

Price versus value in atmospheric corrosion prevention systems for steel sheds – Red Oxide versus HDG

If you specify that your new shed should be painted with red oxide, then you will probably **buy** a cheap asset, but more than likely **own** an expensive one. The value over its life is the purchase price and the sum all of the repairs and maintenance you will embark on to keep the roof above you head.

There is a table included below to show the life maintenance costs of the two steel coating systems. The numbers have been collected from the Life Cycle Costing Calculator available from the Galvanizers Association of Australia.



COATING COSTS INITIALLY AND FOR MAINTENANCE OVER 50 YEARS

		Years										TOTAL NET PRESENT VALUE
		0	5	10	15	20	25	30			AUD\$/m ²	
Coating System in C2 environment												
Galvanized Steel	AUD\$/m ²	32										32
Alkyd - red oxide	AUD\$/m ²	21.18	8.47	14.83	28.59	8.47	14.83	28.59	8.47	14.83	148.26	
			Yr6 - touch up	Yr7 - maint repaint	Yr10 - full repaint	Yr16 - touch up	Yr18 - maint repaint	Yr21 - full repaint	Yr27 - touch up	Yr29 - maint repaint		

Source: All values from the Life Cycle Costing Calculator available on the Galvanizers Association of Australia's website as at Sept 2015.

“You get what you paid for “is something we are all too familiar with. A galvanized shed will last longer and take less money and effort to maintain it, than a shed painted with red oxide. Front end costs are rarely the best indicator of value you are receiving. If you want to understand the costs associated with your steel coating specifications over the life of your project, then the life cycle costing calculator will be a simple first stop tool to help make sensible construction decisions.

Any project's Financial Investment Decision (FID) will come from an analysis of the expected life value of proceeding, rather than the front end price.

If you are investing in shed and expect the kids to take over and continue to build on the legacy you have built, then thinking along the lines of future costs is going to be a good foundation for the business success.

Net present value calculations are a very simplistic way to show the total cost of owning an asset, including the future costs of maintaining and repairing it. It uses present values for all future work to eradicate those difficult-to-understand inflationary pressures - for example if it costs \$10 to paint something today, then you assume if you have to repaint it in 20 years time, the cost will remain at @\$10. We all know that it will cost more due to inflation, but often we get so bogged down in the inflationary mathematics that we lose sight of the real problem, which is regular maintenance costs you money.

How do I get a simple net present value coating report for my project? If you are asking this question, then you are on the right track. The Galvanizers Association of Australia has a report tool called the Life Cycle Costing Calculator that is available on their website and is FREE! It compares many traditional paint coatings on steel against the option of hot dip galvanizing. Most galvanizers in Australia are familiar with the report and are usually more than happy to prepare one for you.