



23 March 2011

Rt. Hon John Key
Prime Minister
Parliament Buildings
Wellington

Dear Prime Minister

Rebuilding Christchurch

The Engineering Leadership Forum comprises the lead organisations for the engineering and technology sectors in New Zealand.

As the Government develops its plans for governance of the rebuilding process for Christchurch we considered it might be helpful to present our collective views to assist. Those views do not address the form of the governance structure, but rather focus on the outcomes to be achieved. The overarching goal is to re-establish a Christchurch according to a sensible urban design, in which economic activity and householder amenity are restored or rebuilt as soon as possible. Achievement of this goal requires four essential processes to be effective and efficient:

- Deciding what and where to build and obtaining the necessary permissions;
- Procuring the financial capital from insurance and other sources;
- Procuring the design work (and knowing any new standards to be applied);
- Procuring the construction and proceeding with the construction work.

In the normal course of events the extent to which these four processes can be operated in parallel is quite limited. We suggest that getting things going quickly will require an appropriate governance model to ensure that parallel activity between these streams is maximized, as is often practiced on major engineering projects requiring great urgency.

For example, if incremental consenting is allowed then building of early stages can occur whilst design work of later stages is incomplete. However, that would in turn require a flexible approach to capital procurement.

We are also conscious of the particular constraints that apply in Christchurch such as:

- Most insurance is “like for like”, and if technical standards are to change then there may be a funding shortfall;
- The need to decide an overall shape and form for the new city and suburbs;
- The need to deal with personal property rights in areas where an informed risk assessment suggests that rebuilding would be unwise, and/or uninsurable.

In our view, there is a need to move to rapid decision making on the urban form and spatial plan, and from that, a strategy that prioritises re-establishment of horizontal infrastructure as a higher priority than buildings, should be adopted.

There will be two parts to the spatial plan; one for the suburbs which is urgent, and one for the CBD. A critical issue will be to what extent there will be re-centralisation given that businesses are presently distributing from the latter.

For the building construction programme, the establishment of a set of operating principles might be helpful. The parallelism described above rules out traditional fixed price lump sum tendering for work. Some competition for work is still desirable, so the operating principles should include a

procurement method where price is downplayed provided it is determined according to a fair cost determination model, against which firms can offer their services.

Wherever possible, locally based contractors and subcontractors should be utilized in the Christchurch re construction work, when taking into account commercial and capabilities.

In terms of technical standards there are two main issues to be addressed. The Royal Commission might recommend change to the Building Code. In the interim, if the Building Code in Christchurch was lifted to match Wellington the real increase in building cost might only be a couple of percent.

Revised technical standards for reconstruction in potentially liquefiable soils might also need an early decision. A change requiring utility services on potentially liquefiable zones to move to higher standards to be protected against lateral spreading and flotation effects might be helpful, for example, banning of gravity flow sewers in favour of pump pressure sewers.

In order to make progress, it seems necessary for Government and the other providers of rebuild capital, including insurers, to reach agreement soon on such matters.

In closing, we have set out briefly what we think are key success factors for the new Christchurch rebuilding governance entity. Within our organisations we have significant experience, and the ability to organize whole of industry approaches which we will bring to bear in the most effective way that the new entity defines.

Whilst this letter outlines our thinking on a number of process issues relating to how Christchurch is rebuilt, we also want to convey to you our strong commitment to help and provide assistance in any and all of the processes that will accelerate the huge undertaking New Zealand is now faced with.

In preparing this letter we have consulted with the New Zealand Institute of Architects. A letter of support from the Institute is attached.

We would be happy to meet with you and your colleagues to discuss the rebuilding process.

The Engineering Leadership Forum comprises the Institution of Professional Engineers New Zealand, Association of Consulting Engineers New Zealand, Water New Zealand, Roding New Zealand, New Zealand Contractors' Federation, Electricity Engineers' Association, Ingenium (Association of Local Government Engineering New Zealand), NZICT and the New Zealand Computer Society.

Yours sincerely



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Chief Executive

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**Water
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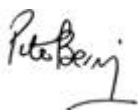
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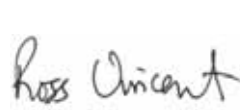
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Cc: Hon. Gerry Brownlee, Minister for Canterbury Earthquake Recovery
Hon. Bill English, Minister for Infrastructure