please contact: Emma Batchelor - ebatchelor@astadev.com or visit www.astadev.com



# Green Cities 2010 and ASBEC “People, Places, Performance”

CIOB Australasia Regional Vice-President, Philip Sanders, recently represented CIOB in Melbourne at the Green Cities 2010 Conference and the meeting of the ASBEC Council thereafter.

## A worldwide forum

“Green Cities” is the largest and most influential green building conference in the Asia Pacific region. With this year’s theme of “people, places, performance”, speakers from major government and private firms planning, designing, building and owning “green buildings” in US, Europe and South America as well as Asia Pacific presented the latest ideas on sustainable practice, building project design & construction and precinct & urban planning from four continents, detailing common themes of climate change, materials resourcing, waste & energy reduction, population growth & urban densification and the urban planning that underpins it all. The Australian Sustainable Built Environment Council (ASBEC) is the peak body of key organisations committed to a sustainable built environment in Australia. CIOB sits on this Council.

## The 3 Central challenges

Starting from the startling fact that cities comprise only two percent of Australia’s landmass, yet contribute two-thirds of all its carbon emissions, the conference looked to present research and leading edge practice on and discuss means of achieving outcomes to address three specific challenges:

1. The adoption of a holistic approach to sustainable planning & development (precincts, districts, communities, cities and how they should be shaped);
2. Development and dissemination of cost effective solutions to sustainable buildings - particularly green retrofitting (Fact: only 2% of the total building stock is refurbished, annually), and;
3. Adoption of a cohesive international vocabulary and practice (e.g. common carbon metrics), including international Standards and Codes of practice

The key task of addressing these challenges will be to converge the different streams of



*Philip Sanders FCIOB FIEAust FIStructE CEnv*

current sustainability debate and practice into a coherent strategy that will ensure cities become less polluting, precincts retain a human scale and that transport systems are put in place that allow for rapid and efficient movement of larger numbers of people so that communities remain a pleasure to live in.

Another perhaps surprising fact presented was that the global financial crisis, rather than being a major blockage to the uptake of sustainable practice, has in many countries actually accelerated the practice. Practitioners, industry and business, local and national governments, have all realised that “business as usual” is no longer a viable option, and that demonstrated savings through green technology and practice are available and already being captured by early adopters.

## How will we achieve this?

As one keynote speaker, US green building specialist and expert, Jerry Yudelson, put it “if it doesn’t perform, it isn’t green!” It is widely recognised that many buildings built to green standards have not performed as designed and without documented, in-place performance data, much work will be for naught. Net Zero Energy is certainly possible with current technology, and is increasingly specified worldwide for buildings of all types and sizes (e.g. the 71-storey Pearl River Tower in Guangzhou, China, and the world’s first standardised, prefabricated, passive house, built by Scandinavian Homes in Ireland in 2005). The challenge is to gain acceptance and usage of sustainability as “mainstream” practice throughout the industry.

## CIOB – a unique contribution?

CIOB is perhaps uniquely placed to contribute to the debate in Australasia. CIOB, as the world’s largest and oldest body for building professionals, can draw on the repository of knowledge encapsulated by its 45,000 members, working in over 100 countries around the world. In particular CIOB will be providing data and advice on:

- Reducing the “green cost premium” of new buildings towards zero through use of integrated design by early & appropriate communication between architects, engineers, planners & surveyors, project managers and building contractors, property managers and occupants:
  - \* reducing “Grey energy” cost (environmental cost of building materials);
  - \* Increasing building resiliency (e.g. applying “cradle to cradle” solutions where appropriate, rather than prime-cost to alleviate legacy problems);
  - \* Eliminating waste;
  - \* Increasing efficiency of construction by development of “green skilled” workforces;
- Greening existing buildings to reduce or eliminate building obsolescence through use of appropriate new and existing technologies & products, such as UV shielded glass and triple glazing, new paint technologies;
- Measuring and articulating a green ROI on new and retrofitted buildings.

CIOB is committed to sustainable practice and supports the new Chartered Environmentalist qualification for building professionals active in the area and CPD activities in the sustainable building practice.

## Your experiences?

Do you have any “green tales” of how sustainability practice is affecting your projects and firms? Send them in to the CIOB Australasia and we’ll print the best!

# A Personal View on Construction Management v Project Management

The Chartered Institute of Building (CIOB) is working to better define 'construction management'. For many years CIOB has seen its role as the global leader in construction management but the term has many different meanings. This article seeks to define and differentiate construction management from project management and from the

role of an on-site construction manager. My feeling is construction management has a very wide remit that underpins all phases of a built assets lifecycle from feasibility through to demolition and disposal.

My starting point is the presumption that construction management involves the

application of construction knowledge to achieve the efficient creation, maintenance or changing of a built asset. Where a built asset, or the built environment, is a very wide definition that covers all man made structures from canals, roads and railways to any structure or enclosure.

As suggested by Figure 1, the application of construction knowledge through construction management has a very wide application. Whereas project management is focused on the efficient creation of a new product, service or result.

Project, Program and Portfolio management are well defined management processes that have a much wider remit than simply building:

- Any significant change can and should be managed as a project from the creation of a new software program to the reorganisation of a business's processes.
- Program management is the coordinated management of a group of related projects to obtain benefits and control not available from managing them individually. Programs may contain elements of work outside of the scope of the discrete projects in the program.

*continued on page 14*

Construction Management -v- Project Management		
Project Management Disciplines / Phases	Built Environment	Lead Disciplines
Portfolio Management Deciding what & where to invest	Conceptualisation Feasibility	Quantity Surveyor Conceptual Designer (Architect or Engineer)
Program Management Coordination of multiple projects to achieve a benefit & Project Management The efficient delivery of a defined product	Planning / Analysis Design / Engineering Delivery Technology / Process	Project Manager Architect / Engineers Quantity Surveyor Construction Manager
Operations The efficient use of an asset to realise benefits	Use and Maintenance	Facilities Manager
Disposal Safe disposal of a redundant asset	Decommission Demolition or Recycle	Facilities Manager

## CIOB Members visit the New Lynn Rail Trench Site

In February CIOB's New Zealand Centre kicked off the year's activities with a site visit to the New Lynn Rail Trench project in Auckland (aka DART 6). This project is one of 20+ DART (Developing Auckland Rail Transport) projects currently under construction, and is worth in excess of \$150m (NZD).

Overseeing the works for ONTRACK is main contractor Fletcher Construction, along with project partners, Brian Perry Civils and Trevi Spa (Italy).

Work at New Lynn commenced in December 2007. As the third busiest rail station on the Western line after Britomart and Newmarket, the project has a high degree of complexity in staging the works. It is the first large scale project in New Zealand to use diaphragm walling, the project also features substantial tension piling and H-piling. Prominent features of the project include the massive earthworks – over 90,000 m3 excavated to create the



Overview of trench from western end

trench and over 50,000 m3 of concrete placed to form the walls, floor and props.

Contractors have been pleased with their success to date in facing what they consider to be the big challenges associated with the project; environmental controls and stakeholder interaction. Early contractor involvement has been key to delivering successful outcomes for the both the client and the contractor, including an early start



Overview of platform area from northern side

on site for enabling works, whilst main consents were sought.

Due for completion in September 2010, the bus terminal will be integrated into the station to complete the transformation of Lynn station into a true 'transport interchange'.

**Gareth Thomas MCIOB**

# CIOB Australasia 2010 AGM

The 2010 Annual General Meeting will be held on the 12th May in Sydney. Nomination forms and agenda are included as a separate insert into this month's publication. Though not everyone can make the AGM event in Sydney, you are more than welcome to nominate for a position on either the Regional Council or your respective Centre Committee or simply put your hand up to assist in your specific area of interest and/or expertise. For true growth as an Institute it is vital to see new members step up to the plate rather than the same few helping year after year. As Benjamin Franklin said "without continual growth and progress, such words as improvement, achievement and success have no meaning."

We are keen to see as many members as possible come forward to assist with the various initiatives the institute is undertaking this year. You don't have to be

## A Personal View on Construction Management v Project Management

*continued from page 13*

- Portfolio management is the process of optimising the mix of projects and programs to be undertaken by an organisation to maximise its short and long term value, within realistic capability and capacity constraints.

The primary role of traditional project management in the construction industry (as indicated in Figure 1) is managing the site based construction activities from initiation through to closure. However, it is quite feasible for projects to be initiated at any phase of the built assets lifecycle to initiate a 'change' (eg, a maintenance project to upgrade the facility). Also, if multiple projects are involved such as building the 2012 Olympics, program management can be used to advantage.



Patrick Weaver PMP,  
FCIOB, FAICD, MAIPM

a member of a specific Centre Committee or Regional Council to contribute. There are a number of ways you can get involved and below is a brief overview of how the regional council and committee interact and support the regional office and in turn CIOB International.

Chartered and Fellows member may wish to be involved with overarching roles to assist in representation of the Institute at regional level such as:

- become a CIOB ambassador
- represent members at the Asia Pacific Time Zone Forum
- represent the regional branch at the Members Forum
- assist on international standards and policy working groups

The Australasian Region is divided into five separate centres; Queensland, New South Wales, Victoria, Western Australia and New Zealand. Each of these centres has a centre committee with a Chair to preside over activities and represent the Centre at Regional Council. Centre Committees generally meet once a quarter and assist in many ways including;

- identifying and advising regional office of potential presenters, investigating potential CPD activities
- helping out at local CPD seminars and events
- attending University functions, acting as an interface for industry and academia – both faculty staff and students
- presenting industry talks
- sitting on industry forum groups
- representing the institute and developing relationships with other professional bodies
- acting as a liaison point for members seeking to migrate to your area
- sourcing sponsorship, avenues for support of the organisation
- submitting articles on interesting projects you or your company are undertaking or something you have heard of interest in your neck of the woods that the office can further investigate and share with other members
- assist with social networking events for the Novus, under 35's group
- be part of networking group that provides responses to calls for comment regarding government papers, proposed standards and the like

Regional Council interfaces with the Centres via the Chairs of each committee

as well as acting as the contact point to in turn interact with the Time Zone, Members Forum and International Head Office. Regional Council meets every couple of months via telephone or web conference meeting platforms, together with the regional office staff they seek to:

- drive the Regional business strategy including the development of the CIOB's profile, recognition and membership growth in the area
- drive the presentation of an annual business plan in line with the CIOB's corporate and operational plan in agreement with the branch and CIOB Senior staff
- identify opportunities for CIOB to have a regional or national influence
- provide considered response for CIOB papers and internal and external consultative documents
- identify opportunities for CIOB to communicate its existing policies and needs that may in turn inform future CIOB policy and documents
- support the financial activities required for operations
- oversee the local newsletter publication
- represent the institute at government and industry forums
- liaise with external bodies which could include the Government or Government departments, other Professional Bodies, Registration Bodies, Colleges or Universities, or other stakeholder organisations
- Develop membership of the CIOB and engage with relevant industry, education, Government and other relevant stakeholders to achieve this
- provide strategic direction in collaboration with the officers, members of the Regional Council and CIOB staff reviewing relevant policy, defining goals and setting targets for the branch
- represent the CIOB at national, international events and engage the branch with senior industry, academic and government professionals in order to promote the Institute's principles and objectives
- represent the Region at National and International events and facilitate exchanges and collaboration with other CIOB branches

The other main area of support is via the Education Panel. Traditionally this

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committee consists of CIOB academic members who provide assist with:

- comment or advice on education programs awarded in the region
- identifying opportunities for CIOB to better interface and assist the education sector
- review and delivery of annual Regional Student Awards
- review and delivery of CIOB Australasia Research Grants Scheme
- provide information relating to

timeframes for the scholastic year

- seek out opportunities for CIOB to engage with the education sector
- provide articles of interest for local publication

Specific roles which require member representation include:

- Regional President
- Vice Presidents (max of 3)
- Treasurer
- Publications Officer
- Education Panel Chair
- Centre Chairs

- Centre committee members

We encourage you to consider nominating for a specific role on either Regional Council or the Centre Committees or let us know your area of expertise and how you may be able to contribute to specific tasks, or be called upon as appropriate to assist the institute to grow our relevance and representation in the region. For further information regarding the AGM, how to nominate or general queries, please do not hesitate to contact the office or email the Regional President at [president@ciob.org.au](mailto:president@ciob.org.au)

## 2010 Dates for Your Diary

Events and activities presented by CIOB Australia and our network of associated organisations.

For further information please contact [events@ciob.org.au](mailto:events@ciob.org.au) or telephone +61 (2) 9816 4700.

To view the latest in CIOB and Industry Events, CIOB News, Headlines and Press Releases, visit [www.ciob.org.au](http://www.ciob.org.au)

Date 2010	Event	Location
13-30 April	BCA 2010 Information Seminar Series Brisbane / Darwin/ Adelaide / Perth / Sydney / Hobart / Melbourne Visit <a href="http://www.ciob.org.au/events">www.ciob.org.au/events</a> for further details including dates and venues for each city location.	Venues across Australia. Visit the CIOB Australasia website for further details
22-24 April	2010 National Architecture Conference – SYDNEY Visit <a href="http://www.ciob.org.au/events/view/362">http://www.ciob.org.au/events/view/362</a> for further details.	Sydney Convention & Exhibition Centre, Darling Harbour, NSW
27 April	BCA 2010 Information Seminar – HOBART Visit <a href="http://www.ciob.org.au/events">www.ciob.org.au/events</a> for further details.	Hotel Grand Chancellor, Hobart, TAS
28 April	CIOB Breakfast Seminar - BRISBANE 'Update on Climate issues and how they impact on Australian buildings and infrastructure', presented by David Hood. Visit <a href="http://www.ciob.org.au/events">www.ciob.org.au/events</a> for further details.	The Holdway Room Tattersall's Club Brisbane, QLD
30 April	Environment Institute of Australia & New Zealand (EIANZ) Seminar – SYDNEY 'Learning to Adapt: The Climate of the Future'. Visit <a href="http://www.ciob.org.au/events">www.ciob.org.au/events</a> for further details.	University of New South Wales Scientia Complex Sydney, NSW
10 May	Managing Contract Risks Workshops – ADELAIDE. Visit <a href="http://www.ciob.org.au/events/view/368">http://www.ciob.org.au/events/view/368</a> for further details.	The Chifley on South Terrace Adelaide, SA
12 May	CIOB Australasia AGM 2010 – SYDNEY. Car parking available on site via 168 Clarence Street. Contact the CIOB Australasia office for location map if required.	The Bowlers Club, 95-99 York Street, Sydney, Bass Suite, Level 2, The York Conference & Function Centre.
19 & 20 May	2 Day Training Course – BRISBANE. 'Project Planning & Scheduling in Construction'. Visit <a href="http://www.ciob.org.au/events">http://www.ciob.org.au/events</a> for further details.	Marriott Hotel Brisbane, QLD
25 May	Managing Contract Risks Workshops – BRISBANE. Visit <a href="http://www.ciob.org.au/events/view/369">http://www.ciob.org.au/events/view/369</a> for further details.	Quay West Suites Brisbane, QLD
26 & 27 May	2 Day Training Course – MELBOURNE. 'Project Planning & Scheduling in Construction'. Visit <a href="http://www.ciob.org.au/events">http://www.ciob.org.au/events</a> for further details.	Hotel Grand Chancellor Melbourne, VIC
18-19 June	National SoCLA Conference 2010 – PERTH. Visit <a href="http://www.ciob.org.au/events/view/353">http://www.ciob.org.au/events/view/353</a> for further details.	Burswood Convention Centre Perth, WA
27 June-2 July	CIOB International Members Forum 2010 - SHANGHAI. Speakers include Professor Li Shirong, Alan Crane, John Prescott, Hao Ding, Zilia Tang, Roger Flanagan. Visit <a href="http://www.ciob.org.au/events">http://www.ciob.org.au/events</a> for further details.	Shanghai, China
14-16 July	AUBEA 35th Annual Conference – MELBOURNE. Visit <a href="http://www.ciob.org.au/news/view/108">http://www.ciob.org.au/news/view/108</a> for further details.	Melbourne School of Design, University of Melbourne Melbourne, VIC
22 July	CIOB Breakfast Seminar – MELBOURNE. 'Integrated Design & Delivery Solutions', presented by Prof. Kerry London & Claudelle Taylor. Visit <a href="http://www.ciob.org.au/events">http://www.ciob.org.au/events</a> for further details.	Mercure Hotel Melbourne, VIC
5-7 August	National Dispute Resolution Conference 2010 - CHRISTCHURCH. Visit <a href="http://www.ciob.org.au/events/view/355">http://www.ciob.org.au/events/view/355</a> for further details.	Rydges Hotel, Christchurch, NZ
23-26 August	PMOZ 7th Annual Project Management Australia Conference - BRISBANE. Visit <a href="http://www.ciob.org.au/events">http://www.ciob.org.au/events</a> or <a href="http://www.pmoz.com.au">www.pmoz.com.au</a> for further details.	Brisbane Convention & Exhibition Centre, Brisbane, QLD
7-9 September	10th National Mediation Conference - ADELAIDE. Visit <a href="http://www.ciob.org.au/events/view/354">http://www.ciob.org.au/events/view/354</a> for further details.	Adelaide Convention Centre Adelaide, SA
10-13 October	AIPM Conference 2010 - DARWIN. Visit <a href="http://www.ciob.org.au/events/view/355">http://www.ciob.org.au/events/view/355</a> for further details.	Darwin Convention Centre Darwin, NT

Find contact details and profiles of key Council members in the 'About Us' section of our Website: [www.ciob.org.au](http://www.ciob.org.au)

## 2009–10 CIOB Australasia Regional Committee,

President	Varoujan Bedrossian	Vice President	Kerry London
Vice President	Patrick Zou	Imm. Past President (08/09)	Chris Chainey
Vice President	Philip Sanders	Publications	Stephen Preedy
Honorary Treasurer	Grace Ding		

## Centres

<b>New South Wales</b>	<b>Australia</b>		
Centre Chair	Adam Perigo		
<b>Victoria</b>	<b>Australia</b>		
Centre Chair	Pat Weaver	Committee Member	Richard Maltby
<b>Queensland</b>	<b>Australia</b>		
Centre Chair	Chris Chainey	Committee Member	Rob Diamond
Committee Member	Steve Broadbent	Committee Member	Jonathan Wood
<b>Western Australia</b>	<b>Australia</b>		
Centre Chair	Andrew Scales	Committee Member	Wayne Dixon
<b>New Zealand</b>			
Centre Chair	Mark Colborn	Committee Member	Lawrence Jones
Committee Member	Robert Jones	Committee Member	David Warwick
Committee Member	John Tookey	Committee Member	Mark Stone
<b>Education Panel</b>			
Chair	Kerry London	Panel Member	Willy Sher
Panel Member	John Tookey	Panel Member	Peter Ward
Panel Member	Janet Xin Ge	Panel Member	Jeremy Wu
Panel Member	Guomin Kevin Zhang		
<b>Regional Reps</b>			
Adelaide	Ted Martin	Tasmania	Andrew Rundle
Newcastle	Willy Sher	Papua New Guinea	Paul Constable
Christchurch	Stewart Ford	Wellington	Bob Hall
<b>Past Presidents</b>			
Imm. Past President (08/09)	Chris Chainey	Past President (06/07/08)	Pat Weaver
Past President (05/06)	Brian Naylor	Past President (03/04/05)	Richard Hyde

## CIOB Australasia CBC Members:



Chartered Building Surveying Services.

Director: Stephen Allen.  
61 2 9299 2988



Multi disciplined property consultancy.

Director: Niall McSweeney.  
61 2 9283 7311



Specialist construction consultancy.

Principal: Philip Sanders.  
61 (0) 401 010 202



Building Construction and Maintenance.

Director: Wayne Dixon.  
61 (0) 451 550 108

## New CIOB Members

### Fellow Members (FCIOB)

Andrew Scales

### Chartered Members (MCIQB)

Rohan Armitage	Eddie Callaghan
Thomas Holmes	Gareth Thomas
John Wischhausen	Bing Zuo

### Chartered Environmentalists (CEnv)

Christopher Chainey Philip Sanders

### Incorporate Members (ICIOB)

Simon Barrow	Steven Bregovic
Roger Charnock	James Rotimi
Lee Sampson	Joshua Saunders
Kwok-Kit Wong	

### Student Members

Michaels Aibangbee	Stephen Asciak
Edward Atkinson	Nicholas Brownbill
Melissa Chan	David Delchau
Stuart Dowling	Karen Dunn
David Ellis	Kristi Lisa Jenkin
Ligin Jessica Kong	Mark Millhouse
David Mollerstrom	Nitin Sahare
Cheng Sheng Sun	Christopher Simpson

## CIOB contact details:

### CIOB Australasia

CIOB Australasia  
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Website: <http://www.ciob.org.au>

### CIOB Australasia Staff

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**Jodie Richards-McCabe**  
Event Coordinator  
Email: [events@ciob.org.au](mailto:events@ciob.org.au)

**Margaret Hurst**  
Memberships Officer  
Email: [mhurst@ciob.org.au](mailto:mhurst@ciob.org.au)

### CIOB HEAD OFFICE

Email: [reception@ciob.org.uk](mailto:reception@ciob.org.uk)  
Website: <http://www.ciob.org.uk>

### CIOB PUBLICATIONS

Contact Australasia  
Website: <http://www.ciob.org.au/newsletter>  
iCON Review  
Website: <http://www.iconreview.org/en/home>  
Construction Manager  
Website: <http://www.constructionmanager.co.uk>  
Construction Information Quarterly  
Website: <http://www.ciob.org.uk/resources/ciq>  
Construction Books Direct  
Website: <http://www.constructionbooksdirect.com>

*CIOB is the leading professional body for managers in construction with approx 45,000+ members in over 100 countries.*