

Sean Butler

From: Sean Butler <sbutler@iinet.net.au>
Sent: Wednesday, 28 December 2011 12:34 PM
To: Mark Englebert (Mark.Englebert@twcs.com.au)
Cc: Jeremy.nipps@twcs.com.au
Subject: National Hotel cost to Complete

Dear Mark & Jeremy,

I hope you all had a good Christmas and I wish you a Happy New Year.

You had me at your office last Tuesday ^{20 December} to go through costs to date on the National Hotel in order to fine tune the cost to complete estimate from Emeco.

Jeremy indicated he thought I was being difficult at the meeting, not wanting to do what was requested so I would like to explain and hopefully you will understand (I really wasn't trying to be difficult ☺)

Jeremy did try to contact the builder, EMECO, at my request but they were unavailable. EMECO need to understand what's happened here too.

I engaged Emeco and two other builders to estimate costs to complete several years ago. The estimate requested excluded certain items which we were doing at the time including balconies, the front façade, timber joinery, the domed corner turret and various other works. This was to make it easier for the builders to estimate as I was doing the more difficult heritage items that are hard to estimate. It was at the time of the Federal Governments School Building Programme and the first home owners scheme so all builders were busy and expensive. Unfortunately Brian Benari had stopped work a few months earlier and we lost some good workers so we needed to start again when Brian changed his mind.

The estimates requested also excluded various fit out items including carpets, curtains, furniture and some plant and equipment that I and my wife and other consultants were selecting and getting prices on.

I had various meetings with the builders and their tradesmen including plumbers, electricians, plasterers air conditioners and others. I wanted to make it as clear as possible what was and wasn't included in the cost to complete.

When I came in to your office and realised what you wanted me to help you with I realised the work was not going to help estimate the cost to complete now. Jeremy (and perhaps at EMECOs initial request, before any of this being explained to them) wanted me to go through all the cost items line by line for the last several years and determine which cost centre these costs relate to, either by trade or by floor. The costs I incurred on the building in the time since these builders estimated cost to complete included a lot of work outside their scope, and looking at the trade breakdown of the EMECO estimate the only items we had worked on that would alter their estimate were plastering, some brick repair, some painting and site works. Basically the messy hard to estimate stuff with a view to making a revised cost to complete easier to assess.

For the purposes of working out cost to complete it is completely irrelevant in a fire damaged heritage building like this to estimate it by the cost estimate from a builder two years ago and then deduct costs incurred by a different builder over a two year period since on just a few sundry trades. The way to do it is to assess the building as it stands now and estimate the cost to complete whats left.

← But Mr Englebert never did this

As an example we have done brick repairs and plastering on all levels of the building. The work was done by tradesmen like the bricklayer and plasterer who at the time were working on various areas, (both within and outside the builders estimates) and floors of the building each week and who were paid on an hourly basis each week. For

them or me to remember what they were doing in any meaningful detail on a weekly basis over a two year period is almost impossible. However the work is there to see in total now.

The work you requested me to do was I believe a waste of both your (which I get charged for) and my time. It would not assist EMECO in any meaningful way to revise the cost to complete

The cost to complete should be assessed on whats left onsite to do now. I can assist in this by meeting builders and tradesmen as before if required or even just talking to them on the phone to explain. Another way would be just to say what percentage of each cost item has been done (eg 70% of plastering) and work it out that way.

I personally have also worked on the building and not charged my time. No other builder would do this, I only did it to save costs and to get as much done as possible when funding was tight. This also will reduce cost to complete.

I believe that if a builder estimated the price to complete now on the same basis as before with my involvement as a design and construction consultant then the cost to complete would be substantially less than previously estimated. The added value of the work we did at below cost (and much unpaid for by Brian though it was previously agreed he would) significantly improved the building and made it easier to complete. The building is in a much better state than when builders were looking at it several years ago (if Emeco re inspected it now they would see that). Several builders have already indicated to me costs much less than previously estimated.

I am an experienced registered builder and have been in the Construction Industry over 25 years and understand how to price this type of work.

The only reason my construction company is in receivership, as you know, is that Brian Benari has not completed a property purchase as agreed and following that has not paid me for building work done.

I hope you understand the above and I do want to get the best sale price on all assets involved and will help as previously discussed if required. The cost to complete will have a big impact on any sale price of the National

For the avoidance of any doubt (as your lawyer would say) you could present this email to a quantity surveyor or Emeco or another builder and get their opinion.

Please call me if you want to discuss,

Regards


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