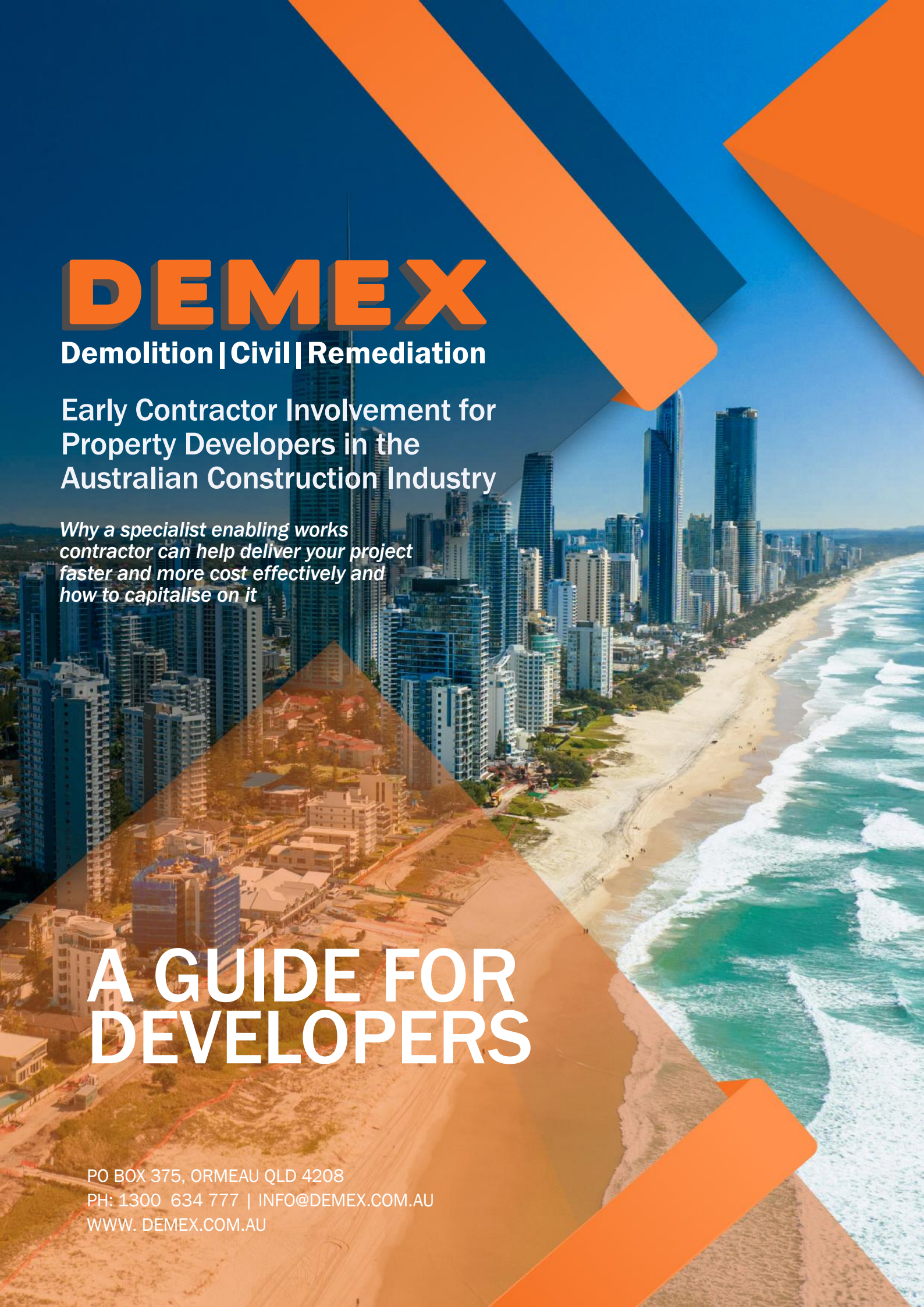

DEMEX

Demolition | Civil | Remediation

Early Contractor Involvement for Property Developers in the Australian Construction Industry

Why a specialist enabling works contractor can help deliver your project faster and more cost effectively and how to capitalise on it

A GUIDE FOR DEVELOPERS

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WWW. DEMEX.COM.AU

Surfers Royale - Highrise demolition
On the Gold Coast bachfront

“We strive to be a trusted project partner for our clients by delivering value and innovative solutions that draw on inhouse project managers, engineering, trade teams, and specialist contractors.”

- Richard Todd
Managing Director

Development today

Delivering in a construction industry perfect storm

Developers today face a perfect storm. Off the back of consistantly high supply costs, and excessive red and green tape, the industry has faced unprecedented builder and trade business insolvencies. Wage costs have never been higher and Australia is now in the midst of a housing crisis. Add to this environment, planned government and private infrastructure projects across the country ahead of the 2032 Brisbane Olympics, together with a skilled labour shortage and productivity pressures, it can be enough to halt any new commercial, industrial or residential development.

With potential for any one of these factors to impact project economics and delivery, commercial developers and the broader construction sector must draw on its pedigree of innovation, creativity and resourcefullness. It must collaborate to devise solutions, making every potential opportunity to reduce costs and risks worth considering.

Latent opportunities, project savings

One area where potential project savings can be made and is frequently overlooked by developers, is in demolition and associated early or enabling works.

Enabling works, encompassing demolition, hazmat removal, remediation, and associated civil works, are commonly bundled together, in many cases as a single line item in the project budget; an approach which belies the often complex nature of this stage of construction.

Thinking about enabling works this way is shortsighted, not only because of the inherent risks, but also because of the lost opportunities to optimise project budgets, schedules, sequencing of works, and even project financing.

Some developers – even experienced tier one companies with an inhouse builder division – do not realise an enabling works contractor can help them avoid hidden project costs that impact project outcomes.

In an industry where pressures have never been greater, a different approach is needed.

In the 2023-2024 financial year, the greatest proportion of company collapses was recorded, with 2,832 construction companies going into insolvency in Australia.*

*https://asic.gov.au/regulatory-resources/find-a-document/statistics/insolvency-statistics

Now is time for a different approach

Why business as usual is no longer enough

With so many challenges facing the construction industry, fresh thinking and delivery models are needed. Under a traditional construction delivery model, the builder manages the enabling works contractor, and like the developer, often does not appreciate the nuances and specialisation required for demolition, asbestos/ hazmat removal, remediation, and demolition associated civil works. Nor do they understand the opportunities.

Instead of drawing on the expertise of an enabling works contractor who can double as principal contractor for front end enabling works, and working with them to identify value engineering opportunities in their area of expertise, developers, project managers, and builders make common avoidable mistakes.

Here are just a few of them.

Common developer mistakes

Limited preparation time, unclear scope

In some cases, developers often do not allow contractors sufficient time to prepare tenders, or expect pricing to be prepared without a site visit. This results in a differing understanding of scope and a wide range of estimates from contractors. It also prevents pricing from be assessed on a like for like basis. As a result, cheaper pricing from one contractor can mean costly surprises during a project, damaging reltionships and delaying delivery.

Solution: Define scope accuratly

Clearly defining the demolition scope with input from specialist contractors helps ensure all tender responses are based on a shared understanding of the works. Engaging early, even well in advance of development, means contractors can provide more accurate pricing for enabling works and there are fewer surprises once the project is underway

HAZMAT underestimated

The extent of contamination from asbestos and hazardous materials, or the amount of site remediation required to make safe according to regulations, is another area frequently underestimated. Without an accurate, detailed destructive HAZMAT report, developers opt for cheaper solutions, which may not be safe or effective. This will often result in extensive variations at contract stage, when contractors discover additional asbestos and other hazardous materials. This can delay start dates and project progress, ultimately affecting budgets and schedules.

Solution: Understand hazmat risks

Hazmat is one area where no shortcuts should be taken. Completing a detailed destructive audit that informs an accurate hazmat report helps provides certainty and confidence to developers about likely hazmat removal and disposal costs.

Unsafe demolition method

Often the extent of a structure's dilapidation is not fully understood at the time of purchase, meaning developers fail to allow for a specialised technical demolition strategy that is safe, effective, and compliant with regulations. This means no allowance has been made for engineering of safe control measures, such as demolition containment scaffolding, traffic control measures, and timing of works.

No analysis of opportunities

Time is lost and opportunities missed when project enabling works are not considered for potential efficiencies, commercial value, schedule acceleration, and sequencing of works. In a case of not knowing what they don't know, developers leave opportunities that impact the project bottom line on the table. By selecting a competent contractor, who can undertake multiple services (hazmat removal, demolition and civil) works can be sequenced effectively, rather than having multiple contractors on site. As a result of these oversights, developers receive requests for variations, such as material management, while regulatory requirements impose unexpected challenges and costs. Approaching a project this way is false economy that results in false starts, safety issues, expensive delays, rework, and distrust. Failing to understand the risks and opportunities means efficiencies, which could be gained through options analysis, are missed or discounted.

Solution: Undersand the options

There is always more than one option, but the cheapest may not be the safest or most effective. Understanding the full range of options for demolition, sequencing of works, and hazmat removal requirements, allows developers to ensure the method which most effectively balances safety, efficiency, and value is implemented for the project.

Solution: Collaborate with contractors

While developers know their project inside out, collaborating with specialist contractors for enabling work provides access to the contractor's 'smarts' that have been gained through experience of delivering similar projects. Developers can capitalise on these available resources to improve delivery and outcomes on their own project.

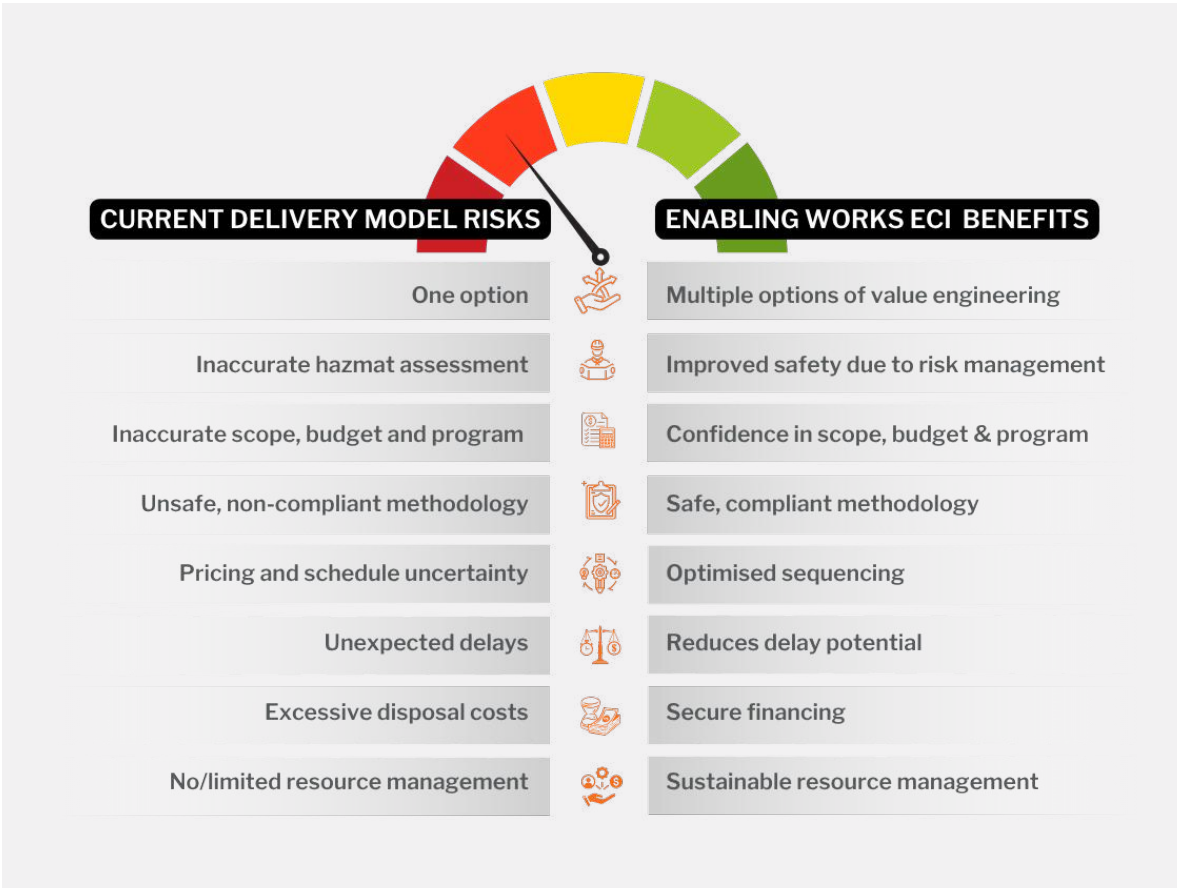

DEMEX

ECI with an enabling works contractor

Collaboration delivers confidence

The good news is these common mistakes are avoidable making it possible to face industry headwinds and tackle challenges with confidence. One model proving beneficial for developers is early contractor involvement with a contractor who is engaged to undertake the enabling works for a development.

Early contractor involvement – or ECI – allows for a transparent approach to pricing and delivery of a project's front end enabling works, demolition and associated remediation and civil works. Under an ECI arrangement, a developer directly engages the contractor, rather than the contractor being engaged by the builder or third party project manager. The transparency of this arrangement provides developers with a more accurate assessment of early stage delivery options, as well as costs, risks, and opportunities.



Leichhardt Hotel - Demolition and asbestos removal
Rockhampton, Queensland.

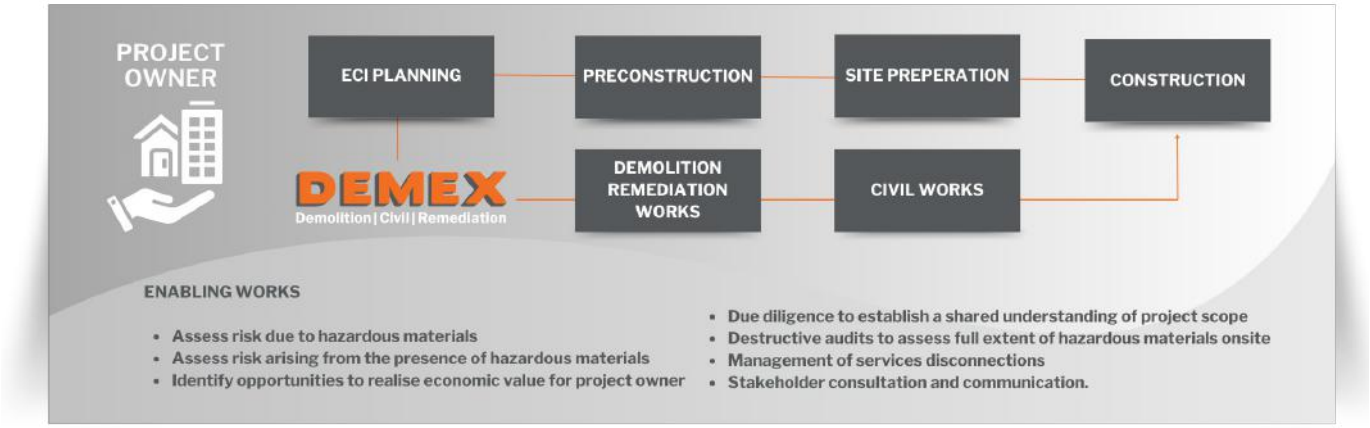
What can developers expect under an ECI arrangement?

Clear communication, optimised delivery

A well-managed ECI contract combining services across early works, demolition, and remediation offers benefits in terms of coordinated service delivery, capacity to respond to challenges, and environmental considerations.

Estimates can be prepared for multiple options that factor in different methods, sequencing and timing of works to optimise these for funding and builder handover. Potential cost savings can also be made by eliminating any overhead from the builder or project manager which is placed on the enabling works demolition contractor.

ECI allows the project to be viewed holistically, rather than as elements completed in discrete packages of work. It is an open book approach that builds trust between developer and contractor, and even the builder, allowing full transparency on budgets, costs, risks, and opportunities, creating a solid foundation for the project.



"The demolition enabling works contractor can work with project owners to deliver multiple services. Following an open book approach, works can be delivered, scheduled and budgeted to optimise sequencing."

- Oli White
Pre Contracts Manager

How ECI helps developers set projects up for success

Turning early engagement into tangible value

Fewer surprises

Transparent budget pricing through an open book approach leads to more accurate planning and improved budget forecasting based on a shared understanding and agreement between the project owner and ECI contractor. Ultimately this can result in better financing options. Works can be condensed through optimised sequencing and there is less risk of compounded delays.

Improved safety and compliance

A well designed methodology that is compliant with all HSE and demolition regulations provides project owners with confidence that unexpected delays are the exception. In an industry where there can be no compromise on safety, having the mechanism in place for best outcomes is key. The enabling works contractor is well positioned to manage the relationship with HSE regulators, ensuring smoother project delivery

Fewer administrative headaches

Service disconnection tasks, such as sewer diversions, and permits can be completed more smoothly as the ECI contractor deals with relevant authorities and trades on behalf of the developer, ultimately saving time and aggravation. By relying on the ECI contractor's network, front end activity can be completed more efficiently.

More accurate HAZMAT estimates

Destructive HAZMAT audits which are frequently underestimated can be completed to quantify costs and risks to a project, . This means fewer surprises once the project is underway, thereby providing developers with greater certainty about the project budget and schedule.

Fewer transitions

Under an ECI arrangement, developers can expect a smoother transition between stages and works, as a result of the ECI contractor's familiarity with the developer's requirements and systems. Reduced machinery, people movements, mobilisations, reduced fuel costs and emissions from the project are other important benefits that come from an ECI arrangement

Sustainable resource management

Smart resource management on the project can result in better sustainability outcomes through onsite crushing and reuse of demolition and civil materials, as well as materials disposal based on circular economy principles. Developers can tap into the ECI contractor's network to improve a project's overall sustainability outcomes.

Improved collaboration

ECI does not only involve the developer and specialist demolition contractor. The chosen builder, or tendering builders and third party project manager, can be brought in for collaboration too, with discussions centred around when construction works commence and how a site is left post demolition and associated civil works. This means a more seamless builder handover can occur, with opportunities identified to bring works forward through optimised sequencing.

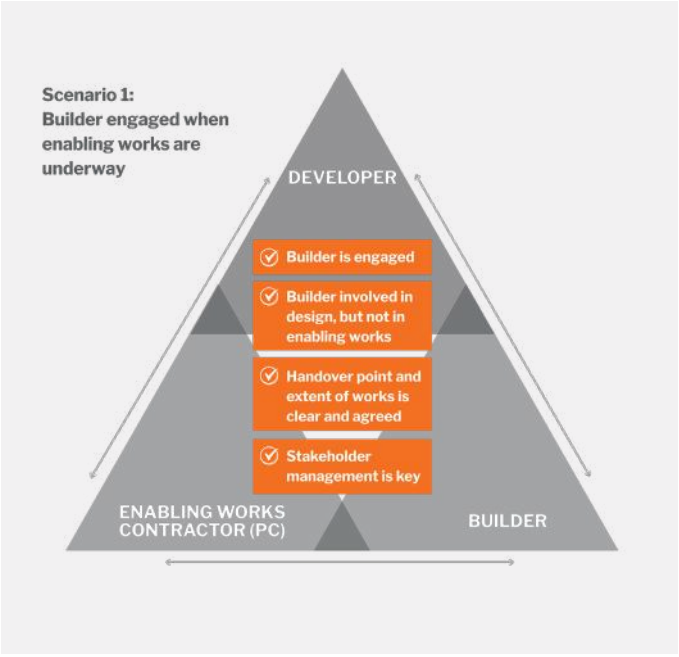
Acacia Ridge Warehouse - Demolition and asbestos removal, civil works

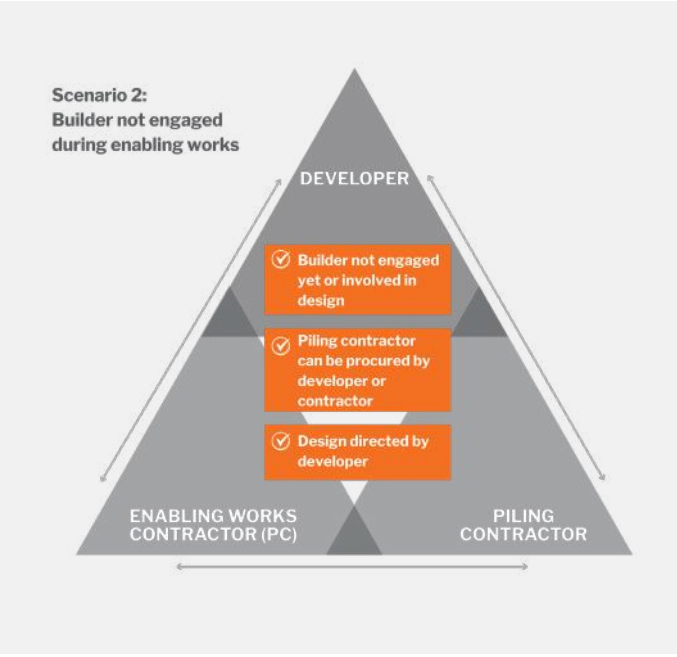
When does the line for the enabling contractor start and stop?

Collaboration is key

Rather than thinking the line at which the ECI contractor stops and builder starts as a specific point in time, it helps to think of the relationship between developer, ECI contractor, and builder (and project manager) as a tripartite agreement.

This relationship is built on an open book approach that builds trust between all parties, allowing full transparency on budgets, costs, risks, and opportunities. Depending on the project, a developer may choose to engage a builder prior to or during the enabling works stage. Under this scenario all parties can collaborate on the ideal handover time. Alternatively a developer can choose to engage the enabling works contractor in advance of onboarding a builder. In this scenario, sensitivity to associated civil works is required to ensure there is a clear line of responsibility, particularly if works involve remediation, excavation, and piling.





"The bottom line is there is no hard and fast rule on when the ECI contractor stops and builder starts. In fact, it is more likely to be a crossover period during which all parties work together to develop the best approach for transitioning through each project stage."

- Scott Chalmers
Project Director

ECI Misconceptions and Objections

ECI is not new to the construction industry, but it is infrequently used for enabling works, so naturally, questions arise from the broader construction indutry. Addressing misconceptions and objections will help developers gain confidence in this delivery model as an alternative to traditional construction project execution. One key factor that will underpin successful implementation of an ECI arrangement is for project owners to grow their understanding of how the model can work best for their specific project. It will also pay to build capacity in the developer's business by growing expertise of demolition inhouse with knowledge and experience of ECI and its associated services. While not all objections can be answered in this guide we've touched on the three most common ones below.

#1 – Where does the scope of work for an ECI contractor begin and end? What about my builder?

Engaging an enabling works contractor does not mean a project management consultant or builder are excluded from this phase. On the contrary, it makes sense to include these important delivery partners to ensure there are clear lines of delineation between key elements of delivery. Project owners ask, "Where does the line between the enabling works contractor and builder begin and end?" That question is best answered with all heads around the table. By adopting an approach that draws on the smarts that each brings, the optimal solution can be designed and developed collaboratively as a win-win-win scenario.

#2 - I want a simple contracting model. Won't I have multiple contractors under an ECI?

Few of us would argue that less is better when it comes to contracts. Why load up your project team with additional work because you've engaged multiple contractors? One solid argument in support of the ECI model are potential cost savings. These savings can be clarified through the ECI phase using subject matter experts with the knowledge and experience to identify opportunities and savings that can be reflected in the program, method, and budget. Add to this the reduced management cost that would be incurred if the builder engages the demolition contractor directly, and there are good reasons to consider this approach.

#3 – We're focused on development, not demolition. Do we really need to understand this part of the project?

If enabling works and demolition are only ever a line item in the project budget, it is easy to underestimate what's involved. This diminishing of the significance of their impact on a project belies the risks involved that can slow a project down and be very costly. Developers can use ECI as a vehicle for taking greater agency over their projects. Rather than rely solely on a builder, developers can take management back into their own hands, and in doing so grow capacity, skills, knowledge, and experience in this important aspect of the project. It can also open eyes to previously unseen opportunities which can be carried over to other

Is ECI with an enabling works contractor the answer?

projects in the developers pipeline.

The construction industry is changing and demolition methods, machinery, and technology are changing with it. Regardless of the project, the approach taken at the early stage does impact outcomes.

While enabling works contractors are not at the shiny end of projects when construction is complete, they are very much on the critical pathway. In many ways, they are a pivotal conduit between sales agents, developers, builders, project managers, cost consultants, financiers, and subcontractors. If the current market can teach anything, it is that nothing stays the same.

Surviving and thriving demands the construction industry continue innovating and finding new ways to deliver much needed projects. ECI is an effective way to achieve that.

Collaboration between the various project stakeholders is frequently cited as a meaningful solution to the current construction industry issues. The challenge for the industry is to deliver on it.

Acacia Ridge Warehouse - Demolition and asbestos removal, civil works

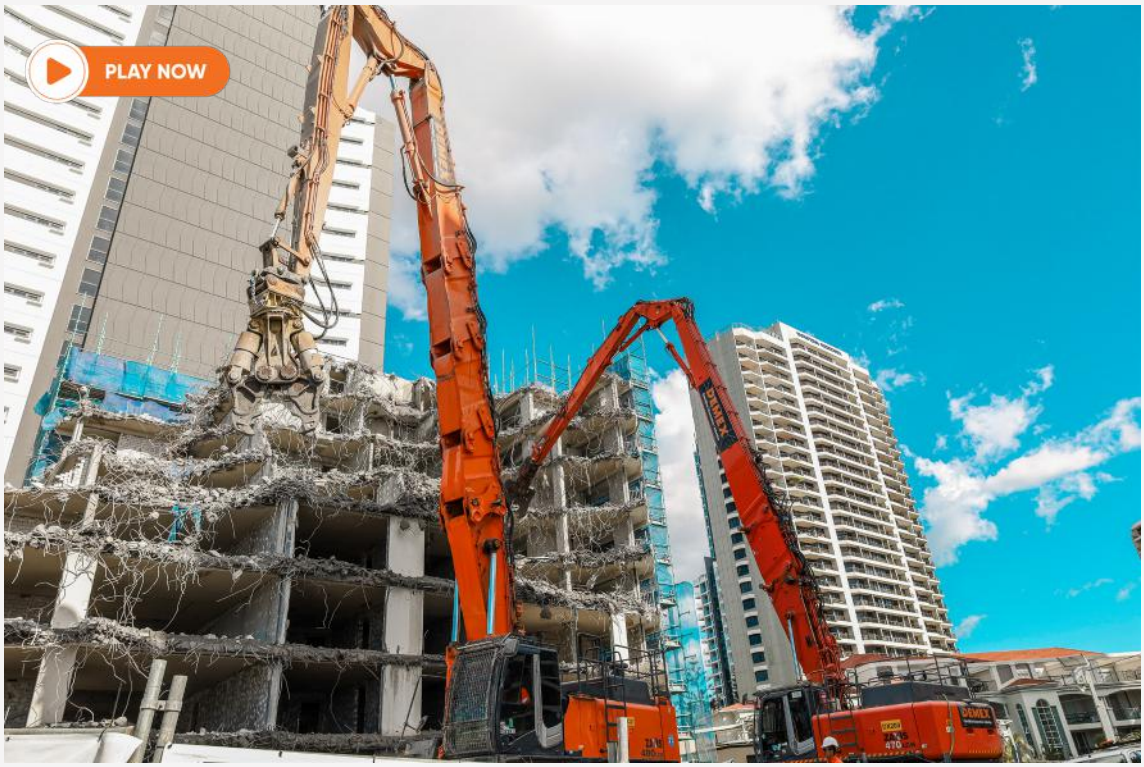

Coates
Coates
DEMEX
DX233
DEMEX

Skyring Terrace - Basment dig
Brisbane, Queensland

CASE STUDY

Demolition ECI delivers optimal work sequencing and program

- 15 storey building - Soft strip, demolition, and hazmat removal
- Principal Contractor – Managing up to 30 subcontractors
- Detailed engineering for propping and scaffolding
- Priced lump sum with minimal conditions
- Value - $2.8M



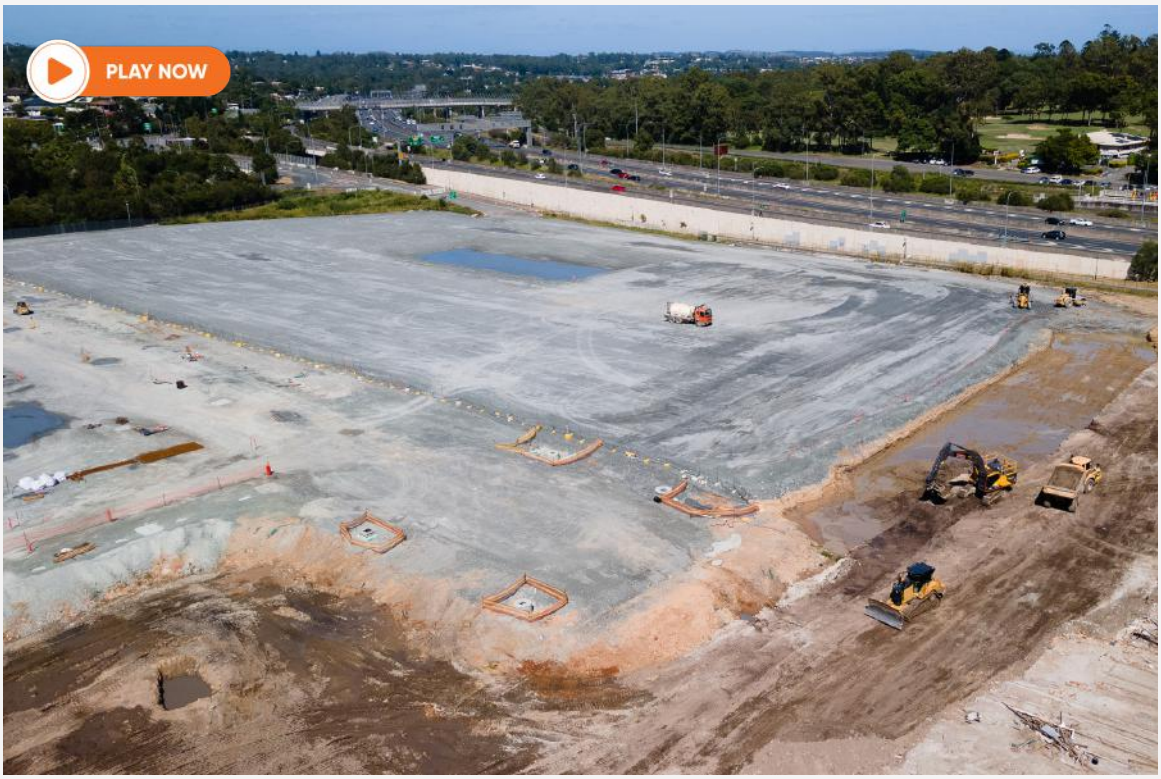
DEMEX commenced this project – demolition of an15 storey highrise using a top down method - approximately one month prior to signing a contract under an ECI agreement. At this point, ECI was implemented solely around methodology for demolition works.

The tender was submitted on the basis of a high reach demolition methodology to allow the development's display suite to continue operating. This meant it was necessary to manipulate a cantilevered scaffold onto the narrow site located on the Gold Coast beachfront.

A full intrusive HAZMAT audit of the building and surrounding areas was also conducted to identify any chemicals and hazardous materials for removal, allowing accurate pricing for these works to be finalised. This approach, which was priced as a lump sum with few conditions, saved time and resulted in a better calculation of the building demolition costs. Importantly, it also satisfied the client's preference that the display suite remain open for an additional three months allowing more sales to be made.

Value engineering delivers $5M to project bottom line

- 18 hectare light industrial development site
- Principal contractor
- Decommissioning, demolition, bulk earthworks
- Value engineering saved client $5M
- Recycled 99% of all project materials
- $14.2 M



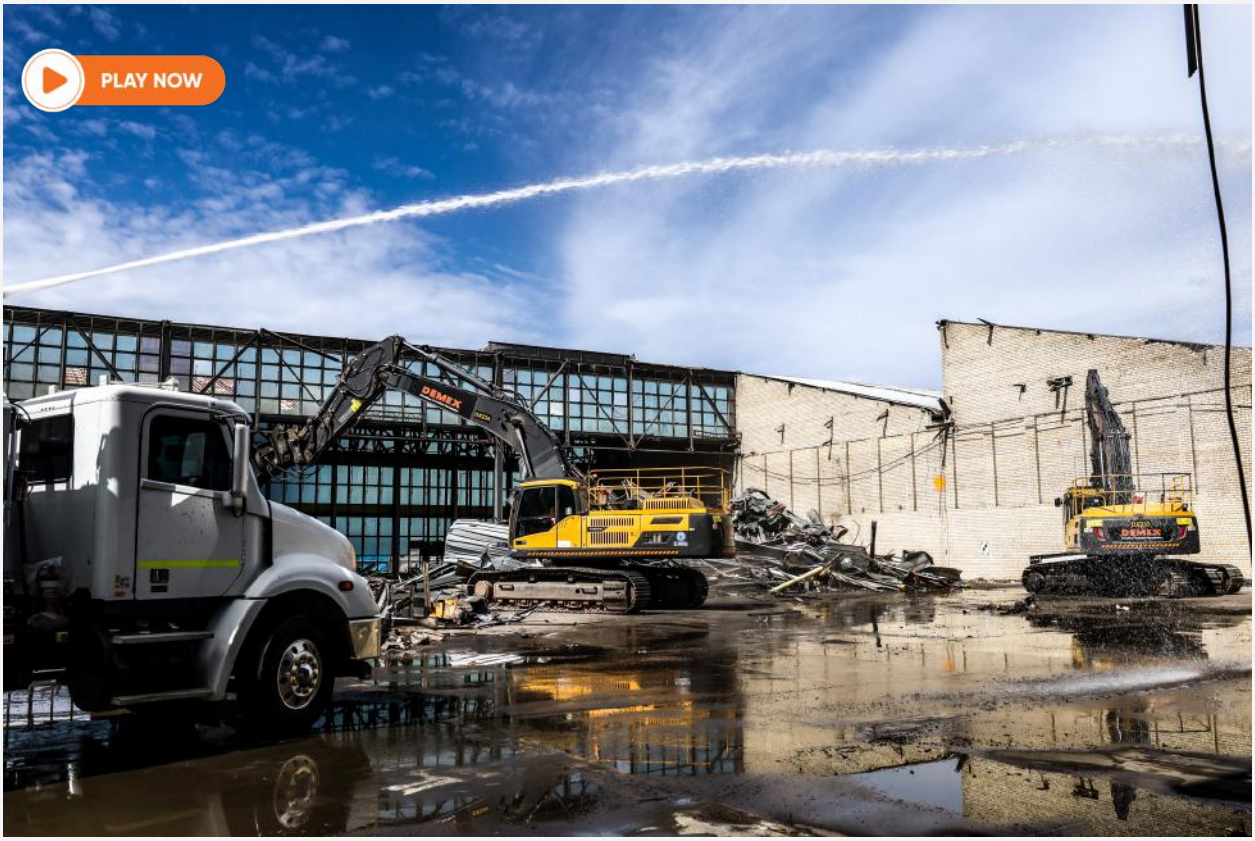
The client requested early contractor involvement on the demolition associated civil work for this project. In consultation with a specialist geotechnical engineer, DEMEX undertook a baseline test across the site to establish the conditions of materials. It was evident that a graduated build up was needed to meet the site construction requirements and that suitable material must be sourced to construct a wearing course to bulk earthworks level for handover to the builder.

DEMEX worked closely with a key supplier to source the required material. Through a value engineering exercise, DEMEX was able to capitalise on the fortuitous availability of tunnel boring material from the Cross River Rail project in Brisbane to deliver significant cost savings for the client. Early engagement of DEMEX by the developer allowed us to negotiate the price for the material as well as the logistics of material haulage to site, which resulted in the client saving an estimated $5M.

Iconic Gold Coast Projects

Experience delivers program efficiencies safely

- 17 hectare light industrial development site
- Principal contractor
- Hazmat, demolition, remediation, and civil construction
- Cost effective approach to HAZMAT reduced budget and schedule
- $5.5 M



On this project, DEMEX took on the risk of sourcing a hygienist's report to assess HAZMAT removal requirements at this light industrial brownfield development site, although the client had sourced a third party hygienist to conduct isolated testing for the client's report. This report stated the entire shed required a horizontal clean down of both lead and asbestos fibres.

Experience of similar sites, however, suggested a more efficient and cost effective method of hazmat removal could be achieved without compromising safety or delaying the project. Working closely with the hygienist, it was possible to identify that only specific areas required a wipe down in keeping with regulatory requirements. This restricted the amount of work required for the project, saving the client both time and cost for this element of the works.

Iconic Brisbane Projects

ECI identifies solution and saves time and cost, reduces risk

- ECI contractor arrangement
- Two Gold Coast beachfront multi storey walk ups
- Asbestos removal, demolition, and civil
- Smart engineering informed redesignof basement saving costs,
- $1.5 M

A redevelopment site on prime Gold Coast beachfront, this project involved the demolition of two multi storey apartment blocks. DEMEX was engaged by the developer directly while the process of builder selection was ongoing. The benefit of this early involvement meant that enabling works for the site could commence without a builder already being engaged.

A key challenge of the site was the location of the sewer line, which was close to the site boundary. The location of the sewer had impacted design of the new development's basement, which was originally scoped to five levels. By being involved early in the process and assessing various options for the sewer relocation, the optimal solution was identified, and then implemented by DEMEX. Ultimately the selected approach prevented substantial delays and resulted in a more economically viable four level basement design with lower construction costs.

120 +
DEMEX team members

220 +
Specialised Fleet

$70 M
Forecasted Turnover

Sustainability
Commitment

Resourceful, Flexible
and Persistent

About DEMEX

DEMEX is a specialist demolition contractor providing services in decommissioning, deconstruction, remediation, and civil works. Operating over 13 years, DEMEX is proudly headquartered on the Gold Coast and delivers projects Australia-wide across diverse sectors, including heavy industry, resources, oil and gas, energy, and commercial development.

We work with asset and infrastructure owners, as well as commercial developers, to understand their demolition requirements and ensure safe, effective project delivery.

In addition to core services of demolition,hazardous materials removal, civil earthworks, we also provide waste recycling services to manage the onsite crushing, screening, and processing of discarded materials safely and efficiently. Our objective is to recycle 90 percent or more of all on site materials by ensuring recyclable waste is salvaged for further use in the construction industry, or alternatively disposed of at an appropriate facility.

We continually invest in the highest quality equipment and machinery, with recent acquisitions in low emission technology, allowing us to make greater inroads to reducing our carbon footprint, and helping our clients to do the same. The DEMEX fleet is clean, well maintained, and subject to regular audits within the framework of our internal systems.

Understanding the importance of meeting requirements of clients, we have developed appropriately robust, independently certified quality, safety, and environmental systems. Consistent with regulatory and legislative obligations, our business retains all relevant licences, including FSC accreditation, to enable performance of demolition works and hazardous materials removal to the standard expected by industry and the communities in which we work.

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Do you have a project that could benefit from an ECI approach?

Talk to our team today.

info@demex.com.au

DEMEX

Demolition | Civil | Remediation

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