

Appendix D

28 May 2025

Te Hononga Civic Offices
53 Hereford Street
CHRISTCHURCH 8013

Attn: Amanda Ohs (e: Amanda.ohs@ccc.govt.nz)

Dear Amanda

3380/002 – REVISED ESCALATION ADJUSTMENT – HIN 185 – 9 DARESURY LANE, 67 FENDALTON

Please find enclosed our revised escalation adjustments for Daresbury and Setting at 9 Daresbury Lane, 67 and 67B Fendalton Road.

Should you have any queries, please do not hesitate to contact the writer

Yours faithfully



Gavin Stanley BSc QS NZIQS (Affil)
Project Cost Consultant
Rhodes + Associates Limited

EXECUTIVE SUMMARY

Rhodes + Associates Limited have been appointed by Christchurch City Council to provide a revised escalation adjustments against the *'Statement of rebuttal evidence of Gavin Stanley (Quantity Surveyor) on behalf of Christchurch City Council – Qualifying matter: Heritage (Heritage Sites) – Dated: 9 October 2023'* for the repair of Daresbury and Setting at 9 Daresbury Lane, 67 and 67B Fendalton Road.

This report has been prepared specifically for Christchurch City Council. Rhodes + Associates Limited accepts no liability in the event this report is used for any other purpose or by any other party.

CLARIFICATIONS AND EXCLUSIONS

Review

This review has been carried out by Gavin Stanley, Senior Quantity Surveyor with Rhodes + Associates Limited who has a BSc in Quantity Surveying, 35+ years' experience and is a Member of the NZIQS.

The review has been based upon 'Statement of rebuttal evidence of Gavin Stanley (Quantity Surveyor) on behalf of Christchurch City Council – Qualifying matter: Heritage (Heritage Sites) – Dated: 9 October 2023' for the repair of Daresbury and Setting at 9 Daresbury Lane, 67 and 67B Fendalton Road.

Methodology

For simplicity we have carried out our revised calculations for construction escalation costs based on the 'New Zealand standard conditions of contract for building and civil engineering construction NZS 3910:2023', in particular 'Appendix A – Cost fluctuation adjustment by indexation' of that contract (see Appendix B for copy).

Indices are required for the calculations which are updated on a quarterly basis and are published by Statistics New Zealand. The indices are available on their website <http://archive.stats.govt.nz/infoshare/>

L and L¹ – 'Labour Cost Index; Private Sector: Industry Group – Construction: All Salary and Wages Rates' (see Appendix D for relevant indices)

M and M¹ – 'Producers Price Index; Inputs: Industry Group - Construction' (see Appendix D for relevant indices)

This report is required to calculate escalation to May 2025. Unfortunately, indices by Statistics New Zealand have only been produced up to the quarter ending March 2025, we have allowed for additional estimated escalation up to the second quarter of 2025 (See Appendix D for Indices).

Replacement cost

The guide replacement costs have also been escalated in line with the above and exclude paving, driveway and works to fountain which have been included within the repair estimate,

- *Replacement replica (reconstruction using alternative materials and construction methods to achieve the overall look of the original)*

Replacement cost of around \$8,242/m² (subject to further detail), approximate GFA of 1,089 m² equates to an estimated replacement cost of around \$8,975,538 excluding GST

- *Replacement modern high end multi-level house finish (which would bear no resemblance to the existing)*

Replacement cost from between \$7,212/m² to \$10,302/m² (subject to further detail), approximate GFA of 1,089 m² equates to an estimated replacement cost of between \$7,853,868 and \$11,218,878.

DOCUMENTATION

- Statement of rebuttal evidence of Gavin Stanley (Quantity Surveyor) on behalf of Christchurch City Council – Qualifying matter: Heritage (Heritage Sites) – Dated: 9 October 2023

Appendix A

Cost Fluctuation Adjustment Calculations By Indexations

HIN 185 - Dwelling, Daresbury And Setting - 9 Daresbury Lane, 67 And 67B Fendalton Road Christchurch

Cost Fluctuation Adjustment Calculations By Indexation

MILNE CONSTRUCTION

Option 1 Daresbury House - Reduced Repair Quotation (03 July 2019)

Option 2 Rhodes + Associates Adjusted Option 1 (Changes To Calculations %'s of Margins, Contingencies, Professional Fees, P&G)

Option 3 Rhodes + Associates Adjusted Option 2 (Changes To Value Of %'s of Margins, Contingencies, Professional Fees, P&G)

$$C=V \left[\frac{0.4(L-L')}{L'} + \frac{0.6(M-M')}{M'} \right]$$

	Period	Year/Quarter	Option 1	Option 2	Difference Between Option 1 and 2	Option 3	Difference Between Option 1 and 3
			Daresbury House - Reduced Repair Quotation (03 July 2019)	Rhodes + Associates Adjusted Option 1 (Changes To Calculations %'s of Margins, Contingencies, Professional Fees, P&G)		Rhodes + Associates Adjusted Option 2 (Changes To Value Of %'s of Margins, Contingencies, Professional Fees, P&G)	
C	Cost fluctuation adjustment for the quarter under consideration, (rounded up to the nearest \$)		\$ 1,405,912.00	\$ 1,442,681.00	\$ 36,769.00	\$ 1,644,765.00	\$ 238,853.00
V	Valuation of work shown as payable in any Payment Schedule in respect of work having been completed during the quarter under consideration subject to A3, but without deduction of		\$ 5,419,124.00	\$ 5,560,854.00	\$ 141,730.00	\$ 6,339,790.00	\$ 920,666.00
L	Labour Cost Index; Private Sector; Industry Group – Construction: All Salary and Wage Rates;	April to June 2025	2025 Q2	1452	1452	1452	
L'	Index as defined under L but applying for the quarter during which tenders close,	July to September 2019	2019 Q3	1227	1227	1227	
M	Producers Price Index; Inputs: Industry Group – Construction, published by Statistics New Zealand applying for the quarter under consideration,	April to June 2025	2025 Q2	1563	1563	1563	
M'	Index as defined under M but applying for the quarter during which tenders close,	July to September 2019	2019 Q3	1193	1193	1193	
Adjusted value (Rounded up to nearest \$)			\$ 6,825,036.00	\$ 7,003,535.00	\$ 178,499.00	\$ 7,984,555.00	\$ 1,159,519.00
Adjusted value per m2, based on 1,089 m2, note also includes for brick paving, driveway and fountain (Rounded to nearest \$)			\$ 6,267.00	\$ 6,431.00	\$ 164.00	\$ 7,332.00	\$ 1,065.00

Stewart Harrison (20 September 2023)

Option 4 Stewart Harrison Adjusted Estimate based on Option 3

	Period	Year/Quarter	Option 4 Stewart Harrison Adjusted Estimate based on Option 3
C	Cost fluctuation adjustment for the quarter under consideration, (rounded up to the nearest \$)		\$ 309,505.00
V	Valuation of work shown as payable in any Payment Schedule in respect of work having been completed during the quarter under consideration subject to A3, but without deduction of		\$ 8,127,788.00
L	Labour Cost Index; Private Sector: Industry Group – Construction: All Salary and Wage Rates:	April to June 2025 2025 Q2	1452
L'	Index as defined under L but applying for the quarter during which tenders close,	July to September 2023 2023 Q3	1390
M	Producers Price Index; Inputs: Industry Group – Construction, published by Statistics New Zealand applying for the quarter under consideration,	April to June 2025 2025 Q2	1563
M'	Index as defined under M but applying for the quarter during which tenders close,	July to September 2023 2023 Q3	1512
Adjusted value (Rounded up to nearest \$)			\$ 8,437,293.00
Adjusted value per m2, based on 1,089 m2, note also includes for brick paving, driveway and fountain (Rounded to nearest \$)			\$ 7,748.00

Replacement Estimates \$/m2 (9 October 2023)

Option 5 Replacement replica (reconstruction using alternative materials and construction methods to achieve the overall look of the original)

Option 6 Replacement modern high end multi-level house A

Option 7 Replacement modern high end multi-level house B

	Period	Year/Quarter	Option 5 Replacement replica (reconstruction using alternative materials and construction methods to achieve the overall look of the original)	Option 6 Replacement modern high end multi-level house A	Option 7 Replacement modern high end multi-level house B
C	Cost fluctuation adjustment for the quarter under consideration, (rounded up to the nearest \$)		\$ 242.00	\$ 212.00	\$ 302.00
V	Valuation of work shown as payable in any Payment Schedule in respect of work having been completed during the quarter under consideration subject to A3, but without deduction of		\$ 8,000.00	\$ 7,000.00	\$ 10,000.00
L	Labour Cost Index; Private Sector: Industry Group – Construction: All Salary and Wage Rates:	April to June 2025 2025 Q2	1452	1452	1452
L'	Index as defined under L but applying for the quarter during which tenders close,	October to December 2023 2023 Q4	1407	1407	1407
M	Producers Price Index; Inputs: Industry Group – Construction, published by Statistics New Zealand applying for the quarter under consideration,	April to June 2025 2025 Q2	1563	1563	1563
M'	Index as defined under M but applying for the quarter during which tenders close,	October to December 2023 2023 Q4	1519	1519	1519
Adjusted value (Rounded up to nearest \$)			\$ 8,242.00	\$ 7,212.00	\$ 10,302.00
Adjusted based on 1,089 m2, note excludes brick paving, driveway and fountain (Rounded to nearest \$)			\$ 8,975,538.00	\$ 7,853,868.00	\$ 11,218,878.00

Appendix B

Statistics New Zealand - Labour Cost/Producers Price Index's

Labour Cost Index - LCI - L and L¹ - Jan 2011 to Dec 2020

Work Income And Spending | Labour Cost Index

Private Sector and Industry Group
(ANZSIC06)(Base: June 2009 qtr (=1000))
(Qrtly-Mar/Jun/Sep/Dec)

	All Salary and Wage Rates Construction	Movement In Index
2019Q3	1227	5
2019Q4	1236	9
2020Q1	1242	6
2020Q2	1235	-7
2020Q3	1246	11
2020Q4	1253	7
2021Q1	1264	11
2021Q2	1273	9
2021Q3	1284	11
2021Q4	1294	10
2022Q1	1305	11
2022Q2	1326	21
2022Q3	1336	10
2022Q4	1353	17
2023Q1	1361	8
2023Q2	1380	19
2023Q3	1390	10
2023Q4	1407	17
2024Q1	1418	11
2024Q2	1426	8
2024Q3	1435	9
2024Q4	1444	9
2025Q1	1448	4
2025Q2*	1452	4

Last updated by Statistics New Zealand 07
May 2025 at 10:45am

Producers Price Index - PPI - M and M¹ - Jan 2011 to Dec 2020

Economic Indicators | Producers Price Index - PPI

Inputs (ANZSIC06) - NZSIOC level 1, Base:
Dec. 2010 quarter (=1000) (Qrtly-
Mar/Jun/Sep/Dec)

	Construction	Movement In Index
2019Q3	1193	9
2019Q4	1199	6
2020Q1	1202	3
2020Q2	1198	-4
2020Q3	1207	9
2020Q4	1211	4
2021Q1	1223	12
2021Q2	1246	23
2021Q3	1277	31
2021Q4	1304	27
2022Q1	1353	49
2022Q2	1409	56
2022Q3	1445	36
2022Q4	1467	22
2023Q1	1474	7
2023Q2	1490	16
2023Q3	1512	22
2023Q4	1519	7
2024Q1	1524	5
2024Q2	1534	10
2024Q3	1541	7
2024Q4	1543	2
2025Q1	1553	10
2025Q2*	1563	10

Last updated by Statistics New Zealand 19
May 2025 at 10:45am

* Denotes estimated indices taken as movement in last confirmed quarter

Appendix C

Adjustments to Milne Construction Quotation

MILNE CONSTRUCTION

- Option 1** Daresbury House - Reduced Repair Quotation (03 July 2019)
Option 2 Rhodes + Associates Adjusted Option 1 (Changes To Calculations %'s of Margins, Contingencies, Professional Fees, P&G)
Option 3 Rhodes + Associates Adjusted Option 2 (Changes To Value Of %'s of Margins, Contingencies, Professional Fees, P&G)

	OPTION 1 Daresbury House - Reduced Repair Quotation (03 July 2019)			OPTION 2 Rhodes + Associates Adjusted Option 1 (Changes To Calculations %'s of Margins, Contingencies, Professional Fees, P&G)			OPTION 3 Rhodes + Associates Adjusted Option 2 (Changes To Value Of %'s of Margins, Contingencies, Professional Fees, P&G)					
DESCRIPTION	%	VALUE		%	VALUE		%	VALUE				
Milne Construction - Sub Total Excluding GST		\$4,179,704.89			\$4,179,704.89			\$4,179,704.89				
Omit as included within P&G												
Establishment - Storage Containers								-\$	50,000.00			
Establishment - Site Office								-\$	6,000.00			
Insurance - Contract Works								-\$	45,000.00			
Mobile Scaffolding - Hire for Stairwells and Interior								-\$	5,000.00			
Environmental - Control report including Monitoring								-\$	5,000.00			
Scaffolding for Duration of Works								-\$	126,556.00			
Locksmith - ReKey Cellar Door and Courtyard Key Pad								-\$	120.87			
Sub Total Excluding GST		\$4,179,704.89		A	\$4,179,704.89		A	\$3,942,028.02		A		
Margins	7.50%	\$	313,477.87	B = 7.5% of A								
Contingencies	10.00%	\$	417,970.49	C = 10% of A								
Professional Fees	5.00%	\$	208,985.24	D = 5% of A								
Project Management		\$	90,000.00	E								
P&G	5.00%	\$	208,985.24	F = 5% of A								
Preliminaries				5.00%	\$	208,985.24	B = 5% of A		10.00%	\$	394,202.80	B = 10% of A
Scaffolding							C			\$	131,556.00	C
Project Management						\$	90,000.00	D				D
Margins				7.50%	\$	335,901.76	E = 7.5% of (A+B+C+D)		7.50%	\$	335,084.01	E = 7.5% of (A+B+C+D)
Contract Contingencies				10.00%	\$	481,459.19	F = 10% of (A+B+C+D+E)		10.00%	\$	480,287.08	F = 10% of (A+B+C+D+E)
Other Development Costs (Professional Fees)				5.00%	\$	264,802.55	G = 5% of (A+B+C+D+E+F)		20.00%	\$	1,056,631.58	G = 20% of (A+B+C+D+E+F)
Sub Total Excluding GST Including Margins, Contingencies and P&G (Rounded up to nearest \$)		\$5,419,124.00		G = (A+B+C+D+E+F)		\$5,560,854.00		H = A+B+C+D+E+F+G		\$6,339,790.00		H = A+B+C+D+E+F+G