

Publication Date: 15 August 2024
YSP Podcast Transcript: 419. Apply this risk-reducing strategy to your next remedial works project

Listen to this podcast episode [here](#).

Intro: Welcome to Your Strata Property, the podcast for property owners looking for reliable, accurate and bite-sized information from an experienced and authoritative source.

Amanda Farmer: Hello and welcome to this week's podcast episode. I'm your host, Amanda Farmer, and my guest this week is Sam Hogg. Sam is the founder and director of PASG projects. Originally based in Melbourne, PASG now has offices in Sydney and Brisbane servicing the Eastern Seaboard. PASG is one of Australia's leading project management companies with the primary focus of working with strata managers and commercial building owners to remediate buildings with structural, waterproofing, and combustible cladding issues.

Sam has over two decades experience working in the construction industry across Tasmania and Victoria. And for the past decade, he has specialized in project managing the remediation of apartment and commercial buildings. As you'll hear in this chat, as a result of working with all stakeholders in the construction and building industry, Sam is committed to providing educational materials that assist owners corporations, committees, strata and building managers to understand the issues with remediating buildings. This includes ensuring that building faults are identified and rectified as soon as possible to minimize costs and inconvenience to owners and tenants. I'll take you on over now to my chat with Sam Hogg of PASG projects.

Sam Hogg, welcome to the show.

Sam Hogg: Thanks, Amanda. Good to be here.

Amanda Farmer: Sam, tell us a bit about PASG. How long have you been around and how have you come to specialize in strata?

Sam Hogg: So, Amanda, we've been operating for a bit over two and a half years now. We are operating with 17 employees. We are operating in Victoria as head office, Sydney and Brisbane. So we've spread across the East and Seaboard. I suppose how I became interested in Strata was when I was asked to go and have a look at a building and do a high -end upgrade of a lobby and corridors.

And what I found really interesting about the project was it was different from all the other project management sort of projects that we were doing at the time, which was working for developers or things like that. People who had a good knowledge of the construction industry.

What I liked about dealing with committees was taking them through the process and communicating the process to them so they could completely understand from start to finish what the process was going to be, they had updates all the time so they could feel at ease. At the same time, was really the start of the combustible cladding era, if you like, and particularly in Victoria that was ramping up.

So a building got a building order from the City of Melbourne Council. And we to navigate our way through that. And remembering, was right at the start, we were going, right, what do we do?

And so we worked out the process, remediated the building quickly and then got the building order removed. And then of course, Cladding Safety Victoria started up and we had the fires at La Crosse and that had happened earlier, but Neo 200 in Spencer Street and had to remediate those buildings and including the burnt apartments work out a way through that. so suddenly, I of became really interested in Strata for that very reason.

Amanda Farmer: And I know this hands on approach, communicating with committees, walking them through the process is a big part of what PASG does and we can get into that. But if we take a step back and really have a look more broadly at what a project manager does when we're talking about work on a strata building, can you explain that one for our listeners?

Publication Date: 15 August 2024

YSP Podcast Transcript: 419. Apply this risk-reducing strategy to your next remedial works project

Sam Hogg: Yeah, so project manager really comes in at, ideally right at the start when there's an issue. So I suppose I'll backtrack a little bit. Too many times we come and owners corporation has spent tens of thousands of dollars on report after report after report after report and plumbers and everything else. And so we come in and they've already spent hell of a lot of money and ideally, we'd like to come in before all that happens and to be able to spend the money on the right things that money needs to be spent on.

But ideally, we'll come in pre -project consultation, find out from the committees what their issues are, get a really good understanding. We call it a reverse brief to really understand what's going on.

Then we move into a scoping phase where we identify all the issues that are going on with the building. So, may be leaks in the building, there may be structural issues, maybe a combination, maybe combustible cladding. And we really spend some time reviewing whatever reports have been done before doing our own inspections on site and coming up with a scope before we go into a design phase, if that's required, where we engage for the OC experts such as engineers and things to create the design.

What's really important is the tendering phase. So we conduct an eight week tender process from start to finish on almost all projects. It doesn't matter whether it's a hundred thousand dollar project or a \$10 million project. Invariably the timeframe remains around eight weeks from some issuing tenders out to contractors to getting a tender recommendation back. And that includes preparing tender documentation.

We spent a lot of time simplifying the scope to make it really easy for builders when they're tendering for these works to understand the issue and then price against it. Because if we make it easy for them, they're going to put in better prices. If we make it hard for them or scope is not clear, then they're just going to throw a dart at it and if it's high, it's high. So we spend an exorbitant amount of time trying to make that crystal clear. And then remembering that the tender documents probably form a part of the end contract with the contractor as well. So we need to make sure that that scope is really tight.

Then the next part of the process is receiving the tenders back and analyzing those tenders, essentially making sure it's apples for apples. Everyone's got the right scope included. And we've analyzed things. If someone has put a price for a certain item at 10 ,000 and the other three tenderers have put in at 40 ,000, what does that tenderer know that the other three don't or vice versa? What have they missed that the other three haven't? So we go through that process before giving a recommendation to the committee.

Post that, we go into an area of just refining the scope. there's anything to come out of the scope or anything to go in, we do that. And then real communication starts with owners. Once we've nailed that down with the committee, then we'll have an information evening. It last for about two hours for owners.

So all owners can come together where we can tell them where we've come from, why we've gone through this process, where we've come from, what the issues are with the building, what the problems are if they don't remediate the building and what are going to be the repercussions.

We talk about things like a building we had, we're currently working on had a quote 10 years ago for \$200, 000 to fix it. But because the committees put their head in the sand for year after year after year, the resultant damage has been so far \$2 .5M worth of stripping out apartments that have been, and so we really try and give them that information so they can make a valid judgement of whether they proceed with the project. And then we move into the construction phase, which is our superintendent phase, where we administer the contract, where we review quality, review progress claims, making sure the builders not charging too much per month. We protect against variations, extension of time requests, we review all those...

Amanda Farmer: Important role.

Publication Date: 15 August 2024

YSP Podcast Transcript: 419. Apply this risk-reducing strategy to your next remedial works project

I think I heard you say that you going right back to that beginning stage where you're looking at the work that needs to be done, developing that scope and then briefing engineers to do the design and the drawings. If you're in New South Wales, you've got Design and Building Practitioners Act requirements to comply with. Am I right then in saying that you are in a different and separate role from the engineer who may then be doing those specifications and meeting those legal requirements? So we're actually talking about a project where you've got a project manager, then you've got an engineer, and then you may have an actual building contractor. Is that the structure?

Sam Hogg: Yes, that's exactly it. we will be, simplify it, suppose, we are there to manage the whole process where the engineer will be there to provide the design and the sign-off as well as sign-off of the works. So, we will be there to coordinate the whole lot and with the contractor and with the engineer. So that's our essential role.

Amanda Farmer: Because my experiences with Strata managers and being a Strata committee member myself and going through a multimillion-dollar project, it's often the case that there will just be an engineer who then does that scope, that heads up the tender process, is the superintendent, is the one signing off on the payment claims. There is the contractor, but there is no separate project manager. Give me your thoughts on that setup. What's wrong with that?

Sam Hogg: I don't think there's anything wrong with that setup where we find we had the most value and this isn't against engineers, but we focus on the communication aspect and you mentioned it before. Communication for us has become extraordinarily important. We find our clients find it extraordinarily important. Even down to the fact there's a report issued every two weeks, a non-negotiable report that goes out that says current status, what we've done over the last two weeks, what we're doing over the next two weeks, what the risks to the project are and what we're doing to mitigate those risks.

That is what we find is incredibly useful to our clients. On top of that, we work out a communications plan with a client upfront. Is it weekly meetings that they want? Is it just the reports? What form does that look like that is going to best suit that particular IC? And I think that's what's really important is guiding the IC, giving them the information that they need, and so they can be assured that the project's on track, the liability is removed from them.

Plus, think we work with a number of contractors and I'm not saying engineers don't either but the contractor selection is or tenderer selection is extremely important and to make sure you've got the sort of goldilocks of the tender list is really important so they need to be not too big not too small have an understanding of the scope for example, if it was a straight cladding job, we probably wouldn't put the same contractors on if it was a cladding and defects because they have different skills. And it's picking those and picking the right crews within that. So we might be saying, well, tender A, if you're going to tender would like John as a project manager and Jill as the site manager because we know them, we've worked with them before. We know how well they work on-site. Can you confirm that if you're going to tender for this, these will be the project team involved? So we go into a lot of that detail because it makes the job go smoothly.

Amanda Farmer: And when it comes to paying for your services, I know with a lot of engineers, they take a cut of the total contract price. That is, we've discussed it here on the podcast before, I've heard from owners, they're sometimes uncomfortable with that because they feel like the engineer has a vested interest in the contract price being higher, those variations being approved. Where do you guys sit in terms of your contractual relationship with the owners corporation and how you get paid?

Sam Hogg: I work out how long I think the project is going to take and we charge a bi-monthly rate of what we think it's going be. I don't see a benefit for the owners for us to take a percentage of the cost because our job to keep it is cost as low as possible.

So an example of this is when we're tendering out works, some of it may not some of the works may not be critical. And so we can break down in a lot of cases a shopping list. Critical works, this is the price and then here are the additional ones. But knowing that the way that nearly every IC is, except for some very wealthy ICs, that they need to keep the price down as low as possible, then they can strip out at the end of the tender list all the moderate or low priority items. So we're just just focusing on the critical. So long way around saying we do a fixed fee. We don't do a percentage.

Publication Date: 15 August 2024

YSP Podcast Transcript: 419. Apply this risk-reducing strategy to your next remedial works project

Amanda Farmer: I've already mentioned Sam, the Design and Building Practitioners Act in New South Wales. I'm getting questions all the time from Strata managers, from owners wanting to navigate, needing to navigate the complexities of that piece of legislation. Have you got any tips for our listeners? What's your number one piece of advice when a building is trying to navigate this legislation?

Sam Hogg: Shop around to start off with. Particularly if we're looking at balconies as an example, as a common issue, shop around and make sure you ask the consultant to price only what you need. Don't make it an airy -fairy scope because if you give them an airy -fairy scope, then it's likely that the scope will blow out to be something bigger than it has to be. So keep it specific. Make sure you're getting apples with apples prices because one consultant may give you a scope that differs from the rest. And you need to understand whether that is going to be compliant.

I suppose I'd get a PCA or principal-certifying authority to have a look at what is being proposed by our consultants to make sure that is going to comply at the end of the day. That's the one thing that I'll be trying to do.

Amanda Farmer: Yeah, on that point, I have been involved in a balcony works project from the position of committee member in recent times and we are lucky to have a very hands-on committee, a couple of lawyers on the committee, which helps. But we've had a couple of doozies come up with this project, including where works were just about to start. And the contractor got very nervous about the question of whether council approval was required or not because there were some changes to balustrades and the committee with the benefit of some outside legal advice was able to get a town planner engaged pretty quickly, give some written advice that council approval was not required and then hand that advice over to the contractor and with that they were they were confident to proceed.

I can see those quirks of the legislation, these compliance issues, as you say, really putting committees off track, putting them to extra expense, maybe in a situation without a project manager or without legal expertise handy, a committee would delay a project for some months going off to get the council approval that they may never need to get.

Sam Hogg: Absolutely, absolutely. And I think the problem with it is, is it's putting a lot of extra costs on these projects and extra consultants when they may not be required and things like that. And I suppose from that angle, from a practical point of view, what we know in general is if a few balconies shot, let's just say we're talking about balconies and the membranes are ruined or are failed, then all of them are failed, invariably. And so if you can package up a whole lot, what you're going to get is a lot more bang for your buck on a per-balcony basis.

So that'll be sort of my advice when OCs are looking at it and if they've got one or two, we'll do an inspection on the others and make sure they're okay because if you're going to do one or two, it's going to be a lot more expensive.

Amanda Farmer: The other place where I see, I'm going to say engineers letting buildings down is when it comes to variations. And an example that I have seen recently is where a large piece of glass had to be replaced in a window that looked down onto a balcony. This had to be done in four different units on an upper level of the building. And the contractor knew about this when they quoted.

They had this specification and when it came time for the glass to be ordered and to be delivered to the property, they said, well, we can't fit this glass in the lift. So we're going to have to get a crane and we're to have to crane it over the balcony. Guess what variation that's an additional cost. And in that situation, it is only because that committee got some legal advice, had somebody who could read a contract, look at the contract and say, no, this was always clear in the contract that the glass was this size. Contractor came and looked at the site, knew how big the lift was. And if you got a crane it over now, that's your problem, your additional expense. it just astounds me. And I shared these thoughts recently with the Sydney Morning Herald at the time we're speaking. It was an article last week with these comments from me published astounds me, shocks me there are contractors out there who are doing this, who are probably getting away with this and sheeting these costs home to buildings when they don't have to. And it is, as I've said, only those buildings that have the expertise, handy, whether it's legal or project management expertise, perhaps, I'll say that again, without an engineer that may have a vested interest that are able to get past these roadblocks.

Publication Date: 15 August 2024

YSP Podcast Transcript: 419. Apply this risk-reducing strategy to your next remedial works project

Sam Hogg: Yeah, I think it starts back in the tendering process. So as part of our tender, we'll have the principles project requirements, which lay out the intent of what needs to be achieved in the contract. Therefore, one of the things will be to, in this case, I'll simplify it, but to put windows in the building to make sure they've got all the necessary logistics and everything's ordered to ensure they can achieve. And as that forms part of the contract document, that is something that's important.

More importantly, however, is the contract that is prepared and signed by the honest corporation with the contractor to ensure that there's only two ways that a contractor can claim for a variation. Those two ways are, change of scope, is logical. You know, we're putting additional, someone's putting a bagola down or whatever it is. But the other one is latent conditions and that's things that could not have been reasonably foreseen at the time of tender.

Now, I'll talk about how we try and remove latent conditions from an issue in a tick, but in this case, this was no latent condition. The fact that the contractor knew, the contractor had, assumedly had a site walk-through during the tender process, they knew where the, what access requirements were, they were shown where the loading dock was or whatever it is, they have shown the lifts. And so they should have known about this. so, and I come back to the Cladding Safety Victoria, jobs in cladding and particularly when that was starting, I don't know, four years ago or something. And we were going through the role of the superintendent as we're doing this and it became very, very clear that contractors, if they've done the site walkthrough, they understand the issues. If they were given access to a certain area, but then chose not to do it.

An example that comes to mind is that we're doing a tender site walkthrough and they'll give access to every single apartment and access to the roof. They came back and claimed that they didn't know about this tiny little piece of cladding that wasn't any of the CSV reporting at the time. And we're, say to them, no, but you provided access. You chose not to take that access, so therefore no variation.

So it's really important that the contract is the right contract. It prevents the contractor coming back for variations that aren't latent conditions or a scope change. Now, some of our projects talking about latent conditions and how we deal with that, some of our projects are outer suburban timber framed buildings where there's water ingress throughout the whole building and we need to make some allowances for timber rot in the frame and we and so we know that they're probably latent conditions because it's impractical to be able remove every piece of cladding on that building to just a frame to say, well, this is exactly how much timber frame rock there is.

So we make an allowance by doing destructive investigation over the building, creating little holes that we cover back up again and go around the building where we see that there are issues. So we can say, OK, let's make an allowance for X amount. let's just say the south side, 20 % of the south side, the framing's got to be redone on that. And then we have a linear meter rate that we apply against that. So we keep the contractor accountable. So that's how we deal with those types of issues.

Amanda Farmer: I can see there's a key communication piece in that explaining to owners why that's the case, why we have to make allowances and we can't have fixed or known sums and why there might be variations, sometimes large in a project that's increasing costs, there's really no other way to do it. It's often hard and I think committee members. strata managers even don't necessarily have the skills to be able to explain

Sam Hogg: Well, rather than treat it as a variation, we try and keep it as a provisional sum until they are able to open those out and then to draw down on the provisional sum as needed by measuring those linear meters that are actually being done, trying to keep it on the conservative. So the provisional sum forms a part of the contract sum. so put it this way, we've never gone over the provisional sum because we try and keep it realistic but slightly conservative.

Amanda Farmer: Yeah, so that's your point about there are ways to draw these contractors. I'll say that in there are ways to draw these contracts so that they have the least number of surprises. Yep, I like it. All right, Sam. Well, you are a font of knowledge and we could keep going for another half hour, I'm sure. But we do need to wrap up. So let me know if there's anything else that you want to add. And certainly where our listeners should go to find out more and connect with you and PASG.

Publication Date: 15 August 2024

YSP Podcast Transcript: 419. Apply this risk-reducing strategy to your next remedial works project

Sam Hogg: Yeah, I suppose one thing to add is whoever you use, just get someone to, a project manager or engineer or whoever it may be, just come in and talk to the committee before you engage, because it's really good to have committees having face -to or particularly the committee chair or at least somebody have a face to face to give the brief because you're going to get a better outcome at the end of the day. The fee proposal that the consultant, the engineer or PSG or another PM gives is going to be a better-formulated fee proposal, to better understand your requirements.

Sometimes we find strata managers doing the right things but may miss something and then we miss something. so if the consultant can have a meeting just go through, have we captured everything you want? Yes, we have. Well, then we're going to give a better outcome. So I think that's important. And because we are very happy to talk to anyone, we're talking to IC committees most nights of the week, just talking through the process. And there's no obligation or anything from our end.

So, anyone's more than happy to reach out to us and we're happy to check with committees about what process there are and things like that. But, people can get hold of us by pasg.com.au, Amanda, or just sam@pasg.com.au. Just reach out and thanks very much.

Amanda Farmer: Excellent. We'll make sure those links are in the show notes for this episode. Thanks for taking the time, Sam, and I'll send you out to the rest of your weekend strata. Have a good one!

Sam Hogg: Thank you. Thanks very much, Amanda. Cheers.

Outro: Thank you for listening to Your Strata Property. The podcast which consistently delivers to property owners reliable and accurate information about their strata property. You can access all the information below this episode by the show notes at yourstrataproperty.com.au.