



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HIKINA WHAKATUTUKI

The Rebuild Forward Work Programme

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Overview

- MBIE role in support of CERA
- Scale of the rebuild programme
- Canterbury forward work programme
- Proposed Centre of Procurement Expertise



What's happened

- July 2012 – established MBIE support programme to CERA
- Procurement is one of 7 workstreams
- 2 parts to offer: Canterbury Procurement Forum & CoE
- Canterbury Procurement Forum established November 2012
- 4 meetings now held
- Centre of Expertise concept developed and consulted on
- Now established – MBIE resourced, hosted by CERA for ALL



The rebuild challenge

From the Canterbury Procurement Forum meetings:

- Transparency around the forward work programme
- Sequencing & prioritisation of projects
- Timeframes & risk mitigation
- Continuity of resources – labour & materials
- BAU won't work – need a different way of doing business
- Procurement needs to change including how clients go to market
- Using learning to date & manage the rebuild smarter



What we've been collecting

Based on client intentions:

- Aggregate project data
- On projects over \$10m:
 - Treasury business case sign off
 - Engagement with market
 - Application for consents
 - Design: start and end
 - Construction: start and end
- Forecast vs. Actual



Clients providing data

- Lyttelton Ports, CIAL
- Christchurch City Council ,Waimakariri DC, Selwyn DC
- Ministry of Justice, Ministry of Education, NZTA
- Canterbury DHB/Ministry of Health
- CCDU, SCIRT
- PMOs – Fletcher, Hawkins, Arrow International, MWH Recovery

- Don't have data from:
 - Universities and Polytechs – this is coming
 - Large commercial developers



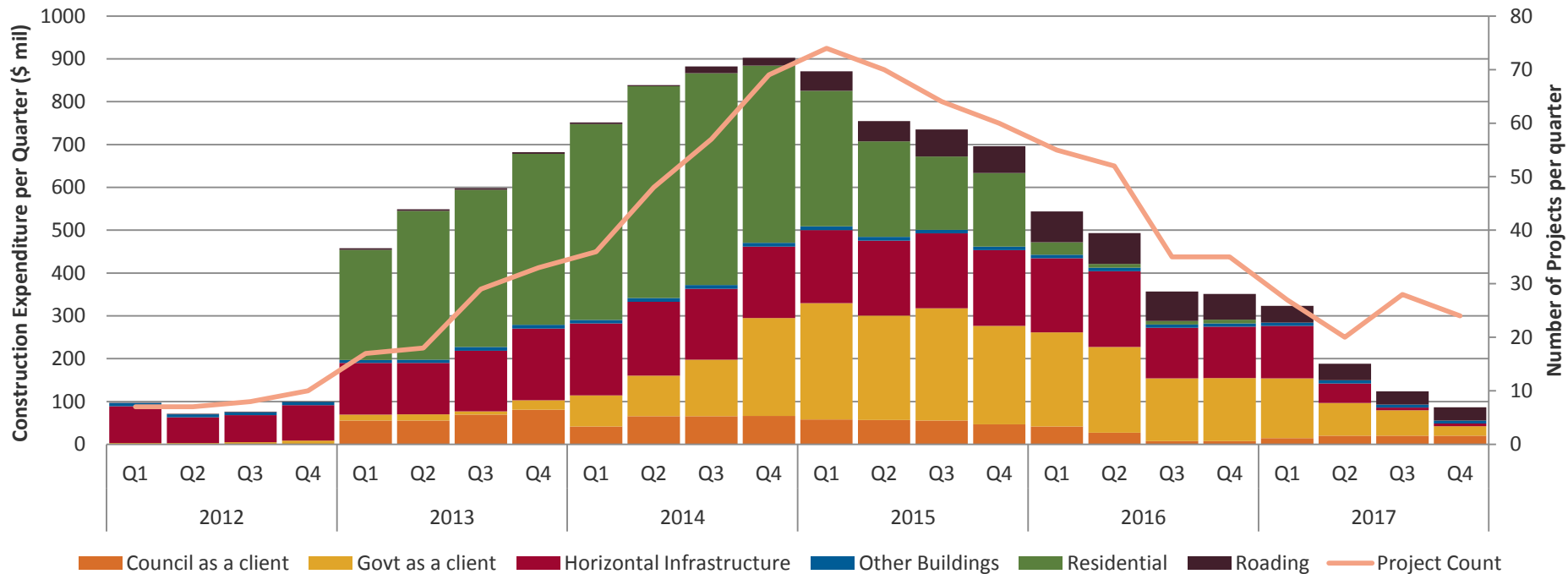
Main sources of difference

- Data sources – now includes HNZC
- Impact of central and local government cost sharing agreement for major projects
- Impact of three year capex plans
- Generally clients reducing costs estimates, pushing out time frames for project stages
- A small number of organisations have small increases in costs and timeframes remaining similar

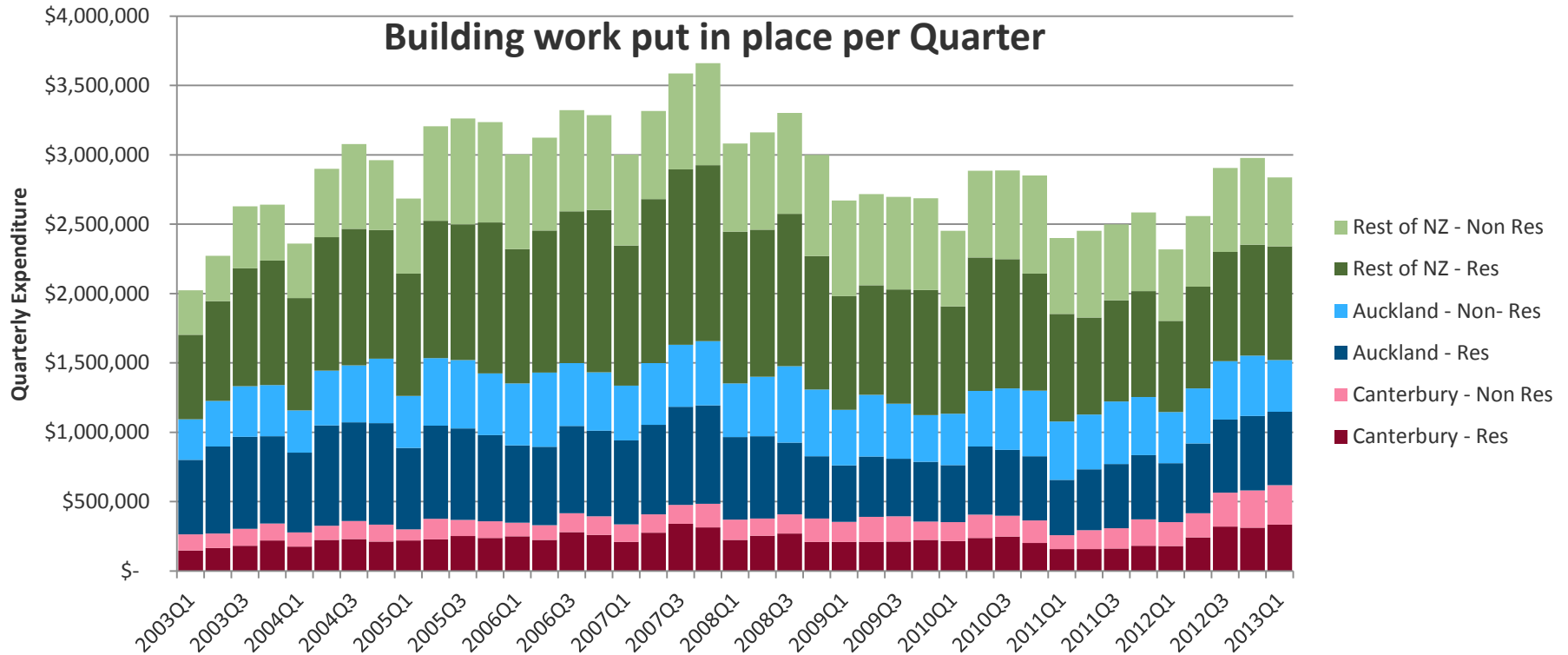


Intentions by major client type

Construction by Project Types

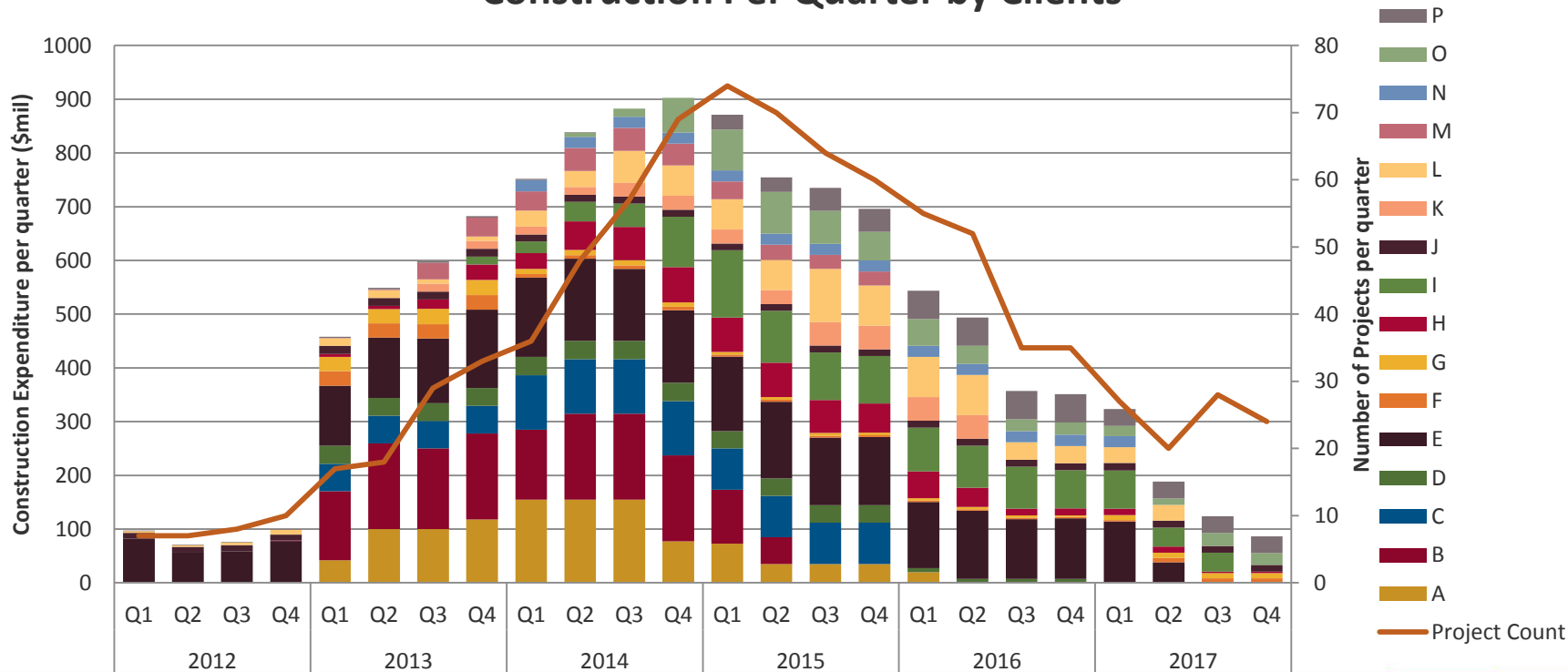


Historical delivery data: Stats NZ



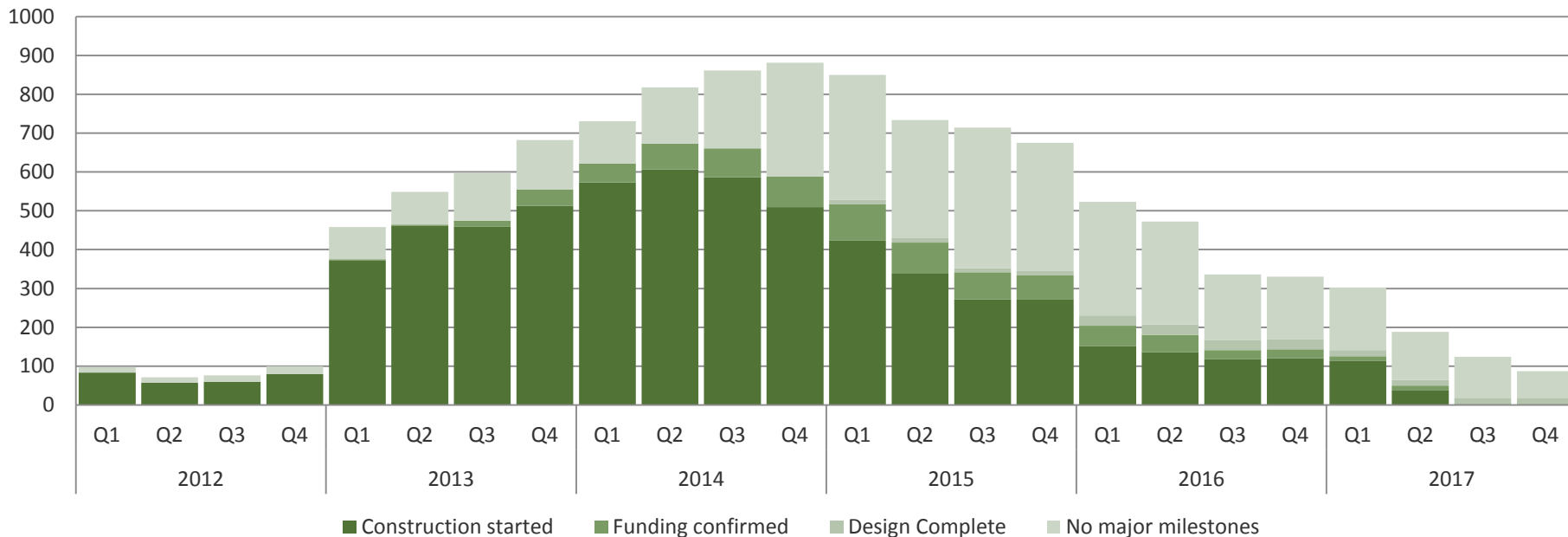
Projects over \$10m: pipeline of work by client

Construction Per Quarter by Clients



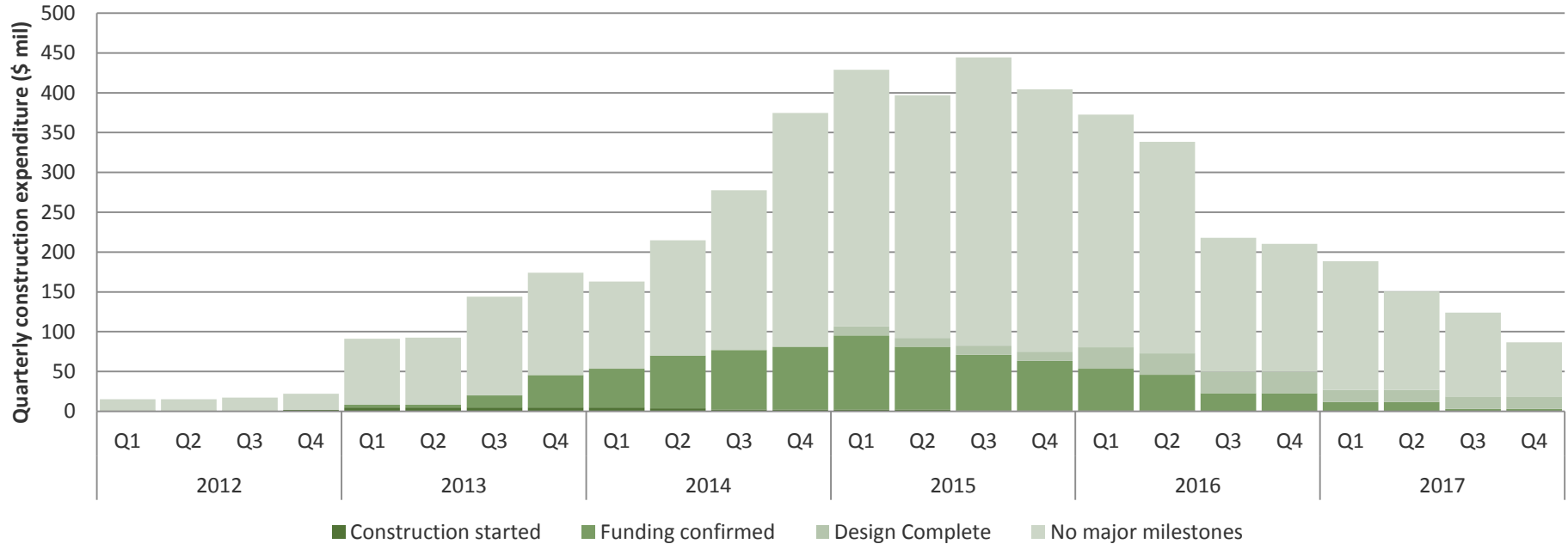
Confidence in construction projections

Pipeline by Project Stage - with PMO data



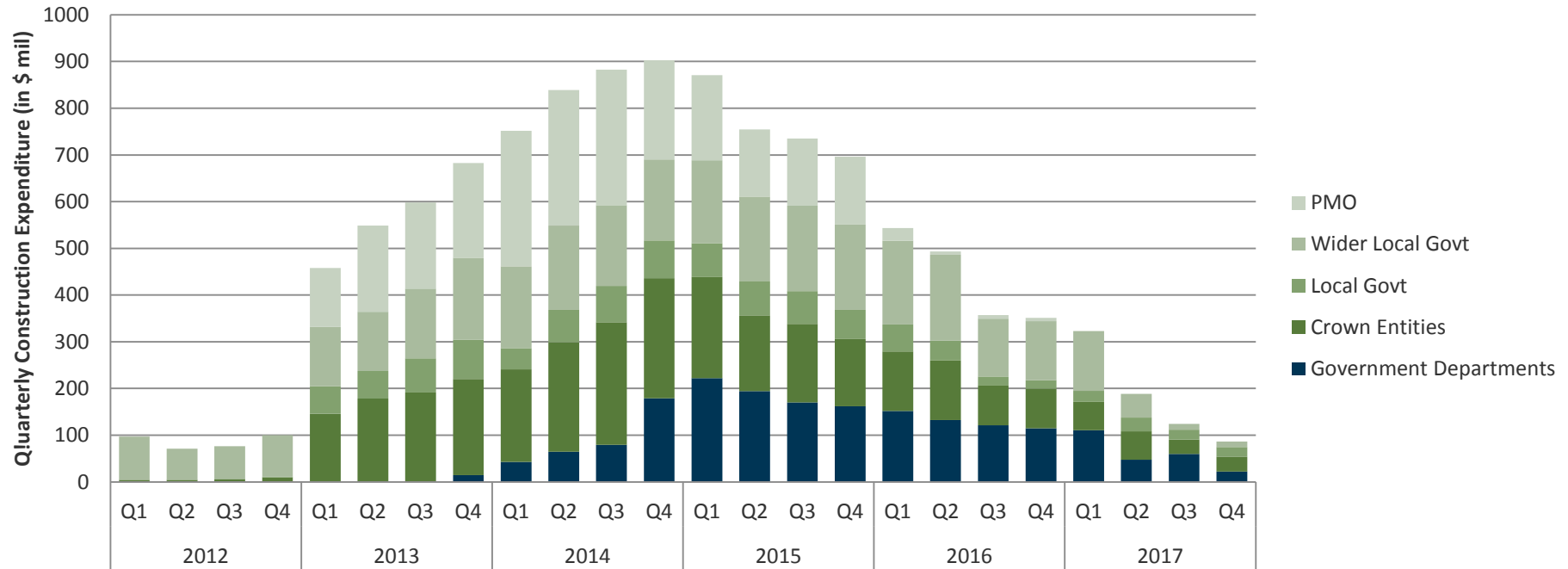
Confidence in construction projections mark II

Construction Pipeline by Project Stage - without PMO data



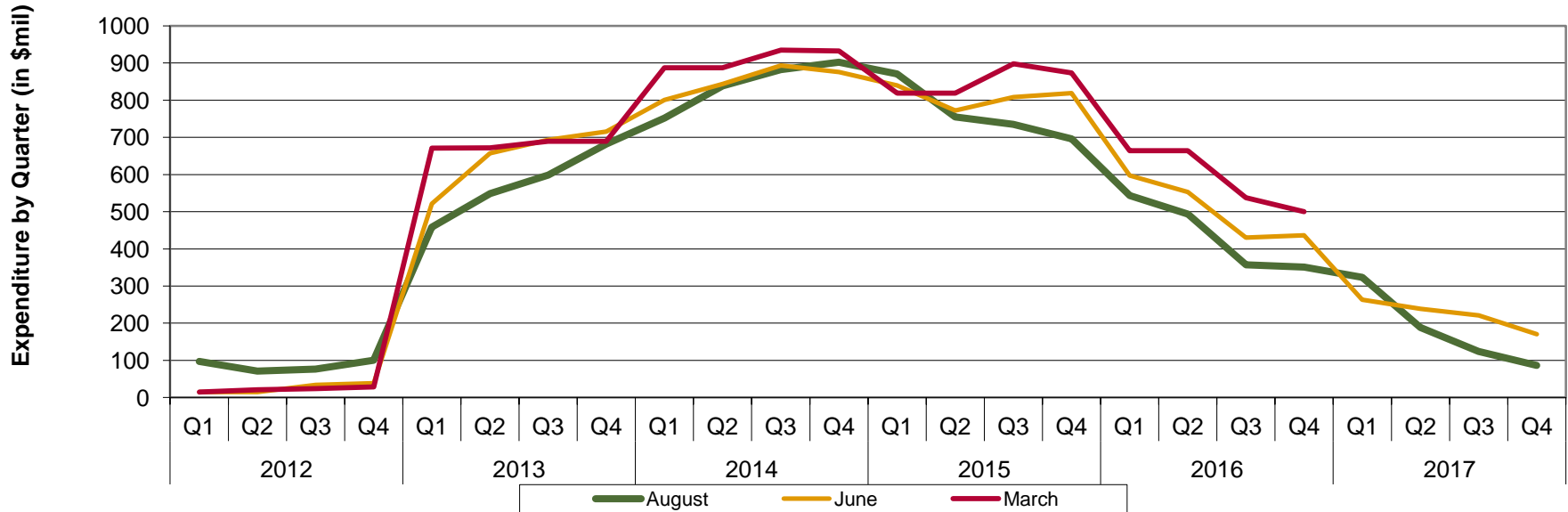
Pipeline by proximity to Central Government

Quarterly Construction Spend by Type of Client



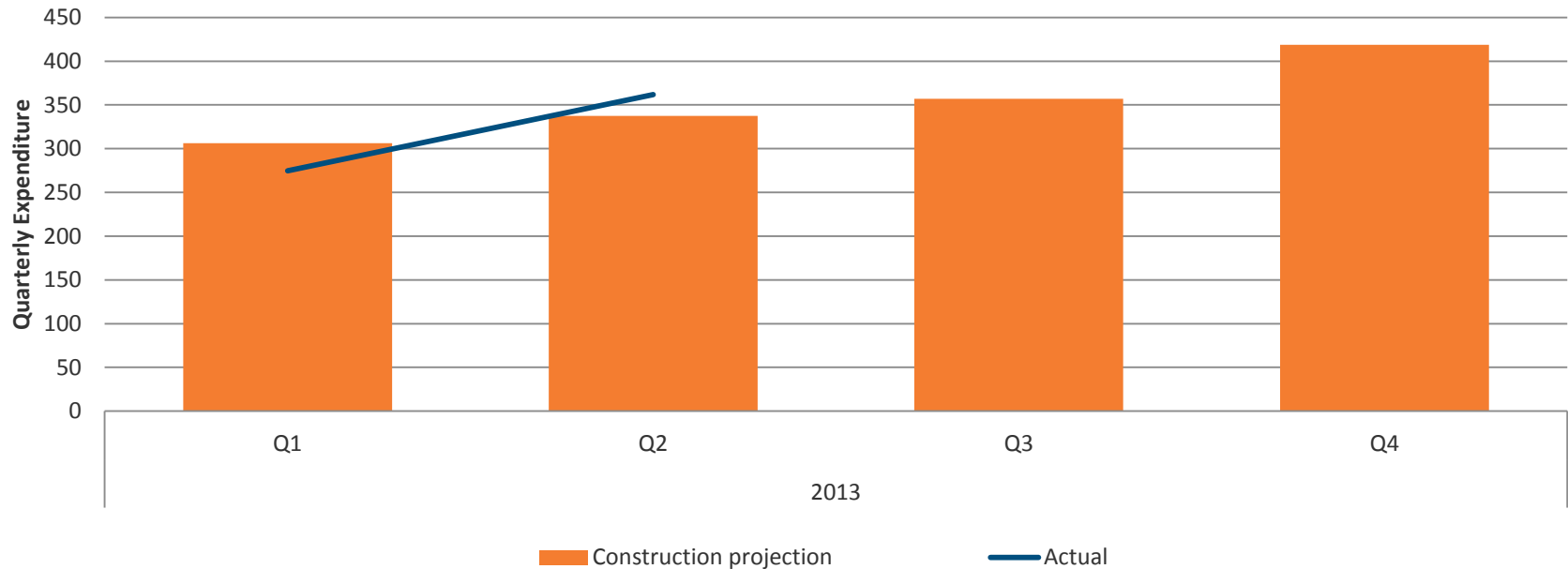
Comparison of Construction Projections

Comparison of March, June and August Projections



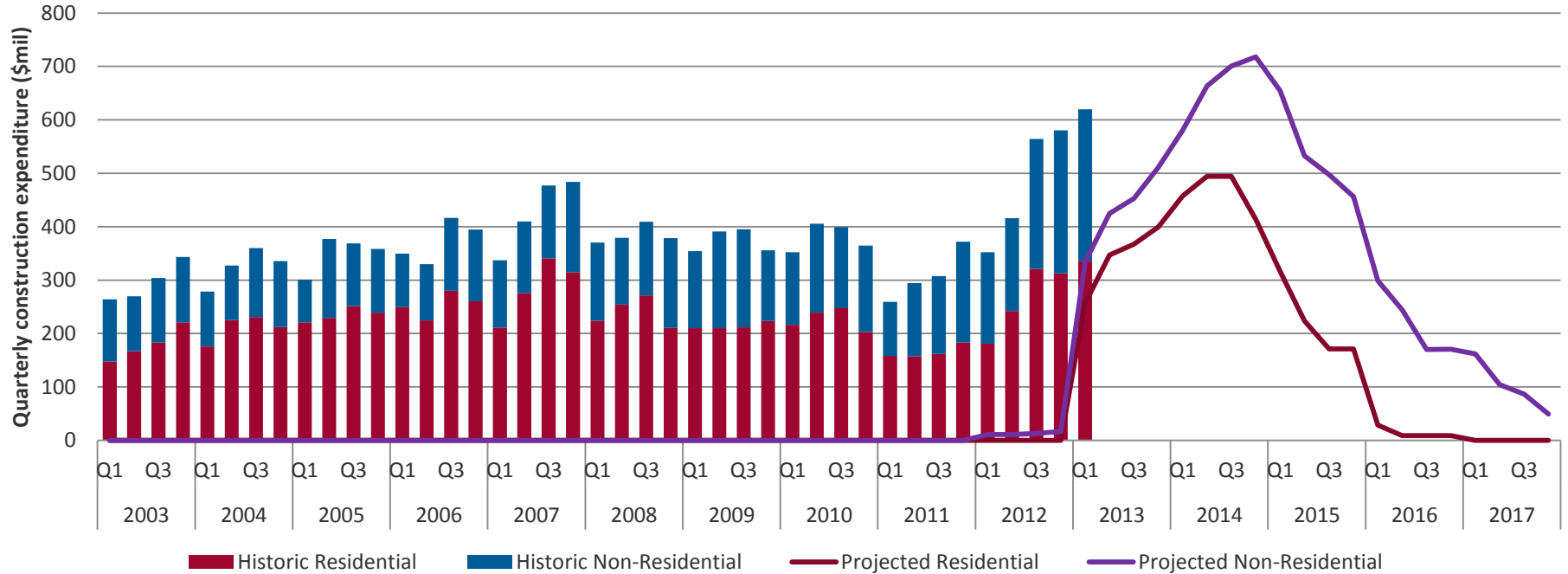
Projection versus actual – construction

Construction projections and actual



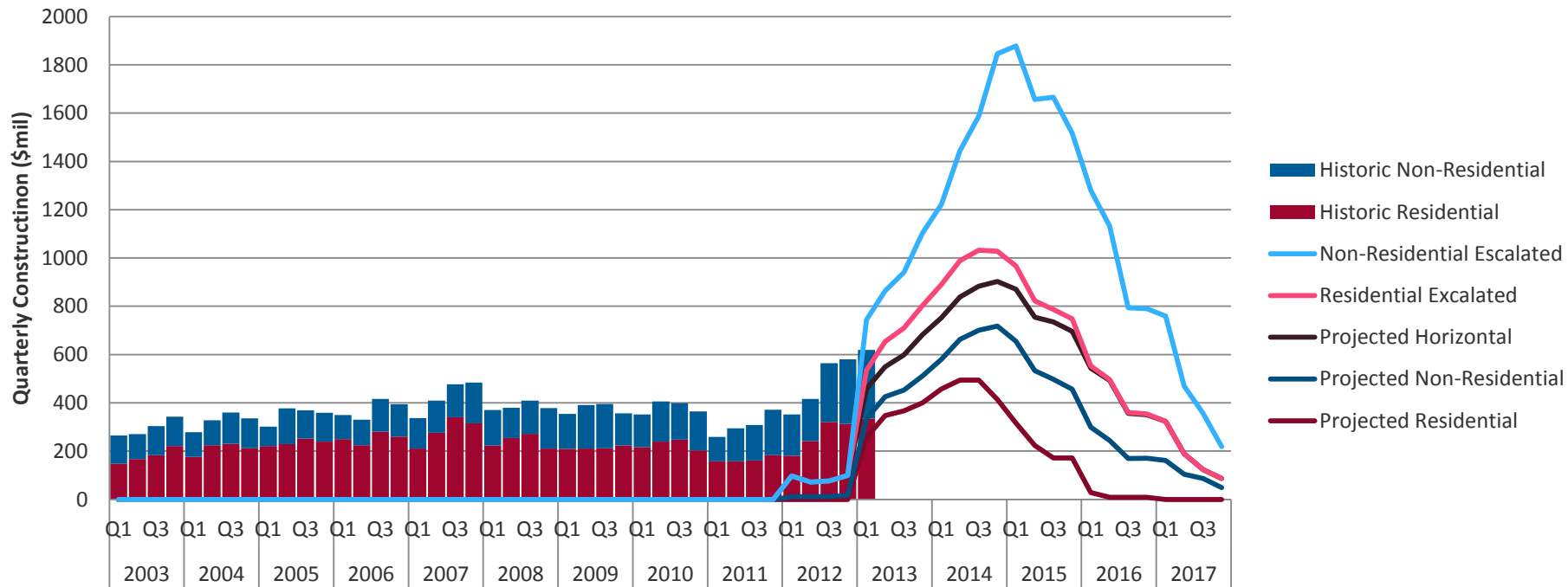
Projection / Actual with Stats NZ data

Building work put in place compared with projections

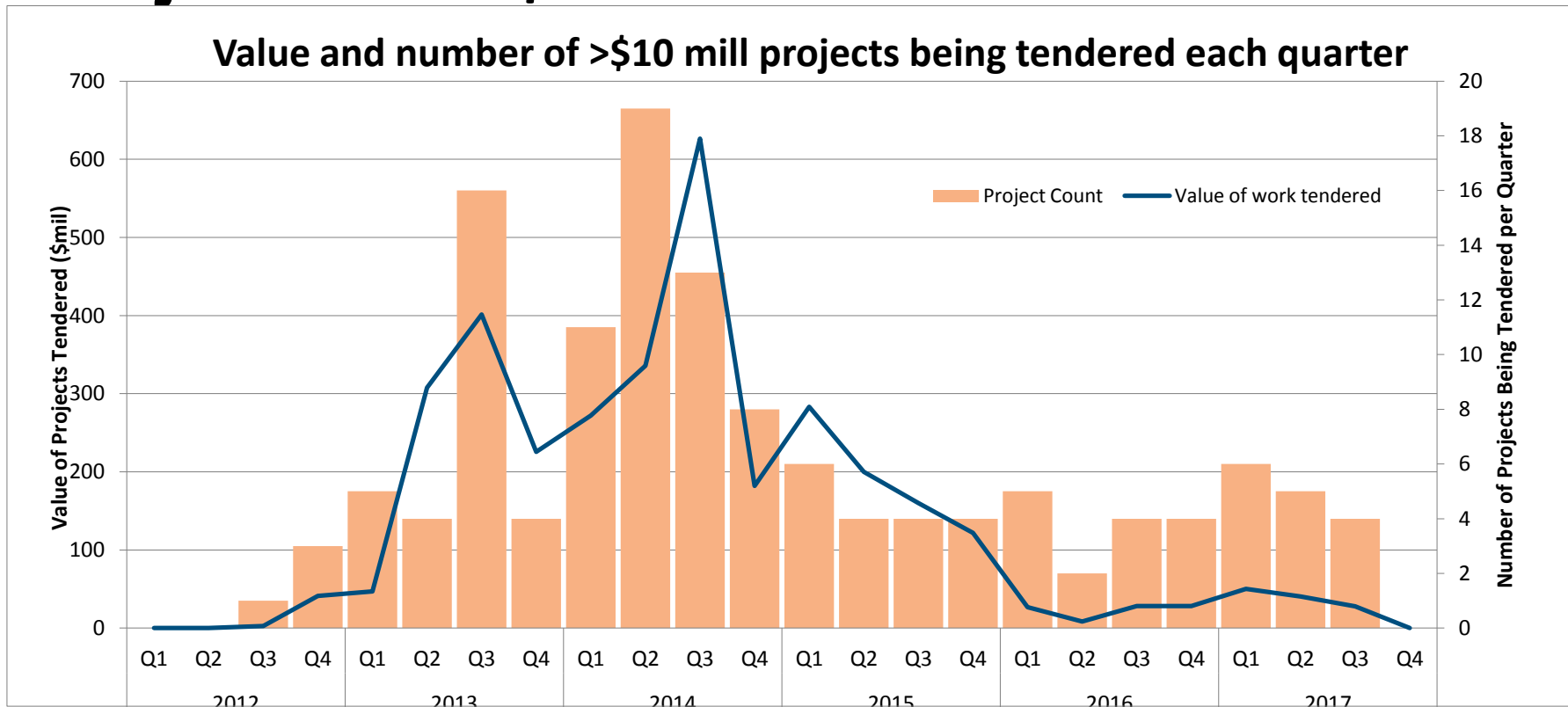


Implications of this for total pipeline

Historic and Projected Quarterly Construction in Canterbury

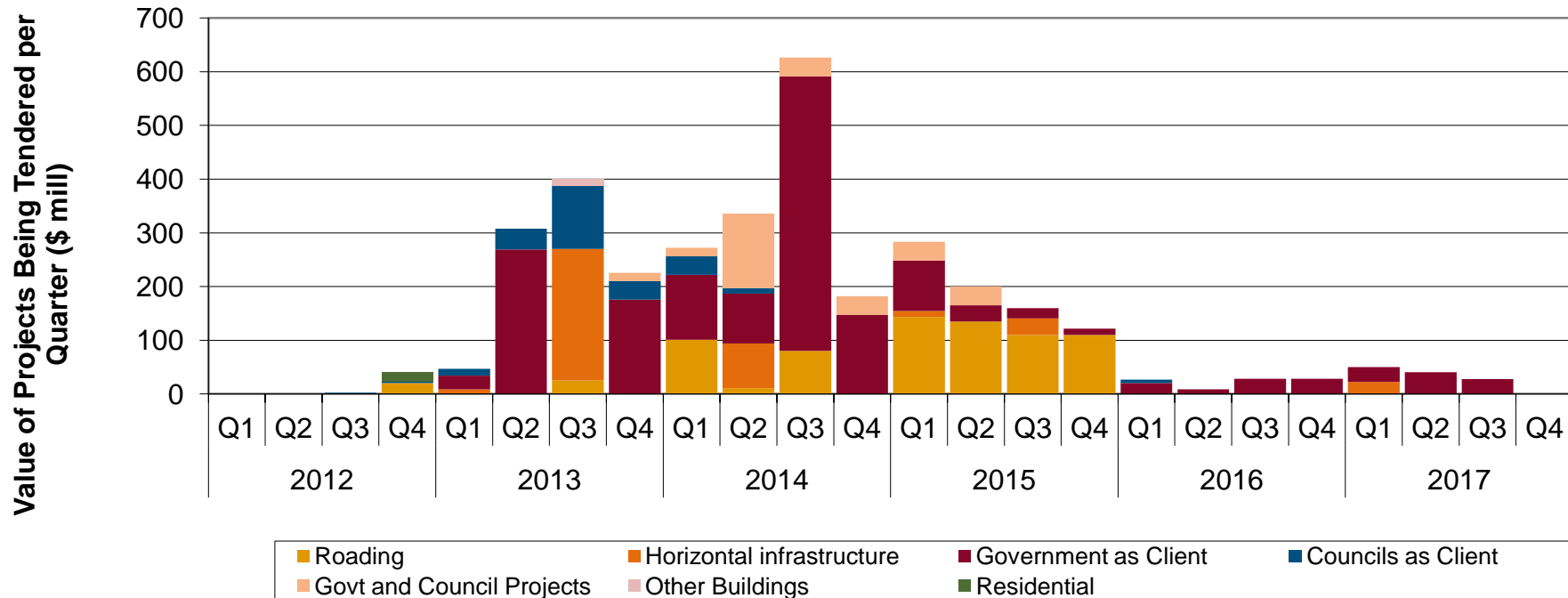


Projects over \$10m: tender



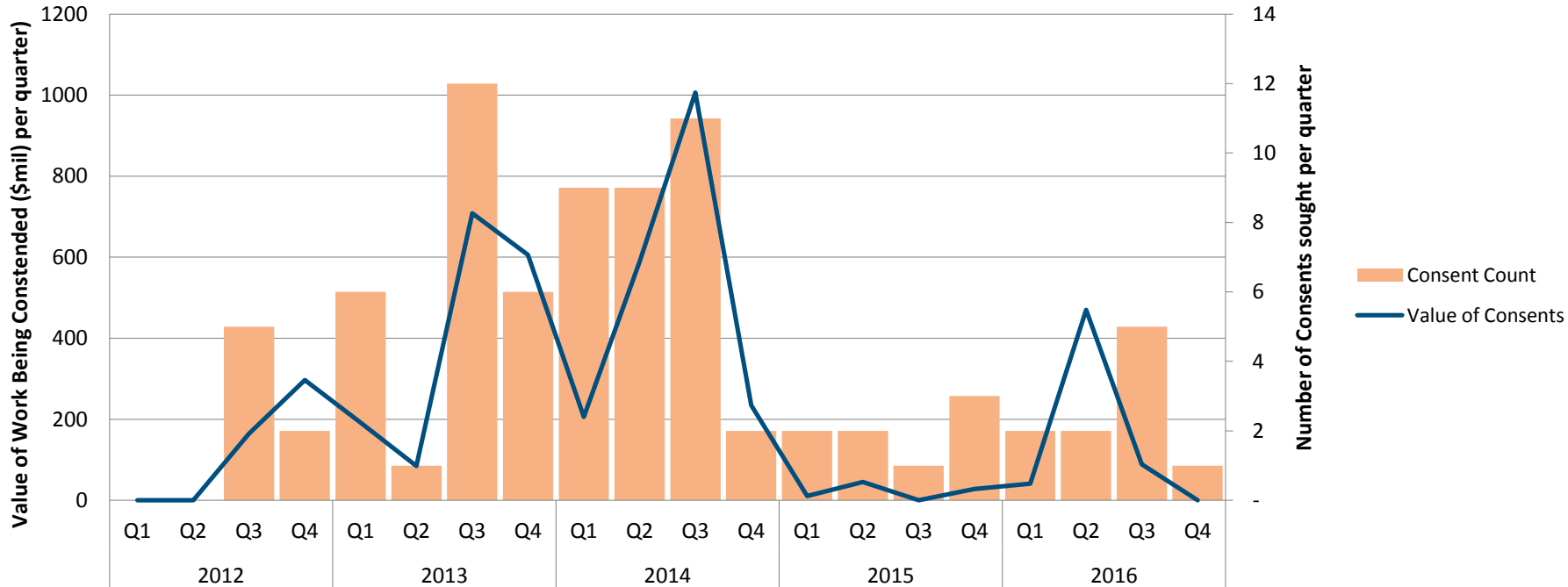
Projects over \$10m: tender

Pipeline of work being tendered by type of project / client



Projects over \$10m: consents

Value and Number of Consents per Quarter for >\$10 million projects



Caveats

- This is an underestimate of the pipeline
 - Missing data – mainly central and local government data
 - Insufficient information on timing to schedule
 - Assumptions will create errors and potentially smooth too much
 - converting annual or monthly data to quarterly
 - For design if not provided (and not complete or design build procurement)
 - For <\$10m projects
- Based on client intentions
 - Data collected from individual clients regarding rebuild intentions
 - Data presented as reported by clients
 - Data is subject to optimism bias



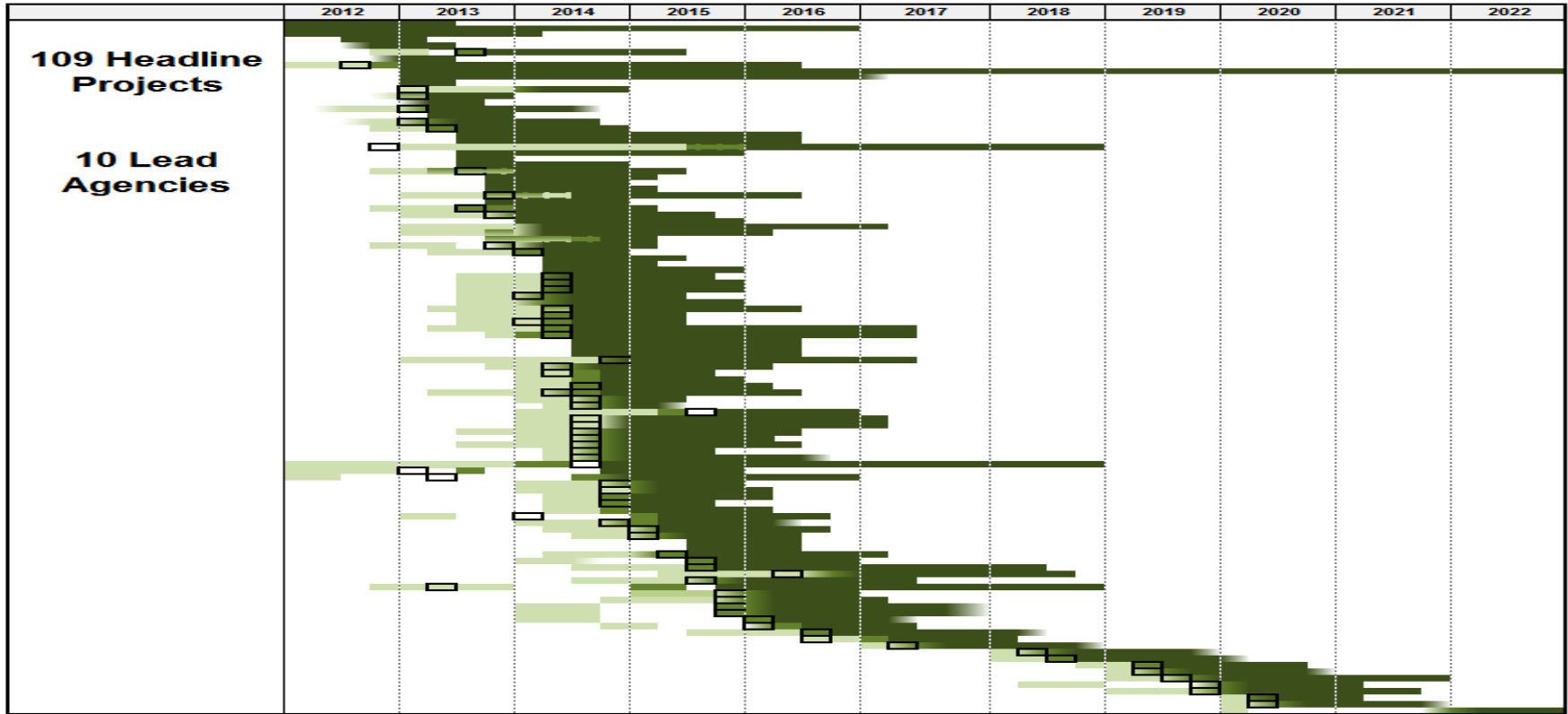
KEY:

DESIGN

TENDER

CONSENT

CONSTRUCTION



Other commentary

- 6 RFPs in a week
- 4 clients on GETS for PM services
- \$900m of construction starts within 3 months of each other
- Over \$4.1bn of work from inception to start by Q1 2015
- Project phasing provided in isolation
- Appetite for collaboration?



Discussion points

- Progress to date
- Reporting to joint Ministers
- Opportunities for collaboration – scheduling, logistics, etc.
- Cross rebuild project insurance
- Market Information Day
- EY supply chain opportunities project
- National pipeline project
- Centre of Expertise



The Opportunity - Centre of Expertise

- Evidence & market intelligence
- Education & upskilling
- Influencing decision makers/influencers
- The Forum – bringing people together
- Role of occasional & SME clients
- Existing Government rules
- Specialist themes – BIM, Whole of life, etc



Further information & contact

Reporting to joint Ministers & market engagement

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